## Message from the President

# Empower Humanity—Delivering Innovation and Peace of Mind

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### Preface

When I was asked the question, “What is your dream?” on a television program, I replied, “To harness the power of technology to deliver innovation and peace of mind to the world.” The origin of those words goes back to a conversation I once had with employees about wanting to describe NEC in a way that the general public could easily understand. As a result of past structural reforms, NEC had divested many of its flagship businesses, and what we did as a company had become increasingly unclear to wider society. Only after more than a decade of corporate transformation have we finally reached a point where our identity can be expressed in a few simple words.

Looking back on our 127-year history, NEC has consistently delivered innovation and peace of mind to society by harnessing the most advanced technologies of each era. This legacy is also embodied in our Purpose: “NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.”

In May 2026, NEC formulated Mid-term Management Plan 2030. As part of this plan, we established our vision for creating social value, "Empower Humanity—Delivering innovation and peace of mind," which outlines where the Company aspires to be by 2030 and clarifies the role it should fulfill. AI is a powerful catalyst capable of transforming social systems, industrial structures, and even the human mind itself. As a company that brings these technologies to customers, we place respect for humanity at the center of all our actions and aspire to maximize human potential, which is what the phrase "Empower Humanity" means to us.

In this message, I would like to focus primarily on the thinking behind this new mid-term management plan. I invite our stakeholders to read on and gain a deeper understanding of NEC today and the direction we are taking for the future.

## Reflecting on Our Corporate Transformation

Recently, we have seen a growing number of investors tell us that they have invested in NEC for the first time, or for the first time in many years. To help those stakeholders better understand who we are, I would like to begin by looking back on how NEC has changed through its journey of corporate transformation and how we ultimately achieved record-high profits.

In fiscal 2026, NEC recorded consolidated revenue of approximately ¥3.6 trillion, non-GAAP operating profit of ¥397.2 billion, the highest in its history, and a non-GAAP operating profit ratio of 11.1%, achieving the key targets set out in Mid-term Management Plan 2025. If we turn the clock back to fiscal 2010, when revenue was at a similar level, operating profit was only around ¥50 billion. Siloed organizations pursued their own priorities, resisted change, and placed profit creation and business transformation second. The Company fell into losses, suffered compliance incidents, and in 2012 its share price fell below par value. Corporate value dropped below ¥300 billion, and as the executive officer responsible for corporate strategy at the time, I remember feeling that the Company might not survive another day.

I was involved in the difficult task of letting go of a number of businesses during that period. However, streamlining alone could not restore NEC to growth. We needed to change the very foundations of management. Twelve executives, including the President, gathered regularly on weekends to engage in fundamental discussions, even questioning whether NEC deserved to continue to exist as a company. In 2013, we committed ourselves to a fresh start as a "Social Value Innovator." We reduced our workforce by 10,000 employees and narrowed our business focus. By fiscal 2016, revenue had fallen sharply to ¥2.8 trillion, but operating profit had recovered to ¥100 billion and the operating profit ratio to 3.8%. We had finally reached a point where we could generate profits consistently, and confidence began to grow among management.

That confidence, however, turned out to be an illusion. In the first year of the following mid-term management plan, profit came in at only half of the ¥140 billion target. We lacked execution capability, and employees had little trust in management. In reality, it was only the management team that believed we had changed. We withdrew the plan after the first year and carried out structural reform while remaining profitable. Under the reformulated Mid-term Management Plan 2020, we invited external talent into executive positions and introduced values-based elements into personnel evaluations, bringing transformation to our corporate culture as well. I became CFO despite having no direct experience in the day-to-day operations of NEC's finance function, and we rebuilt the Company around the principle of maximizing long-term corporate value. Only after these efforts did employees begin to recognize that management was truly serious about change.

## Looking Back on Mid-term Management Plan 2025

In 2021, the same year we achieved the goals set out in a mid-term management plan for the first time in our history, I assumed the role of President and announced Mid-term Management Plan 2025. The following day our share price fell sharply. The market simply did not believe we could achieve our target of doubling profits. After repeatedly failing to deliver on commitments in the past, the level of trust placed in us was still limited.

Under Mid-term Management Plan 2025, we pursued transformation through two pillars: strategy and culture, in pursuit of our Purpose. On the strategy side, we reorganized our operations around the IT Services and Social Infrastructure businesses, established NEC BluStellar as a value creation model, flattened the organization, advanced data-driven management, shifted assets toward growth areas, and evolved Group management. On the culture side, we promoted a mindset of continuous change, emphasized profitability, embedded the concept of "Client Zero," under which we provide customers with insights gained from applying technology to our own work, advanced diversity initiatives, introduced a job-based human resource management system, and reinforced our principle of integrity.

As transformation progressed, I could feel our performance gaining momentum. We addressed underperforming businesses one by one and thoroughly strengthened our management infrastructure to realize management based on data and facts. Through a management approach that consistently delivered on its commitments, trust between management and employees deepened and execution capabilities improved. As a result, we not only achieved the ambitious targets that the market had once dismissed as unattainable but were also able to raise those targets and still deliver on them.

At a CEO town hall meeting following the achievement of the plan's targets, I thanked employees for their efforts, noting that NEC had achieved a double-digit operating profit ratio for the first time in its history and that, as someone who had witnessed the Company's difficult past firsthand, I wanted everyone to take pride in what we had accomplished together. But the moment we become satisfied with where we are, we begin to fall behind. What matters most is the message I have repeated throughout our journey of transformation: The one thing that will never change is our commitment to change.

## The Vision Behind Mid-term Management Plan 2030

Under Mid-term Management Plan 2030, NEC aims to be recognized globally as a company that can be trusted to implement AI throughout society. In Japan, we will continue to operate across a broad range of business domains, while in other regions we will further strengthen our competitiveness in the areas where NEC already excels. Through these efforts, we will build the profitability (a non-GAAP operating profit ratio of 15% or more), growth potential, and financial and cultural soundness required to stand alongside global top-tier companies.

There are countless challenges that must be addressed in implementing AI throughout society. AI-enabled processes must be adapted to a wide range of rules, regulations, and tacit knowledge. Data must be prepared and environments established in which AI can be used efficiently within secure cloud infrastructure. Plans must be developed with return on investment in mind. Governance frameworks must be put in place on the assumption that AI will make mistakes, encompassing guardrails, regulatory compliance, and intellectual property protection. Proprietary data and company-specific business processes must be integrated and standardized. And all of this must be kept continuously up to date.

The sheer amount of coordination required is staggering, making it easy to imagine just how challenging the implementation of AI throughout society will be. This is especially true for Japanese companies, many of which have limited in-house engineering resources and relatively low labor mobility, making it difficult for them to address these issues on their own. Can we really just hand over a cutting-edge AI model and expect all of these complexities to be dealt with, while still taking responsibility for the final outcome? I do not believe that will be the case. Rather than hyperscalers taking all the value created by the AI industrial revolution, I believe an ecosystem will emerge in which companies contribute value in their areas of expertise and deliver that value together.

Why, then, can NEC emerge as one of the winners in this environment? The answer lies in the strengths we have cultivated over many years: consulting capabilities built on a deep understanding of a wide range of industries; R&D capabilities and implementation expertise that enable both the in-house development of AI models and the effective use of the world's leading models; extensive knowledge, experience, and operational capabilities in delivering solutions; and a commitment to taking responsibility for outcomes. Backed by these strengths, our role is to serve as a true partner in implementing AI throughout society. That is why so many global partners, including Anthropic, Microsoft, Amazon Web Services, Google Cloud, SAP, and ServiceNow, have chosen to work closely with NEC.

## The Future of the IT Services Business

To fulfill this role, we must accelerate the evolution of our business structure ahead of the changes reshaping the IT services industry. Beginning in 2026, we will integrate NEC Solution Innovators, Ltd., which has served as the core of the Group's system development capabilities, into NEC. We will drive dramatic improvements in efficiency through AI, seamlessly connecting the Group's capabilities from consulting to development, implementation, and operations, while building a value delivery framework that incorporates security from the outset. We have already begun building our know-how through initiatives such as AI-native development teams led by our top young engineers, which are achieving remarkable levels of productivity.

To take full advantage of the technologies being advanced through the massive investments of our global partners, we will further expand our strategic alliances. Rather than relying on any single model, we will apply the right model to the right use case to optimize performance and outcomes. In some cases, this may involve customizing lightweight models that can run on modest computing resources. The ability to leverage a wide range of AI models, develop our own, and enhance them ourselves is a source of genuine competitive advantage.

We have also entered into a global alliance with Anthropic, one of only a handful of companies worldwide with which it has established such a relationship. Through this alliance, we will work closely together in areas including early access to advanced technologies, priority support, and talent development. We will also pursue the joint development of industry-specific models for customers, beginning with the financial services sector.

Within NEC, we have determined that Claude currently offers a clear advantage in coding and system development, and are standardizing its use to strengthen employee skills and expertise. We will also leverage Claude Mythos Preview, Anthropic's cybersecurity-focused AI model that is not publicly available, in NEC's own cybersecurity operations to further deepen our knowledge and experience.

The value of advanced technologies developed by NEC and our global partners is first validated through our "Client Zero" approach, under which we build practical experience and accumulate lessons from applying these technologies to our own work before delivering them to customers. The insights gained through experimentation within an organization of NEC's scale provide our partners with practical and highly specific insights as well. This, in turn, deepens collaboration and further enhances the value we deliver to customers.

One of the most notable examples of this "Client Zero" approach is the creation of the Corporate AI & Workforce Division, a department with no human employees in which 30 named AI agents perform every role, from department head to frontline employee. It represents a new approach to organizational and operational design in which AI is treated as a management asset alongside people and capital, contributing to the maximization of corporate value. Both the successes and the failures we experience through this initiative will help drive growth for NEC and for our customers.

## The Future of the Social Infrastructure Business

In June 2026, I was in attendance at 10 Downing Street in London when the prime ministers of Japan and the United Kingdom exchanged a firm handshake. On that occasion, NEC agreed to collaborate with BAE Systems plc, a leading U.K. defense company, in the field of cybersecurity. Recently, we have been receiving a growing number of requests to participate in important opportunities in the security domain. I sense an expectation at the national level that NEC can be entrusted with helping to safeguard the safety and security of society.

Advances in technology and changes in the global environment have broadened the definition of security. Submarine cables, satellites and outer space, and next-generation communications infrastructure are now part of that landscape. Cybersecurity, in particular, has become more important than ever. NEC is one of only a few companies in the world that boasts such a broad range of technologies relevant to the security domain. I have no doubt that our contributions in this area will continue to expand.

Digital infrastructure, including power, communications, and transportation systems that serve as the lifelines of modern society, has increasingly become a primary target of cyberattacks. Many of today's attacks are also powered by AI, making deep expertise in this area indispensable. Drawing on our experience in developing and using AI, as well as defending against attacks on our own systems, NEC provides CyIOC, a service that delivers highly efficient and highly accurate cyber defense. We are also expanding globally a cyber monitoring and analysis center, first launched in Japan in 2025, that is benchmarked against the rigorous standards observed by U.S. government agencies. Services such as vulnerability assessments that identify the critical 1% of threats hidden among thousands of potential security gaps, 24/7

threat monitoring, patch management, and incident response will become increasingly essential for a broad range of customers.

NEC has long supported the defense of Japan through advanced technologies such as wireless communications, sensors, and sonar. Many of these technologies cannot easily be replicated by others and represent a significant competitive advantage. With an eye on expanding defense budgets, we will continue to strengthen the development, supply, and operational capabilities required to deliver advanced technologies in a reliable and responsible manner.

Submarine cables, which carry more than 99% of international communications traffic, are critical infrastructure for economic security in the age of the AI industrial revolution. This is an area of intense interest to countries around the world and one that is highly significant to Japan's ability to contribute internationally. As one of the world's top three players in this field, NEC is now well positioned to expand profits through continued project wins and improved contract terms. Working closely with the Japanese government, we will continue to strengthen our ability to execute in this business.

## Our Role amid a Shifting Geopolitical Landscape

Today, no company can discuss its business without taking geopolitics into account. In addition to the supply chain issues we have faced in recent years, we are now confronted with a new set of issues centered on digital technologies. Digital infrastructure underpins modern society. At its core is AI, which is beginning to drive societal transformation, while security protects both that infrastructure and society at large. As these elements become increasingly essential to the future of industry and society, they are also becoming part of the broader domains of defense and economic security, making geopolitical developments ever more consequential.

The demands arising from this environment closely overlap with NEC's entire business portfolio, extending beyond Social Infrastructure to include IT Services. While these changes are the product of broader shifts in the world around us, NEC is uniquely positioned to leverage the strengths of these two business pillars. Rather than viewing geopolitical risk simply as a threat, we see it as an opportunity to deliver new value. By helping customers and society address the challenges they face, we will continue to fulfill a role that only NEC can play.

## Our Approach to Global Growth

Currently, approximately 80% of NEC's profits are generated in Japan. Yet Japan's GDP is expected to continue shrinking, while digital technologies know no borders. If we cannot compete globally, we cannot expect to remain competitive even in Japan. From that perspective, the current balance is not sustainable. For NEC to achieve sustainable growth, I believe a healthy long-term profile is one in which more than half of our profits are generated outside Japan.

To make this a reality, we will continue to strengthen business strategies aimed at building globally competitive strengths. In the United States, NetCracker Technology Corporation (Netcracker) and CSG Systems International, Inc. (CSG) provide business systems for telecommunications operators and cable and broadband providers. In Europe, Avaloq Group Ltd. (Avaloq) has established a strong position in core banking systems for the wealth management sector, while NEC Software Solutions UK Limited (SWS) and KMD A/S (KMD) have done the same in the government sector. In each case, deep domain expertise and a thorough understanding of customer needs have enabled these businesses to establish themselves as trusted and indispensable partners.

## Our Approach to Growth Investments

As a business leader, I believe in maximizing corporate value by sustaining business growth in markets with abundant opportunities while generating returns above the cost of capital. In allocating resources, I remain guided by a policy I have held since my days as CFO: maximizing long-term profit while optimizing short-term profit. We will give top priority to deepening our presence in areas where we possess distinctive strengths while expanding into adjacent domains, and will continually evaluate a wide range of options, including M&A and capital investment.

I view return on equity (ROE) and return on invested capital (ROIC) as measures of the outcome of business growth rather than the objective itself. Because both metrics can be improved by managing the denominator, there is always a risk that making them the primary target could create a temptation toward contraction rather than growth. In managing NEC, I believe our highest priority must be to actively pursue opportunities for business growth and enhance corporate value.

# Building the Foundation for Social Value Creation

Finally, I would like to touch on a number of elements that are essential to the NEC Group's ability to create and deliver social value.

## R&D as a Source of Value Creation

Each year, we hold a week-long in-house event called Open House, where researchers from our three R&D hubs in Japan, the United States, and Europe showcase their latest achievements. Interacting with researchers from diverse backgrounds and fields of expertise is always stimulating. It is here that I learn about breakthroughs such as NEC's AI achieving world-leading performance that surpasses human capabilities, or research initiatives that are the first of their kind in Japan and among the most advanced in the world. These exchanges invariably spark new ideas, and I often joke that I would like to join their team myself and can contribute ideas all day long. Behind the joke, however, I am serious about giving feedback. The purpose of R&D is not simply to advance technology. Its purpose is to deliver tangible value to society, namely innovation and peace of mind. We will continue to make the investments required and pursue even the most challenging R&D initiatives with determination.

One research theme that exemplifies the strengths of NEC's portfolio is dual-use technologies. These technologies enable us to leverage common technologies across both the Social Infrastructure and IT Services businesses, while also helping to optimize development costs. If we can apply the technologies that underpin social infrastructure across a broad range of industries, we can deliver value that is unique to NEC. Cybersecurity is a prime example. Over the past decade, our approach to design and development has increasingly been shaped by a dual-use perspective.

## Pursuing the Optimal Form of Corporate Governance

In 2021, when I first began engaging with overseas investors in my capacity as CEO, I received some blunt feedback. An investor told me that they viewed NEC's corporate governance as a weak point. I myself felt that the Board of Directors was not devoting enough discussion to improving corporate value, and I decided that a fundamental review of our corporate governance system

was necessary to enhance the quality of management. Since transitioning to a Company with a Nominating Committee, etc. in 2023, the Board has focused on discussions aimed at enhancing corporate value over the medium to long term, as well as on monitoring execution. As a result, the time devoted to discussing important management issues has increased significantly. At the same time, greater delegation of authority has enabled the execution side to make decisions and act more quickly.

That said, I believe the substance of a company's corporate governance is 100 times more important than the organizational structure itself. The real question is who we ask to serve as outside directors, and how we ensure that they are genuinely committed and develop a deep understanding of NEC. When I identify candidates I believe are right for the role, I meet with them personally to explain what kind of company I want NEC to become, how I view the separation of oversight and execution, and what I expect from a monitoring board and strategic discussions. I then ask them directly to help us drive this transformation.

In fiscal 2027, outside directors account for 70% of the Board, including three non-Japanese directors and two female directors. We are fortunate to benefit from the contributions of individuals with diverse backgrounds and a wealth of experience. In operating the Board, we strive to foster substantive discussions by helping directors deepen their understanding of NEC's past, present, and future, while also clearly communicating how we expect them to contribute to the Company's success.

## The Importance of Profit and Integrity

There was once a belief within NEC that it was undesirable to earn substantial profits from customers. I take a different view. I believe profit is a measure of the value society places on what we do, and that being highly profitable is something to be proud of. Those profits can then be reinvested in R&D and business growth, enabling the creation of even greater social value. To instill this mindset throughout the Company, I speak about it regularly with employees whenever the opportunity arises, including in town halls and other forums for dialogue.

However, this does not mean we can do whatever we like in the name of profit. Over its 127-year history, NEC has earned the trust of customers and society, but there have also been serious incidents in our past that severely damaged that trust. Actions that betray trust can threaten the very survival of a company. Regaining that trust requires an extraordinary amount of time and effort, and even then, the scars never fully disappear. To ensure that we never betray that trust again, I ask every employee to uphold the value of integrity. This means doing what you believe is right and questioning what you believe is wrong. I encourage employees to speak up whenever they have concerns, and I have made a firm commitment to them that I will always listen to them at such times.

## Creating Value Through the Transformation of People and Culture

When I was serving as CFO, a European investor asked me a question I had never expected to hear: whether NEC's employees were happy. The question caught me off guard, but I eventually realized that it reflected the investor's belief, shaped by many years of experience, that employee well-being ultimately translates into corporate value and business growth.

In 2016, we conducted our first employee engagement survey as a way of quantitatively measuring such factors as employee motivation and their sense of connection to the Company. The result was 19%, placing NEC among the lower tier of Japanese companies and near the bottom globally. I was shocked by how low the score was. Under Mid-term Management Plan 2025, we set a target of improving the engagement score to 50%. We worked to deepen mutual understanding between management and employees, took on the challenge of transformation together, and shared in its achievements. By the final year of the plan, the score had improved to 48%, placing NEC among the top 20% of Japanese companies and roughly the top quartile globally. While we fell short of our target, the result reflects more than a decade of sincere efforts to improve employee well-being.

Looking ahead, I want to place greater emphasis on the quality of engagement than on the numbers themselves. We want employees to approach change with an open mind, continually update their perspectives, and turn those perspectives into action. Through this process, NEC will continue to evolve and contribute to changing society. We will continue advancing the transformation of our people and culture to create value. At the same time, while maintaining engagement levels within the global top quartile, we will continue to identify and close the gap between where NEC is today and where we aspire to be.

Honestly, I do not know the answer to the investor's question about whether NEC's employees are happy. However, if happiness at work comes from believing that one's work creates value for society, then I believe the answer lies in the fact that our work is needed now more than ever. I also believe that our current performance is the result of a growing number of employees who identify with NEC, take pride in their work, and find a sense of purpose and fulfillment in what they do.

## Final Remarks

As I noted at the outset, NEC has embraced the vision of "Empower Humanity—Delivering innovation and peace of mind" as it advances its efforts to create social value. In this era of profound change, it is essential that we continue to earn society's trust and support. To that end, we are also actively engaged in thought leadership activities to communicate our beliefs and our approach as a company.

One particularly valuable opportunity each year is the World Economic Forum Annual Meeting in Davos, Switzerland. In 2026, I participated in a panel discussion under the theme of "Japan's Turn," exploring Japan's role in the age of AI and amid a changing landscape of international cooperation. During the discussion, I remarked that Japan can contribute to preserving a peaceful world by sharing the benefits of technology with people around the globe. After the session, former Australian Prime Minister Dr. Kevin Rudd, who joined me on the panel, approached me and said, "I have high expectations for Japan."

NEC is a Japanese company capable of bringing advanced technologies to society in a trustworthy manner. By advancing our business activities, we are also helping to strengthen Japan's contribution to the international community. To fulfill that role and continue delivering innovation and peace of mind to the world, we must continue to act and continue to deliver results. That is why the one thing that will never change is our commitment to change.

I sincerely hope that our stakeholders will share our confidence in the future and join us on our journey of creating social value for many years to come.

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President and CEO