

# IT Services Business

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Corporate Senior Executive Vice President and Co-COO (Executive Officer)  
Kazuhiro Sakai

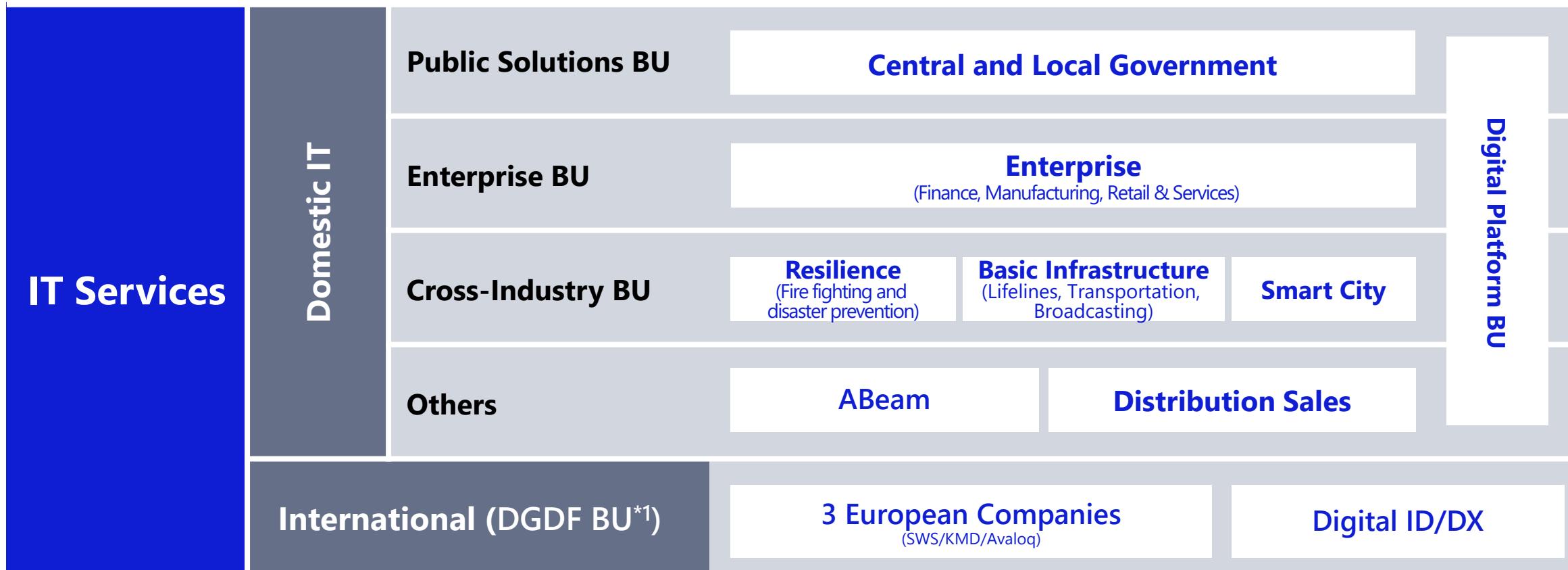
# IT Services

1. Overview of IT Services Business
2. Performance Trends and Mid-term Management Plan
3. Environmental Analysis
4. Key Measures for FY2026/3 Targets

# 1. Overview of IT Services Business

# IT Services Business Overview

**Engaging in domestic IT businesses focused on public solutions, enterprise, and cross-industry and in international IT businesses focused on DGDF**



※1 Digital Government / Digital Finance

## 2. Performance Trends and Mid-term Management Plan

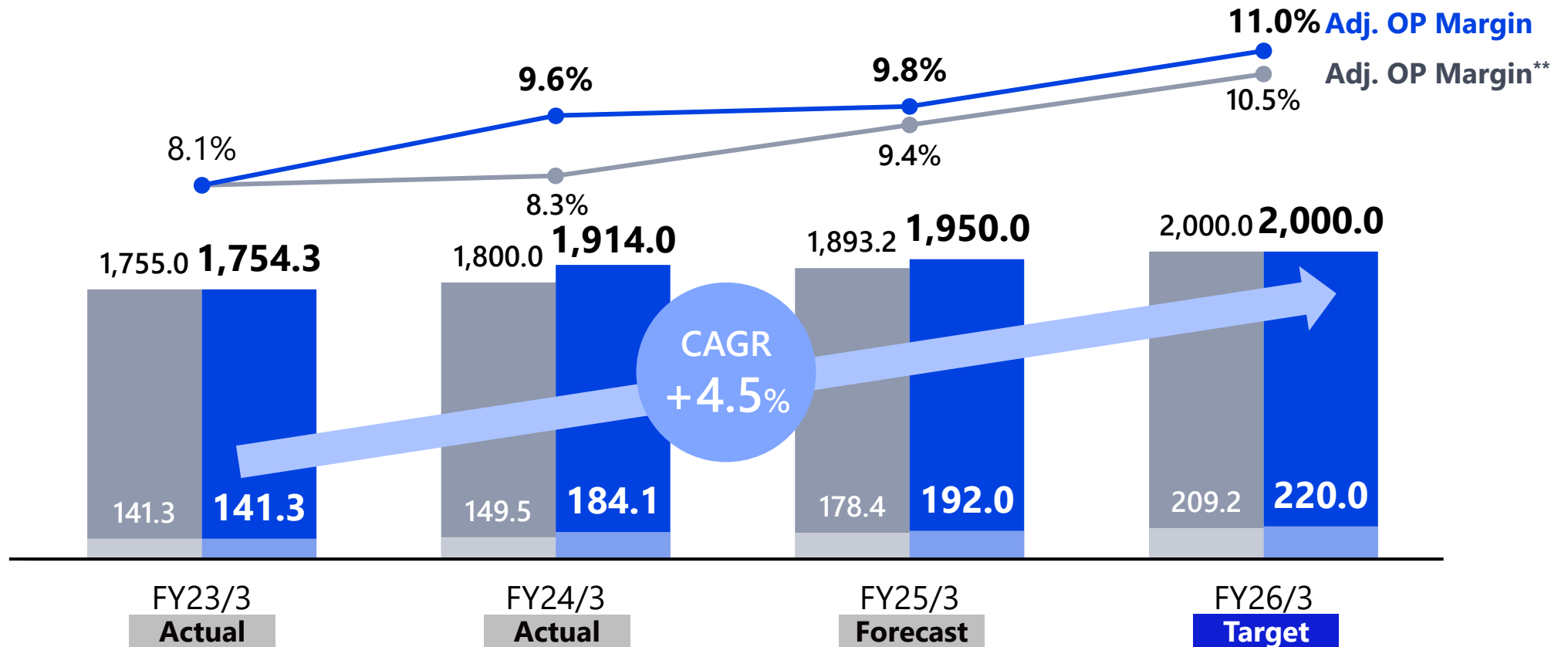
# Performance Trends and Mid-term Plan Targets (IT Services Overall)

**Continued revenue and profit growth through business growth and margin improvement driven by strong demand**

**Higher likelihood of achieving FY2025 targets with prospect for exceeding it**

(Billions of yen)

- Revenue
- Adj. OP
- Revenue\*
- Adj. OP\*\*



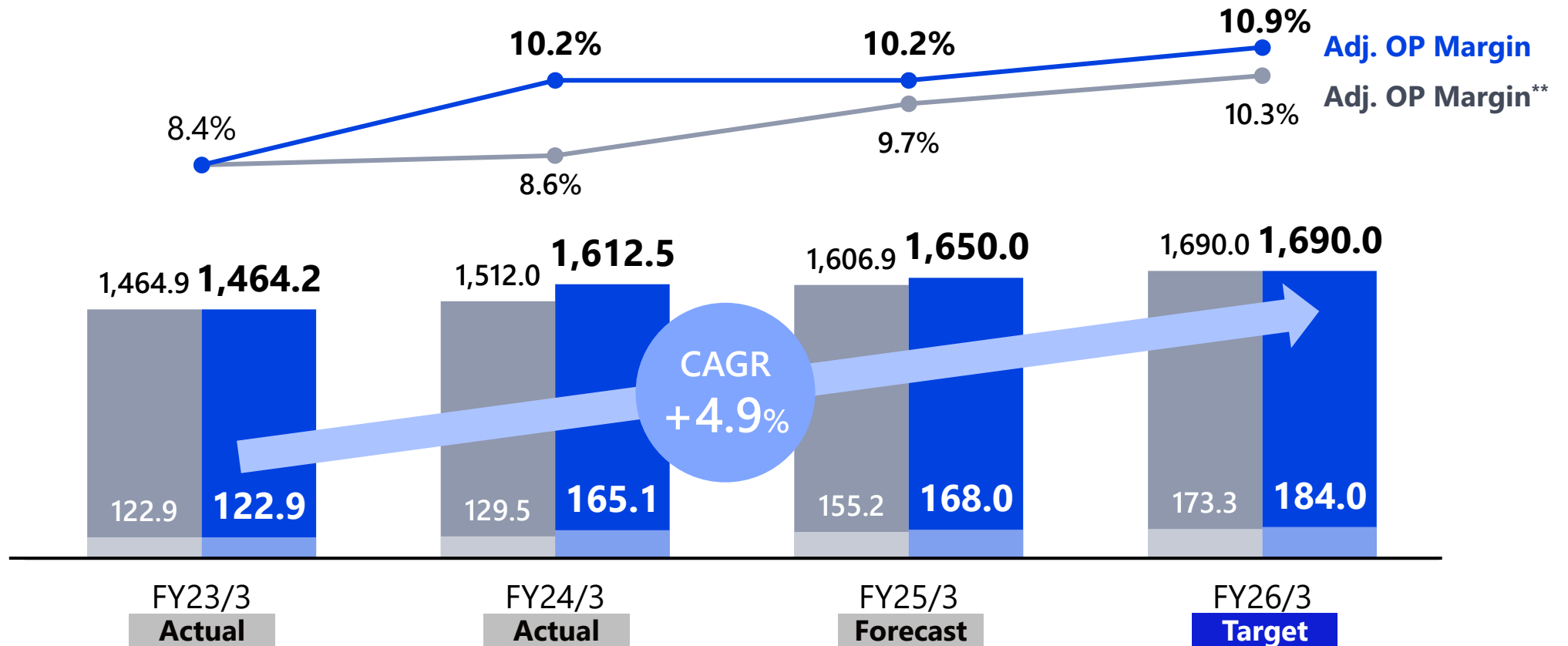
\*Forecast at 2023 IR Day \*\*Corporate Expenses allocated to the forecast at 2023 IR Day

# Performance Trends and Mid-term Plan Targets (Domestic IT)

## BluStellar driving growth in the domestic IT Services business

(Billions of yen)

- Revenue
- Adj. OP
- Revenue\*
- Adj. OP\*\*



\*Forecast at 2023 IR Day \*\*Corporate Expenses allocated to the forecast at 2023 IR Day

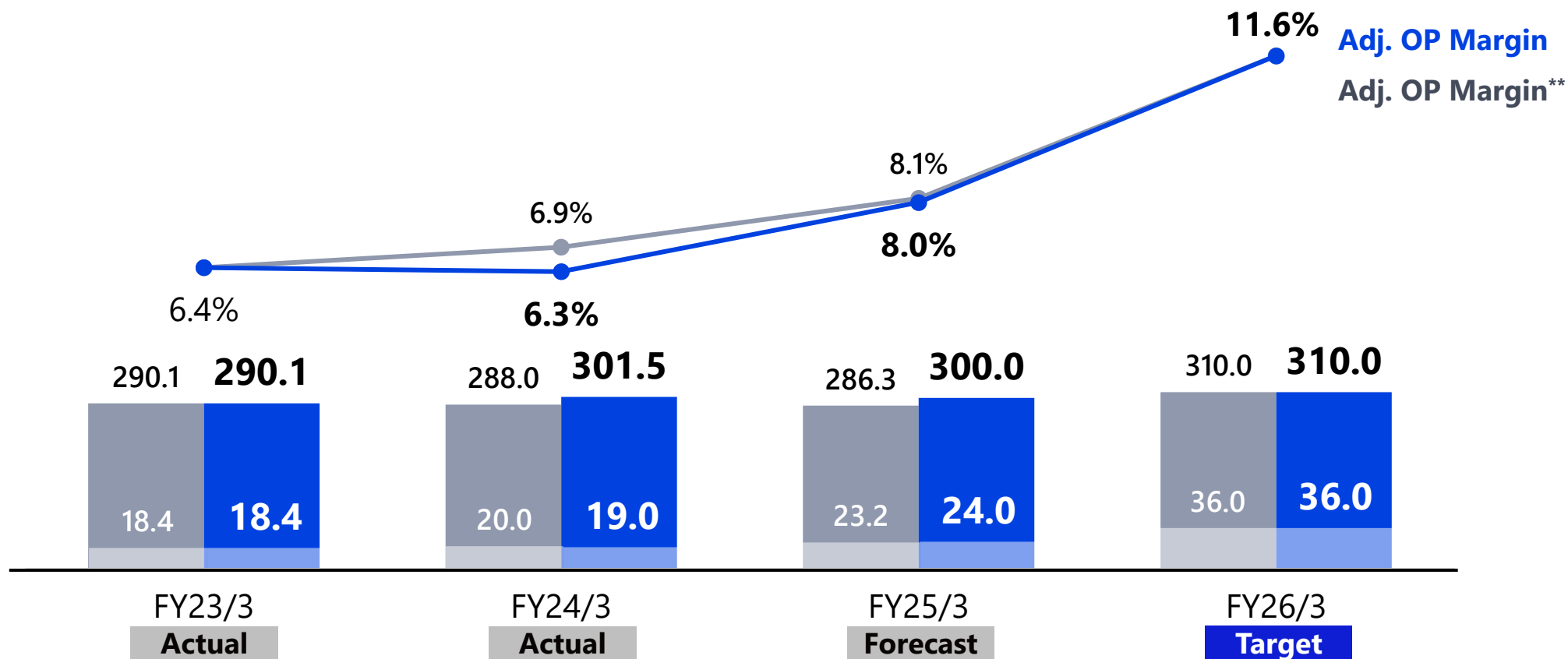
# Performance Trends and Mid-term Plan Targets (International IT)

Details to be explained in the second half >>

**Strong revenue growth through solid orders and implementation of initiatives to enhance profitability**

(Billions of yen)

- Revenue
- Adj. OP
- Revenue\*
- Adj. OP\*\*





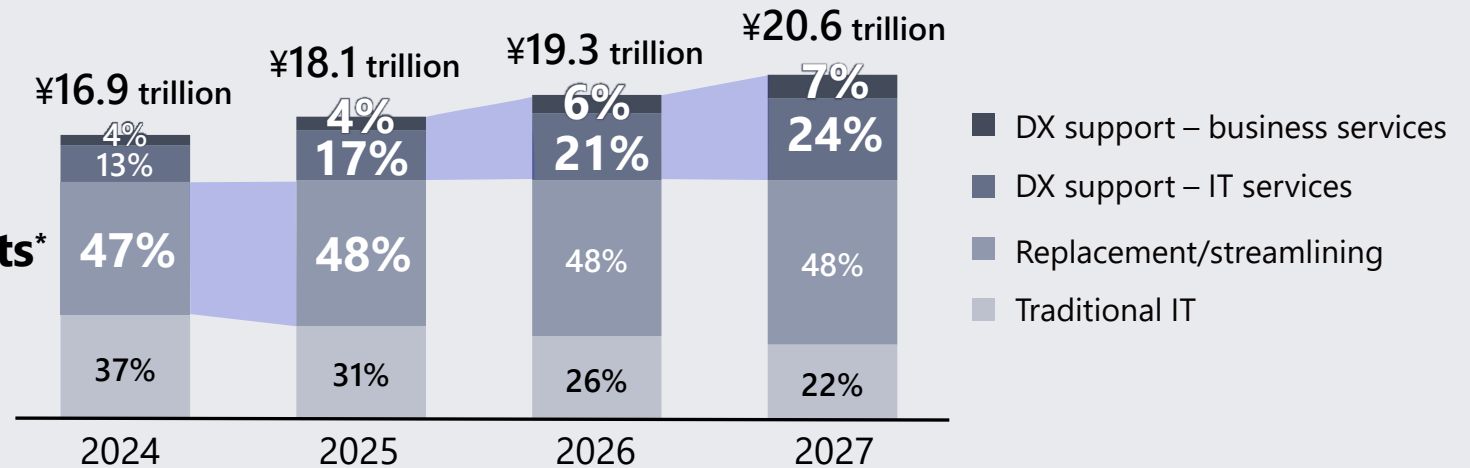
# 3. Environmental Analysis

# Environment Surrounding IT Services Business

## Domestic IT Market

- Domestic IT market headed for further growth: CAGR (2024-2027) 6.8%
- Strong trends in the modernization (replacement/streamlining) domain, which is one of our strengths
- Growth to accelerate in the DX support domain from FY2027/3 onward

### Domestic IT Market Forecasts\* (excl. devices)



## International IT Market

- Continued market growth in digital government (UK, the Commonwealth, and Scandinavia) and digital finance (Europe, APAC)

# Domestic IT Market Environment and Growth Strategy

	Market Condition	Growth Strategy
<b>Public BU</b>	<ul style="list-style-type: none"> <li>Acceleration of modernization of public administration services</li> </ul>	<ul style="list-style-type: none"> <li>Prepare for the coming government cloud transition and standardization of municipality information systems (leverage know-how and personnel from the enterprise market)</li> </ul>
<b>Enterprise BU</b>	<ul style="list-style-type: none"> <li>Continued modernization and an increase in large projects</li> <li>Increase in DX projects</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen consulting services and the delivery platform</li> <li>Strengthen partnerships towards co-creation with customers</li> </ul>
<b>Cross-Industry BU</b>	<ul style="list-style-type: none"> <li>Renewal demand for conventional projects (fire fighting and disaster prevention, etc.)</li> <li>Delay in social implementation of new businesses (Smart City, Cooperated Mobility with infrastructure)</li> </ul>	<ul style="list-style-type: none"> <li>Secure resources to renew conventional projects</li> <li>Revamp new businesses as a part of the long-term strategy (Incorporate from coreDX Business to Base Business)</li> </ul>

## 4. Key Measures for FY2026/3 Targets

# Domestic IT Business: Achievements and Future Plans

	Achievements	Future Plans
<b>BluStellar</b>	<p>Evolution from Core DX</p> <p>Revenue growth and margin improvement with BluStellar</p> <p>Details to be explained in the second half &gt;&gt;</p>	
<b>Improve and Expand SI/Service Businesses</b>	<ul style="list-style-type: none"> <li>• Progress in SI models (BluStellar)</li> <li>• Improved project risk management (decrease in loss-making projects)</li> <li>• Implement countermeasures for increased personnel expense               <ul style="list-style-type: none"> <li>– Achieved revenue growth and margin improvement</li> </ul> </li> </ul>	<p>Continue with various initiatives +improve SI processes with generative AI (BluStellar)</p>
<b>Human Resource Development and Recruiting</b>	<ul style="list-style-type: none"> <li>• Achieved the target of 10,000 DX talents in 3 years</li> </ul>	<ul style="list-style-type: none"> <li>• Increase DX talent headcount target (12,000 in FY2025)</li> <li>• Optimize employee assignments (leverage talent management systems)</li> </ul>

# BluStellar's Business Contributions

**BluStellar**

**FY2026/3**

**Revenue: ¥493.5 billion**

**Adj. OP Margin: 11.4%**

BluStellar Products

Consulting-based  
Business

## BluStellar's Revenue Contributions by Business Unit

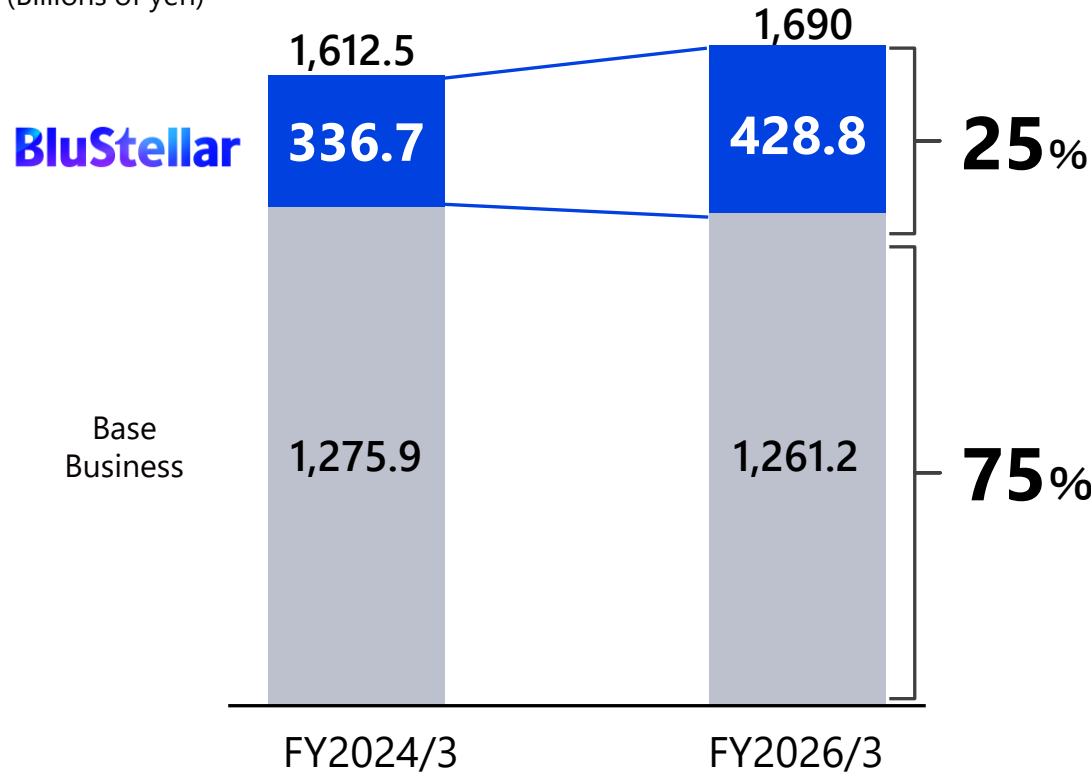
	FY2023/3	FY2024/3	FY2026/3
Public BU	6.4%	9.1%	13.5%
	CAGR(2022-2025)		34.3%
Enterprise BU	11.3%	19.1%	25.7%
	CAGR(2022-2025)		38.4%

# BluStellar's Business Contributions

Pursuing further growth through the development and expansion of BluStellar

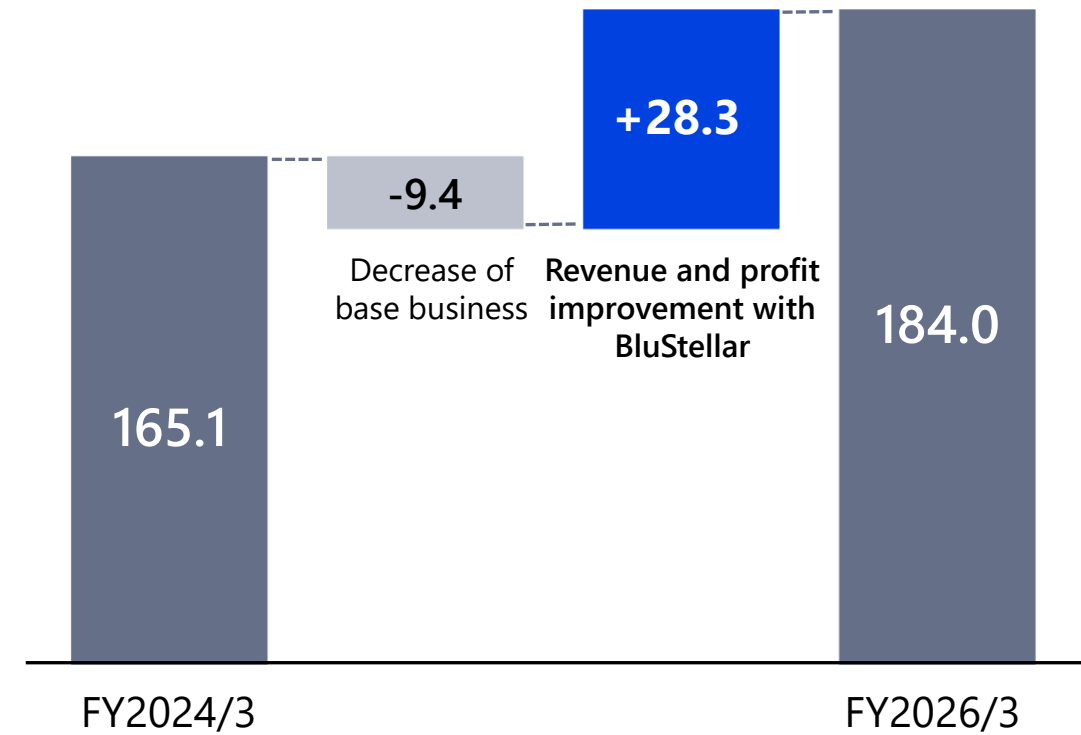
Domestic IT Revenue

(Billions of yen)



Breakdown of Domestic IT profit Improvement

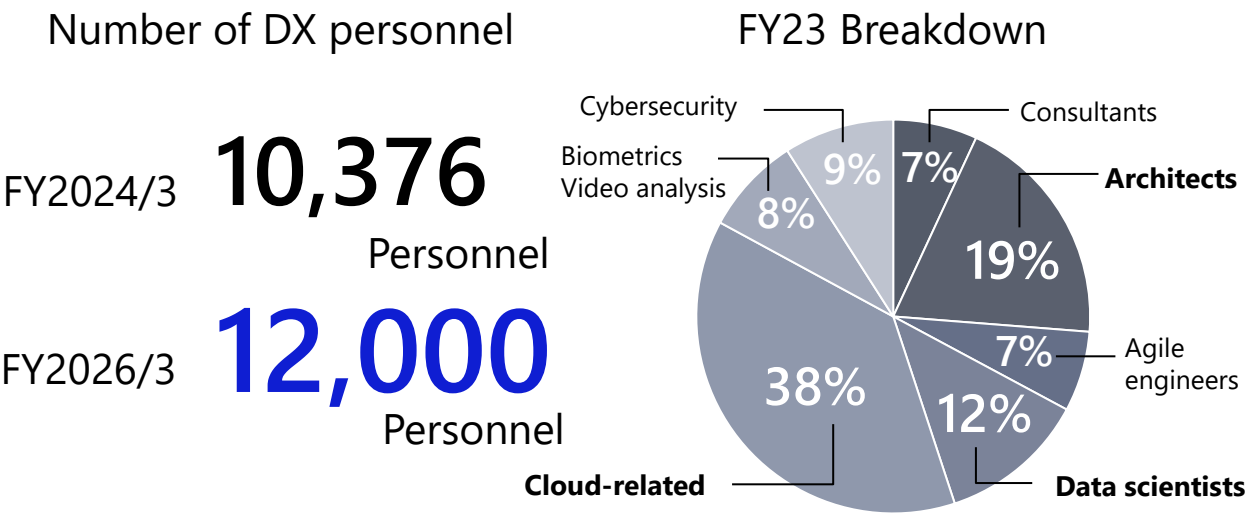
(Billions of yen)



# Human Resource Development and Recruiting

Continuing to step up efforts to develop and recruit capable personnel amid the increasing DX demand

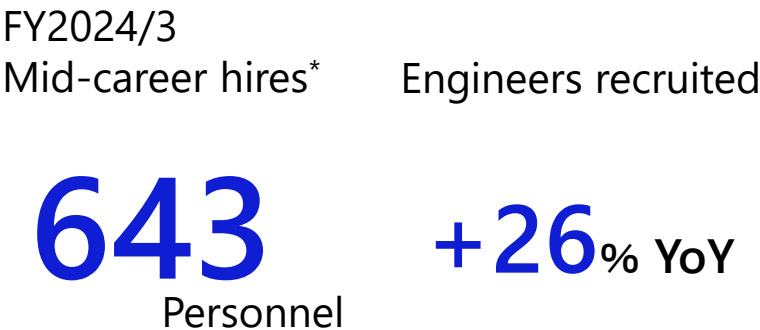
## Development



- Continuing to develop personnel suited to the market and business environment
- Promoting personnel exchanges with ABeam to enhance engineers' skills

## Recruiting

(Units: persons)



- Introduced job-based personnel management, recruiting based on referrals, and direct sourcing to obtain/assign optimal personnel
- Continue to strengthen efforts to secure project managers and other specialist who can make positive contributions from day 1

\* Total for NEC as a whole



# International IT Business: Achievements and Future Plans

	Achievements	Future Plans
Digital Government	<ul style="list-style-type: none"><li>Expanded cross-selling through acquired businesses</li><li>Sold non-core businesses</li><li>Expanded KMD solutions to Japan</li><li>Use of offshore resources (NEC SWS India)</li></ul>	<ul style="list-style-type: none"><li>Strengthen product lineup and expand markets by maintaining M&amp;A strategy</li><li>Further expand sales to the Commonwealth</li></ul>
Digital Finance	<ul style="list-style-type: none"><li>Expanded in international markets (APAC, etc.)</li><li>Strategic alliance with BlackRock</li><li>Streamlined SaaS costs</li></ul>	<ul style="list-style-type: none"><li>Achieve results from the partnership with BlackRock</li><li>Achieve profit growth by further improving SaaS margins</li><li>Strengthen the global sales framework</li></ul>
Digital ID/DX	<ul style="list-style-type: none"><li>Restructured low-profit businesses</li><li>Launched the aviation business</li></ul>	<ul style="list-style-type: none"><li>Strengthen the aviation business</li><li>Strengthen the APAC business</li><li>Strengthen project execution capabilities</li></ul>

# Summary

## IT Services

**FY2026/3      Revenue ¥2 trillion      Adj. OP ¥220 billion (11.0%)**

### Domestic IT

Revenue (Adj. OP Margin)

FY2024/3      ¥1.6125 trillion (10.2%)

**FY2026/3      ¥1.69 trillion (10.9%)**

**Leverage BluStellar to achieve  
revenue and profit growth**

### International IT

Revenue (Adj. OP Margin)

FY2024/3      ¥301.5 billion (6.3%)

**FY2026/3      ¥310 billion (11.6%)**

**Establish a high-margin  
international IT business**

# NEC

\Orchestrating a brighter world

# 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..

Note: In this presentation, the accounting periods of the fiscal years for March 31,2023, 2024, and 2025 were referred as FY23/3, FY24/3, and FY25/3, respectively. Any other fiscal years would be referred similarly.