

Consolidated Financial Results for the Six-month Period Ended September 30, 2023 [IFRS]

October 30, 2023

Listing: Tokyo Stock Exchange

Company name NEC Corporation

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

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Scheduled date of quarterly report filing October 31, 2023 Scheduled date of dividend payments December 1, 2023

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, 2023 (April 1, 2023 – September 30, 2023)

(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, 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 |
| September 30, 2022 | 1,455,371 | 5.2 | 13,867 | (40.2) | 24,111 | (6.4) | 12,070 | (34.8) | 3,973 | (70.2) | 84,087 | 215.6 |

| | 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, 2023 | 45,824 | 46.9 | 46,118 | 150.7 | 25,559 | 279.4 | 48.48 | 48.48 | 95.96 |
| September 30, 2022 | 31,185 | (26.0) | 18,394 | — | 6,737 | — | 14.60 | 14.59 | 24.75 |

(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 |
|--------------------|----------------|--|----------------|--|---|--|
| As of | JPY (millions) | | JPY (millions) | | JPY (millions) | % |
| September 30, 2023 | 4,078,113 | | 1,995,923 | | 1,696,830 | 41.6 |
| March 31, 2023 | 3,984,050 | | 1,912,724 | | 1,623,817 | 40.8 |

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, 2023 | — | 55.00 | — | 55.00 | 110.00 |
| March 31, 2024 | — | 60.00 | — | — | — |
| March 31, 2024 (forecast) | — | — | — | 60.00 | 120.00 |

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

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024 | 3,380,000 | 2.0 | 220,000 | 7.0 | 220,000 | 11.7 | 140,000 | 5.4 | 525.63 |

*Note-Revision in the consolidated financial results forecast from latest announcement: No

*Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in the change in consolidation scope): 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, 2023 | 272,849,863 shares | March 31, 2023 | 272,849,863 shares |
| 2) Number of treasury stock at the end of period | September 30, 2023 | 6,393,154 shares | March 31, 2023 | 6,501,510 shares |
| 3) Average number of shares during the period | September 30, 2023 | 266,362,078 shares | September 30, 2022 | 272,169,648 shares |

*This consolidated financial results falls outside the scope of quarterly review procedures to be performed by certified public accountants or an audit firm.

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

(Adjusted profit (loss))

"Adjusted operating 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).

(Non-GAAP profit (loss))

"NON-GAAP profit (loss)" 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 (loss). Also, "Non-GAAP net profit (loss) 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 (loss) before income taxes and corresponding amounts of tax and non-controlling interests from net profit (loss) 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 15.

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

On October 30, 2023, 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 also 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) | |
|---|-------------------------|-----------------------------|
| | As of March 31, 2023 | As of September 30, 2023 |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 419,462 | 403,097 |
| Trade and other receivables | 799,875 | 590,751 |
| Contract assets | 335,852 | 455,955 |
| Inventories | 267,576 | 329,397 |
| Other financial assets | 15,776 | 20,940 |
| Other current assets | 157,362 | 190,859 |
| Subtotal | 1,995,903 | 1,990,999 |
| Assets held for sale | — | 13,417 |
| Total current assets | 1,995,903 | 2,004,416 |
| Non-current assets | | |
| Property, plant and equipment, net | 563,384 | 592,269 |
| Goodwill | 355,572 | 387,810 |
| Intangible assets, net | 378,250 | 393,682 |
| Investments accounted for using the equity method | 80,425 | 83,908 |
| Other financial assets | 207,731 | 206,486 |
| Deferred tax assets | 159,930 | 161,386 |
| Other non-current assets | 242,855 | 248,156 |
| Total non-current assets | 1,988,147 | 2,073,697 |
| Total assets | 3,984,050 | 4,078,113 |

Condensed Interim Consolidated Statements of Financial Position (Continued)

JPY (millions)

| | As of March 31, 2023 | As of September 30, 2023 |
|---|-------------------------|-----------------------------|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 497,625 | 458,290 |
| Contract liabilities | 287,859 | 332,494 |
| Bonds and borrowings | 130,867 | 133,394 |
| Accruals | 240,870 | 220,191 |
| Lease liabilities | 47,056 | 55,930 |
| Other financial liabilities | 21,950 | 25,785 |
| Accrued income taxes | 20,951 | 21,436 |
| Provisions | 57,574 | 49,828 |
| Other current liabilities | 60,757 | 41,583 |
| Subtotal | 1,365,509 | 1,338,931 |
| Liabilities directly associated with assets held for sale | — | 5,564 |
| Total current liabilities | 1,365,509 | 1,344,495 |
| Non-current liabilities | | |
| Bonds and borrowings | 320,794 | 334,436 |
| Lease liabilities | 109,764 | 118,034 |
| Other financial liabilities | 20,428 | 32,778 |
| Net defined benefit liabilities | 179,106 | 177,061 |
| Provisions | 20,470 | 19,654 |
| Other non-current liabilities | 55,255 | 55,732 |
| Total non-current liabilities | 705,817 | 737,695 |
| Total liabilities | 2,071,326 | 2,082,190 |
| Equity | | |
| Share capital | 427,831 | 427,831 |
| Share premium | 165,034 | 164,401 |
| Retained earnings | 764,604 | 762,853 |
| Treasury shares | (31,588) | (31,352) |
| Other components of equity | 297,936 | 373,097 |
| Total equity attributable to owners of the parent | 1,623,817 | 1,696,830 |
| Non-controlling interests | 288,907 | 299,093 |
| Total equity | 1,912,724 | 1,995,923 |
| Total liabilities and equity | 3,984,050 | 4,078,113 |