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**** For immediate use October 29, 2024

Consolidated Financial Results
for the Six-month Period Ended
September 30, 2024

Consolidated Financial Results for the Six-month Period Ended September 30, 2024 [IFRS]

October 29, 2024

Listing: Tokyo Stock Exchange

Company name NEC Corporation

Securities code 6701 URL <https://www.nec.com/>

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Scheduled date of semi-annual securities report filing October 30, 2024

Scheduled date of dividend payments December 2, 2024

Supplementary materials for financial results Yes

Financial results briefing Yes (for institutional investors and analysts)

(Million JPY, rounded to the nearest million JPY)

1. Consolidated Financial Results for the Six-month Period Ended September 30, 2024 (April 1, 2024 – September 30, 2024)

(1) Consolidated Operating Results

(Percentage indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Net profit		Net profit attributable to owners of the parent		Total comprehensive income	
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%
Six-month period ended September 30, 2024	1,486,676	(4.0)	44,693	59.6	26,677	(16.6)	14,848	(16.5)	13,460	4.2	4,305	(95.8)
September 30, 2023	1,548,801	6.4	27,995	101.9	31,977	32.6	17,791	47.4	12,914	225.0	102,921	22.4

	Adjusted operating profit		Non-GAAP operating profit		Non-GAAP profit attributable to owners of the parent		Basic earnings per share	Diluted earnings per share	Non-GAAP earnings per share
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY	JPY	JPY
Six-month period ended September 30, 2024	61,028	33.2	64,849	40.6	37,439	46.5	50.52	50.52	140.51
September 30, 2023	45,824	46.9	46,118	150.7	25,559	279.4	48.48	48.48	95.96

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	JPY (millions)	JPY (millions)	JPY (millions)	%
As of September 30, 2024	4,069,359	2,073,890	1,903,229	46.8
March 31, 2024	4,227,514	2,089,523	1,915,613	45.3

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Fiscal year-end	Total
Years ended	JPY	JPY	JPY	JPY	JPY
March 31, 2024	—	60.00	—	60.00	120.00
March 31, 2025	—	70.00	—	—	—
March 31, 2025 (forecast)	—	—	—	70.00	140.00

*Note-Revision in the dividends forecast from latest announcement: None

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentage indicate year-on-year changes.)

	Revenue		Adjusted operating profit		Non-GAAP operating profit		Non-GAAP profit attributable to owners of the parent		Non-GAAP earnings per share
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY
Year ending March 31, 2025	3,370,000	(3.1)	255,000	14.1	255,000	12.0	165,000	(7.2)	619.24

*Note-Revision in the consolidated financial results forecast from latest announcement: None

*Notes

(1) Significant changes in consolidation scope during the period: None

Newly included : None

Excluded : None

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS : Yes

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of period (including treasury stock)	September 30, 2024	272,849,863 shares	March 31, 2024	272,849,863 shares
2) Number of treasury stock at the end of period	September 30, 2024	6,306,059 shares	March 31, 2024	6,395,064 shares
3) Average number of shares during the period	September 30, 2024	266,448,347 shares	September 30, 2023	266,362,078 shares

*This consolidated financial results are exempt from review conducted by certified public accountants or an audit firm.

*Explanation concerning the appropriate use of the financial results forecast and other special matters

(Adjusted operating profit)

“Adjusted operating profit” is measured by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees and other fees) from operating profit.

(Non-GAAP profit)

“Non-GAAP operating profit” is an indicator for measuring underlying profitability. It is measured by deducting amortization of intangible assets recognized as a result of M&A, expenses for acquisition of companies (financial advisory fees and other fees), structural reform expenses, impairment losses, stock compensation and other one-time profits (losses) from operating profit. Also, “Non-GAAP net profit attributable to owners of the parent” is an indicator for measuring underlying profitability attributable to owners of the parent. It is measured by deducting adjustment items of profit before income taxes and corresponding amounts of tax and non-controlling interests from net profit attributable to owners of the parent.

(Cautionary statement with respect to forward-looking statements)

The forward-looking statements such as operating results forecast contained in this statements summary are based on the information currently available to NEC Corporation (“the Company”) and certain assumptions considered reasonable. Actual operating results may differ significantly from these forecasts due to various factors. For details, please refer to “2. Cautionary Statement with Respect to Forward-Looking Statements” on page 17.

(How to obtain supplementary financial materials and information on the financial results briefing)

On October 29, 2024, the Company will hold a financial results briefing for the institutional investors and analysts. Presentation materials will be posted on the company website after the release of financial results, and the presentation video and Q&A summary will be posted on the company website promptly after the financial results briefing.

In addition to the above, the Company periodically holds briefings on business and operating results for the individual investors. Presentation materials and Q&A summary will be posted on the company website promptly after the briefing. For the schedule and details, please check the company website.

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1. Condensed Interim Consolidated Financial Statements and Notes to Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

JPY (millions)

	Notes	As of March 31, 2024	As of September 30, 2024
Assets			
Current Assets			
Cash and cash equivalents		476,490	483,984
Trade and other receivables		829,497	500,642
Contract assets		411,715	472,970
Inventories		242,634	293,853
Other financial assets		15,729	11,229
Other current assets		165,719	183,502
Subtotal		2,141,784	1,946,180
Assets held for sale		—	28,365
Total current assets		2,141,784	1,974,545
Non-current assets			
Property, plant and equipment, net		510,970	556,616
Goodwill		392,290	389,871
Intangible assets, net		371,762	360,317
Investments accounted for using the equity method		107,925	83,773
Other financial assets		203,099	198,741
Deferred tax assets		156,888	160,843
Other non-current assets		342,796	344,653
Total non-current assets		2,085,730	2,094,814
Total assets		4,227,514	4,069,359

Condensed Interim Consolidated Statements of Financial Position (Continued)

JPY (millions)

	Notes	As of March 31, 2024	As of September 30, 2024
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		519,762	409,045
Contract liabilities		389,908	362,315
Bonds and borrowings		84,665	134,271
Accruals		252,713	208,823
Lease liabilities		52,579	51,411
Other financial liabilities		20,185	15,347
Accrued income taxes		22,494	18,091
Provisions		57,642	52,257
Other current liabilities		69,405	34,282
Subtotal		1,469,353	1,285,842
Liabilities directly associated with assets held for sale		—	7,005
Total current liabilities		1,469,353	1,292,847
Non-current liabilities			
Bonds and borrowings		298,279	304,520
Lease liabilities		113,121	157,210
Other financial liabilities		28,838	23,176
Net defined benefit liabilities		157,646	152,158
Provisions		23,960	21,329
Other non-current liabilities		46,794	44,229
Total non-current liabilities		668,638	702,622
Total liabilities		2,137,991	1,995,469
Equity			
Share capital		427,831	427,831
Share premium		167,451	167,776
Retained earnings		883,453	880,906
Treasury shares		(31,097)	(30,671)
Other components of equity		467,975	457,387
Total equity attributable to owners of the parent		1,915,613	1,903,229
Non-controlling interests		173,910	170,661
Total equity		2,089,523	2,073,890
Total liabilities and equity		4,227,514	4,069,359

(2) Condensed Interim Consolidated Statements of Profit or Loss and Comprehensive Income

Condensed Interim Consolidated Statements of Profit or Loss

JPY (millions)

Six-month period ended September 30	Notes	2023	2024
Revenue	3	1,548,801	1,486,676
Cost of sales		1,124,928	1,063,252
Gross profit		423,873	423,424
Selling, general and administrative expenses		395,925	377,475
Other operating income (expenses)		47	(1,256)
Operating profit	3	27,995	44,693
Finance income	3,4	7,715	4,571
Finance costs	3,4	6,095	10,729
Share of profit (loss) of entities accounted for using the equity method	3,5	2,362	(11,858)
Profit before income taxes	3	31,977	26,677
Income taxes		14,186	11,829
Net profit		17,791	14,848
Net profit attributable to			
Owners of the parent		12,914	13,460
Non-controlling interests		4,877	1,388
Total		17,791	14,848
Earnings per share attributable to owners of the parent			
Basic earnings per share (JPY)	6	48.48	50.52
Diluted earnings per share (JPY)	6	48.48	50.52

Condensed Interim Consolidated Statements of Comprehensive Income

JPY (millions)

Six-month period ended September 30	Notes	2023	2024
Net profit		17,791	14,848
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Equity instruments designated as measured at fair value through other comprehensive income		8,241	(2,486)
Remeasurements of defined benefit plans		—	—
Share of other comprehensive income of entities accounted for using the equity method		114	(206)
Total items that will not be reclassified to profit or loss		8,355	(2,692)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		78,540	(8,996)
Cash flow hedges		(3,296)	1,708
Share of other comprehensive income of entities accounted for using the equity method		1,531	(563)
Total items that may be reclassified subsequently to profit or loss		76,775	(7,851)
Total other comprehensive income, net of tax		85,130	(10,543)
Total comprehensive income		102,921	4,305
Total comprehensive income attributable to			
Owners of the parent		88,075	2,872
Non-controlling interests		14,846	1,433
Total		102,921	4,305

(3) Condensed Interim Consolidated Statements of Changes in Equity

(Six-month period ended September 30, 2023)

JPY (millions)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2023	427,831	165,034	764,604	(31,588)	297,936	1,623,817	288,907	1,912,724
Net profit	—	—	12,914	—	—	12,914	4,877	17,791
Other comprehensive income	—	—	—	—	75,161	75,161	9,969	85,130
Comprehensive income	—	—	12,914	—	75,161	88,075	14,846	102,921
Purchase of treasury shares	—	—	—	(1,113)	—	(1,113)	—	(1,113)
Disposal of treasury shares	—	287	—	1,349	—	1,636	—	1,636
Cash dividends	—	—	(14,665)	—	—	(14,665)	(4,936)	(19,601)
Changes in interests in subsidiaries	—	(920)	—	—	—	(920)	276	(644)
Total transactions with owners	—	(633)	(14,665)	236	—	(15,062)	(4,660)	(19,722)
As of September 30, 2023	427,831	164,401	762,853	(31,352)	373,097	1,696,830	299,093	1,995,923

(Six-month period ended September 30, 2024)

JPY (millions)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2024	427,831	167,451	883,453	(31,097)	467,975	1,915,613	173,910	2,089,523
Net profit	—	—	13,460	—	—	13,460	1,388	14,848
Other comprehensive income	—	—	—	—	(10,588)	(10,588)	45	(10,543)
Comprehensive income	—	—	13,460	—	(10,588)	2,872	1,433	4,305
Purchase of treasury shares	—	—	—	(44)	—	(44)	—	(44)
Disposal of treasury shares	—	10	—	470	—	480	—	480
Share-based payment transactions	—	189	—	—	—	189	—	189
Cash dividends	—	—	(16,007)	—	—	(16,007)	(4,446)	(20,453)
Changes in interests in subsidiaries	—	126	—	—	—	126	(236)	(110)
Total transactions with owners	—	325	(16,007)	426	—	(15,256)	(4,682)	(19,938)
As of September 30, 2024	427,831	167,776	880,906	(30,671)	457,387	1,903,229	170,661	2,073,890

(4) Condensed Interim Consolidated Statements of Cash Flows

			JPY (millions)	
Six-month period ended September 30	Notes	2023	2024	
Cash flows from operating activities				
Profit before income taxes		31,977	26,677	
Depreciation and amortization		93,174	79,587	
Impairment loss		112	1,660	
Increase (decrease) in provisions		(6,946)	(6,914)	
Finance income	4	(7,715)	(4,571)	
Finance costs	4	6,095	10,729	
Share of profit (loss) of entities accounted for using the equity method	5	(2,362)	11,858	
(Increase) decrease in trade and other receivables		211,314	323,273	
(Increase) decrease in inventories		(63,320)	(58,296)	
Increase (decrease) in trade and other payables		(43,722)	(92,705)	
Others, net		(163,205)	(208,754)	
	Subtotal	55,402	82,544	
Interest received		3,120	2,682	
Dividends received		2,701	2,333	
Interest paid		(4,489)	(4,267)	
Income taxes paid		(29,908)	(24,587)	
	Net cash provided by (used in) operating activities	26,826	58,705	
Cash flows from investing activities				
Purchases of property, plant and equipment		(36,954)	(42,335)	
Proceeds from sales of property, plant and equipment		3,169	4,918	
Acquisitions of intangible assets		(11,169)	(11,204)	
Purchase of equity instruments designated as measured at fair value through other comprehensive income		(11)	(373)	
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income		11,876	716	
Purchase of shares of newly consolidated subsidiaries		(811)	—	
Proceeds from sales of subsidiaries		1,892	—	
Purchases of investments in associates or joint ventures		(80)	(5,440)	
Proceeds from sales of investments in associates or joint ventures		209	20	
Others, net		(3,138)	769	
	Net cash provided by (used in) investing activities	(35,017)	(52,929)	

Condensed Interim Consolidated Statements of Cash Flows (Continued)

Six-month period ended September 30	Notes	JPY (millions)	
		2023	2024
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		51,851	48,527
Proceeds from long-term borrowings		—	572
Repayments of long-term borrowings		(39,119)	(199)
Proceeds from issuance of bonds		40,000	30,000
Redemption of bonds		(40,000)	(25,000)
Payments of lease liabilities		(32,887)	(28,235)
Dividends paid		(14,652)	(16,004)
Dividends paid to non-controlling interests		(3,934)	(4,446)
Proceeds from disposal of treasury shares		1,636	470
Proceeds from issuance of preference shares with put/call options		15,797	—
Others, net		(1,383)	(245)
Net cash provided by (used in) financing activities		<u>(22,691)</u>	<u>5,440</u>
Effect of exchange rate changes on cash and cash equivalents		<u>14,517</u>	<u>(3,722)</u>
Net increase (decrease) in cash and cash equivalents		<u>(16,365)</u>	<u>7,494</u>
Cash and cash equivalents, at the beginning of period		<u>419,462</u>	<u>476,490</u>
Cash and cash equivalents, at the end of period		<u><u>403,097</u></u>	<u><u>483,984</u></u>

(5) Notes to Condensed Interim Consolidated Financial Statements

1. Going Concern Assumptions

Not applicable.

2. Material accounting policies

Material accounting policies adopted for the six-month period ended September 30, 2024 are consistent from those applied for the previous fiscal year, except for the following item.

Income taxes for the six-month period ended September 30, 2024 are calculated using reasonably estimated annual effective tax rate.

Amendments of IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”.

The NEC Group applied amendments of IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”, effective from the six-month period ended September 30, 2024. These amendments require disclosures to enhance the transparency of supplier finance agreements. As a result of amendments, there are no impact on the disclosure of the condensed interim consolidated financial statements.

3. Segment Information

(1) Information about revenue, profit or loss by reportable segments

(Six-month period ended September 30, 2023)

JPY (millions)

	Reportable Segments			Others	Reconciling Items (Note 2)	Consolidated Total
	IT Services	Social Infrastructure	Total			
Revenue						
External customers	843,074	475,773	1,318,847	229,954	—	1,548,801
Intersegment	21,095	2,211	23,306	2,886	(26,192)	—
Total	864,169	477,984	1,342,153	232,840	(26,192)	1,548,801
Segment profit (loss)	47,210	6,433	53,643	1,183	(9,002)	45,824
Acquisition-related amortization of intangible assets						(17,536)
Expenses for M&A						(293)
Operating profit						27,995
Finance income						7,715
Finance costs						(6,095)
Share of profit of entities accounted for using the equity method						2,362
Profit before income taxes						31,977

(Six-month period ended September 30, 2024)

JPY (millions)

	Reportable Segments			Others	Reconciling Items (Note 2)	Consolidated Total
	IT Services	Social Infrastructure	Total			
Revenue						
External customers	890,562	485,261	1,375,823	110,853	—	1,486,676
Intersegment	26,301	2,357	28,658	2,660	(31,318)	—
Total	916,863	487,618	1,404,481	113,513	(31,318)	1,486,676
Segment profit (loss)	56,425	17,728	74,153	(6,700)	(6,425)	61,028
Acquisition-related amortization of intangible assets						(16,334)
Expenses for M&A						(1)
Operating profit						44,693
Finance income						4,571
Finance costs						(10,729)
Share of loss of entities accounted for using the equity method						(11,858)
Profit before income taxes						26,677

Notes:

- Segment profit (loss) is measured by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees and other fees) from operating profit (loss).
- "Reconciling Items" in segment profit (loss) includes amounts not allocated to each reportable segment that consist principally of corporate expenses of 6,234 million JPY and 4,191 million JPY for the six-month period ended September 30, 2023 and 2024, respectively. Corporate expenses are mainly research and development expenses for advanced technology.

(2) Information about revising segments

From the six-month period ended September 30, 2024, the Company has revised a part of its method for calculating the financial performance of business segments to present the performance of the earnings capacity of each segment more appropriately. Under the former basis of measurement, corporate-wide non-business expenses were included in Reconciling Items. From the “Principle of Benefit and Burden” perspective, corporate expenses, and business development and intellectual property related expenses, both of which are components of corporate-wide non-business expenses, are allocated to reportable segments and included in Others, respectively. Additionally, intellectual property related revenue, profit and expenses, which were included in reportable segments, are included in Others. Segment information for the six-month period ended September 30, 2023 is reclassified to conform to the presentation of the revised segments for the six-month period ended September 30, 2024.

(3) Information about geographic areas

Revenue from external customers

	JPY (millions)	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Japan	1,116,396	1,136,190
North America and Latin America	72,450	59,589
Europe, Middle East, and Africa	171,758	169,330
China, East Asia, and Asia Pacific	188,197	121,567
Total	1,548,801	1,486,676

4. Finance Income and Finance Costs

Components of finance income and finance costs for the six-month period ended September 30, 2023 and 2024, are as follows:

	JPY (millions)	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Finance income		
Interest income	2,677	2,699
Dividend income	2,087	1,701
Foreign exchange gains, net	2,055	—
Gain on valuation of financial instruments	695	—
Other	201	171
Total	7,715	4,571

	JPY (millions)	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Finance costs		
Interest expenses	4,939	3,214
Foreign exchange losses, net	—	4,196
Loss on valuation of financial instruments	—	1,636
Other	1,156	1,683
Total	6,095	10,729

Interest income arises from financial assets measured at amortized cost. Dividend income arises from equity instruments designated as measured at fair value through other comprehensive income. In addition, interest expenses arise from financial liabilities measured at amortized cost and lease liabilities.

“Gain on valuation of financial instruments” in the six-month period ended September 30, 2023 is from gains on financial assets measured at fair value through profit or loss. “Loss on valuation of financial instruments” in the six-month period ended September 30, 2024 is from losses on financial assets measured at fair value through profit or loss.

5. Share of profit (loss) of entities accounted for using the equity method

An impairment loss of 14,335 million JPY on the investment in NEC Capital Solutions Corporation is included in “Share of profit (loss) of entities accounted for using the equity method” in the condensed interim consolidated statements of profit or loss for the six-month period ended September 30, 2024.

6. Earnings Per Share

The calculation of basic earnings per share (“EPS”) and diluted EPS has been based on the following profit attributable to ordinary shareholders of the parent company for the six-month period ended September 30, 2023 and 2024:

	JPY (millions)	
	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Net profit attributable to owners of the parent	12,914	13,460
Net profit attributable to ordinary shareholders of the parent to calculate basic EPS	12,914	13,460
Net profit attributable to ordinary shareholders of the parent after adjustment for the effects of dilutive potential ordinary shares	12,913	13,460
Weighted-average number of ordinary shares to calculate basic EPS (in thousands of shares)	266,362	266,448
Weighted-average number of ordinary shares (diluted) (in thousands of shares)	266,362	266,448
Basic EPS (JPY)	48.48	50.52
Diluted EPS (JPY)	48.48	50.52

Note: Net profit attributable to ordinary shareholders of the parent after adjustment for the effects of dilutive potential ordinary shares includes the effect of share options issued by associates accounted for using the equity method.

7. Subsequent Events

(Tender Offer for Shares of NEC Networks & System Integration Corporation)

The Company resolved at the meeting of its board of directors held on October 29, 2024, to conduct a tender offer (the "Tender Offer") under the Financial Instruments and Exchange Act. as a part of a transaction in which the Company will acquire all of the issued shares of common stock of a consolidated subsidiary of the Company, NEC Networks & System Integration Corporation ("NESIC") (the "NESIC Shares") (including the restricted stock of NESIC granted to each director of NESIC as the restricted stock compensation but excluding the NESIC Shares held by the Company and the treasury stock held by NESIC) and take the NESIC Shares private.

The Company entered into an employee retirement benefit trust agreement with the trustee of the Company's Employee Retirement Benefit Trust, with respect to the 19,200,000 NESIC Shares (Ownership Ratio: 12.89%) contributed by the Company to the Company's Employee Retirement Benefit Trust to the effect that such NESIC Shares shall not be disposed of in any way (including tendering for the Tender Offer) without an instruction of the trust administrator, and the Company and the trust administrator have confirmed that the trust administrator will not give an instruction to tender NESIC Shares for the Tender Offer.

The Company sets the minimum number of shares to be acquired in the Tender Offer at 22,756,305 shares (Ownership Ratio: 15.27%). If the total number of the shares tendered in the Tender Offer (the "Tendered Shares") is less than the minimum number of shares to be acquired, the Company will not acquire any of the Tendered Shares. On the other hand, the Company has not set the maximum number of shares to be acquired in the Tender Offer because the Company aims to acquire all of the NESIC Shares and take the NESIC Shares private as described above. Therefore, if the total number of the Tendered Shares is equal to or more than the minimum number of shares to be acquired, the Company will acquire all of the Tendered Shares.

In addition, if the Company does not acquire all of the NESIC Shares through the Tender Offer, the Company plans to implement, at the completion of the Tender Offer, a series of procedures to make the Company the only shareholder of NESIC and to take the NESIC Shares private in the manner of the request for share transfers or the share consolidation.

Overview of Tender Offer

- | | |
|-------------------------------------|---|
| (1) Tender Offer Period | : From October 30, 2024 through December 11, 2024 |
| (2) Tender Offer Price | : 3,250 JPY per common stock |
| (3) Number of Shares to Be Acquired | : 72,461,155 shares
(Minimum number of shares to be acquired: 22,756,305 shares
Maximum number of shares to be acquired: -) |
| (4) Purchase Price | : 235,499 million JPY* |
| (5) Commencement Date of Settlement | : December 18, 2024 |

* "Purchase Price" is the amount calculated by multiplying the number of shares to be acquired through the Tender Offer by the Tender Offer Price.

2. Cautionary Statement with Respect to Forward-Looking Statements

This material contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the NEC Group (the "forward-looking statements"). The forward-looking statements are made based on information currently available to the Company and certain assumptions considered reasonable as of the date of this material. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors.

The factors that may influence the operating results include, but are not limited to, the following:

- adverse economic conditions in Japan or internationally;
- foreign currency exchange and interest rate risks;
- changes in the markets in which the NEC Group operates;
- impact from the outbreak of infections;
- potential inability to achieve the goals in the NEC Group's medium-term management plan;
- fluctuations in the NEC Group's revenue and profitability from period to period;
- difficulty achieving the benefits expected from acquisitions, business combinations, reorganizations and business withdrawals;
- potential deterioration in the NEC Group's relationships with strategic partners or problems relating to their products or services;
- difficulty achieving the NEC Group's growth strategies outside Japan;
- potential inability to keep pace with rapid technological advancements in the NEC Group's industry and to commercialize new technologies;
- intense competition in the markets in which the NEC Group operates;
- risks relating to the NEC Group's concentrated customer base;
- difficulties with respect to new businesses;
- potential failures in the products and services the NEC Group provides;
- potential failure to procure components, equipment or other supplies;
- difficulties protecting the NEC Group's intellectual property rights;
- potential inability to obtain certain intellectual property licenses;
- the NEC Group's customers may encounter financial difficulties;
- difficulty attracting, hiring and retaining skilled personnel;
- difficulty obtaining additional financing to meet the NEC Group's funding needs;
- potential failure of internal controls;
- potentially costly and time-consuming legal proceedings;
- risks related to regulatory change and uncertainty;
- risks related to environmental laws and regulations;
- information security and data protection concerns and restrictions;
- potential changes in effective tax rates or deferred tax assets, or adverse tax examinations;
- risks related to corporate governance and social responsibility requirements;
- risks related to natural disasters, public health issues, armed hostilities and terrorism;
- risks related to the NEC Group's pension assets and defined benefit obligations; and
- risks related to impairment losses with regard to goodwill.

The forward-looking statements contained in this material are based on information that the Company possesses as of the date hereof. New risks and uncertainties come up from time to time, and it is impossible for the Company to predict these events or how they may affect the NEC Group. The Company does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
