

Digital Government/Digital Finance (DG/DF)

September 16, 2021

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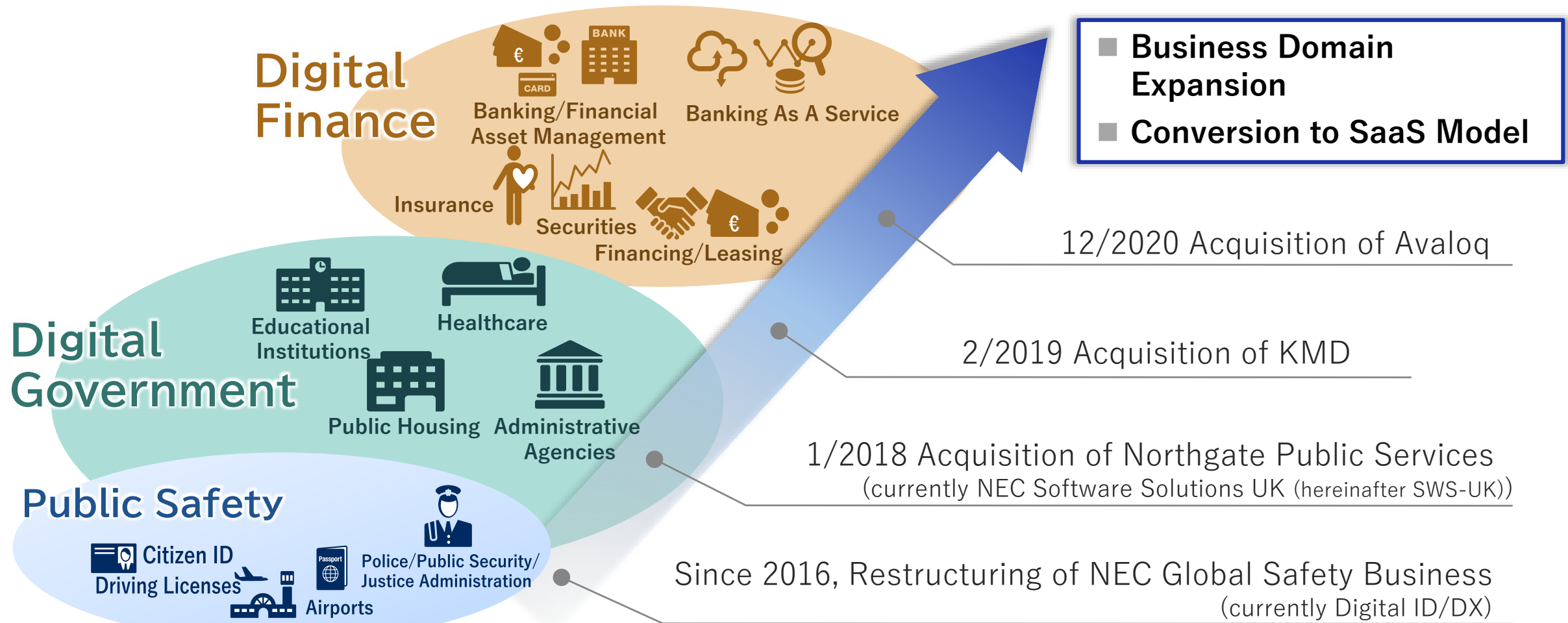
NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

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1. DG/DF Business Expansion

- Transform Public Safety business into DG/DF software business with biometrics as the entry point
- Capture the DX momentum to expand business in Japan and across the world



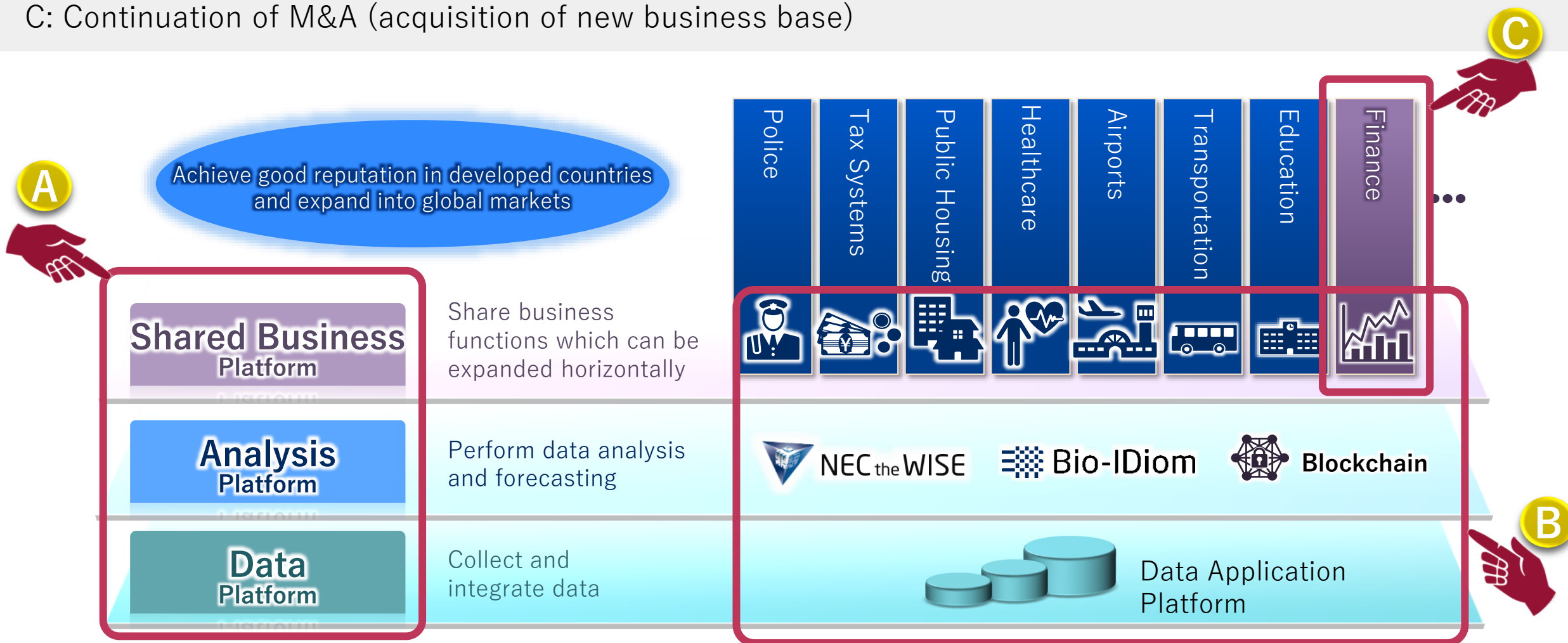
2. Looking Back on 2020 Mid-term Plan

(Business Expansion through Establishment of 3 Platforms)

A: Conversion to new business model with 3 platforms (accelerating shift to SaaS)

B: Expansion of business domain through advanced solutions (products enhancement and global expansion)

C: Continuation of M&A (acquisition of new business base)



[Recent Achievement] A : Conversion to New Business Model

SWS-UK

(formerly Northgate Public Services)

■ Expansion of SaaS Business

- Case management platform for police
- Jamaican Police



KMD

■ Continuing Enhancement of SaaS Products

- Covid-19 remote testing solution



Digital ID/DX

■ Strengthening Aviation

- Covid-19 solution in Hawaii's airports through Digital ID application
- Rome International Airport project in collaboration with SITA
 - ✓ Contact-free boarding process through face recognition technology
- More than 50 business discussions being under way



SITA

ADR **Aeroporti di Roma**

Avaloq

■ Complete Acquisition of Avaloq + Completion of PMI 100-day Plan and Steady Progress in Order Intakes

➤ Acquired first SaaS project in Asia after the acquisition

| | |
|----------------------|--|
| Company Name | Avaloq |
| Headquarters | Switzerland |
| Number of employees | Approx. 2,300 employees |
| Business Description | Core banking systems and wealth management software developer and service provider |

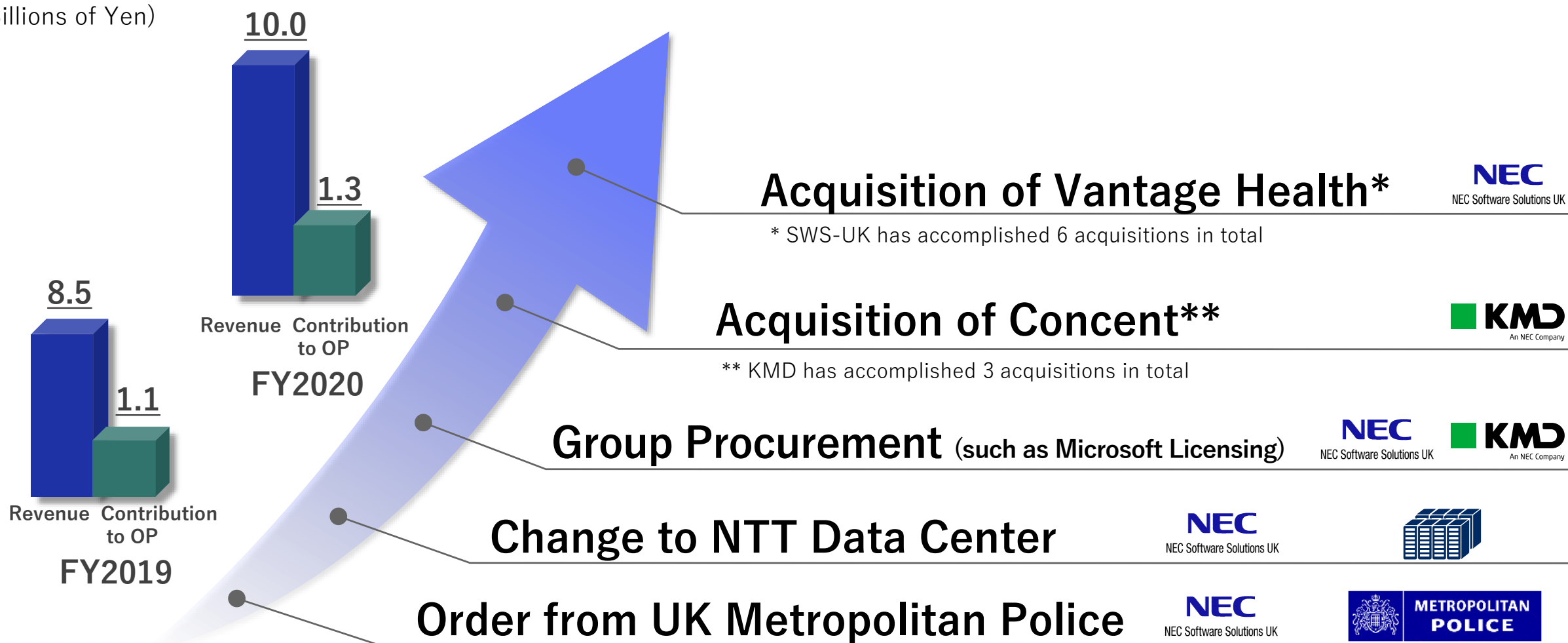


Martin Greweldinger Thomas Beck
Co-CEO

Progress of Synergies with Acquired Companies

- Accelerate synergies by adding Avaloq to SWS UK and KMD

(Billions of Yen)



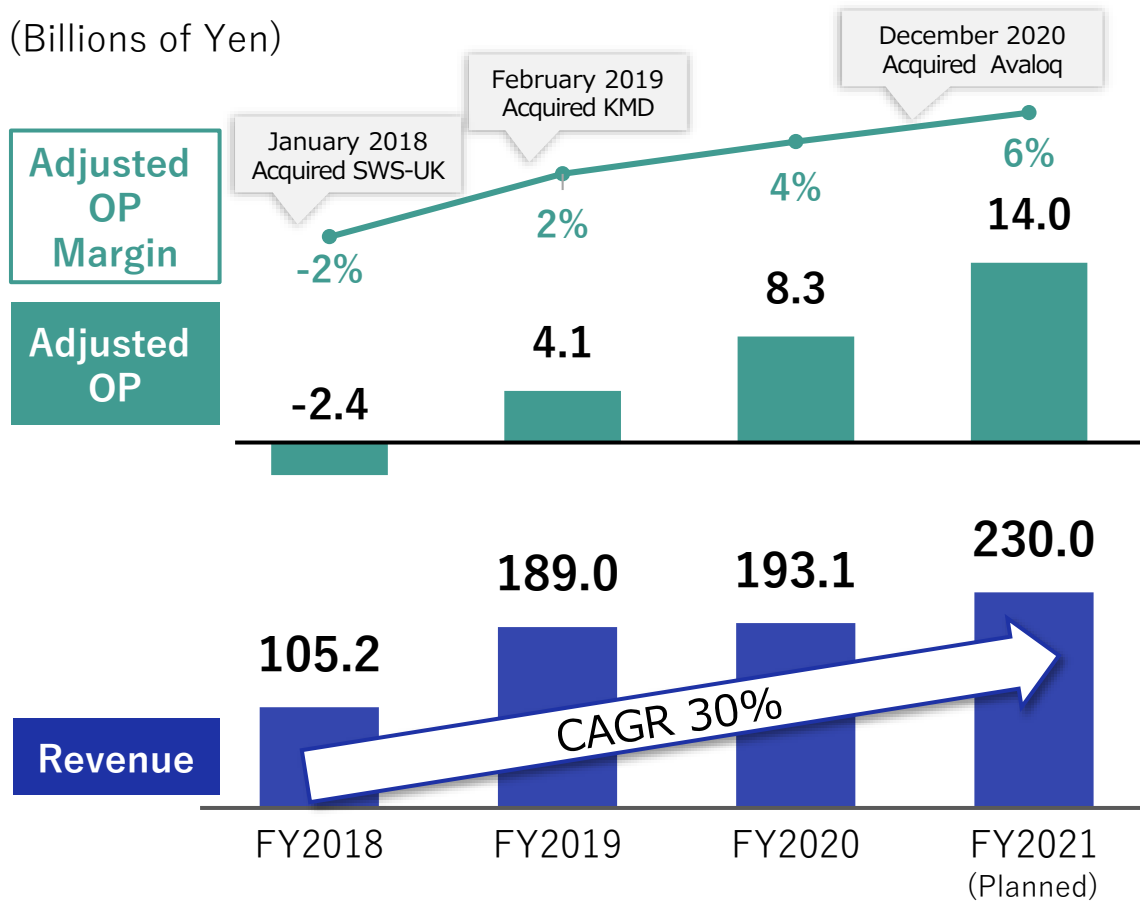
3. FY2018 - FY2021 Results

■ Accomplished significant improvement in profitability and business growth in key segments

[Overall DG/DF Business*]

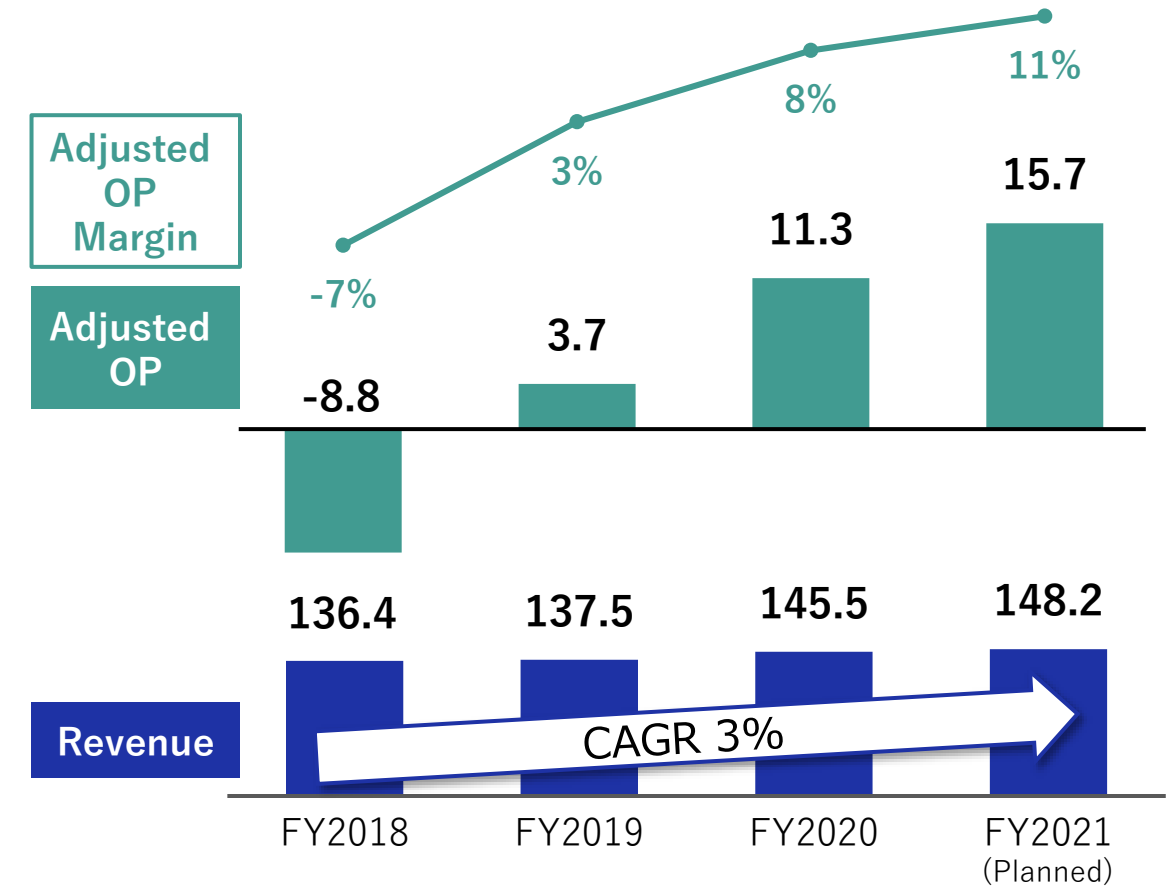
* Financial reporting basis: Total figures for three acquired companies and Digital ID/DX Business
Note: Started to consolidate KMD from March 2019, and Avaloq from January 2019

(Billions of Yen)



[Total figures for core business of three acquired companies**]

** Pro-forma basis: Total figures for the core business of the three acquired companies assuming that KMD and Avaloq were subsidiaries of NEC from the beginning of FY2018 and deducting the businesses that were to be terminated



4. To Achieve Mid-term Plan

FY2025 Numerical Targets

| | |
|------------------------|---------------------------------------|
| Revenue | ¥300.0 _{bn} |
| Revenue CAGR (FY20-25) | 4% <small>Pro-forma basis*</small> |
| Adjusted OP Margin | 12% |

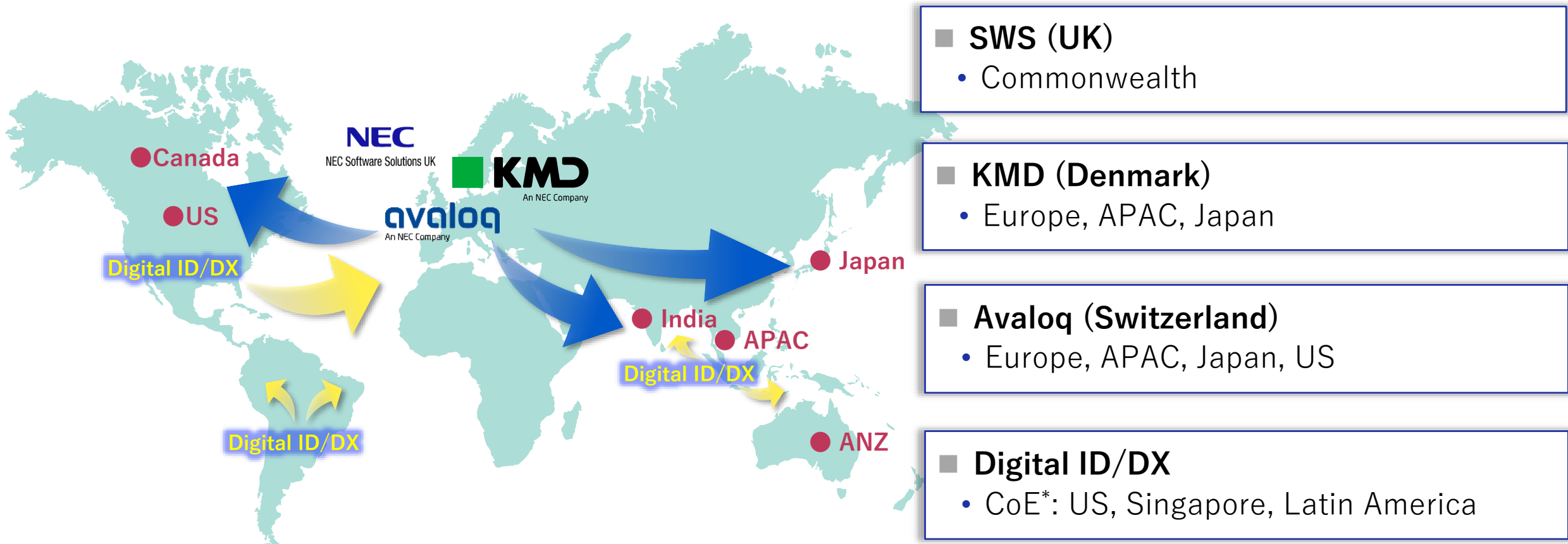
Expand Business and Profitability

1. Accelerate Global Expansion by Leveraging and Promoting Synergies
2. Continue Business Model Transformation
3. Streamline Development Activities and Operations

* Pro-forma basis: Figures which include FY2020 results for Avaloq as a whole

① Accelerate Global Expansion

- Accelerate global expansion through enhancement of collaboration among NEC Group and focused investment in target regions



② Promote Business Model Transformation

- Accomplish business growth and improved profitability through continuous investments and business model transformation with in-house IP assets

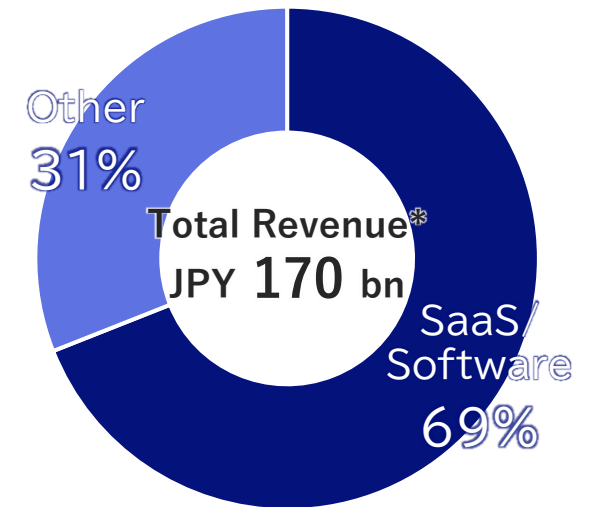
- **Continue to invest in key segments**

- Enhancement of SaaS business
- Expansion of business domains and client base through bolt-on M&A

- **Maximization of ROI**

- Exit low-profit business, implement changes to business portfolio

<SaaS and software business ratio of the three acquired companies>



* Total Revenue of the three acquired companies in FY20

③ Streamline Development Efforts and Operations

- Improve profitability by pursuing cost synergies within the NEC Group
- Strengthen capabilities of software through selection and concentration of investments and mutual usage of assets

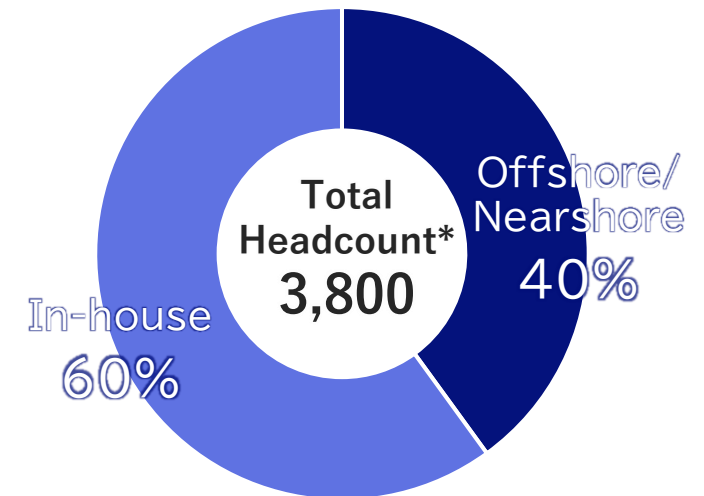
■ Cost Synergies

- Off-shoring to India for software development
- Use of NEC procurement capabilities/experiences

■ Product/technology synergies

- Application of technologies from NEC Laboratories
- Share software assets within NEC Group (shift to shared platform)

<Software development ratio of the three acquired companies>

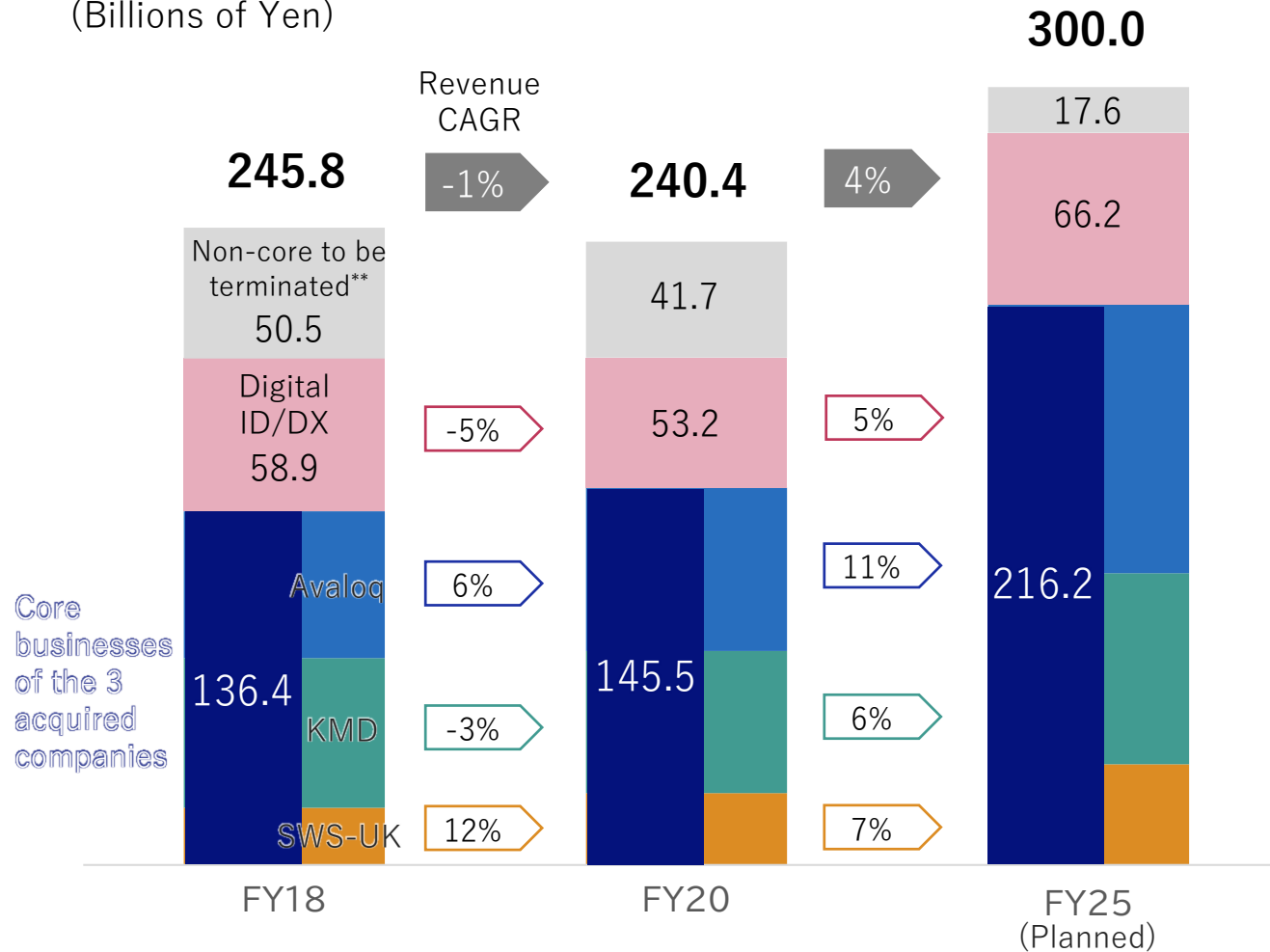


*Headcount for development as of Dec. 2020

Mid-term Plan: Overall and by Business <Revenue>

<DG/DF Business: Planned Revenue*>

(Billions of Yen)



Strategies/Initiatives towards Revenue Expansion

1) Accelerate Global Expansion by Leveraging and Promoting Synergies

2) Continue Business Model Transformation

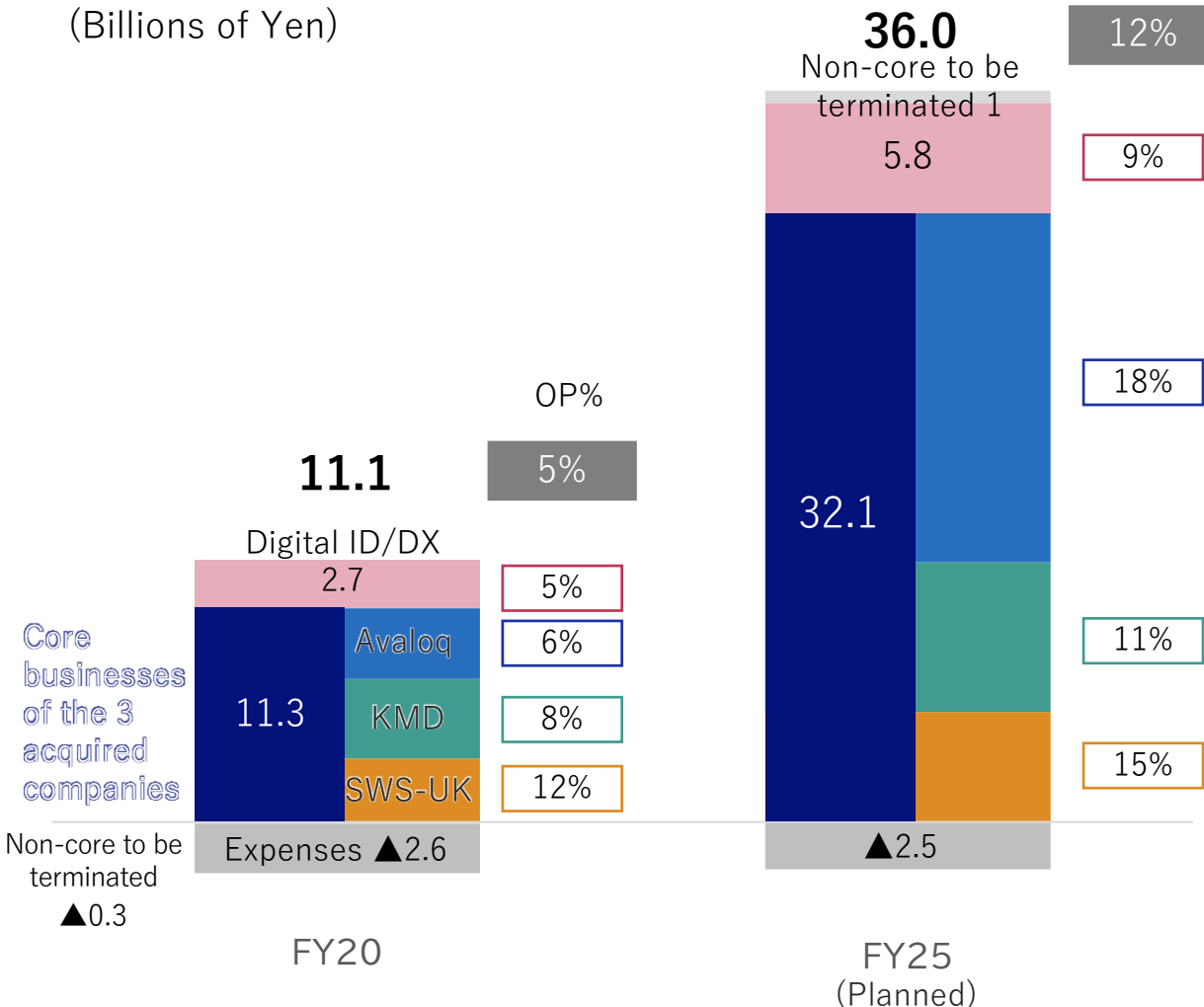
* Figures assuming that KMD and Avaloq were subsidiaries of NEC from the beginning of FY18

** Including KMD's business which are to be terminated and SI/resale business of third party products/services in Digital ID/DX

Mid-term Plan: Overall and by Business <Adjusted OP>

<DG/DF Business: Planned Adjusted OP*>

(Billions of Yen)



Strategies/Initiatives towards Profit Expansion

2) Continue Business Model Transformation

3) Streamline Development Efforts and Operations

* Figures assuming that Avaloq was a subsidiary of NEC from the beginning of FY20

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NEC