

Social Infrastructure Business

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

Masakazu Yamashina

1. Overview of Social Infrastructure Business
2. Performance Trends and Mid-term Management Plan
3. Social Infrastructure Business Landscape
4. Key Measures for FY2026/3 Targets

1. Overview of Social Infrastructure Business

Overview of Social Infrastructure Business

Provide social value with deep domain knowledge of Telecommunications, Aerospace and National Security and NEC's technological capabilities

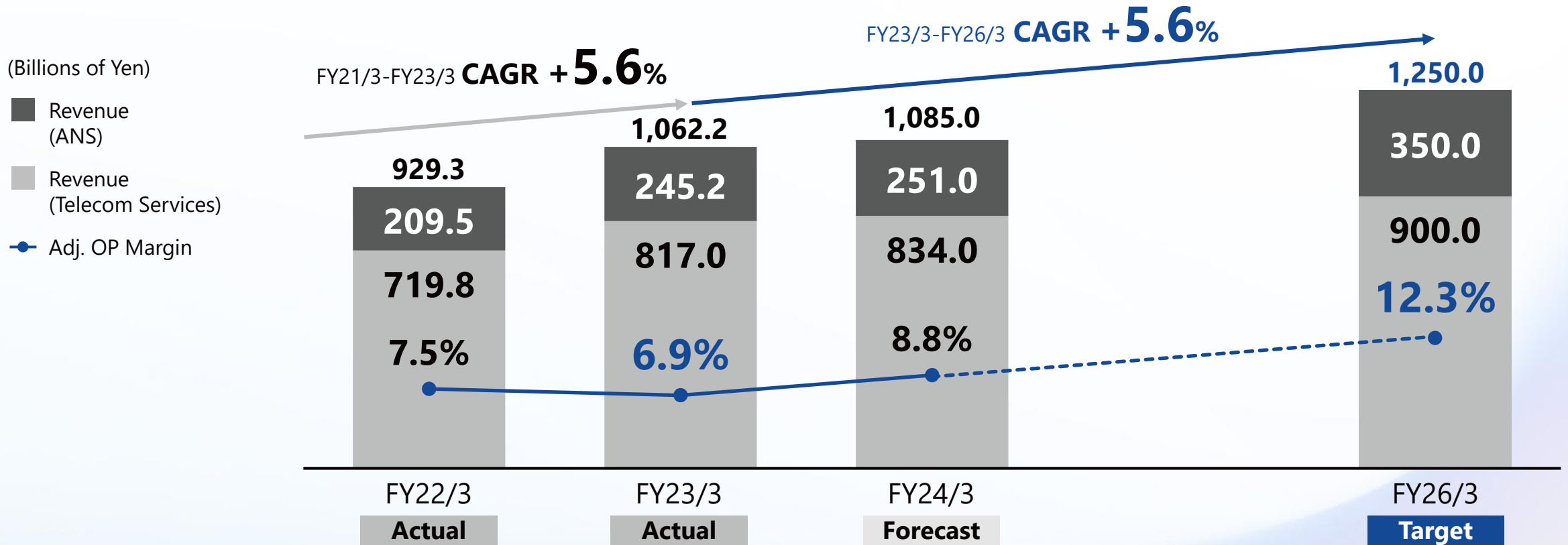
Telecom Services	Tele-communications	Telecommunications System	Domestic Telecom Operators Overseas Telecom Operators		
		OSS/BSS*			
		IT Infrastructure/Business Service Applications			
		Submarine Cables Systems	Telecom Operators/ Consortium		
ANS (Aerospace and National Security)	Aviation	Air Traffic Control System	MLIT · Civil Aviation Bureau		
	Space	Satellites/Related Ground Systems/ Satellite Operation Services	JAXA	Cabinet Office	Cabinet Secretariat
	Defense	IT/Network/Sensor System	Ministry of Defense		Related Organizations

* Operations Support Systems/Business Support Systems

2. Performance Trends and Mid-term Management Plan

Performance Trends and Mid-term Management Plan

Transform into a highly profitable business by reviewing the cost structure and the business model



3. Social Infrastructure Business Landscape

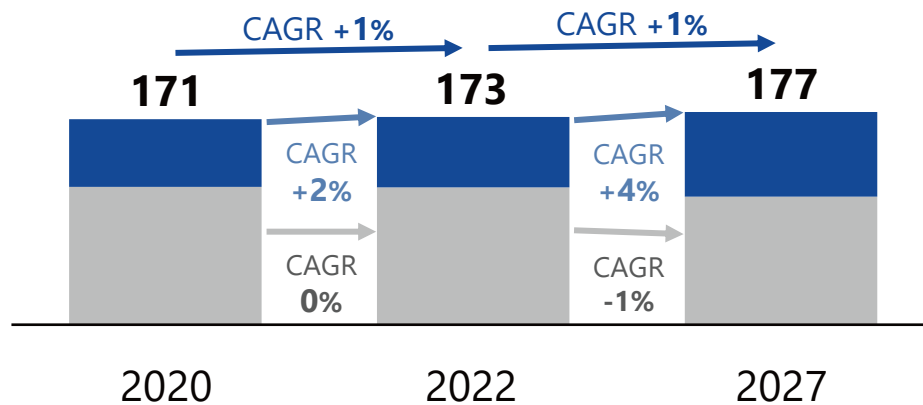
Social Infrastructure Business Landscape

Telecom Services

- Software market size is expanding (infrastructure Softwareization & OSS) while investments in network infrastructure is sluggish
- Delay of Open RAN market start up

Market Size of Global Telecommunication (NEC Estimate)

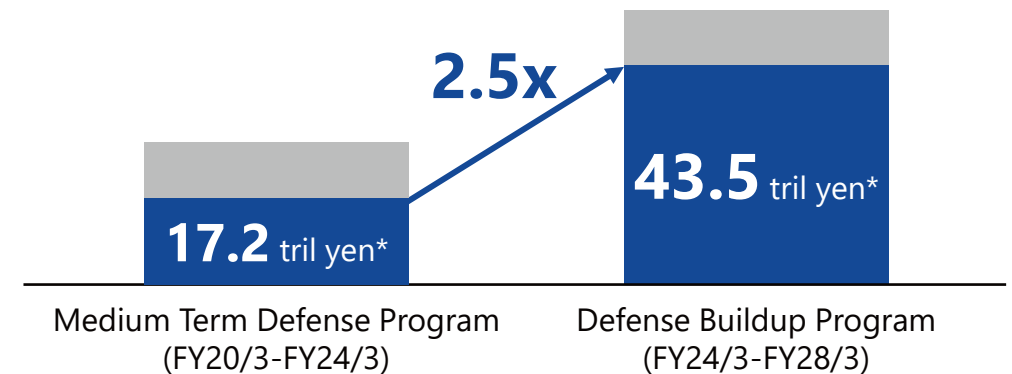
(B\$) ■ Operation management system ■ Network Infrastructure



ANS

- Increasing mid- to long-term demand by integration of Space Policy and National Security Policy
- Double in defense budget (material expenses) by Defense Buildup Program
- Margin improved by measures to maintain and strengthen defense production and technology base

Buildup Program



* Contract amount related to newly required business (material expenses)

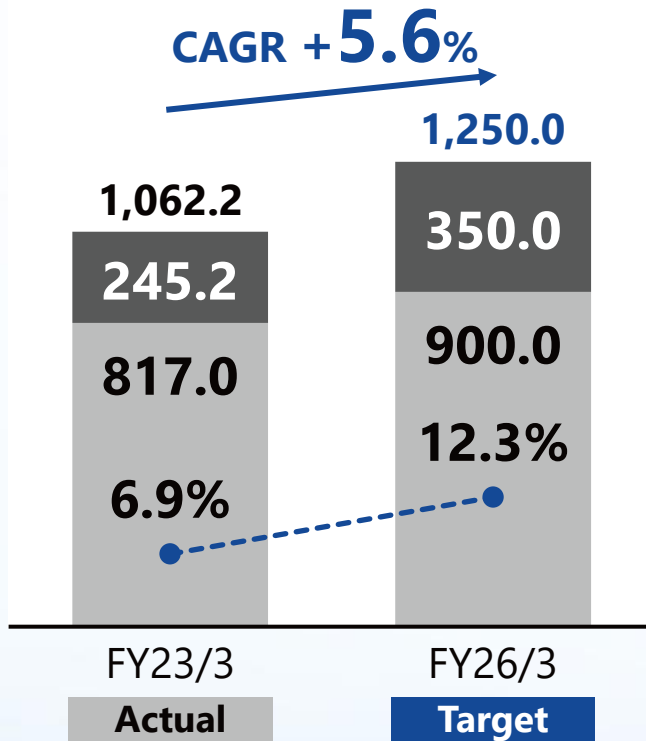
Source: Ministry of Defense "Medium Term Defense Program (FY2019-FY2023)". "Defense Buildup Program".

4. Key Measures for FY2026/3 Targets

Key Measures for FY2026/3 Targets

(Billions of Yen)

■ Revenue (ANS) ■ Revenue (Telecom Services)
● Adj. OP Margin



FY23/3-FY26/3

Adj. OP CAGR

+27.8 %

Telecom Services

- Review of Global 5G strategy
- Shift to high-value added business (focus on DX solutions)
- Improve profitability & expand software business

ANS

- Increase Revenues and improve profitability
- Strengthen Resources

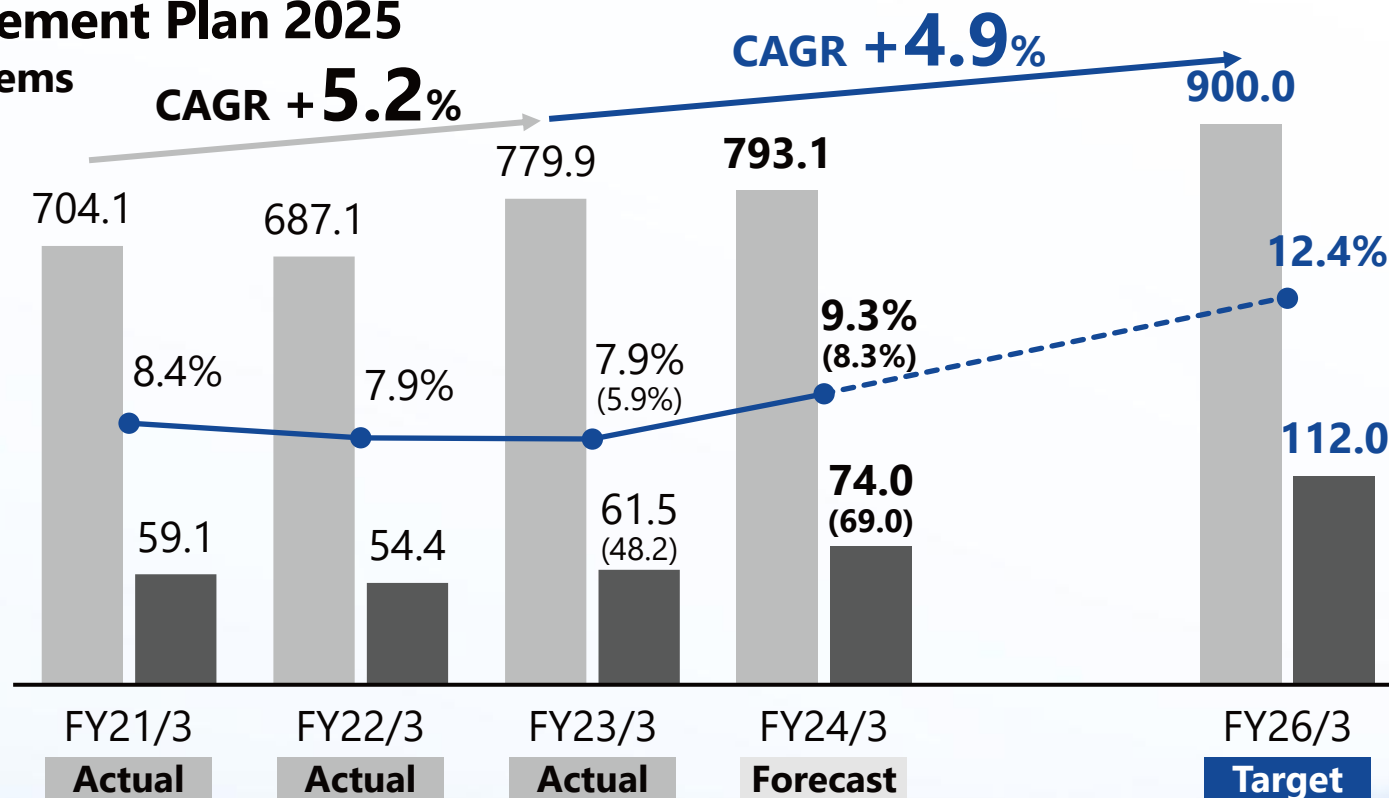
Telecom Services: Mid-term Management Plan 2025

Improve profitability by reviewing cost structure, cost reduction in hardware business, and shift to software business

Mid-term Management Plan 2025 excl. extraordinary items

(Billions of Yen)

- Revenue
- Adj. OP
(incl. extraordinary items)
- Adj. OP Margin
(incl. extraordinary items)



FY23/3-FY26/3

Adj. OP CAGR
+22.1 %

FY21/3-FY23/3

Adj. OP CAGR
+2.0 %

Major extraordinary items: 5G-related accounting treatment (loss control/allowance for inventory diversion, impairment of goodwill on acquired companies, etc.), businesses planned to be carved out, income from major patents

Telecom Services: Growth

Strengthen product competence and expand market share (Orders CAGR 8.5%)

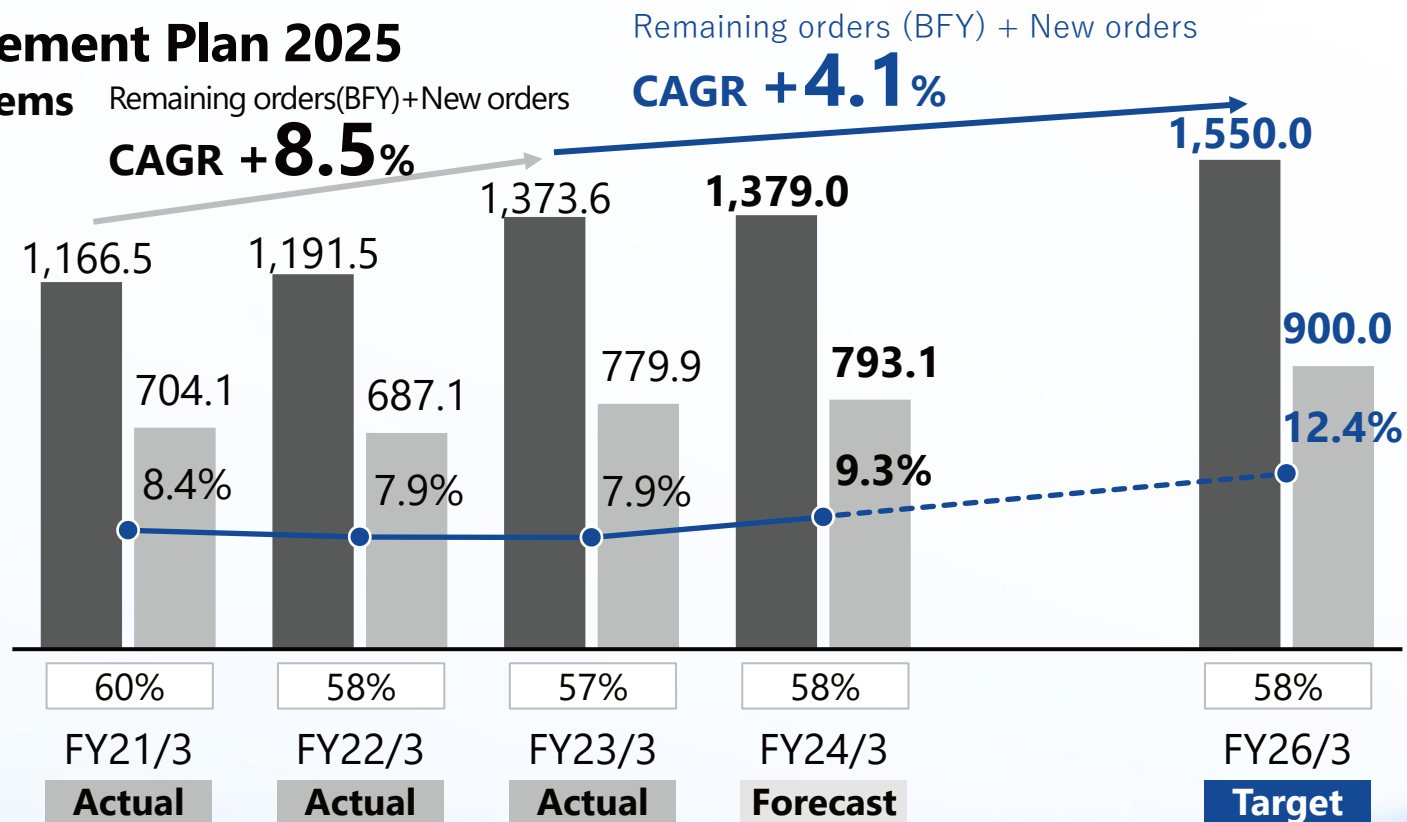
NEC continuously exceeding its market share rate than market growth rate

Mid-term Management Plan 2025

excl. extraordinary items

(Billions of Yen)

- Backlog (BFY) + New orders
- Revenue
- Adj. OP Margin
- Conversion rate



FY23/3-FY26/3

Revenue CAGR
+4.9 %

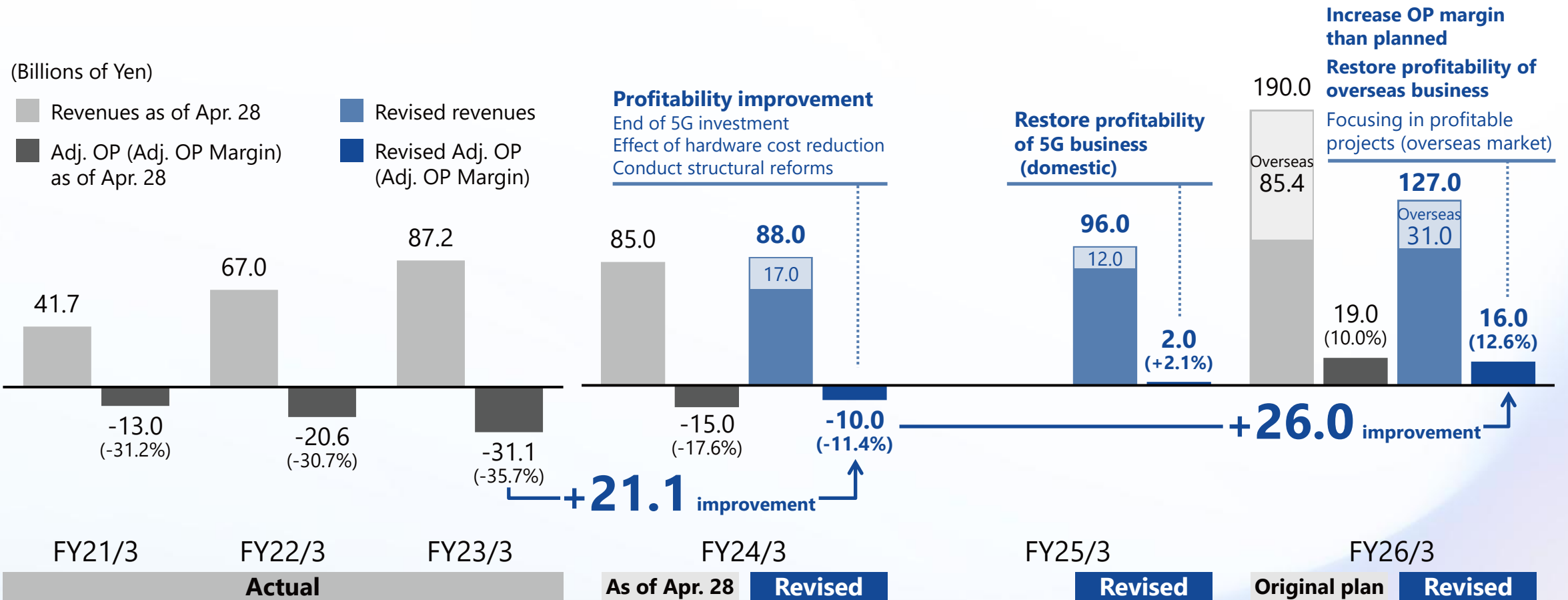
FY21/3-FY23/3

Revenue CAGR
+5.2 %

Major extraordinary items: major patent licenses, businesses expected to be carved out

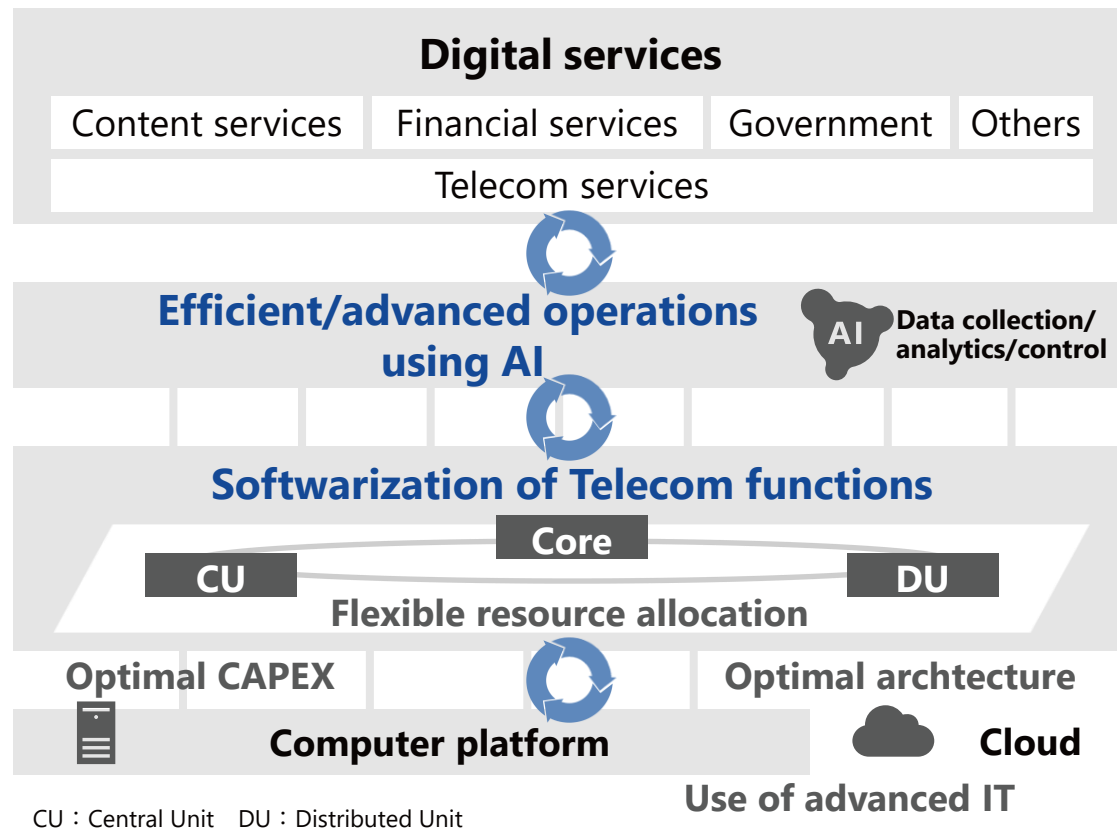
Telecom Services: Review of the Global 5G Strategy

Structural reforms of overseas business and focus on profitable projects
Shift to high value-added software sectors : Ratio 36% to 51%



Telecom services: Shift to high-value added business (strengthen DX solutions)

Promote the DX of digital service providers through software-based network functions and advanced operation management utilizing AI



DX Supported by NEC

Operation efficiency and support of digital services

- Rapid and easy service upgrades
- Resiliency
- Carrier-grade quality

TCO reduction and high performance

Use cases

Business support system using AI for Middle East telecom operator

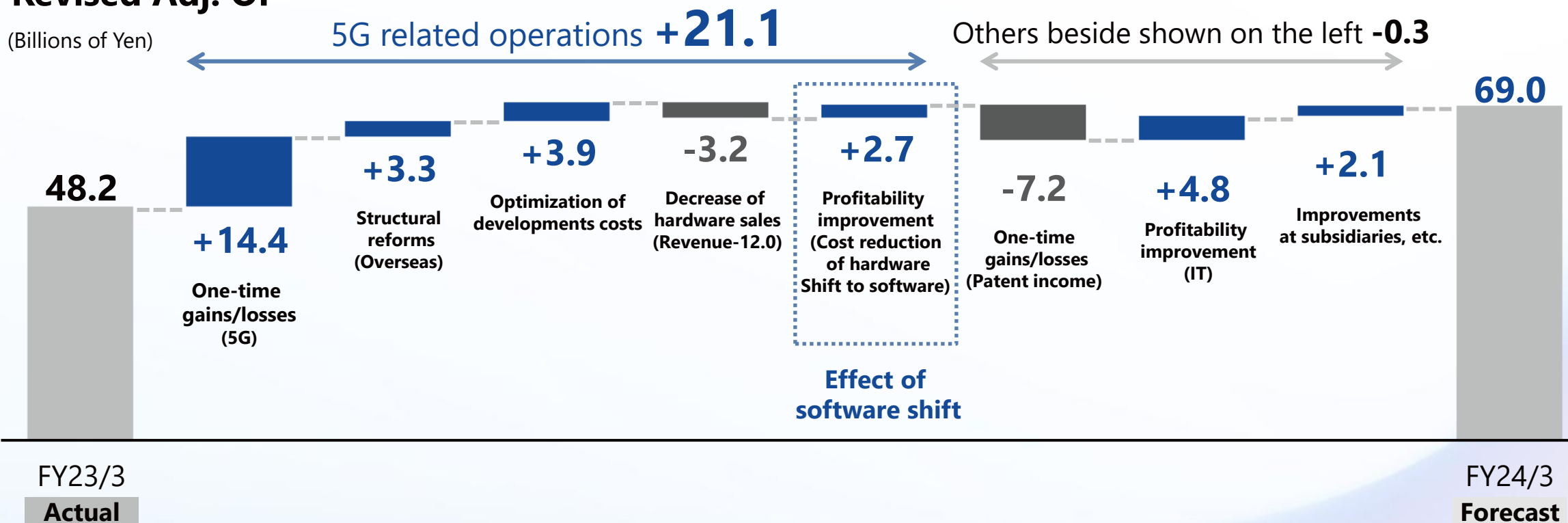
Open RAN project for UK Neutral host

Telecom service: Cost restructure and increase of software ratio (FY23/3-FY24/3)

Increase profit by cost restructure of 5G business
(reduction in one-time cost, optimization of SG/A and development cost)

Revised Adj. OP

(Billions of Yen)

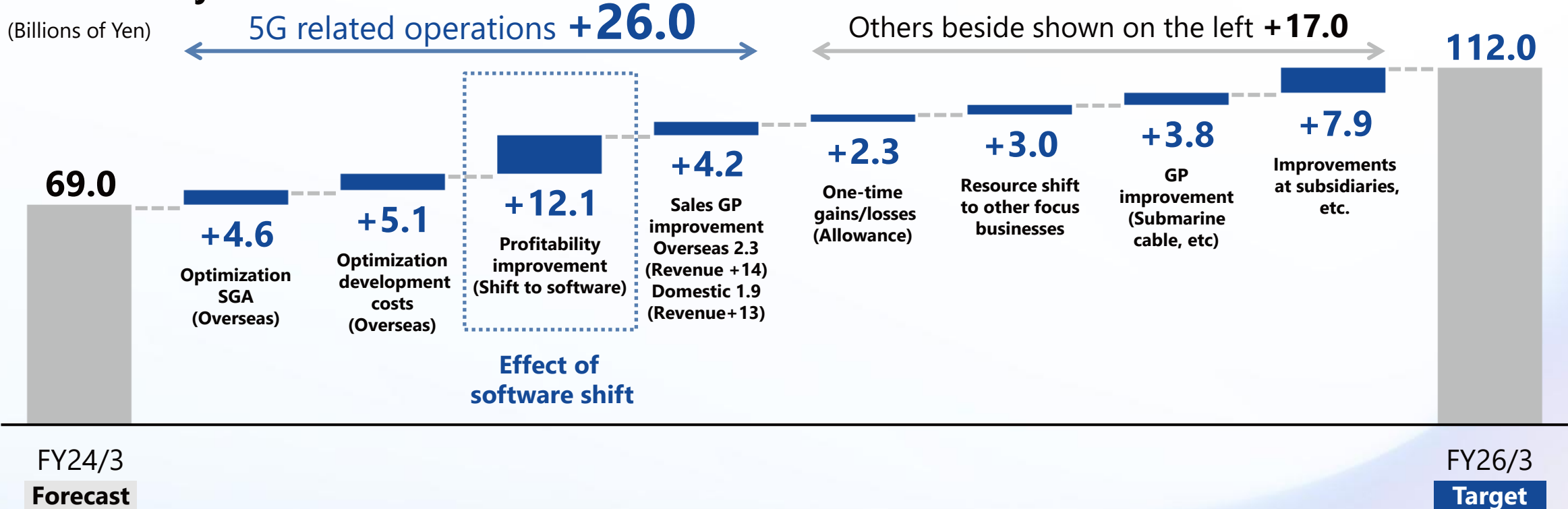


Telecom service: Cost restructure and increase of software ratio (FY24/3-FY26/3)

Increase profitability by shifting to software business and high-value added business

Revised Adj. OP

(Billions of Yen)



ANS: Mid-term Management Plan 2025

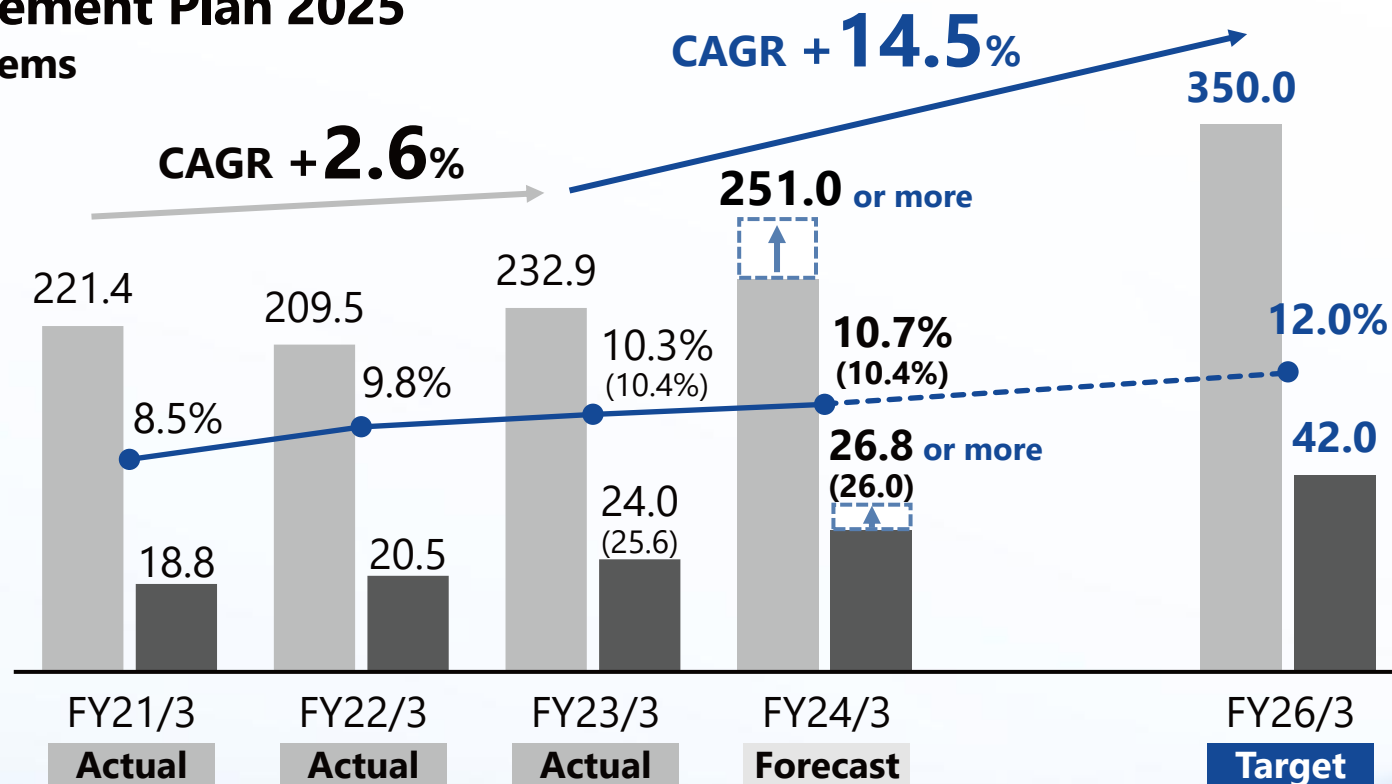
Sales growth based on defense budget increase (CAGR 14.5%)

Defense equipment profitability improvement resulting in +2% total profitability.

Mid-term Management Plan 2025 excl. extraordinary items

(Billions of Yen)

- Revenue
- Adj. OP
(incl. extraordinary items)
- Adj. OP Margin
(incl. extraordinary items)



FY23/3-FY26/3

Adj. OP CAGR
+20.5 %

FY21/3-FY23/3

Adj. OP CAGR
+13.0 %

Major extraordinary items: accounting treatment (gains on reversal of loss control/inventory diversion, etc.)

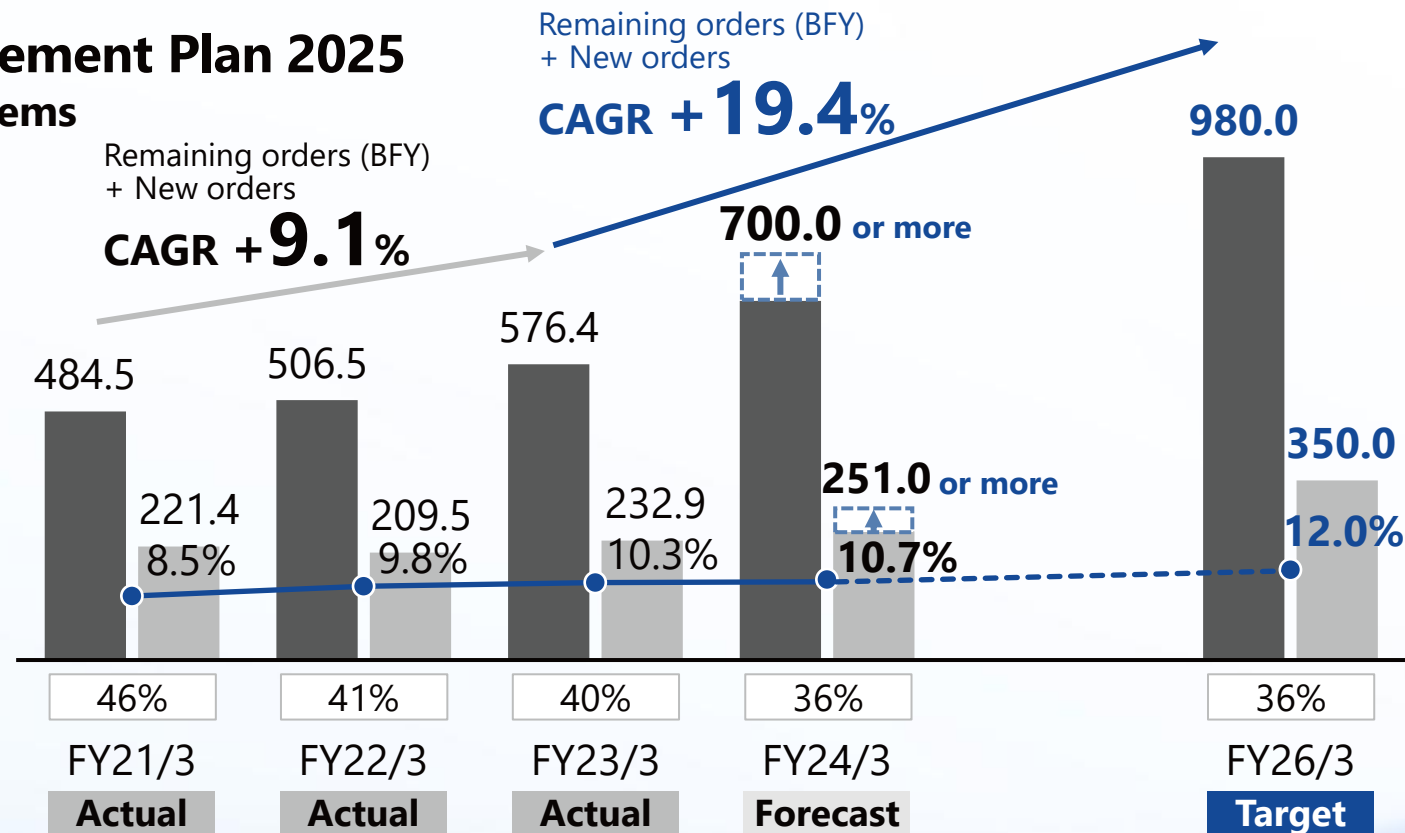
ANS: Growth

Supported by the increase in the defense budget, performance is expected to significantly exceed growth assumptions from up to FY23/3

Mid-term Management Plan 2025 excl. extraordinary items

(Billions of Yen)

- Backlog (BFY)
+ New orders
- Revenue
- Adj. OP Margin
- Conversion rate



FY23/3-FY26/3

Revenue CAGR
+14.5 %

FY21/3-FY23/3

Revenue CAGR
+2.6 %

ANS: Increase Revenues and Improve Profitability

Expand ANS business with focus on Defense Buildup Program and Basic Plan on Space Policy

ANS Track Record (Examples)

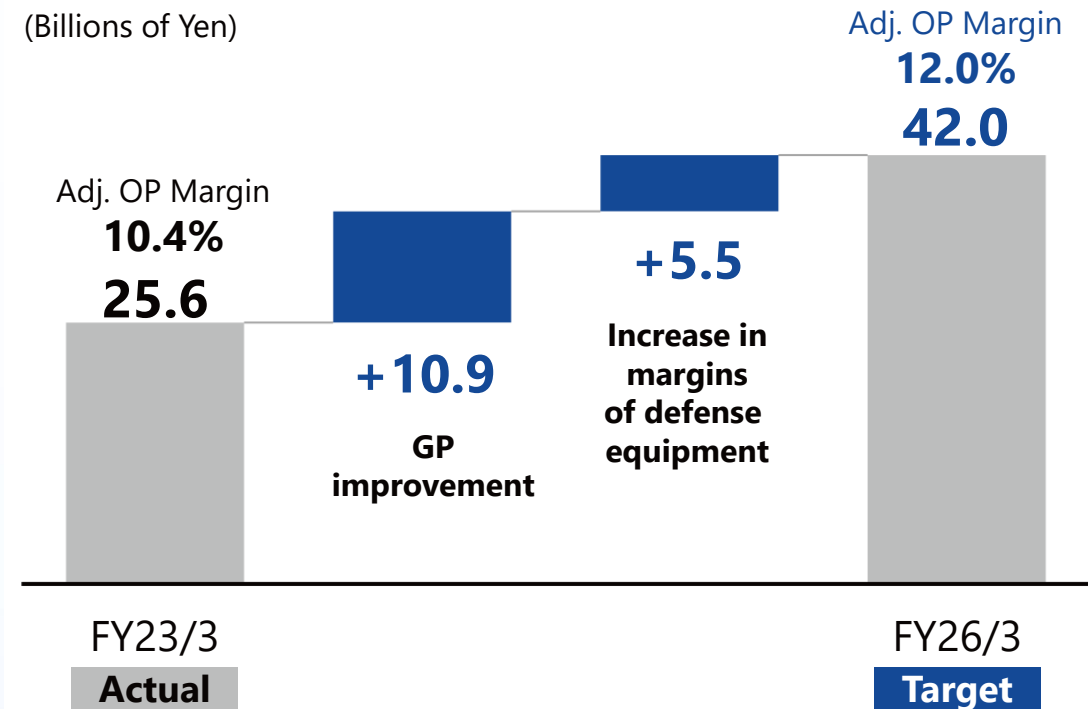


*1 Source: Japan Air Self-Defense Force website *2 Source: Japan Ground Self-Defense Force website

Improvement of Profitability

Adj. OP Plan

(Billions of Yen)



ANS: Strengthen Resources

Increase resources to support business growth



Increase headcount

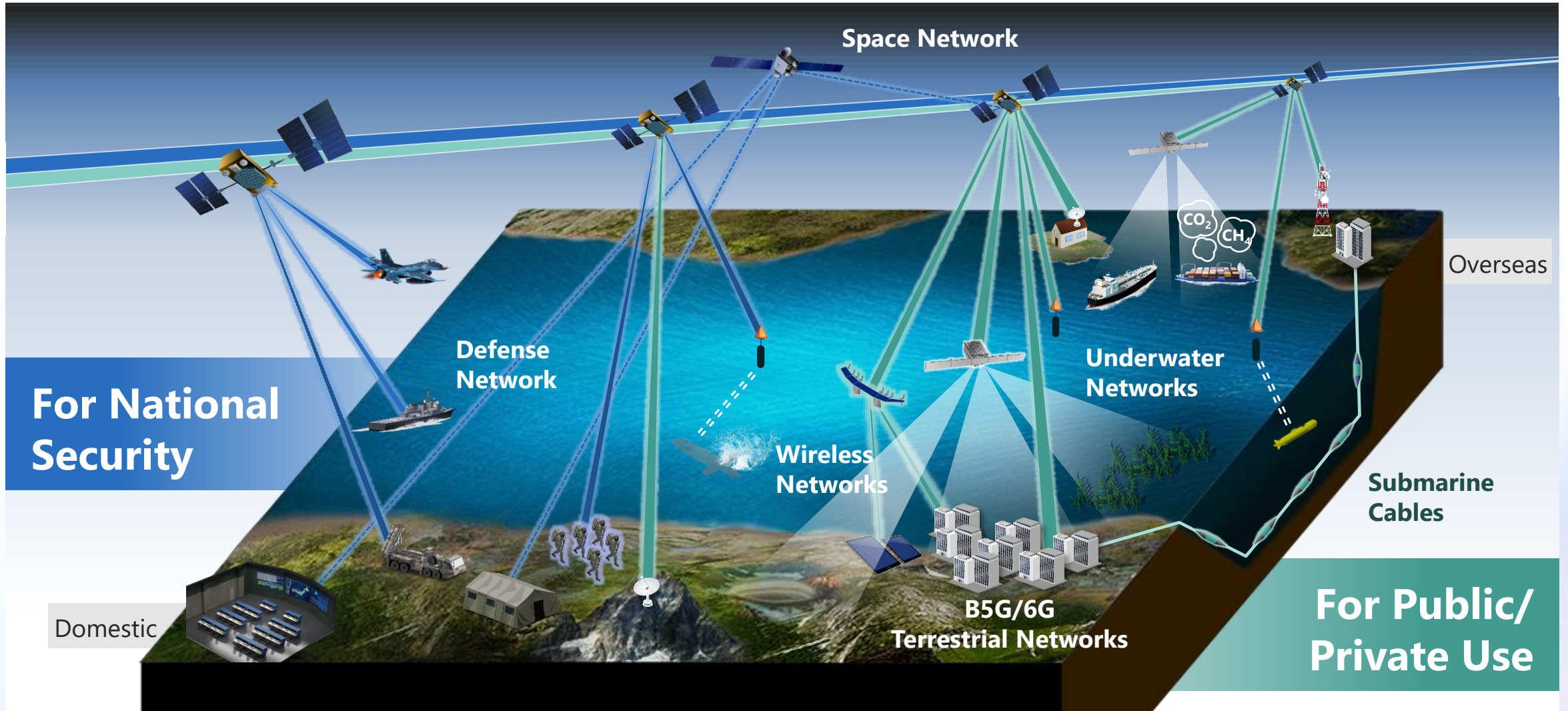
- Increase headcount by 430 during FY24/3
- Increase headcount by 1,000 by FY26/3



Strengthen production capacity

- Construct new building in Fuchu, Tokyo, ANS's production center (to be completed in FY25/3)
- Expand floor space by 40,000 m² toward FY26/3

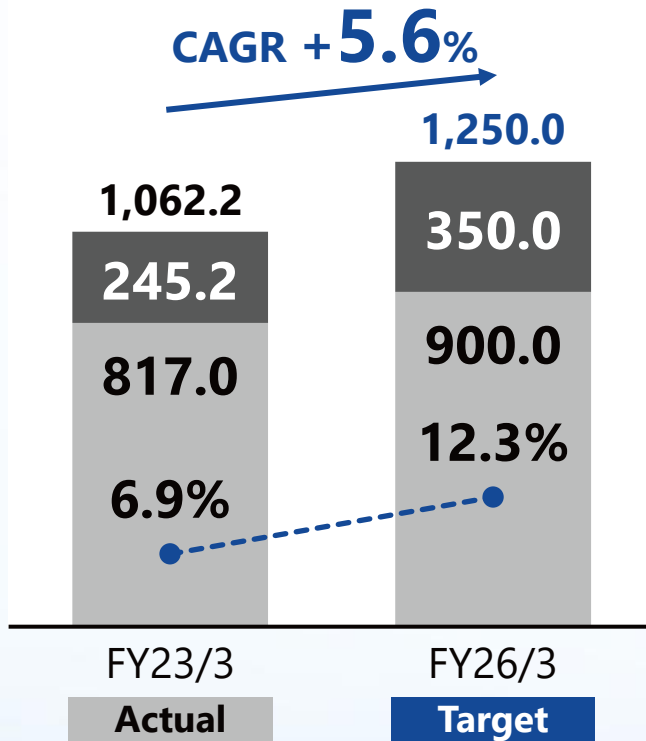
Shift to high-value added business: Networks Connecting the World



Summary

(Billions of Yen)

■ Revenue (ANS) ■ Revenue (Telecom Services)
 ● Adj. OP Margin



FY23/3-FY26/3

Adj. OP CAGR

+27.8 %

Telecom Services

- Review of Global 5G strategy
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- Increase Revenues and improve profitability
- Strengthen Resources



Mindset Shift

\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.