

IT Services Core DX

November 30, 2023

Corporate Executive Vice President and CDO (Chief Digital Officer)

Toshifumi Yoshizaki

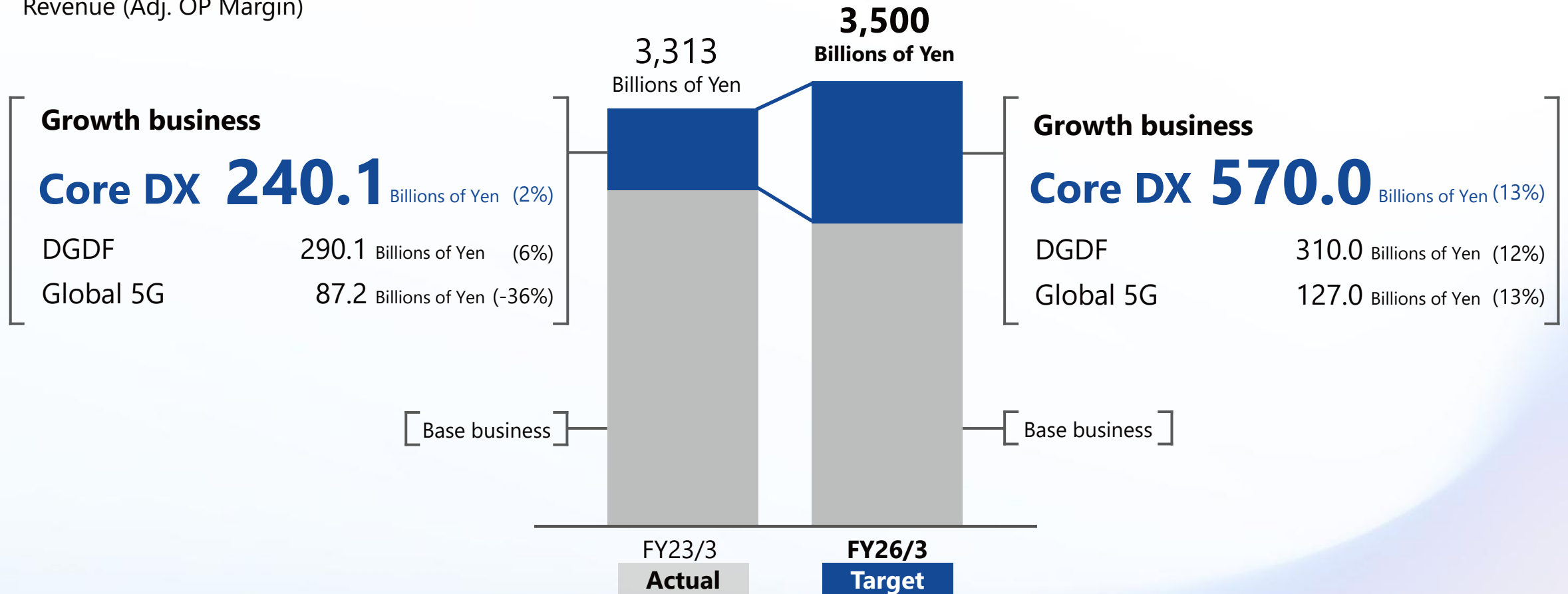
1. Business Overview
2. NEC Digital Platform
3. Consulting-based Business
4. Smart City/Cooperated Mobility with Infrastructure

1. Business Overview

Mid-Term Management Plan 2025

Core DX is a key driver for achieving Mid-Term Management Plan

Revenue (Adj. OP Margin)



DX Business Update

Continuously evolve and expand business model, technology, and organization/human resources

2019 Building DX foundation

- Established dedicated DX organization
- Established platform
- Started DX offering

2020 Strategic consulting approach

- Upstream approach of DX strategy
- In-house DX enhancement

2021 Global alliances

- Collaboration with Microsoft, AWS, and Oracle
- DX personnel to be increased to 10,000 for 2025

2022 DX business expansion

- DX functions consolidated into NEC Digital Platform
- Established global alliance CoE

2023 Centralization of DX functions

Further updates of NEC Digital Platform in Core DX

Shared platform, Digital ID, and Digital Process Innovation updated to NEC Digital Platform to increase value provided to customers

NEC Digital Platform is the key of Group's Core DX business

Through FY23/3

Shared Platform

Consulting-based Business

New Business Opportunities

- Digital ID
- Digital Process Innovation
- Smart City
- Cooperated Mobility with Infrastructure

From FY24/3 onward

NEC Digital Platform

- Shared platform
- Digital ID
- Digital Process Managed Service * Formally known as Digital Process Innovation

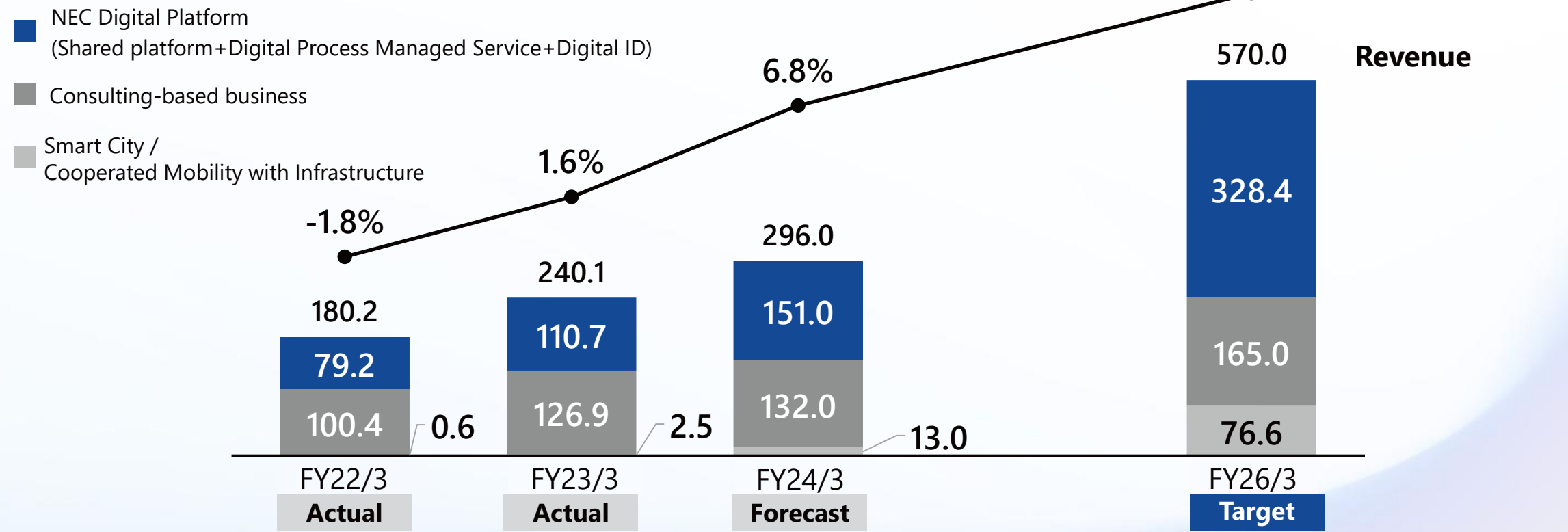
Consulting-based Business

**Smart City
Cooperated Mobility with Infrastructure**

Core DX Summary

NEC Digital Platform and consulting-based business performs
Core DX is expected to achieve its initial targets for FY26/3

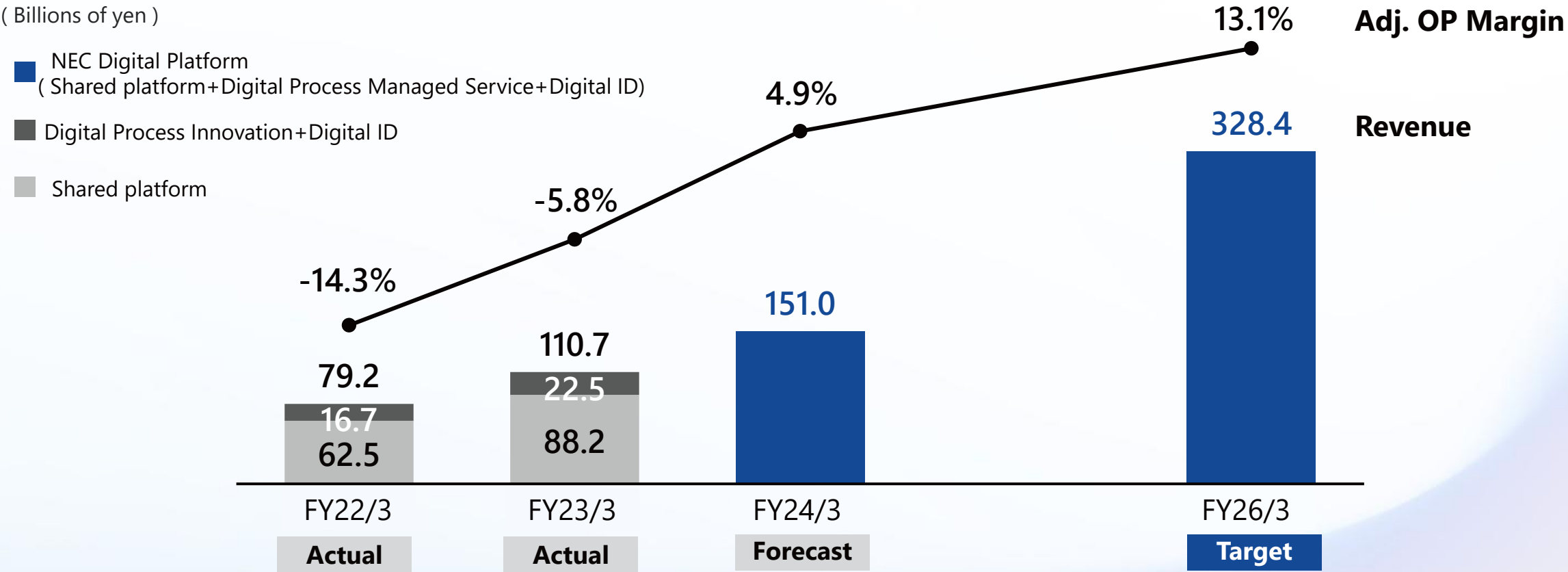
(Billions of Yen)



2. NEC Digital Platform

NEC Digital Platform Performance Trends

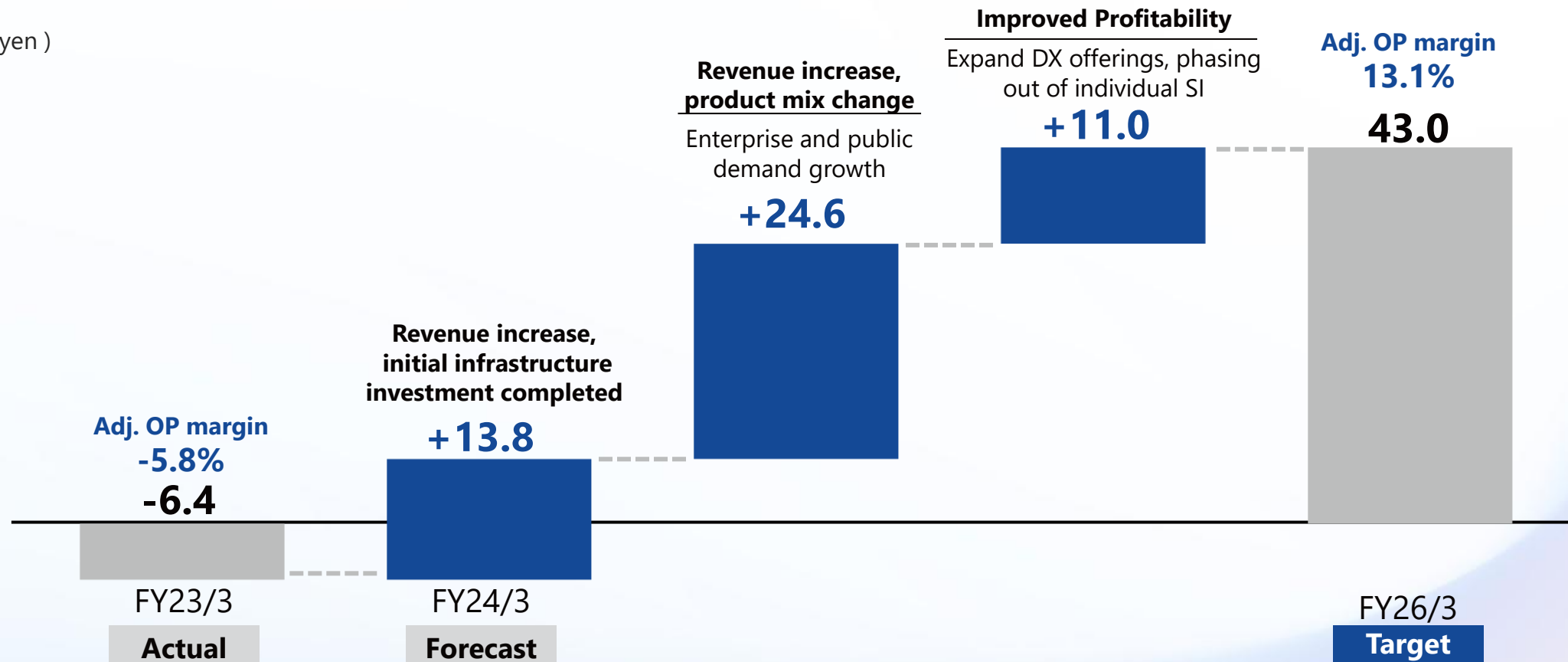
FY23/3 revenue was ¥110.7 billion, 139% of the previous year's level
NEC Digital Platform toward FY26/3 is higher than the numbers reported at last year's IR Day



Breakdown of NEC Digital Platform Revenue Improvement

Forecasting an increase in profitability driven by the completion of initial infrastructure investment, revenue growth, and profitability improvement

(Billions of yen)

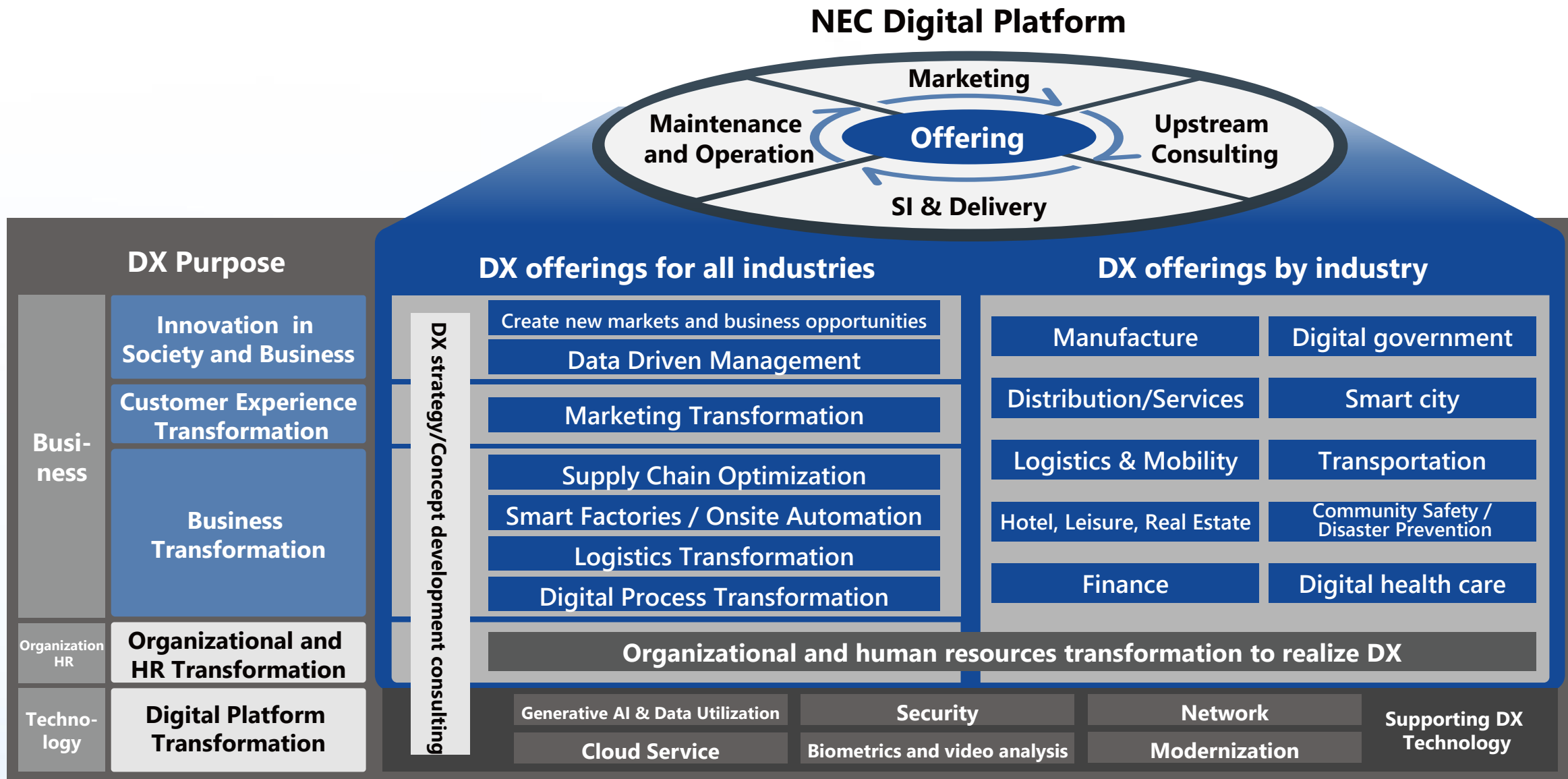


NEC Digital Platform, the core of DX

With NEC Digital Platform at the core, continuously reforming all our approaches and supporting digitalization of society and our customers



NEC Digital Platform Conceptual Chart



Progress on Multi-Cloud Strategy

Continued alliances to strengthen competitiveness

Oracle

Oracle Cloud Infrastructure Connection site opened in Inzai Data Center

Press release on July 5, 2023

AWS

(Amazon Web Services)

AWS connection site opened in Inzai Data Center Contracted to expand cooperative area in April 2023

Press release on May 31, 2023

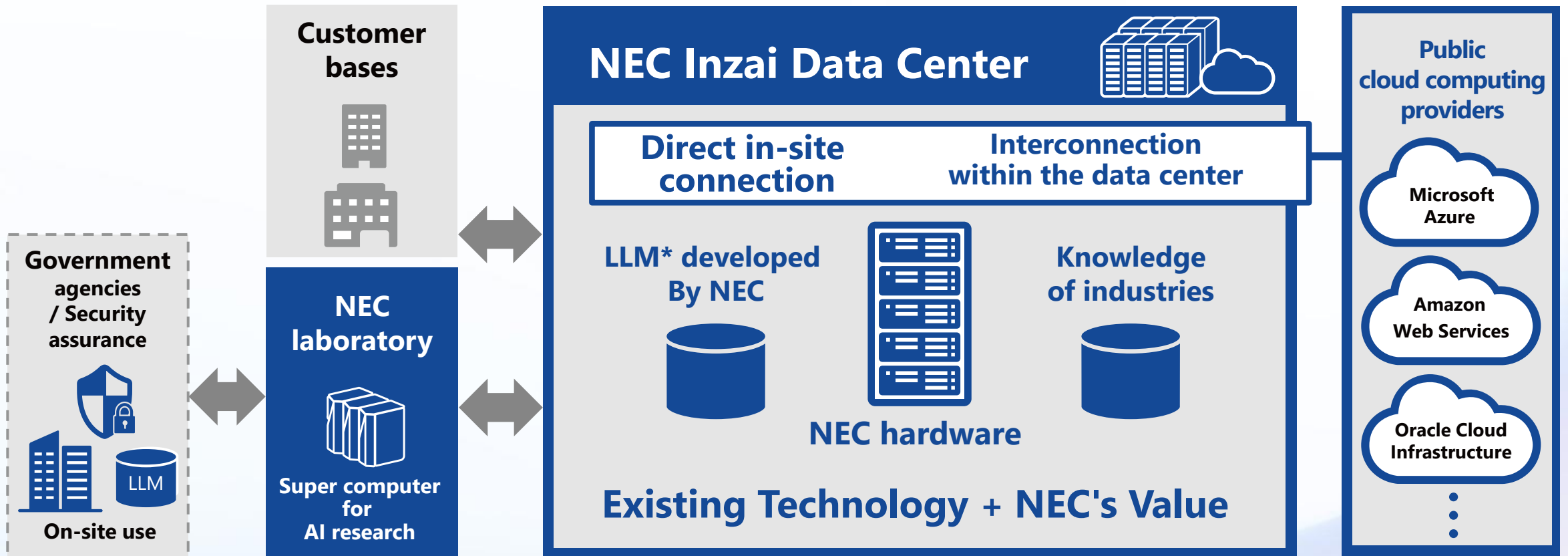
Microsoft

Azure connection site opened in Inzai Data Center

Press release on June 6, 2022

Generative AI

Developed and started offering lightweight LLM* with world-class performance in the Japanese language



*LLM: Large Language Model

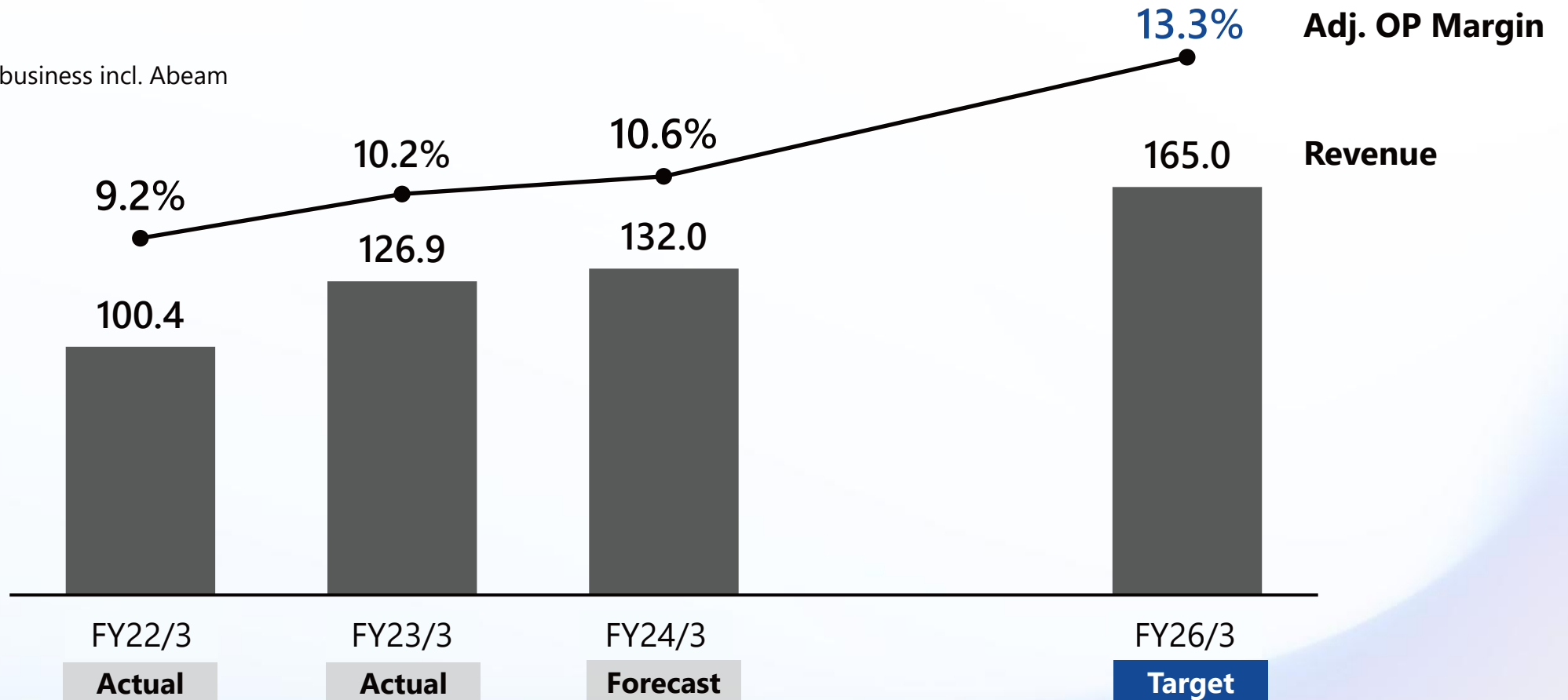
3. Consulting-based business

Performance Trends in Consulting-based business

Steady growth in Consulting-based business through synergy between ABeam and NEC

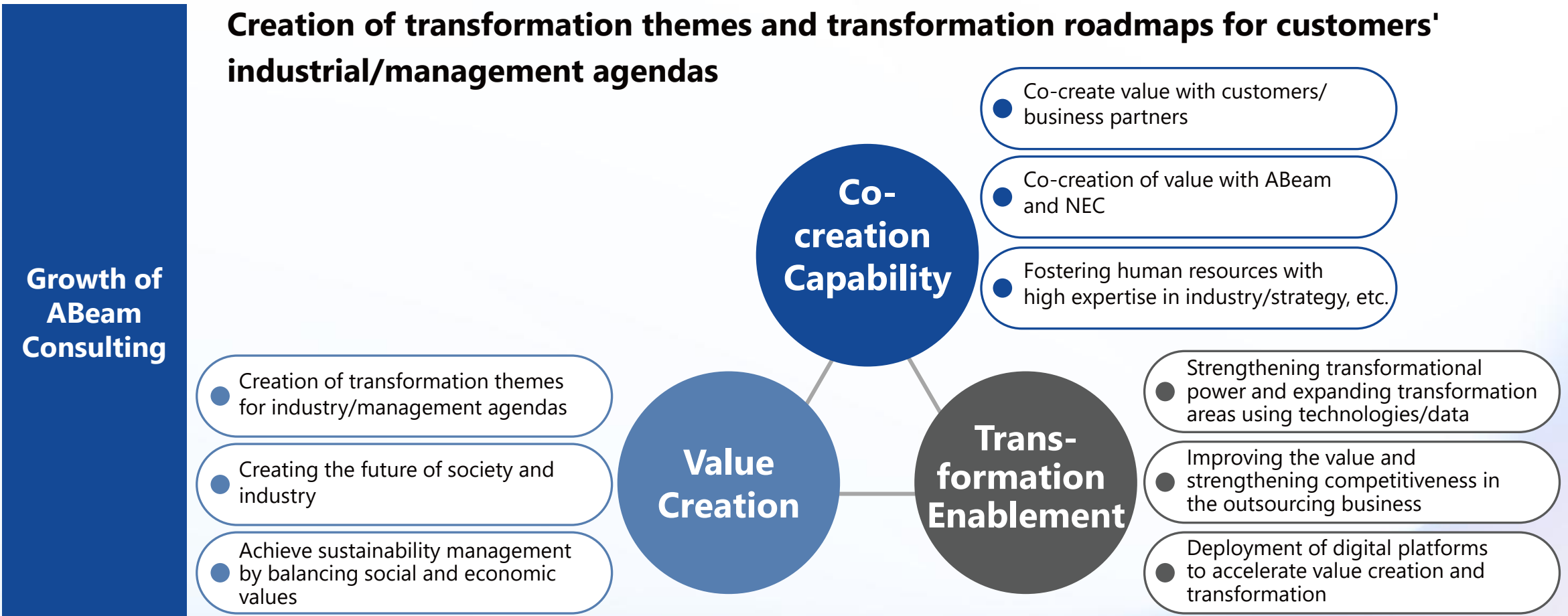
(Billions of yen)

■ Consulting based business incl. Abeam



Toward Expansion of Consulting-based business

Growth of ABeam Consulting business



Toward Expansion of Consulting-based business

Expand value co-creation for industry/business agendas

| | |
|---|--|
| <p>Case 1 Expansion of Transformation Domain</p> <p>Material Chemistry × Value Chain Transformation</p> | <p>Circular Economy Implementation</p> <p>Support the development of a strategy to acquire raw materials to achieve the target of introducing biomass plastics as of 2030 as part of the realization of carbon neutrality by 2050</p> |
| <p>Case 2 Strengthening the co-creation approach</p> <p>General trading company × Sustainability Management</p> | <p>Supply Chain Transformation to Achieve Carbon Neutrality</p> <p>Provide GX-related consulting and GHG visualization & reduction solutions to the target company through co-creation with partner companies by utilizing the solutions owned by the trading company groups and external partners.</p> |
| <p>Case 3 Expansion of Transformation Domain</p> <p>Energy × Creating the Future</p> | <p>Electric Vehicle Implementation</p> <p>Supporting the implementation of EV fleet management stated in the customer's mid-term management plan, as a challenge for energy transition toward a decarbonized and recycling-oriented society.</p> |

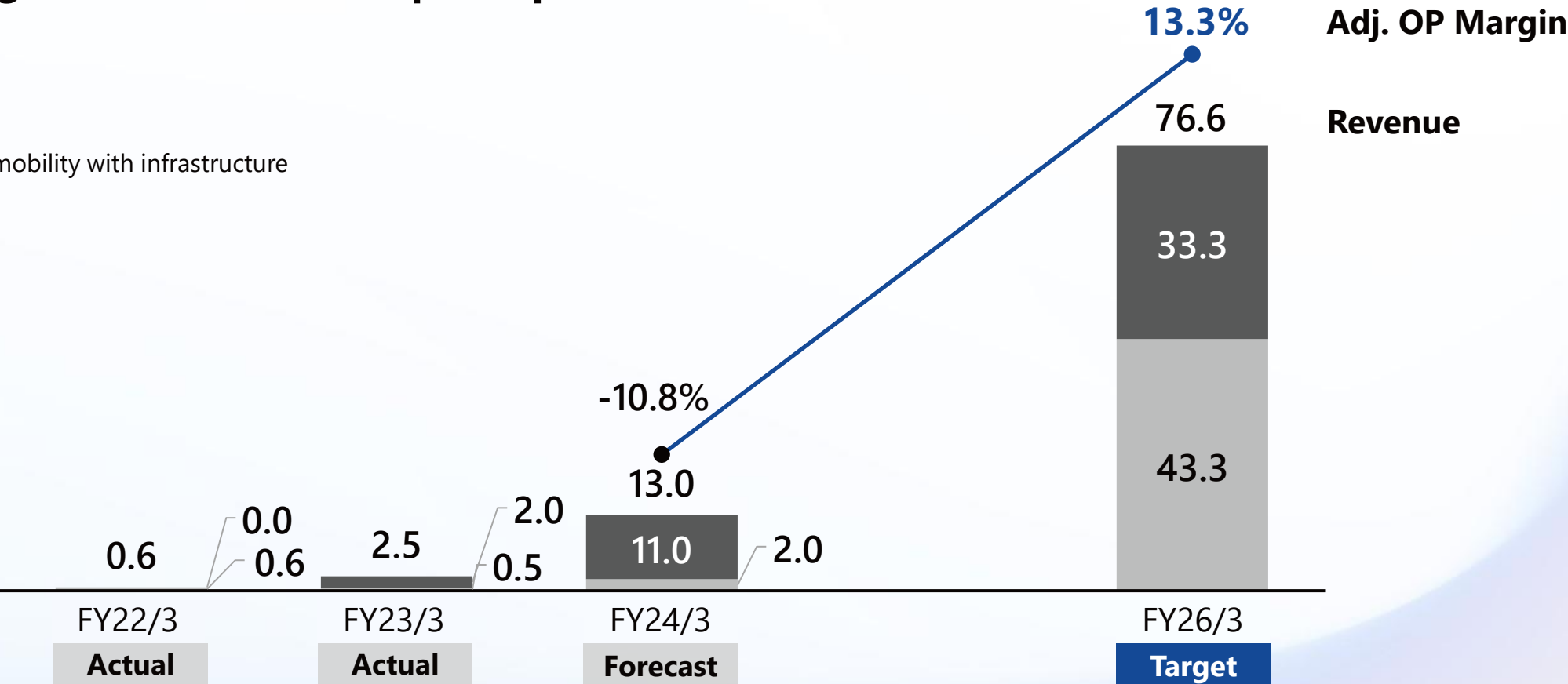
4. Smart City / Cooperated Mobility with Infrastructure

Performance Trend in Smart City/ Cooperated Mobility with Infrastructure

Deferral of Coordinated mobility with infrastructure’s plan to align the efforts with the government’s Comprehensive Development Plan
Continuing activities toward rapid expansion after FY26/3

(Billions of yen)

- Smart city
- Coordinated mobility with infrastructure



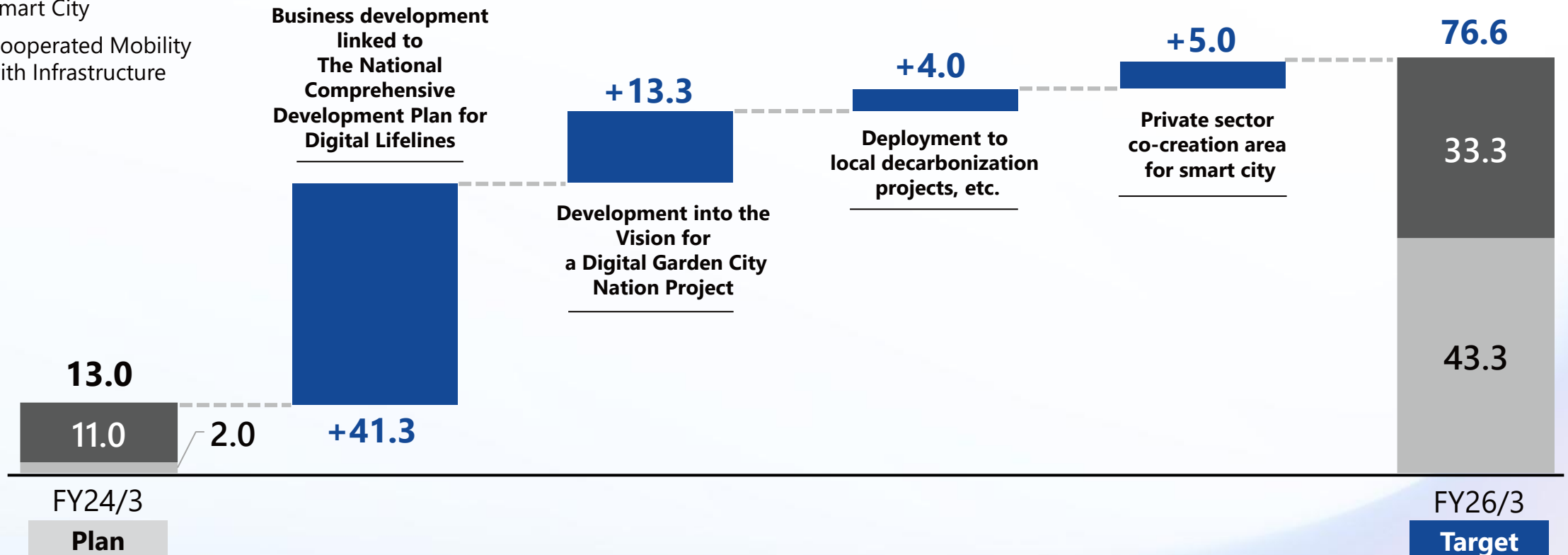
Breakdown of Smart City/Cooperated Mobility with Infrastructure Revenue Increase

Seizing opportunities for business expansion through government policies and plans

(Billions of yen)

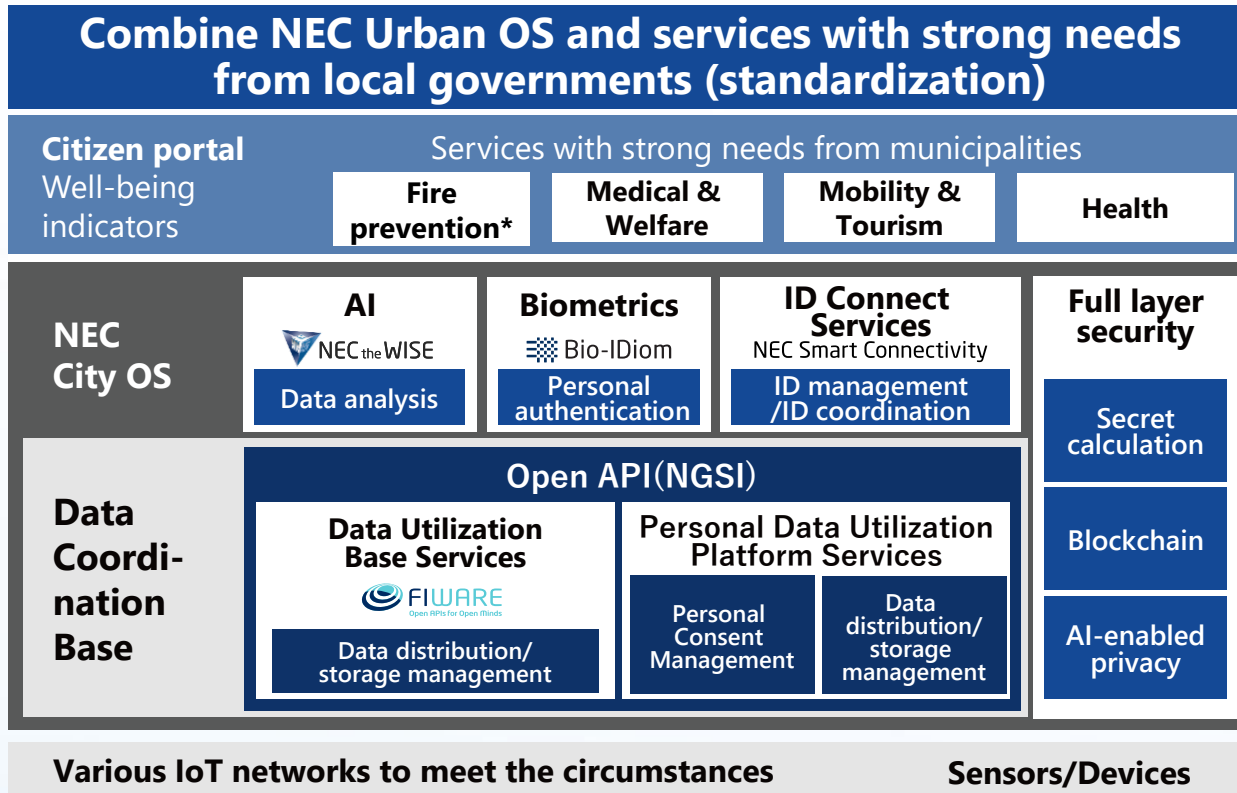
Smart City

Cooperated Mobility with Infrastructure

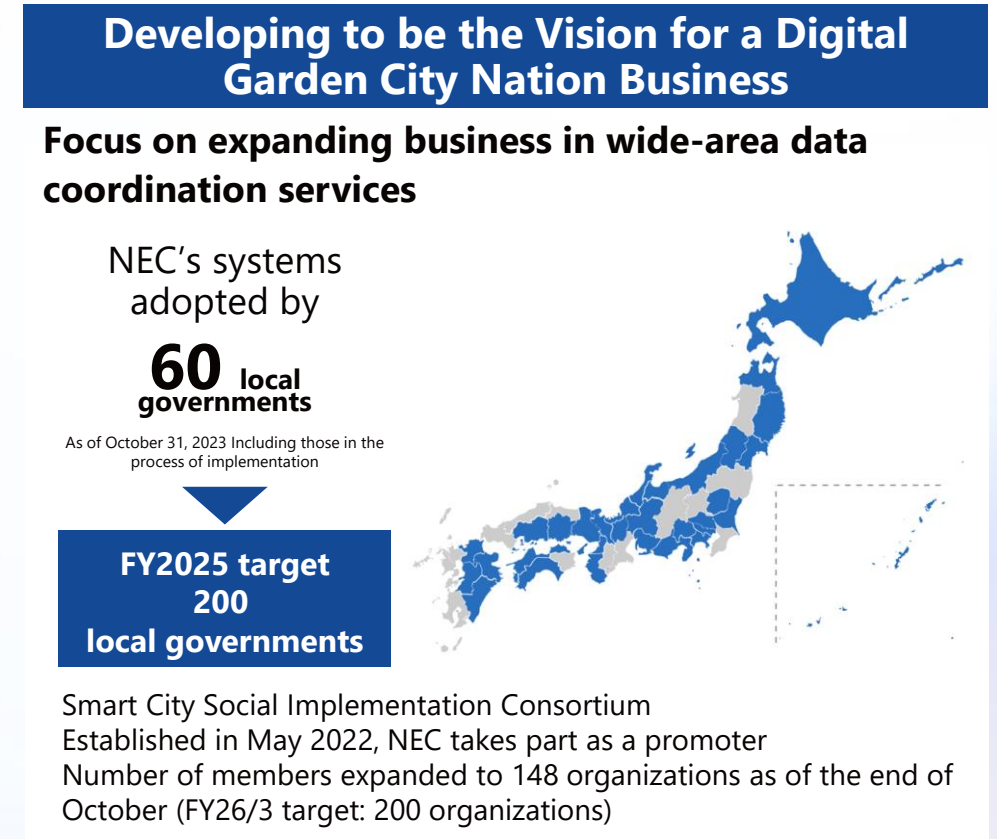


Initiatives in Smart City

Seize the opportunity to expand the Vision for a Digital Garden City Nation and develop business by combining services highly needed by local governments with data linkage (Urban OS)



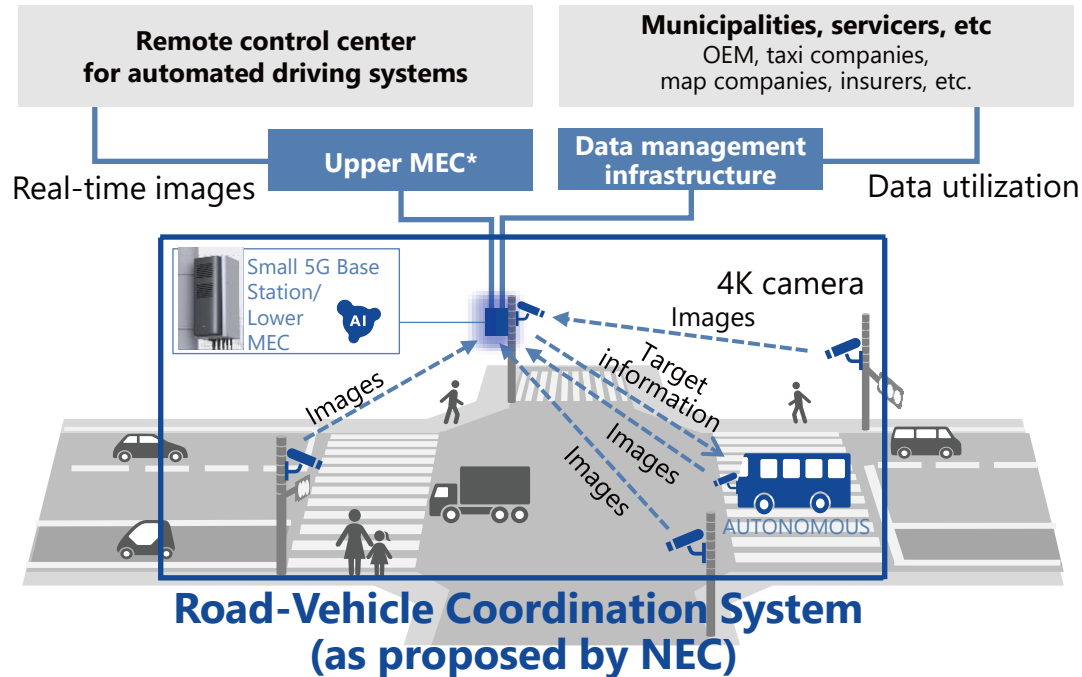
* [New] Evacuation action support service to be provided in February 2024 (already adopted by regional governments) Responding to the 2021 partial revision of the Basic Act on Disaster Countermeasures, etc., which made it mandatory for municipalities to make efforts to create individual evacuation plans



Initiatives for Cooperated Mobility with Infrastructure

Promote transportation infrastructure DX projects that enable safe and secure mobility through coordinating between infrastructure and mobility
Join projects led by related government agencies and propose reference architectures, etc.

Joined road-vehicle coordination system experiments at MLIT's* public tenders for autonomous driving-related demonstration



*MLIT: Ministry of Land, Infrastructure, Transport and Tourism

*MEC: Multi-access Edge Computing

Joined The National Comprehensive Development Plan for Digital Lifelines plan toward transportation infrastructure DX

Council for the Realization of the Vision for a Digital Garden City Nation

Digital Society Promotion Council

The National Comprehensive Development Plan for Digital Lifelines Realization Council

Roads designed for automated driving systems WG

Drone route WG

Infrastructure management DX WG

Architecture WG

***NEC joined as a member**

Early Harvest Project

Summary

Growth Area (Core DX) Is in Progress as Expected

- In Core DX, NEC Digital Platform and consulting-based business performs well; NEC Digital Platform's revenue growth exceeds industry-wide growth
- NEC Digital Platform is the core of Core DX and a driver for business model transformation from individual SI (generative AI, etc.)
- Revenue expansion of consulting-based business is accelerated as planned
- In Smart City and Cooperated Mobility with Infrastructure, implementation activities continue to be promoted in conjunction with the government's Comprehensive Development Plans



Continue to work toward FY26/3 goals of Core DX business of 570.0 billion in revenue and 13% in OP margin

\Orchestrating a brighter world

NEC

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;
- the recent outbreak of the novel coronavirus;
- 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 and 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 NEC possesses as of the date hereof. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect the NEC Group. NEC 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, 2022, 2023, and 2024 were referred as FY22/3, FY23/3, and FY24/3 respectively. Any other fiscal years would be referred similarly.