

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [IFRS]

April 28, 2025

Company name NEC Corporation

Listing: Tokyo Stock Exchange

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

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Scheduled date of annual general meeting of shareholders June 20, 2025 Scheduled date of dividend payments June 2, 2025

Scheduled date of Annual Securities Report filing June 19, 2025

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 Year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(1) Consolidated Operating Results

(Percentage indicate year-on-year changes.)

	Revenue		Operating profit		Profit before income taxes		Net profit for the year		Net profit attributable to owners of the parent		Total comprehensive income for the year	
Fiscal Year ended	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%
March 31, 2025	3,423,431	(1.5)	256,497	36.4	239,771	29.6	184,664	12.1	175,183	17.2	202,170	(41.0)
March 31, 2024	3,477,262	5.0	188,012	10.3	185,011	10.3	164,752	25.3	149,521	30.6	342,508	74.1

	Adjusted operating profit		Non-GAAP operating profit		Non-GAAP net profit attributable to owners of the parent		Basic earnings per share	Diluted earnings per share	Non-GAAP earnings per share
Fiscal Year ended	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY	JPY	JPY
March 31, 2025	287,159	28.4	311,301	36.8	225,688	26.9	131.50	131.49	169.40
March 31, 2024	223,562	8.8	227,580	15.5	177,837	33.9	112.25	112.25	133.51

	Return on equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Fiscal Year ended	%	%	%
March 31, 2025	9.1	5.6	7.5
March 31, 2024	8.4	4.5	5.4

(Reference) Share of profit (loss) of entities accounted for using the equity method:

Year ended March 31, 2025: (10,103) million JPY

Year ended March 31, 2024: 5,267 million JPY

Note: NEC Corporation ("the Company") conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Basic earnings per share, diluted earnings per share, and Non-GAAP earnings per share have been calculated assuming that the share split had occurred at the beginning of the previous fiscal year.

(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	Equity per share attributable to owners of the parent
As of	JPY (millions)	JPY (millions)	JPY (millions)	%	JPY
March 31, 2025	4,315,368	2,071,511	1,952,018	45.2	1,464.71
March 31, 2024	4,227,514	2,089,523	1,915,613	45.3	1,437.85

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Equity per share attributable to owners of the parent has been calculated assuming that the share split had occurred at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, at end of the year
Fiscal Year ended	JPY (millions)	JPY (millions)	JPY (millions)	JPY (millions)
March 31, 2025	344,408	(131,164)	(103,974)	584,615
March 31, 2024	271,228	(76,015)	(155,508)	476,490

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year- end	Total			
Fiscal Year ended	JPY	JPY	JPY	JPY	JPY	JPY (millions)	%	%
March 31, 2024	—	60.00	—	60.00	120.00	32,015	21.4	1.8
March 31, 2025	—	70.00	—	70.00	140.00	37,367	21.3	1.9
March 31, 2026 (forecast)	—	16.00	—	16.00	32.00		—	

Notes:

1. The year end dividend for the fiscal year ended March 31, 2025 is to be finalized by the board of directors held on May 2025.
2. The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. The dividends for the fiscal years ended March 31, 2024, and March 31, 2025, are stated at the actual amounts prior to the share split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(Percentage indicate year-on-year changes.)

	Revenue		Adjusted operating profit		Non-GAAP operating profit		Non-GAAP net profit attributable to owners of the parent		Non-GAAP earnings per share
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	
Fiscal Year ending March 31, 2026	3,360,000	(1.9)	310,000	8.0	320,000	2.8	230,000	1.9	JPY 172.58

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Non-GAAP earnings per share forecast for the fiscal year ending March 31, 2026, takes into account the effect of the share split.

*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 year-end
(including treasury stock)

March 31, 2025	1,364,249,315 shares	March 31, 2024	1,364,249,315 shares
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2) Number of treasury stock at the year-end

March 31, 2025	31,549,847 shares	March 31, 2024	31,975,320 shares
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3) Average number of shares during the year

March 31, 2025	1,332,240,499 shares	March 31, 2024	1,332,027,079 shares
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Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Number of shares outstanding at the year-end (including treasury stock), number of treasury stock at the year-end, and average number of shares during the year have been calculated assuming that the share split had occurred at the beginning of the previous fiscal year.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(1) Non-consolidated Operating Results

(Percentage figures represent year-on-year changes.)

Fiscal Year ended	Revenue		Operating profit		Ordinary profit		Net profit	
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%
March 31, 2025	1,981,159	7.8	250,457	127.1	253,345	60.0	233,705	5.9
March 31, 2024	1,837,979	3.5	110,294	181.9	158,337	122.4	220,760	116.2

Fiscal Year ended	Basic earnings per share	Diluted earnings per share
	JPY	JPY
March 31, 2025	175.39	—
March 31, 2024	165.73	—

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Basic earnings per share and diluted earnings per share have been calculated assuming that the share split had occurred at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	JPY (millions)	JPY (millions)	%	JPY
March 31, 2025	3,069,616	1,415,772	46.1	1,062.33
March 31, 2024	2,745,211	1,210,199	44.1	908.37

(Reference) Equity as of March 31, 2025 1,415,772 JPY (millions) as of March 31, 2024 1,210,199 JPY (millions)

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Net assets per share has been calculated assuming that the share split had occurred at the beginning of the previous fiscal year.

*This consolidated financial results are exempt from audit 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 “3. Cautionary Statement with Respect to Forward-Looking Statements” on page 16.

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

On April 28, 2025, the Company will hold a financial results briefing for the institutional investors and analysts. Presentation materials will be posted in advance on TDnet and the company website, 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.

Table of Contents of Attachment

1. Consolidated Financial Statements and Notes to Consolidated Financial Statements	2
(1) Consolidated Statements of Financial Position	2
(2) Consolidated Statements of Profit or Loss and Comprehensive Income	4
(3) Consolidated Statements of Changes in Equity	6
(4) Consolidated Statements of Cash Flows	8
(5) Notes to Consolidated Financial Statements	10
2. Basic View of Selected Accounting Standards	15
3. Cautionary Statement with Respect to Forward-Looking Statements	16

1. Consolidated Financial Statements and Notes to Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

JPY (millions)

	Notes	As of March 31, 2024	As of March 31, 2025
Assets			
Current Assets			
Cash and cash equivalents		476,490	584,615
Trade and other receivables		829,497	878,434
Contract assets		411,715	374,511
Inventories		242,634	184,779
Other financial assets		15,729	9,830
Other current assets		165,719	181,883
Subtotal		2,141,784	2,214,052
Assets held for sale		—	10,942
Total current assets		2,141,784	2,224,994
Non-current assets			
Property, plant and equipment, net		510,970	580,165
Goodwill		392,290	393,881
Intangible assets, net		371,762	351,904
Investments accounted for using the equity method		107,925	107,242
Other financial assets		203,099	221,133
Deferred tax assets		156,888	177,216
Other non-current assets		342,796	258,833
Total non-current assets		2,085,730	2,090,374
Total assets		4,227,514	4,315,368

Consolidated Statements of Financial Position (Continued)

JPY (millions)

	Notes	As of March 31, 2024	As of March 31, 2025
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		519,762	492,833
Contract liabilities		389,908	405,778
Bonds and borrowings		84,665	233,886
Accruals		252,713	249,989
Lease liabilities		52,579	52,519
Other financial liabilities		20,185	15,787
Accrued income taxes		22,494	59,180
Provisions		57,642	42,415
Other current liabilities		69,405	74,500
Subtotal		1,469,353	1,626,887
Liabilities directly associated with assets held for sale		—	6,529
Total current liabilities		1,469,353	1,633,416
Non-current liabilities			
Bonds and borrowings		298,279	255,842
Lease liabilities		113,121	124,112
Other financial liabilities		28,838	22,168
Net defined benefit liabilities		157,646	137,916
Provisions		23,960	26,142
Other non-current liabilities		46,794	44,261
Total non-current liabilities		668,638	610,441
Total liabilities		2,137,991	2,243,857
Equity			
Share capital		427,831	427,831
Share premium		167,451	46,704
Retained earnings		883,453	1,023,945
Treasury shares		(31,097)	(30,725)
Other components of equity		467,975	484,263
Total equity attributable to owners of the parent		1,915,613	1,952,018
Non-controlling interests		173,910	119,493
Total equity		2,089,523	2,071,511
Total liabilities and equity		4,227,514	4,315,368

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

Consolidated Statements of Profit or Loss

JPY (millions)

Fiscal year ended March 31	Notes	2024	2025
Revenue	3	3,477,262	3,423,431
Cost of sales		2,471,404	2,362,875
Gross profit		1,005,858	1,060,556
Selling, general and administrative expenses		814,013	777,424
Other operating income (expenses)		(3,833)	(26,635)
Operating profit	3	188,012	256,497
Finance income	3,4	9,804	9,956
Finance costs	3,4	18,072	16,579
Share of profit (loss) of entities accounted for using the equity method	3,5	5,267	(10,103)
Profit before income taxes	3	185,011	239,771
Income taxes		20,259	55,107
Net profit		164,752	184,664
Net profit attributable to			
Owners of the parent		149,521	175,183
Non-controlling interests		15,231	9,481
Total		164,752	184,664
Earnings per share attributable to owners of the parent			
Basic earnings per share (JPY)	6	112.25	131.50
Diluted earnings per share (JPY)	6	112.25	131.49

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Basic earnings per share and diluted earnings per share have been calculated assuming that the share split had occurred at the beginning of the previous fiscal year.

Consolidated Statements of Comprehensive Income

JPY (millions)

Fiscal year ended March 31	Notes	2024	2025
Net profit		164,752	184,664
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		12,326	1,746
Remeasurements of defined benefit plans		81,217	14,424
Share of other comprehensive income of entities accounted for using the equity method		206	5
Total items that will not be reclassified to profit or loss		93,749	16,175
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		86,055	1,494
Cash flow hedges		(3,758)	1,784
Share of other comprehensive income of entities accounted for using the equity method		1,710	(1,947)
Total items that may be reclassified subsequently to profit or loss		84,007	1,331
Total other comprehensive income, net of tax		177,756	17,506
Total comprehensive income		342,508	202,170
Total comprehensive income attributable to			
Owners of the parent		319,560	191,471
Non-controlling interests		22,948	10,699
Total		342,508	202,170

(3) Consolidated Statements of Changes in Equity

(Fiscal year ended March 31, 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, 2023	427,831	165,034	764,604	(31,588)	297,936	1,623,817	288,907	1,912,724
Net profit	—	—	149,521	—	—	149,521	15,231	164,752
Other comprehensive income	—	—	—	—	170,039	170,039	7,717	177,756
Comprehensive income	—	—	149,521	—	170,039	319,560	22,948	342,508
Purchase of treasury shares	—	—	—	(74)	—	(74)	—	(74)
Disposal of treasury shares	—	2	—	565	—	567	—	567
Share-based payment transactions	—	180	—	—	—	180	—	180
Cash dividends	—	—	(30,673)	—	—	(30,673)	(8,647)	(39,320)
Put option, written over shares held by a non-controlling interest shareholder	—	2,214	—	—	—	2,214	—	2,214
Changes in interests in subsidiaries	—	21	—	—	—	21	(129,298)	(129,277)
Total transactions with owners	—	2,417	(30,673)	491	—	(27,765)	(137,945)	(165,710)
As of March 31, 2024	427,831	167,451	883,453	(31,097)	467,975	1,915,613	173,910	2,089,523

(Fiscal year ended March 31, 2025)

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	—	—	175,183	—	—	175,183	9,481	184,664
Other comprehensive income	—	—	—	—	16,288	16,288	1,218	17,506
Comprehensive income	—	—	175,183	—	16,288	191,471	10,699	202,170
Purchase of treasury shares	—	—	—	(98)	—	(98)	—	(98)
Disposal of treasury shares	—	10	—	470	—	480	—	480
Share-based payment transactions	—	533	—	—	—	533	—	533
Cash dividends	—	—	(34,691)	—	—	(34,691)	(7,011)	(41,702)
Put option, written over shares held by a non-controlling interest shareholder	—	(3,865)	—	—	—	(3,865)	—	(3,865)
Changes in interests in subsidiaries	—	(117,425)	—	—	—	(117,425)	(58,105)	(175,530)
Total transactions with owners	—	(120,747)	(34,691)	372	—	(155,066)	(65,116)	(220,182)
As of March 31, 2025	427,831	46,704	1,023,945	(30,725)	484,263	1,952,018	119,493	2,071,511

(4) Consolidated Statements of Cash Flows

			JPY (millions)	
Fiscal year ended March 31	Notes	2024	2025	
Cash flows from operating activities				
Profit before income taxes		185,011	239,771	
Depreciation and amortization		187,700	158,437	
Impairment loss		4,735	9,590	
Increase (decrease) in provisions		4,307	(13,864)	
Finance income	4	(9,804)	(9,956)	
Finance costs	4	18,072	16,579	
Share of profit (loss) of entities accounted for using the equity method	5	(5,267)	10,103	
(Increase) decrease in trade and other receivables		(64,754)	(55,795)	
(Increase) decrease in contract assets		(69,375)	36,464	
(Increase) decrease in inventories		(6,658)	52,731	
Increase (decrease) in trade and other payables		24,224	(12,579)	
Increase (decrease) in contract liabilities		91,147	15,575	
Others, net		(33,608)	(55,774)	
Subtotal		325,730	391,282	
Interest received		5,896	5,738	
Dividends received		3,330	3,595	
Interest paid		(10,980)	(9,098)	
Income taxes paid		(52,748)	(47,109)	
Net cash provided by (used in) operating activities		271,228	344,408	
Cash flows from investing activities				
Purchases of property, plant and equipment		(75,176)	(126,410)	
Proceeds from sales of property, plant and equipment		7,656	8,701	
Acquisitions of intangible assets		(24,591)	(24,215)	
Purchase of equity instruments designated as measured at fair value through other comprehensive income		(367)	(5,804)	
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income		16,676	7,394	
Purchase of shares of newly consolidated subsidiaries		(811)	(878)	
Proceeds from sales of shares of subsidiaries		1,892	—	
Disbursement for sales of shares of subsidiaries		(9,008)	(490)	
Purchases of investments in associates or joint ventures		(276)	(5,795)	
Proceeds from sales of investments in associates or joint ventures		226	15,874	
Others, net		7,764	459	
Net cash provided by (used in) investing activities		(76,015)	(131,164)	

Consolidated Statements of Cash Flows (Continued)

			JPY (millions)	
Fiscal year ended March 31	Notes	2024	2025	
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		(21,345)	134,217	
Proceeds from long-term borrowings		—	1,962	
Repayments of long-term borrowings		(46,696)	(36,231)	
Proceeds from issuance of bonds		40,000	30,000	
Redemption of bonds		(40,000)	(25,000)	
Payments of lease liabilities		(63,117)	(56,596)	
Payments for acquisition of interests in subsidiaries from non-controlling interests		—	(111,003)	
Dividends paid		(30,655)	(34,682)	
Dividends paid to non-controlling interests		(8,715)	(7,013)	
Proceeds from disposal of treasury shares		567	470	
Proceeds from issuance of preference shares with put/call options		15,797	—	
Others, net		(1,344)	(98)	
Net cash provided by (used in) financing activities		(155,508)	(103,974)	
Effect of exchange rate changes on cash and cash equivalents		17,323	(1,145)	
Net increase (decrease) in cash and cash equivalents		57,028	108,125	
Cash and cash equivalents, at the beginning of the year		419,462	476,490	
Cash and cash equivalents, at the end of the year		476,490	584,615	

(5) Notes to Consolidated Financial Statements

1. Going Concern Assumptions

Not applicable.

2. Material accounting policies

Material accounting policies adopted for the fiscal year ended March 31, 2025 are consistent from those applied for the previous fiscal year, except for the following item.

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 fiscal year ended March 31, 2025. 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 consolidated financial statements.

3. Segment Information

(1) Information about revenue, profit or loss by reportable segments
(Fiscal Year ended March 31, 2024)

JPY (millions)

	Reportable Segments			Others	Reconciling Items (Note 2)	Consolidated Total
	IT Services	Social Infrastructure	Total			
Revenue						
External customers	1,913,992	1,077,335	2,991,327	485,935	—	3,477,262
Intersegment	48,857	5,888	54,745	6,661	(61,406)	—
Total	1,962,849	1,083,223	3,046,072	492,596	(61,406)	3,477,262
Segment profit (loss)	184,106	55,143	239,249	5,039	(20,726)	223,562
Acquisition-related amortization of intangible assets						(35,202)
Expenses for M&A						(348)
Operating profit						188,012
Finance income						9,804
Finance costs						(18,072)
Share of profit of entities accounted for using the equity method						5,267
Profit before income taxes						185,011

(Fiscal Year ended March 31, 2025)

JPY (millions)

	Reportable Segments			Others	Reconciling Items (Note 2)	Consolidated Total
	IT Services	Social Infrastructure	Total			
Revenue						
External customers	2,033,222	1,141,705	3,174,927	248,504	—	3,423,431
Intersegment	55,996	6,365	62,361	6,050	(68,411)	—
Total	2,089,218	1,148,070	3,237,288	254,554	(68,411)	3,423,431
Segment profit (loss)	237,084	85,362	322,446	(14,654)	(20,633)	287,159
Acquisition-related amortization of intangible assets						(30,660)
Expenses for M&A						(2)
Operating profit						256,497
Finance income						9,956
Finance costs						(16,579)
Share of loss of entities accounted for using the equity method						(10,103)
Profit before income taxes						239,771

Notes:

1. 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).
2. "Reconciling Items" in segment profit (loss) includes amounts not allocated to each reportable segment that consist principally of corporate expenses of 19,829 million JPY, and 20,986 million JPY for the fiscal years ended March 31, 2024, and 2025, respectively. Corporate expenses are mainly research and development expenses for advanced technology.

(2) Information about revising segments

From the fiscal year ended March 31, 2025, the Company has revised a part of its method for calculating the financial performance of reportable segments to present the performance 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 department and intellectual property department 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 and expenses, which were included in reportable segments, are included in Others. Segment information for the fiscal year ended March 31, 2024 is reclassified to conform to the presentation of the revised segments for the fiscal year ended March 31, 2025.

(3) Information about geographic areas

Revenue from external customers

JPY (millions)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Japan	2,589,262	2,716,019
North America and Latin America	145,892	116,097
Europe, Middle East, and Africa	355,000	343,111
China, East Asia, and Asia Pacific	387,108	248,204
Total	3,477,262	3,423,431

4. Finance Income and Finance Costs

Components of finance income and finance costs for the fiscal year ended March 31, 2024 and 2025, are as follows:

	JPY (millions)	
	2024	2025
Finance income		
Interest income	5,572	5,859
Dividend income	3,348	3,781
Other	884	316
Total	9,804	9,956

	JPY (millions)	
	2024	2025
Finance costs		
Interest expenses	12,152	9,464
Foreign exchange losses, net	2,596	2,860
Other	3,324	4,255
Total	18,072	16,579

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.

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 Limited is included in "Share of profit (loss) of entities accounted for using the equity method" in the consolidated statements of profit or loss for the fiscal year ended March 31, 2025.

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 fiscal years ended March 31, 2024, and 2025:

	JPY (millions)	
	2024	2025
Net profit attributable to owners of the parent	149,521	175,183
Net profit attributable to ordinary shareholders of the parent to calculate basic EPS	149,521	175,183
Net profit attributable to ordinary shareholders of the parent after adjustment for the effects of dilutive potential ordinary shares	149,517	175,183
Weighted-average number of ordinary shares to calculate basic EPS (in thousands of shares)	1,332,027	1,332,240
Weighted-average number of ordinary shares (diluted) (in thousands of shares)	1,332,027	1,332,240
Basic EPS (JPY)	112.25	131.50
Diluted EPS (JPY)	112.25	131.49

Notes:

1. 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.
2. The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Basic EPS and diluted EPS have been calculated assuming that the share split had occurred at the beginning of the previous fiscal year.

7. Subsequent Events

There are no significant subsequent events.

2. Basic View of Selected Accounting Standards

The NEC Group has applied International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2017 in order to enhance the international comparability of its financial information in capital markets.

3. 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.
