CFO Message

Through a virtuous cycle of profit growth and cash generation, we will seize growth opportunities in the AI era, achieve the goals of Mid-term Management Plan 2030, and enhance corporate value in a sustainable manner.



Kunikazu Amemiya

Corporate Senior Executive Vice President and
CFO (Representative Executive Officer),
Member of the Board

On Assuming the Role of CFO

My name is Kunikazu Amemiya, and I have assumed the position of Corporate Senior Executive Vice President and CFO (Representative Executive Officer). As CFO, I am responsible for the NEC Group's finance function while also overseeing important matters across the organization. I am keenly aware of the significant responsibility that comes with this role. At the same time, I feel a strong sense of mission and excitement about taking on this challenge at a time when NEC is entering a new stage of growth.

Since joining NEC in 1991, I have built my career primarily on the front lines of business, including IT services for financial institutions, IT services for the public sector, such as government agencies, local governments, and hospitals, as well as the launch of new businesses. Through my work with financial institutions, I gained firsthand experience supporting mission-critical operations and learned that quality, stability, and reliability form the very foundation of a business. In the public sector, through my involvement in businesses that support social infrastructure, I developed a strong appreciation for both the responsibility that NEC's technologies and services bear toward society and the significance of the value they provide.

Entering the First Year of Mid-term Management Plan 2030

During Mid-term Management Plan 2025, NEC's profitability and capital efficiency significantly exceeded the original targets. These achievements represent more than a single year's improvement in performance. They are the result of the steady accumulation of efforts, including the strategic selection and concentration of businesses to drive renewed growth since 2010, the cultural transformation initiatives launched in 2016, and the disciplined execution of the plan. As a result, we enhanced our standing in the capital markets last year. Alongside improvements in financial indicators, I believe expectations have increased further among capital market participants that NEC can continue to grow over the medium to long term.

At the same time, we view these accomplishments as a milestone rather than a destination. Following more than 15 years of management transformation, NEC is now on a trajectory of enhancing corporate value. However, we are also facing a major shift in the business environment driven by the rapid advancement and expanding adoption of AI, a change unlike anything we have experienced before. Under Mid-term Management Plan 2030, we will build on the profitability, capital efficiency, and market confidence established during the previous plan and capture growth opportunities in this new phase, leading to a further enhancement of corporate value. Our financial targets include doubling non-GAAP operating profit compared with fiscal 2026 and achieving a non-GAAP operating profit margin of more than 15%. The improvement in profit margins and expansion of profit will provide a strong foundation for sustained growth in earnings per share (EPS). Through these efforts, we will continue to deliver annual growth of more than 15% in non-GAAP EPS, which is directly linked to shareholder value, while further accelerating our transformation into a company capable of achieving both high profitability and strong capital efficiency.

Generating Cash

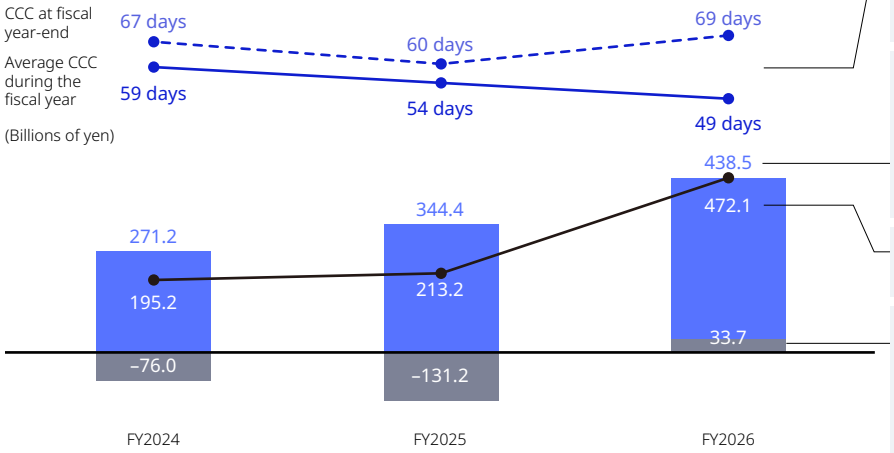
In fiscal 2026, free cash flows totaled ¥472.1 billion, a year-on-year increase of ¥258.9 billion. Cash flows from operating activities increased ¥94.1 billion year on year, to ¥438.5 billion, reflecting not only higher adjusted operating profit but also the return of retirement benefit trusts. In addition, cash flows from investing activities improved ¥164.9 billion year on year, resulting in an inflow of ¥33.7 billion, primarily due to the sale of shares in Japan Aviation Electronics Industry, Ltd. (JAE) and transactions involving the acquisition and sale of real estate. Although working capital increased in line with revenue growth, NEC's cash generation capabilities continued to strengthen steadily through enhanced profitability, improved asset efficiency, and the review of asset holdings. These achievements also received external recognition, and in June 2026 NEC's issuer credit rating was upgraded by S&P Global from "BBB+" to "A-." Under Mid-term Management Plan 2030, we will continue to strengthen these cash generation capabilities and further enhance the financial foundation that supports both growth investments and shareholder returns.

Generating Cash by Improving the Profitability of Our Businesses

To generate cash sustainably through our businesses, it is essential not only to achieve revenue growth but also to steadily address low-profit businesses. Under Mid-term Management Plan 2025, we conducted CFO-led monitoring of low-profit businesses with the goal of determining the future direction of all targeted businesses during the plan period. As planned, we completed that process for all businesses by the end of fiscal 2026. Over the past five years, a total of 14 businesses successfully exited the monitoring program, while for the remaining six businesses, we completed assessments to determine whether self-improvement measures or carve-outs would be the most appropriate path forward. Our business portfolio management will now move into its next phase. In addition to our traditional management framework based on hurdle rates, we will introduce a new business evaluation mechanism using relative performance assessments to further strengthen profitability.

Free Cash Flows

Free cash flows expanded due to increased profits, sales of shares, etc.



● CCC*
Inventory continued to improve through tighter control of inventory inputs.
Trade receivables increased due to higher revenue in the fourth quarter.

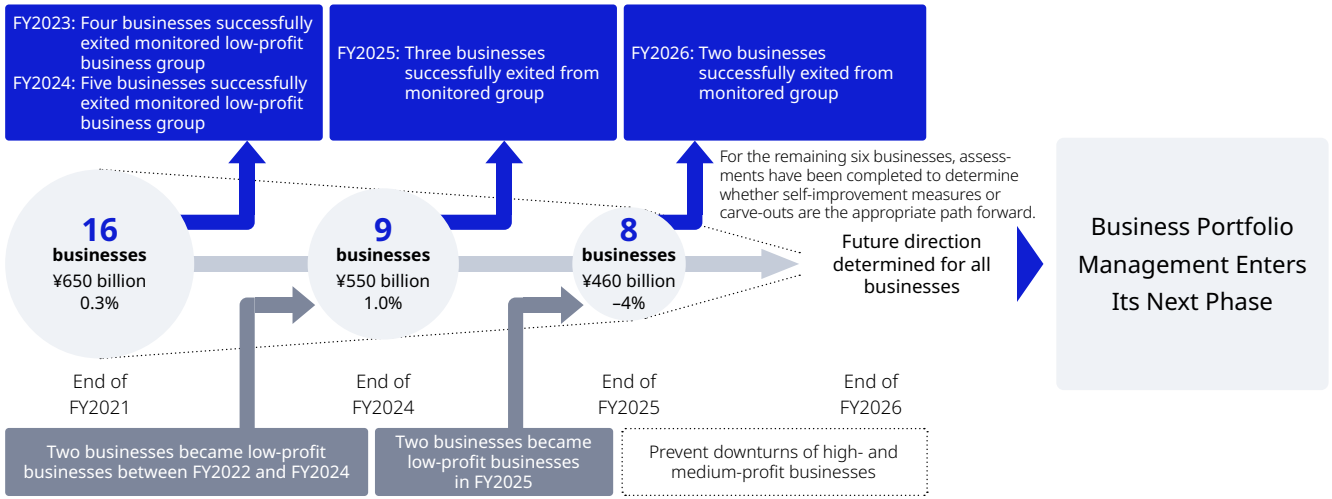
■ Cash flows from operating activities
Year-on-year change +¥94.1 billion
- Increase in adjusted operating profit: +¥99.7 billion
- Increase in working capital due to revenue growth: Approx. –¥120.0 billion
- Return of retirement benefit trusts: +¥140.0 billion

● Free cash flows
Year-on-year change +¥258.9 billion

■ Cash flows from investing activities
Year-on-year change +¥164.9 billion
- Sale of shares in JAE and other companies: Approx. +¥90.0 billion
- Acquisition and sale of real estate: Approx. +¥70.0 billion

* CCC: Cash conversion cycle

Low-profit Businesses



At the same time, we will maintain a disciplined focus on areas with strong growth potential while promptly restructuring non-core businesses. Through these efforts, we will continue to optimize our business portfolio by concentrating resources on areas where NEC's strengths can be fully leveraged.

Generating Cash Flow by Improving Capital Efficiency

Expanding cash flows from operating activities requires not only profit growth but also appropriate control of working capital. Although working capital increased by approximately ¥120.0 billion in fiscal 2026 due to revenue growth, our efforts to improve the cash conversion cycle (CCC) continued to make steady progress, with the average CCC during the fiscal year improving by five days year on year, to 49 days. While the year-end CCC increased due to strong revenue growth in the fourth quarter, day-to-day improvement initiatives, including rigorous project management and tighter control of inventory inputs, have become firmly embedded across the organization. Going forward, from the perspective of enhancing capital efficiency while supporting growth, we will continue to pursue disciplined management focused on both profitability and working capital, thereby driving stable cash generation.

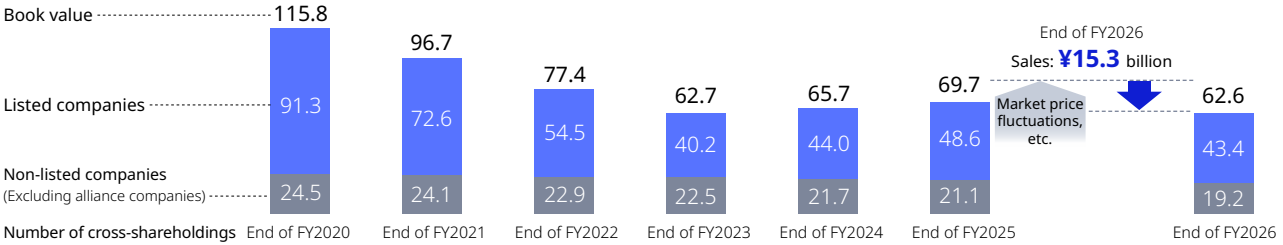
Generating Cash by Cashing Out Assets

We also continued to generate cash through the review of asset holdings. Since establishing a policy in April 2020 to reduce cross-shareholdings to zero in principle, NEC has steadily promoted efforts to reduce such holdings. The Board of Directors conducts a comprehensive annual review of all cross-shareholdings, assessing the strategic value of each holding. If the Board accepts the rationale for a holding, it is kept; if not, it is sold. As a result, cumulative sales have reached ¥174.3 billion, making a significant contribution to the expansion of free cash flows. In fiscal 2026, NEC sold ¥15.3 billion of listed cross-shareholdings, reducing the number of holdings to 18 as of March 31, 2026, an approximately 80% decline from the level at March 31, 2020. In addition, not only shares but all asset holdings, including real estate, are regularly assessed from the perspectives of capital efficiency and strategic rationale. We will continue to promote cash generation through portfolio optimization by rigorously reviewing the appropriateness of retaining such assets.

Sales of Investment Securities

*** Book value and number of holdings are presented on a non-consolidated basis (excluding alliance holdings).**

(Billions of yen)



Number of cross-shareholdings	End of FY2020	End of FY2021	End of FY2022	End of FY2023	End of FY2024	End of FY2025	End of FY2026
Listed companies	**108**	63	52	33	27	24	**18**
Non-listed companies	206	193	176	137	113	101	86

Note: Excludes shares contributed to retirement benefit trusts.

Capital Allocation

In capital allocation, our highest priority is to steadily enhance corporate value while securing the investment capacity necessary to strengthen competitiveness and drive sustainable growth in the AI era. Under Mid-term Management Plan 2030, we have clearly stated our policy of prioritizing the allocation of generated cash to growth areas while maintaining a balance with financial soundness. With regard to shareholder returns, we will maintain our basic policy of stable dividend increases and flexible share repurchases, while balancing growth investments and shareholder returns.

As for growth investments, taking into account our financial position following the acquisition of CSG, we plan to secure investment capacity of ¥1.2 trillion to ¥1.3 trillion by the end of fiscal 2031. However, this should be viewed as a framework that enables us to respond flexibly to growth opportunities and does not imply that the full amount will necessarily be deployed. In making investment decisions, we will rigorously assess economic rationality using cash ROIC, without limiting ourselves to any particular approach, including organic investments, M&A, capital alliances, and strategic partnerships. In particular, cash ROIC will be applied not only when evaluating acquisition opportunities but also in post-acquisition monitoring to ensure disciplined management.

We will also maintain the financial soundness that underpins our capital allocation framework. Our investment capacity has been determined based on maintaining, over the medium to long term, the level currently recognized by credit rating agencies, while incorporating an appropriate level of financial leverage. We believe that the foundation of shareholder returns is sustained profit growth. By increasing corporate value through the expansion of non-GAAP operating profit, we will maximize returns to shareholders through capital gains and stable dividend increases. With respect to share repurchases, we will make flexible decisions based on factors such as growth investment plans and the level of surplus funds. In addition, our policy is, in principle, to retire any treasury stock holdings that exceed 5% of shares outstanding.

Non-financial Strategies Linked to Corporate Value

NEC positions non-financial initiatives as an important foundation for sustainable growth. Beyond disclosing non-financial information in response to external requirements, we aim to utilize a clearer linkage between financial and non-financial factors to drive the sustainable enhancement of corporate value.

To realize our vision for creating social value, "Empower Humanity—Delivering innovation and peace of mind," as set forth in Mid-term Management Plan 2030, four sustainability perspectives are particularly important: innovation, continuously proposing and providing new value for society; well-being, making employees and stakeholders happier; resilience, building a resilient organization; and integrity, doing the right thing. Based on these principles, NEC reassessed and identified its material issues in light of recent changes in the external environment, considering both risk mitigation and opportunity creation. Through the implementation of these material issues, NEC will work to reduce its cost of capital over the medium to long term from a risk management perspective, while expanding business opportunities and increasing free cash flows by appropriately addressing themes such as AI and human rights and security.

In the environmental domain, we continue to make steady progress in reducing our own environmental impacts. At the same time, as NEC advances its transformation into an AI-native company, we are promoting operational transformation in this area through the use of generative AI and agentic AI. By turning the know-how and expertise gained through internal implementation into customer-facing solutions, we are seeking to create new value for our customers.

With regard to employee engagement, which was established as a culture-related indicator under Mid-term Management Plan 2025, the score improved significantly compared with fiscal 2021, although it fell slightly short of the target level of 50%. We believe this reflects tangible progress in our people and cultural transformation initiatives. Under Mid-term Management Plan 2030, we are targeting engagement levels equivalent to the top quartile globally. To achieve this, we will focus our efforts on areas that are highly correlated with the challenges identified in our current employee engagement score and work to foster a strong corporate culture rooted in strong individuals and organizations that continue to evolve.

In fiscal 2026, NEC was once again included in the Dow Jones Best-in-Class World Index and continued to be included in major environmental, social, and governance (ESG) indices. We believe this recognition reflects not only the initiatives described above but also our ongoing efforts, including corporate governance reforms and highly transparent information disclosure.

Final Remarks

Since announcing Mid-term Management Plan 2030, I have engaged in extensive dialogue with a wide range of stakeholders, including investors, analysts, and financial institutions. While NEC achieved record-high profits under Mid-term Management Plan 2025 and has committed to doubling profits over the next five years under the current plan, I believe the market's view of NEC reflects both anticipation and caution. This stems from the fact that the rapid evolution of AI is fundamentally reshaping existing industry structures and competitive dynamics. The changes brought about by AI represent a tremendous opportunity for NEC. At the same time, they will test whether we can successfully capture these changes and emerge as a winner.

I view this changing environment as an opportunity to further accelerate NEC's growth. As AI investment becomes an increasingly high priority across industries and the role expected of IT continues to expand, NEC has significant business opportunities because of its ability to understand frontline operations and deliver value from planning and implementation through to operation. What fundamentally distinguishes Mid-term Management Plan 2030 from previous plans is that initiatives that once focused solely on improving internal efficiency can now be translated directly into business value. In fact, the use of AI internally is already producing tangible results, including improved analytical accuracy and higher proposal and order win rates. AI only creates value when it is effectively utilized to deliver results. At NEC, we have created an environment in which employees can use cutting-edge AI tools, and a large number of internal AI models have already been registered. This is clear evidence that NEC is a technology company and that our employees have the foundation needed to embrace and utilize new tools. And, of course, as CFO, I intend to make full use of AI myself.

By leading transformation through our own internal practices and converting the experience and know-how we gain into value for customers, we can strengthen our competitiveness. In a highly competitive environment, speed and repeatability are the true sources of competitive advantage. By making decisions and taking action quickly, while adjusting course flexibly whenever necessary, I am confident that we can achieve the goals of Mid-term Management Plan 2030.

We will continue to engage in active dialogue with our stakeholders while pursuing NEC's sustainable growth. I sincerely appreciate your continued support and welcome your candid feedback.