Financial Results for the First 9 Months (1Q-3Q) Fiscal Year Ending March 2025

January 30, 2025

NEC Networks & System Integration Corporation
(TSE: 1973, NESIC)

9M FY2025/3 Summary

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	9M FY2024/3	9M FY2025/3	Change
Orders received	269.9	287.8	+7%
Net sales	249.4	265.8	+7%
Gross profit (to sales)	46.7 (18.7%)	51.2 (19.3%)	+4.6 (+0.6pt)
SG&A	34.2	34.8	-0.6
Operating income (to sales)	12.5 (5.0%)	16.4 (6.2%)	+3.9 (1.2pt)
Net income attributable to owners of the parent (to sales)	7.7 (3.1%)	9.6 (3.6%)	+1.9 (+0.5pt)
Free cash flows	-0.7	10.8	+11.5
Orders backlog	222.5	241.3	+8%

Achieved the highest orders, sales and profits

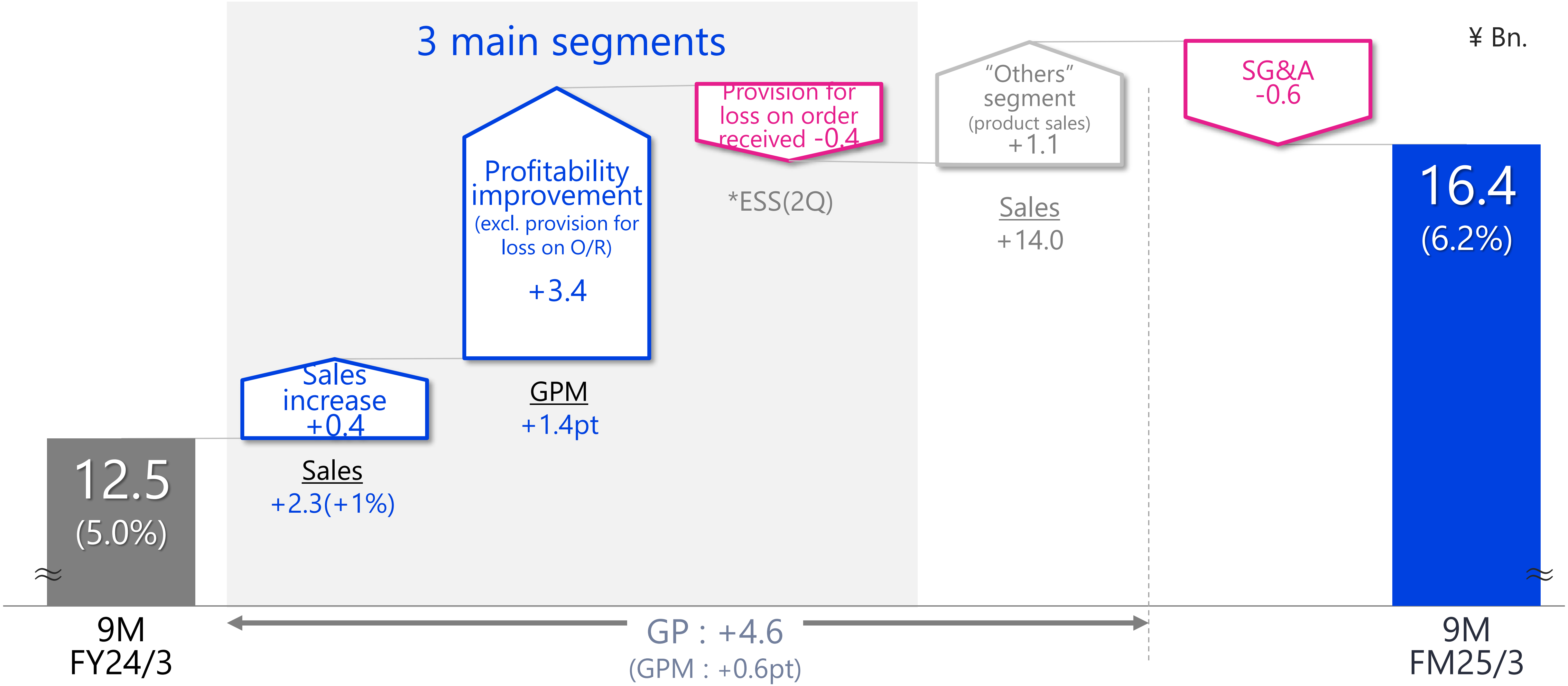
Orders received/net sales

- Expanded business with governments*, manufacturing and finance sectors
  * firefighting, disaster prevention, govt DX
- Product sales increased ("Others")

Operating income

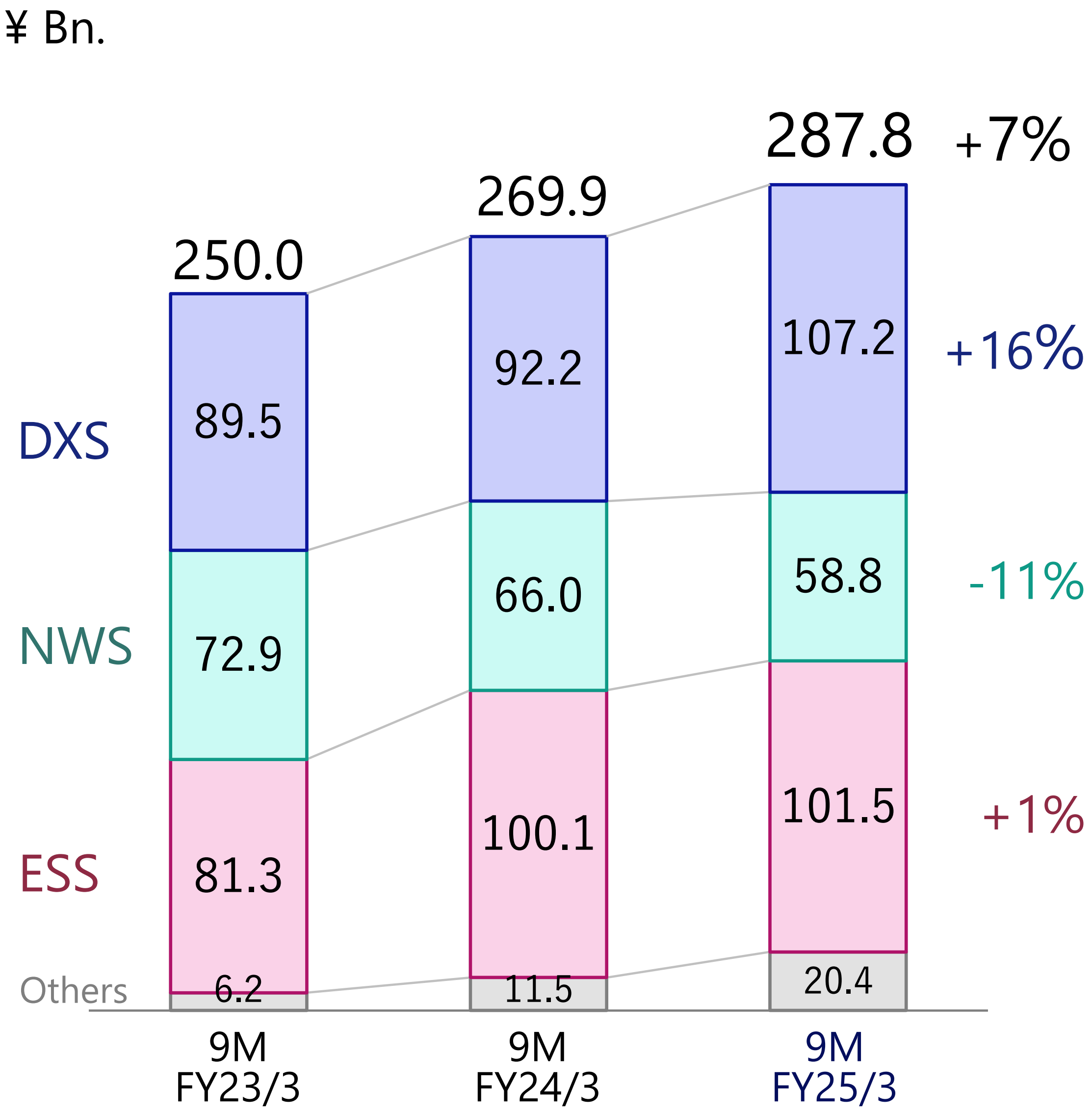
- Increased thanks to both of sales increase and GPM improvement
  ・GPM of all segments improved in 3Q

9M FY2025/3 Operating Income Analysis



※Segment information of FY23/3 & FY24/3 has been reclassified numbers to reflect an inter-segment business transfer (between NWS & ESS) in April 2024.

9M FY2025/3 Orders Received by Segment



DX Solutions (DXS)

- Both focus areas and existing areas increased
  - Focus areas : Government DX drove the growth
  - Existing areas : Strategic product projects and ICT equipment sales for schools increased

NW Solutions (NWS)

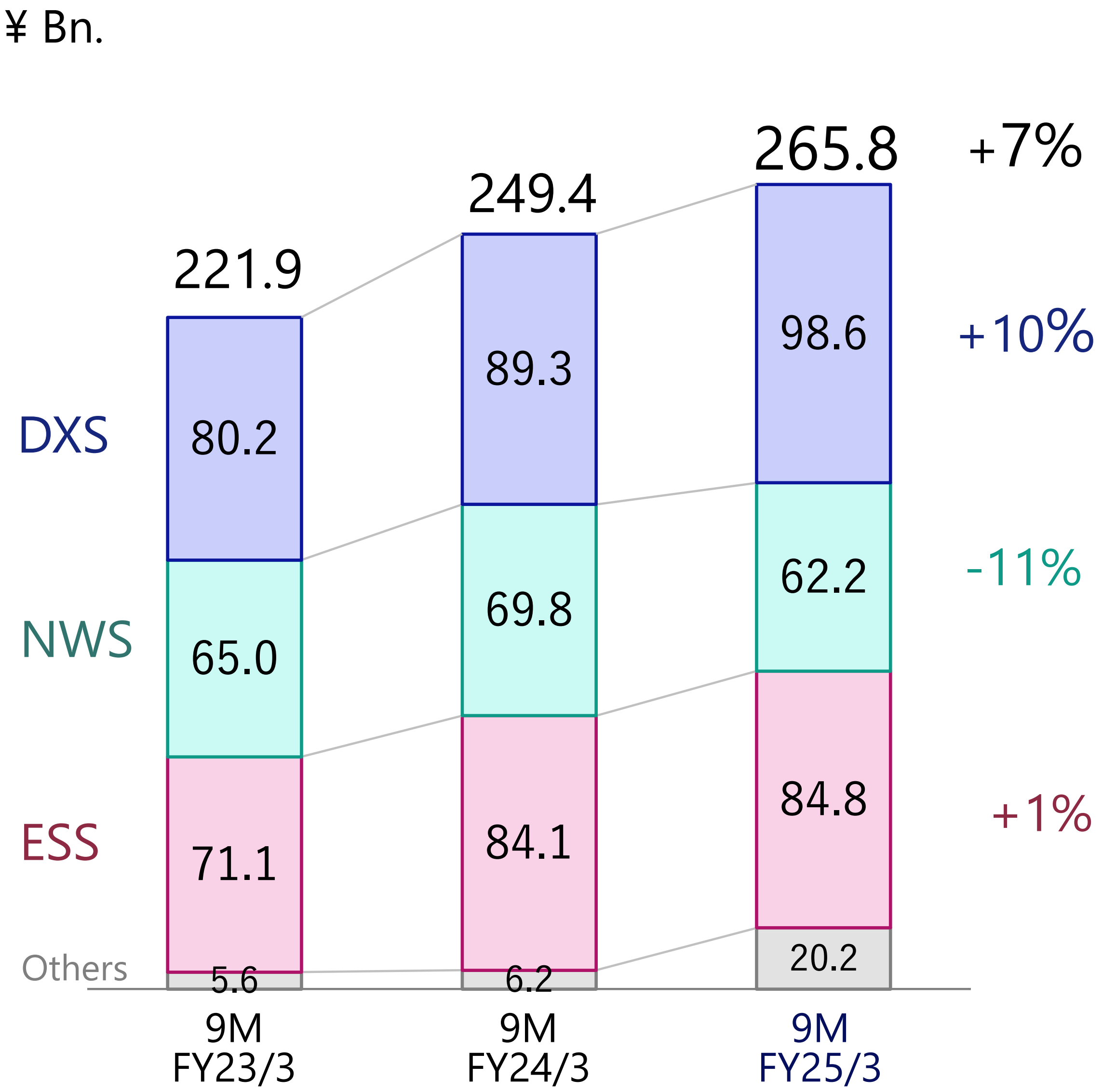
- Orders from telecom carriers and orders of a manufacturing subsidiary* decreased
  *including reactional fall in new banknote demand
- Social infra.* increased
  *Broadcasting, space/national security

Environmental & Social Solutions(ESS)

- Firefighting and disaster prevention expanded with a reactional fall (-12) of large projects in the previous 1H

※Segment information of FY23/3 & FY24/3 has been reclassified numbers to reflect an inter-segment business transfer (between NWS & ESS) in April 2024.

9M FY2025/3 Net Sales by Segment



DX Solutions (DXS)

- Both focus area and existing area increased

NW Solutions (NWS)

- Sales for telecom carriers and sales of a manufacturing subsidiary decreased, though Social infra. business increased

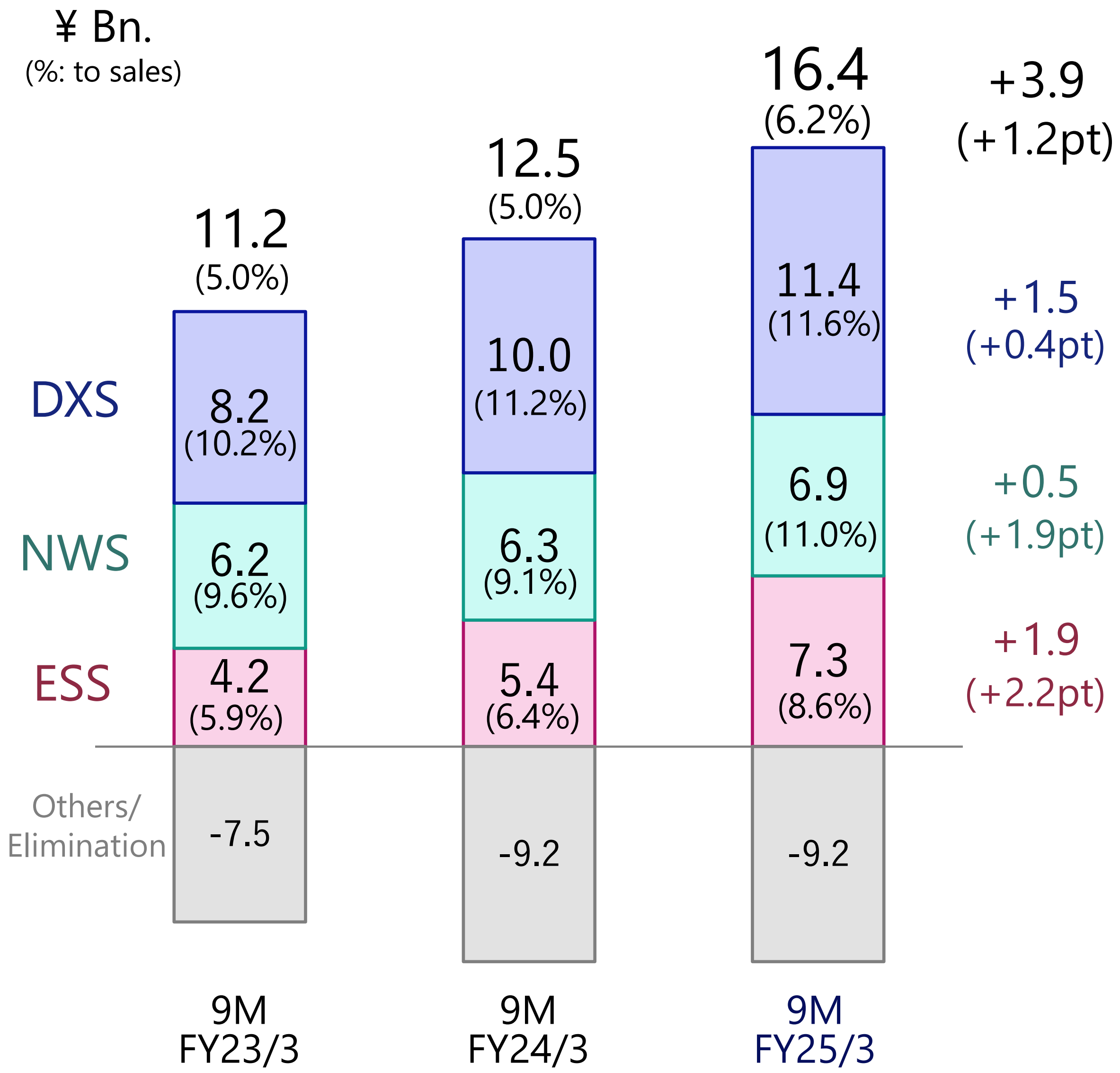
Environmental & Social Solutions (ESS)

- Expressway ICT and firefighting/disaster prevention increased to make up for a reactional fall of a large project* in 3Q FY24/3

*Product business for government

※Segment information of FY23/3 & FY24/3 has been reclassified numbers to reflect an inter-segment business transfer (between NWS & ESS) in April 2024.

9M FY2025/3 Operating Income by Segment



Operating income increased in all segments

DX Solutions (DXS)

- Operating income increased thanks to sales growth
  - GPM turned to improvement in 3Q

Network Solutions (NWS)

- Operating income increased due to improved GPM despite decreased sales

Environmental & Social Solutions (ESS)

- Operating income increased driven by GPM improvement

※Segment information of FY23/3 & FY24/3 has been reclassified numbers to reflect an inter-segment business transfer (between NWS & ESS) in April 2024.

Gross Margin by Segment

	9 Months			Key factors	3Q		
	FY24/3	FY25/3	Change		FY24/3	FY25/3	Change
DXS	21.9%	21.0%	-0.9pt	・Low margin projects including strategic products business and resource relocation (SG&A-> COS) impacted	21.9%	22.5%	+0.6pt
NWS	18.9%	21.8%	+2.9pt	・Improved both telecom carrier business (by business reform) & social infra. business (improved sales mix)	19.7%	23.4%	+3.7pt
ESS	16.2%	18.3%	+2.1pt (+1.6pt)*	・Sales mix improved thanks to reduction of low margin projects including absence of a large product sales project	16.5%	21.5%	+5.0pt (+2.2pt)*
Company total	18.7%	19.3%	+0.6pt		18.8%	21.3%	+2.5pt

* excluding one-shot impacts (a large product project in previous 3Q, provision for loss on orders received in this 2Q)

*Forecasts as at January 30, 2025

FY2025/3 Forecasts

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	FY24/3 actual	FY25/3 forecasts	Change	Previous forecasts	Change
Orders received	377.2	385	+2%	380	+5
Net sales	359.5	322	+7%	365	+20
Operating income	25.1	29.0	+3.9	29.0	-
(to sales)	7.0%	7.5%	+0.5pt	7.9%	-0.4pt
Net income attributable to owners of the parent	15.3	18.0	+2.7	18.0	-
(to sales)	4.3%	4.7%	+0.4pt	4.9%	-0.2pt

Revised orders received and net sales forecasts considering 9M progress

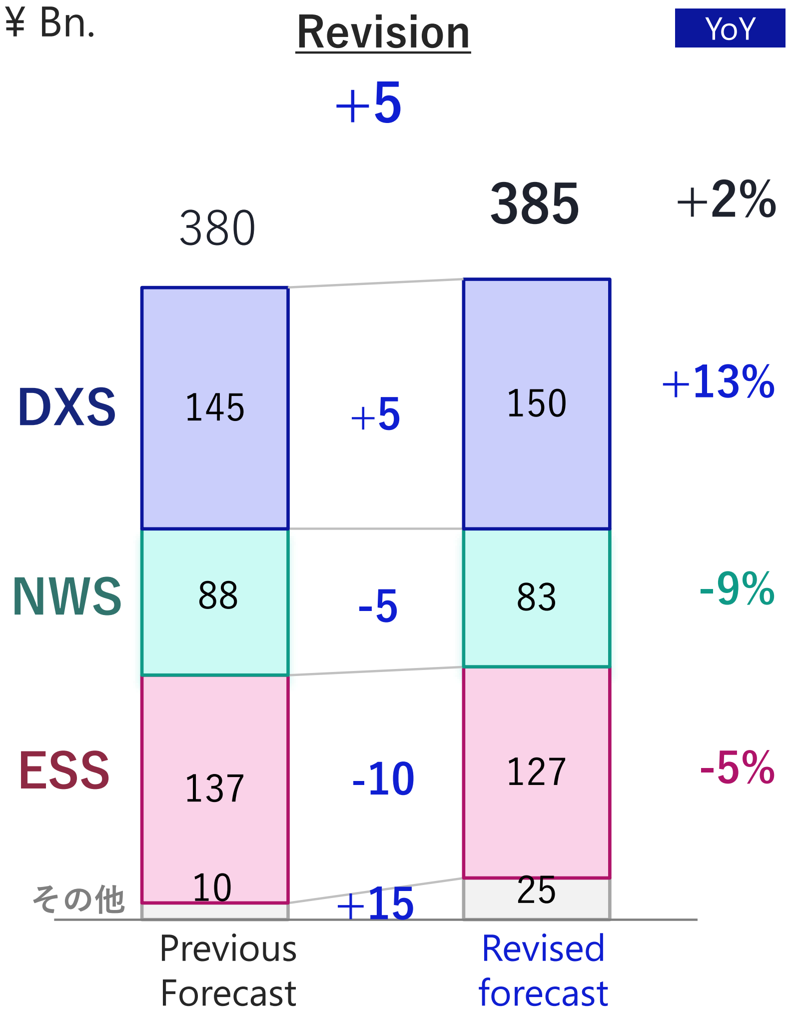
- Orders received
  - ・Considering increased product sales and review of orders timing
- Net sales
  - ・Considering increased product sales

*Profit contribution is small

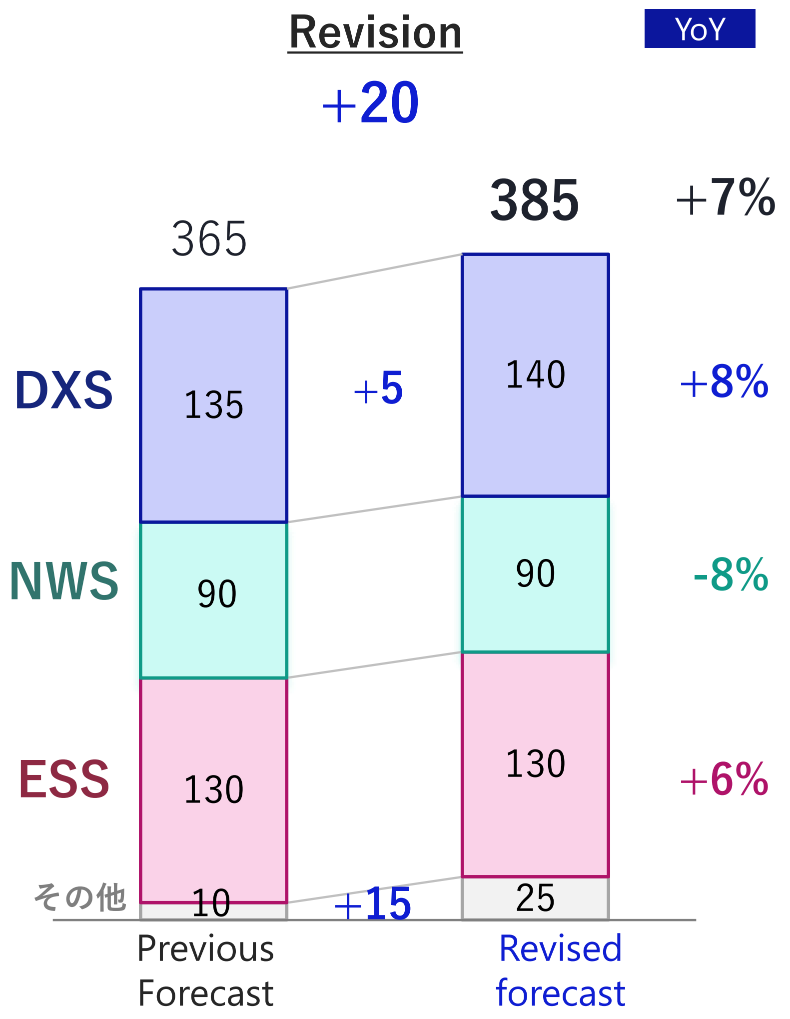
*Forecasts as at January 30, 2025

FY2025/3 Forecasts by Segment

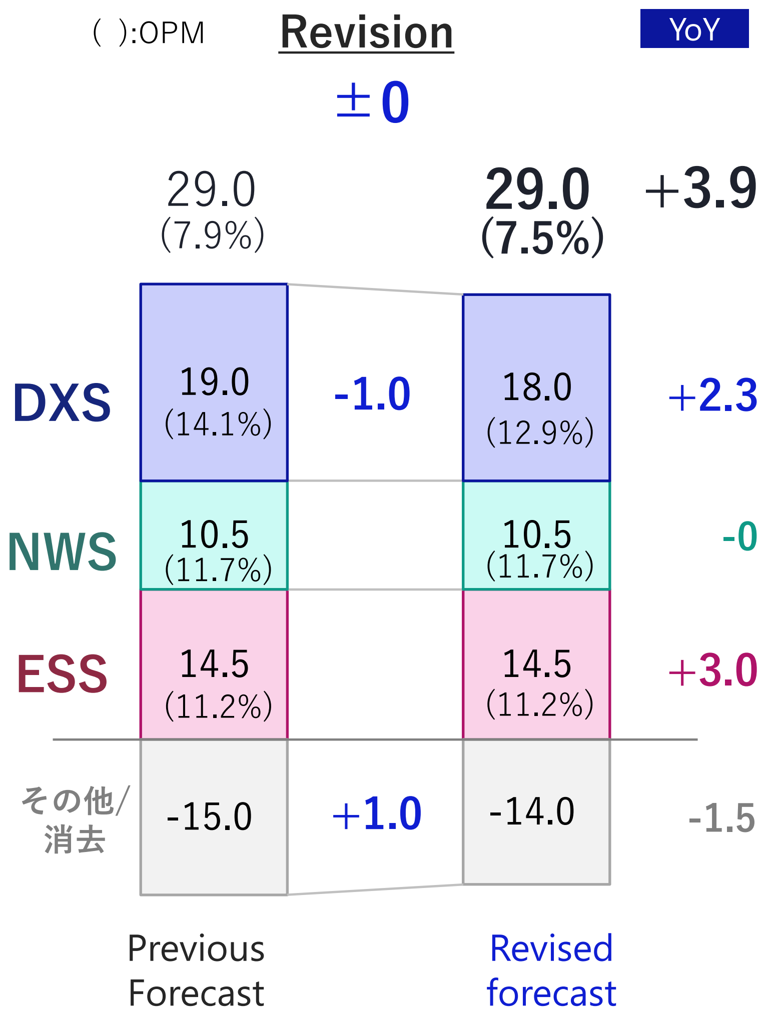
Orders received



Net sales



Operating income



About Supplementary Data

Please see our supplementary data sheet for

- Complementary data
  (Orders backlog, by-business type and by-market data)
- Historical P/L, B/S, C/F
- Segment data (incl. old segment)

https://www.nesic.co.jp/english/ir/library/2025.html

Cautionary Statement

Forecasts and targets of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.

Some information for reference such as impact of special factors is calculated and shown in round numbers.

There was an inter-segment (between NWS and ESS) business transfer in April 2024. Segment information for the FY 2023/3 and FY 2024/3 have been recalculated to reflect this change.

Re-designing your Communication

NEC Networks & System Integration Corporation will be committed to increasing customer value by redesigning future communications from the user's perspective.

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