

Financial Results for the 1Q for the FY ending March 2025

July 30, 2024

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

1Q FY2025/3 Summary

(¥ Bn.)

	1Q FY24/3	1Q FY25/3	Change
Orders received	96.5	97.5	+1%
Net sales	71.7	79.1	+10%
Gross profit	12.5	13.9	+1.4
(to sales)	17.5%	17.6%	+0.1pt
SG&A	11.4	11.6	-0.1
Operating income	1.1	2.4	+1.3
(to sales)	1.6%	3.0%	+1.4pt
Net income	0.2	1.5	+1.3
attributable to owners of the parent			
(to sales)	0.3%	1.9%	+1.6pt
Free cash flows	18.5	18.8	+0.4
Orders backlog	225.7	238.2	+6%

Sales and profits increased substantially toward full-year target

Orders received:

- Increased making up for the reactional fall of large projects (-12)* of the previous FY
(Growth rate excluding the reactive fall: +15%)
 - ✓ Driven by governments area such as firefighting and disaster prevention
- * Equipment procurement, overseas construction-related

Net sales:

- Gov't and enterprises (mainly manufacturing) areas Increased

Operating income:

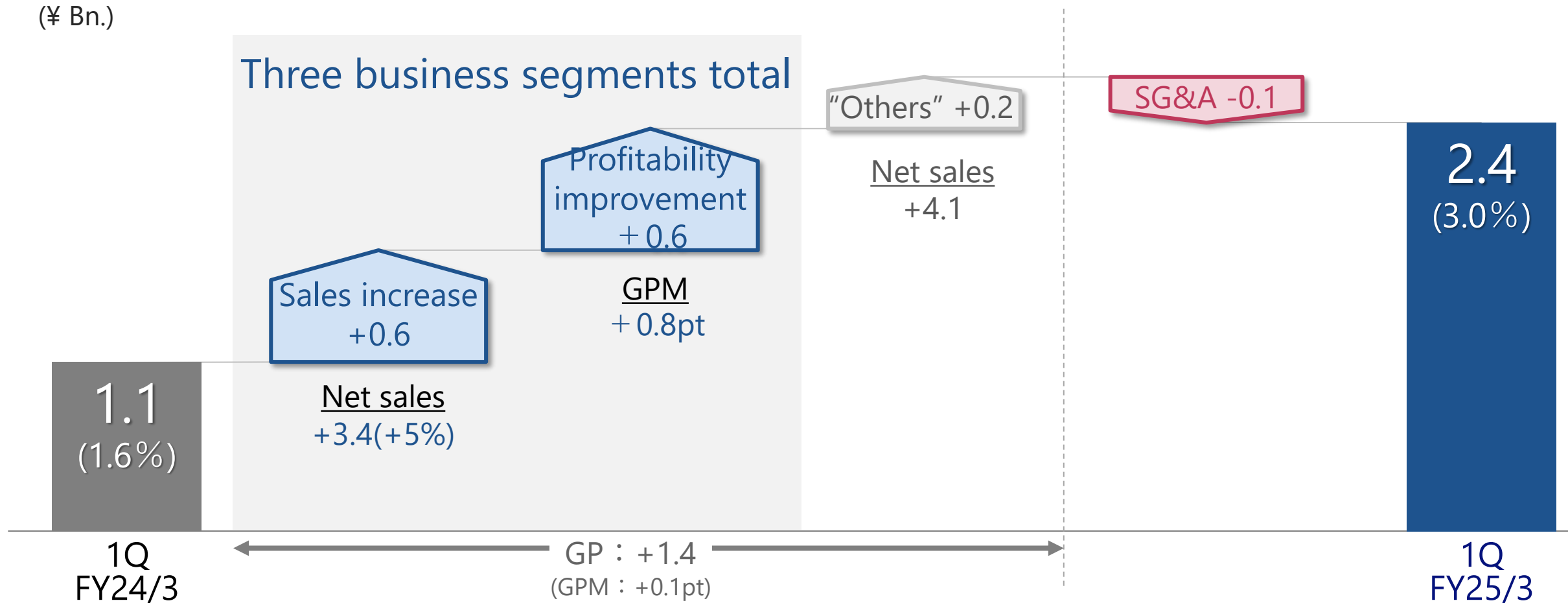
- All segments increased

1Q FY2025/3 Operating Income Analysis

Business profitability is steadily improving

(¥ Bn.)

Three business segments total



Regarding Segment Figures

We made a business transfer between NWS and ESS (April 2024)
(Maintenance for telecom. carriers, construction function for aerospace biz.)

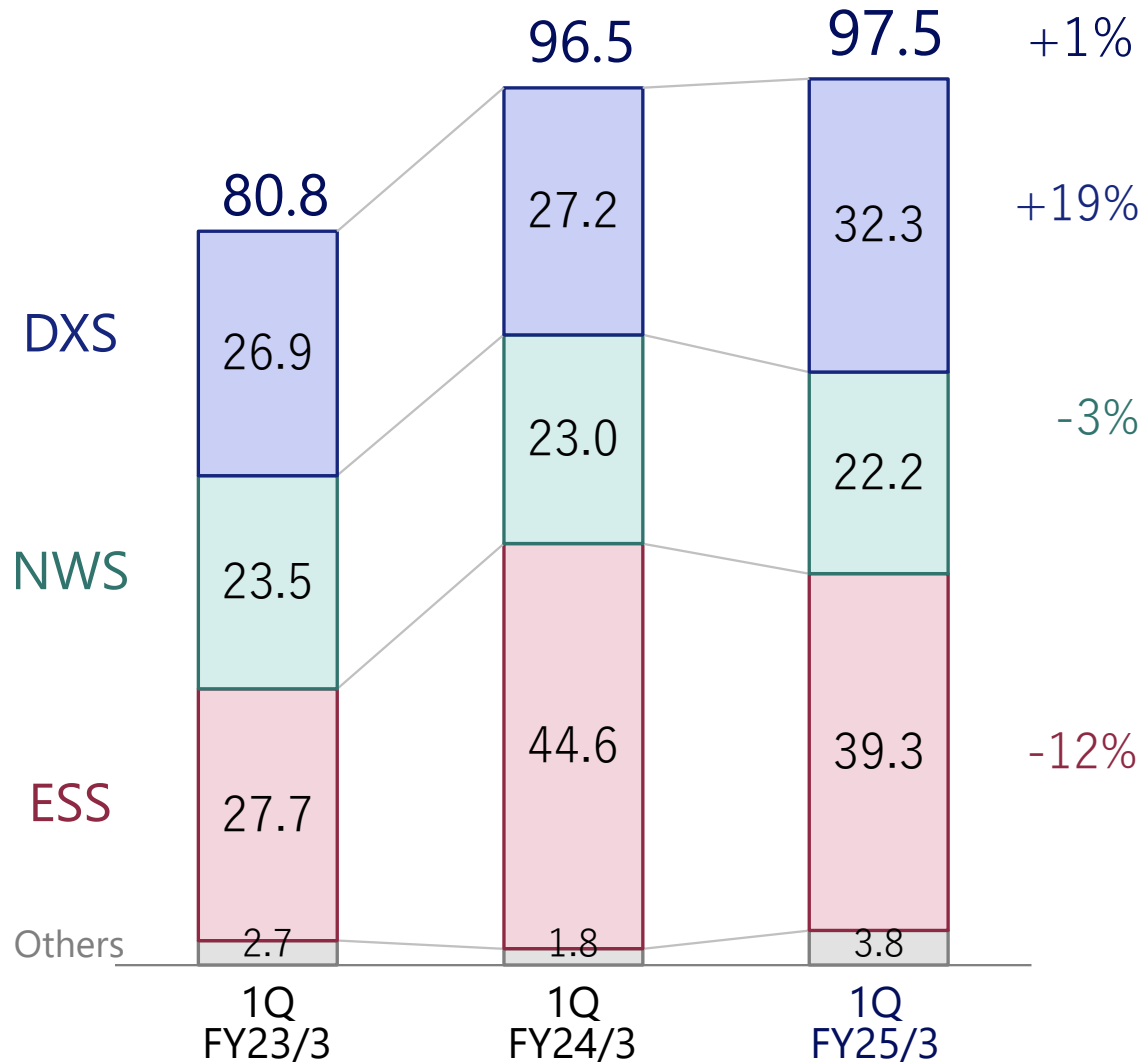
In this slides the segment figures of FY23/3 and FY24/3 were recalculated ones for comparison.

Figures of each quarters are prepared at

<https://www.nesic.co.jp/english/ir/library/2024.html>

1Q FY2025/3 Orders Received by Segment

(¥ Bn.)



DX Solutions (DXS)

- Expanded centering on strategic areas such as workstyle DX and government DX

Network Solutions (NWS)

- Though social infra. biz* expanded, telecom. carrier biz and a manufacturing subsidiary decreased

*1: Space/national security, broadcasting

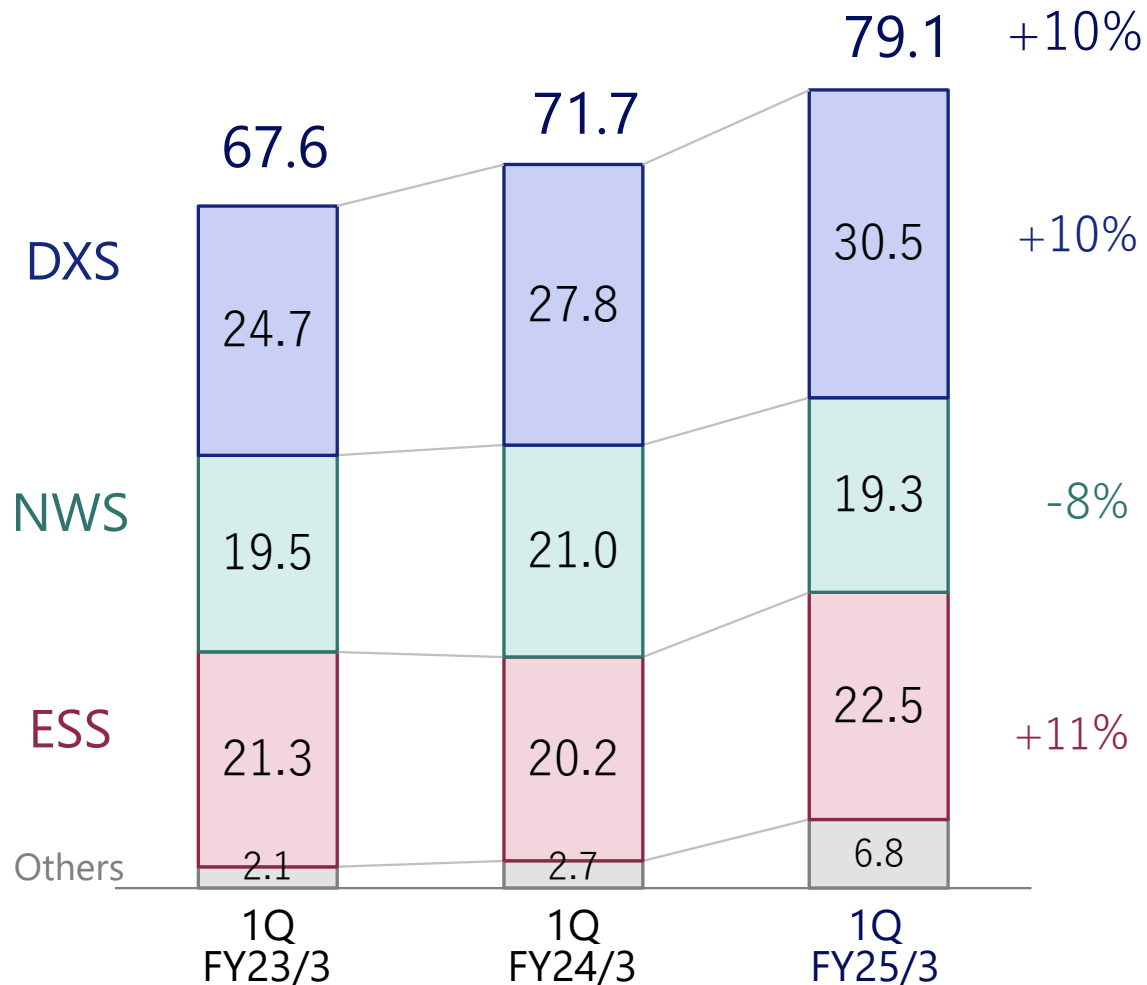
Environmental & Social Solutions(ESS)

- Domestic construction area including firefighting and disaster prevention increased with reactive fall of large projects (-12)* of the previous FY

* Growth rate excluding the reactive fall: +20%

1Q FY2025/3 Net Sales by Segment

(¥ Bn.)



DX Solutions (DXS)

- Strategic areas (workstyle DX, government DX, next-gen network security) expanded

Network Solutions (NWS)

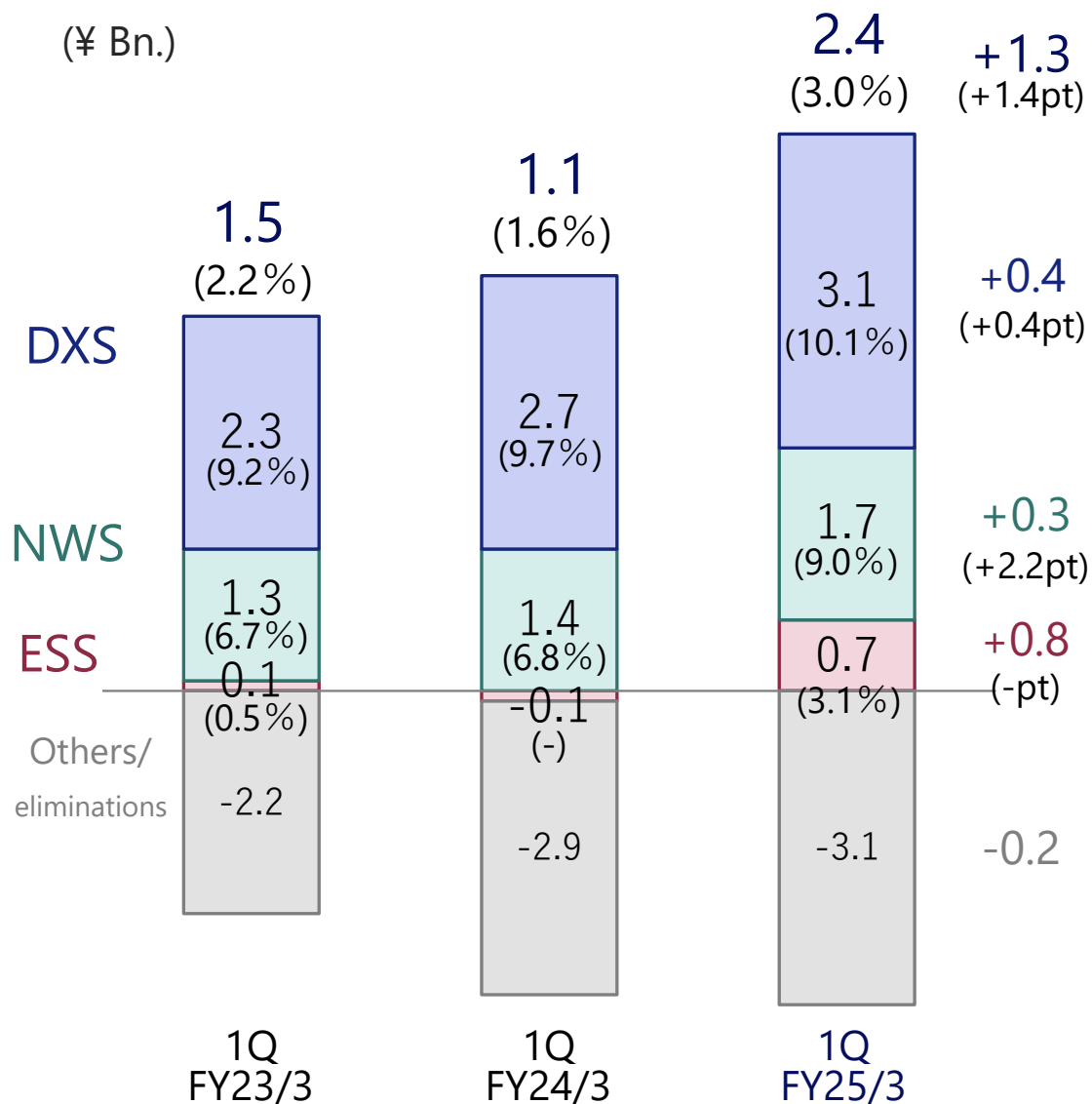
- Though a manufacturing subsidiary increased, telecom. carrier biz and social infra. biz* decreased

*1: Marine and space/national security(reactional fall)

Environmental & Social Solutions(ESS)

- Domestic construction area such as highway and disaster prevention increased

1Q FY2025/3 Operating Income by Segment



Both operating income and OPM improved in all 3 segments

DX Solutions (DXS)

- Profit increased by sales growth

Network Solutions (NWS)

- Profit increased due to improved GPM despite decreased sales

Environmental & Social Solutions(ESS)

- Profit increased by both sales expansion and GPM improvement

Others/elimination

- Expenses for new mission-critical systems increased

1Q FY2025/3 GP Margin by Segment

	1Q FY24/3	1Q FY25/3	Change	Key factors
DXS	21.6%	20.5%	-1.1pt	<ul style="list-style-type: none"> ▪ Though GPM during order acceptance and GPM of backlogs improved, low margin projects including strategic products business and resource relocation impacted
NWS	17.8%	20.4%	+2.6pt	<ul style="list-style-type: none"> ▪ Improved telecom carrier business (by business reform) ▪ A manufacturing subsidiary (ticket vender machine) contributed
ESS	13.4%	15.4%	+2.0pt	<ul style="list-style-type: none"> ▪ Sales increase (lower fixed ratio) ▪ Decreased low margin projects and higher efficiency
Sub-total: 3 segments	18.0%	18.9%	+0.8pt	
Company total	17.5%	17.6%	+0.1pt	

FY2025/3 Forecasts

(¥ Bn.)

	FY24/3	FY25/3 Forecasts	Change
Orders received	377.2	380	* +1%
Net sales	359.5	365	* +2%
Operating income	25.1	29.0	+3.9
(to sales)	(7.0%)	(7.9%)	+0.9pt
Net income attributable to owners of the parent	15.3	18.0	+2.7
(to sales)	(4.3%)	(4.9%)	+0.6pt

No change in forecasts

Accelerating our strategy execution
and improve profit growth toward
the annual target

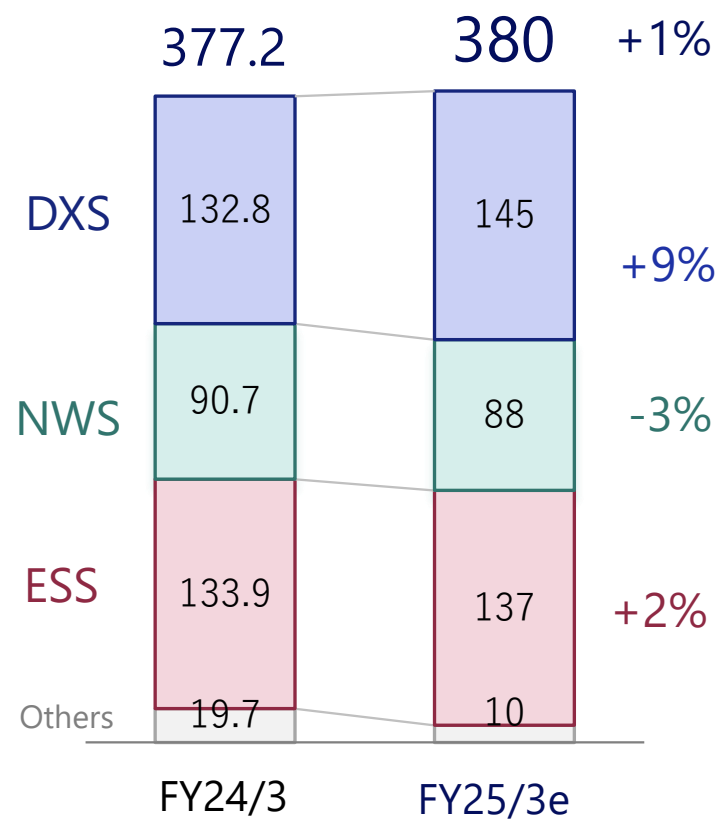
**Growth rate excluding product business in "Other" segment and
a large product PJ for a government agency:
Orders +5%: Sales +4%

FY2025/3 Forecasts by Segment (Base on Current Segment)

Orders received

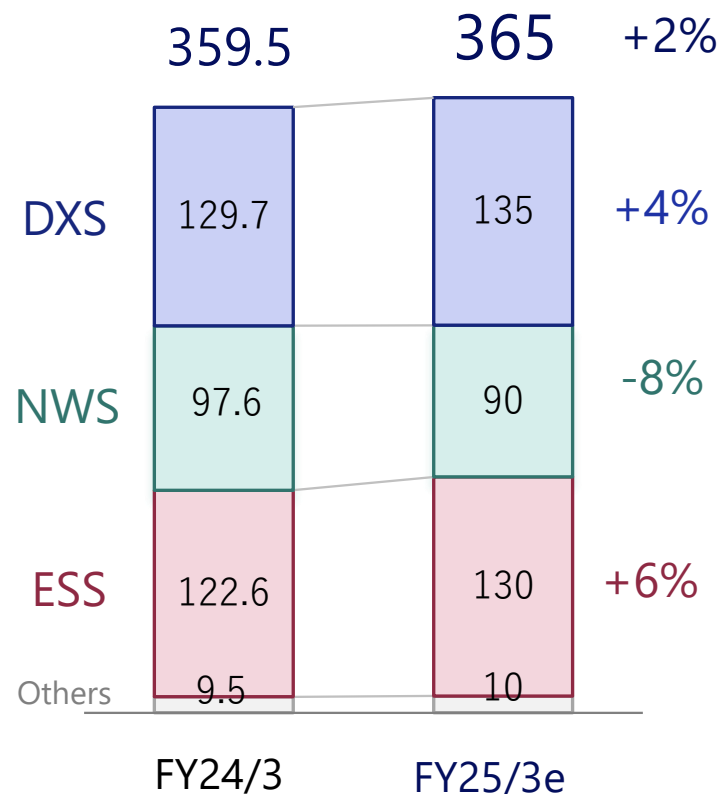
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Net sales

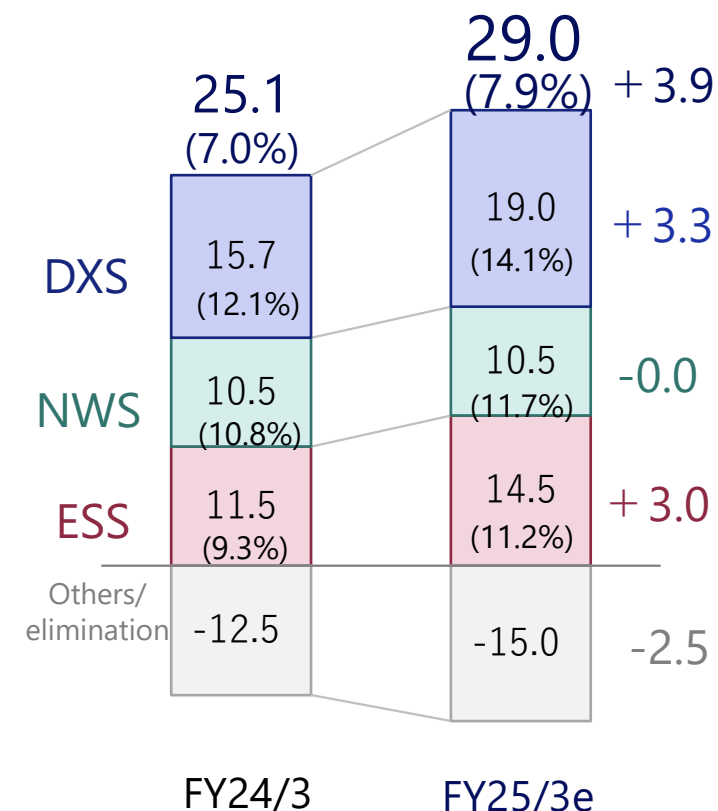
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Operating income

(): to Sales

YOY



Reclassified quarterly data and other data

Please see our supplementary data sheet for

- Reclassified quarterly data for FY2023/3 & FY2024/3
- Sales by business type, sales by market etc.

<https://www.nesic.co.jp/english/ir/library/2024.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.



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