

IT Services International(DGDF)

(Digital Government / Digital Finance)

November 30, 2023

Corporate SVP (Executive Officer) and President of DGDF Business Unit

Naoki Yoshida

1. Progress on Mid-Term Management Plan 2025
2. Revenue Growth Strategy
3. Profitability Improvement Strategy (Adjusted Operating Profit)

1. Progress on Mid-Term Management Plan 2025

DGDF Domains

Develop various software and services business for international markets

3 European Companies

Digital Government

NEC Software Solutions UK Limited (SWS, UK)

- Various governmental service software (tax collection, etc.)
 - Police operations software
 - Public housing management software
 - National health service software
- Acquired in 2018**

KMD Holding A/S (Denmark)

- Various local government software
 - Central government SI services
 - Government/public agency data management software
 - Digital banking/asset finance software
- Acquired in 2019**

Avaloq (Switzerland)

- For wealth management
 - Core banking software
 - Various other software and services
- Acquired in 2020**

Digital Finance

12 Overseas Affiliates

Digital ID/DX

- Biometric software solutions
 - Police
 - National ID
 - Border control
 - Airports
- Government SI services
- Surveillance solutions
- Cyber centers

Examples of DGDF clients (Securing long-term relationship)

Digital Government



Digital Finance



Digital ID/DX



Progress on Mid-Term Management Plan 2025 (Basic Strategy Unchanged)

Basic Strategy (2020, Mid-Term Plan established)

Assets of 3 European Companies	NEC's assets
Software	Technology (Biometrics/AI)
SaaS platform	Engineering capacity

Stabilization by remodeling business foundations, including 3 acquired European companies

- Ensure organic growth in the European market
+ Cross-selling/Bolt-on M&A
- Expand footprint in APAC market
- Streamline operations by leveraging offshore development in India, etc.

Earnest pursuit of business synergy and creation of new growth areas

- Deepening the integration of administration and finance sectors through utilization of digital ID
- Acquire new business opportunities from customers in different industries

Progress to date

Remodeling of business foundations

- Bolt-on M&A (10 cases),
Acerated strategic alliance (BlackRock)
- Divestiture of non-core businesses (3 cases)

Footprint expansion

- Develop overseas markets such as APAC

Streamlining operations

- Expansion of offshore ratio
(26% in 2020 → 31% in 2022)
- Strengthen supply chains by leveraging corporate collaboration

Progress on Mid-Term Management Plan 2025

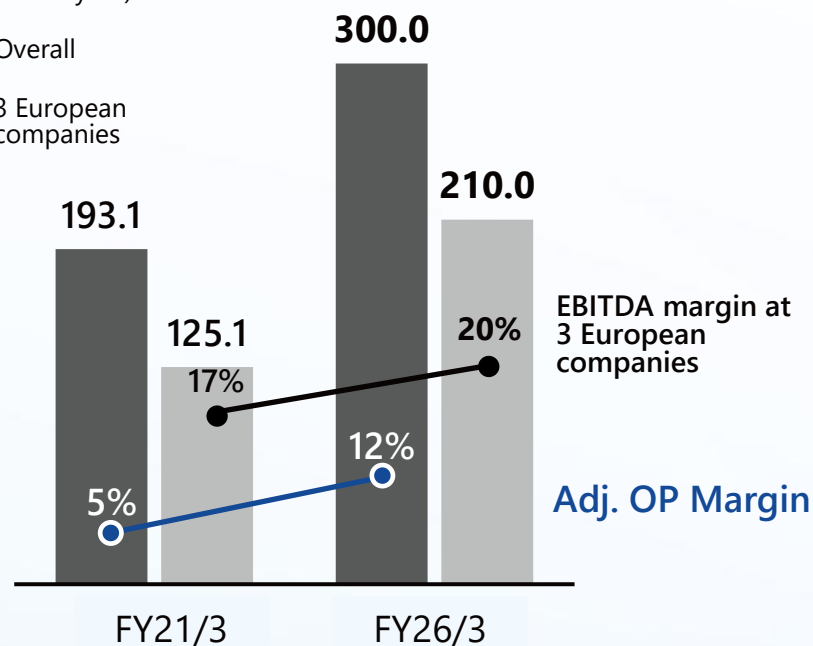
Despite some delays in improving profitability, the targets for FY2025 (Revenue of ¥310 billion, Adj. OP of ¥36 billion) are expected to be achieved

Mid-Term targets (established in 2021)

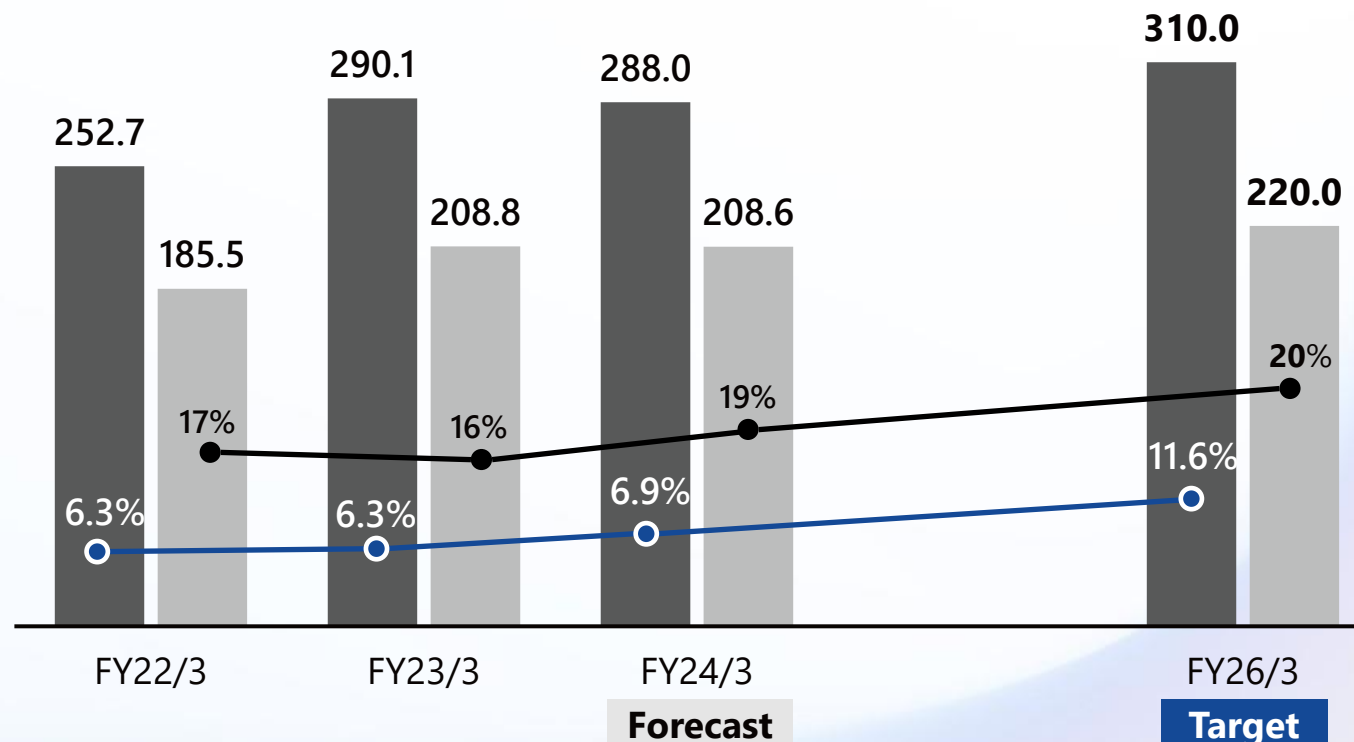
(Billions of yen)

Overall

3 European companies



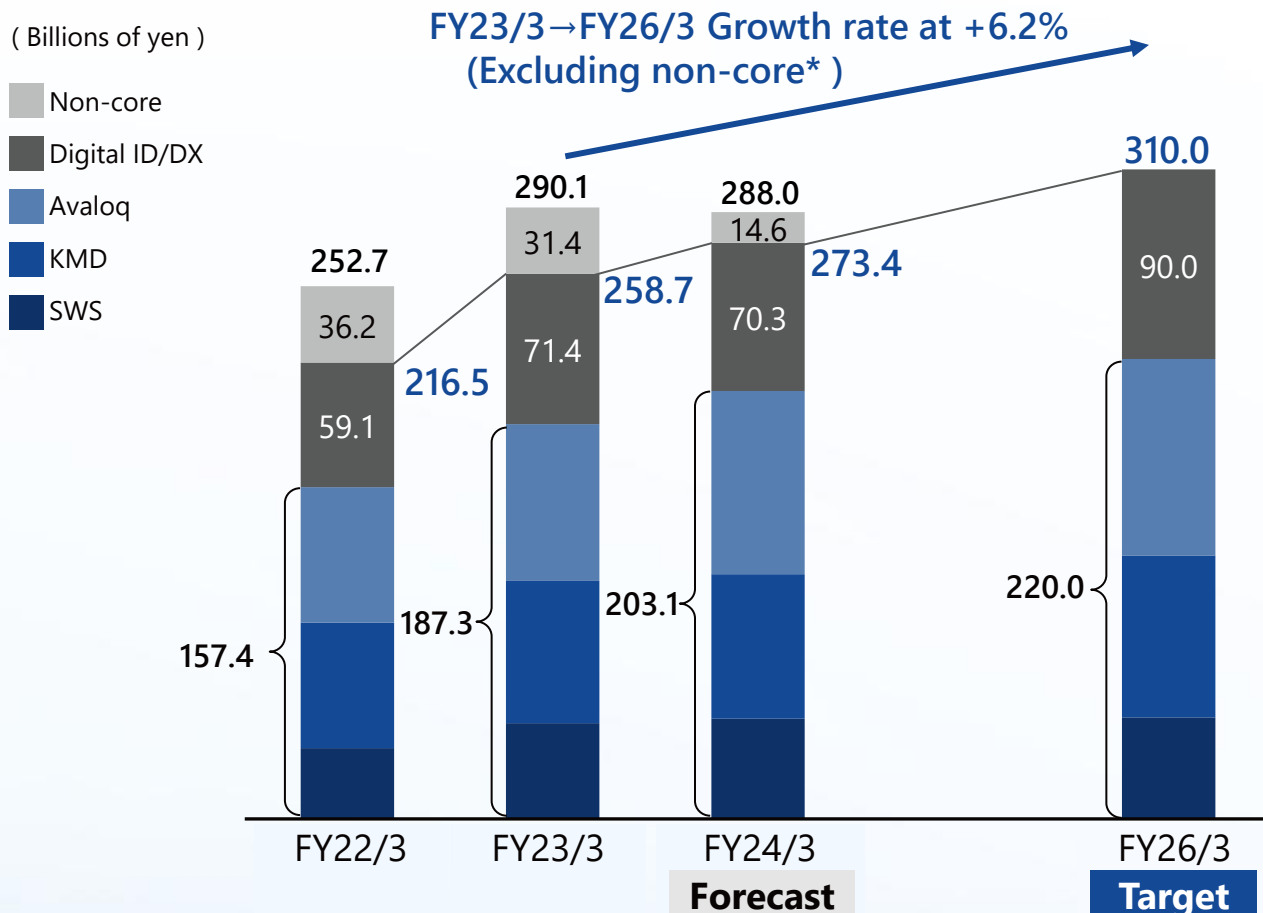
Progress Status



2. Revenue Growth Strategy

Revenue Plan

Revenue growth exceeds market growth driven by increased orders (orders received in H1 FY24/3, +34% YoY)



* KMD's resale business (sold in FY3/23) and low-margin business in Digital ID/DX

Revenue Expansion Strategy

SWS

- Expand cross-selling by leveraging acquired businesses
- Sales expansion to the Commonwealth region

KMD

- Strengthen the Nordic market with partnership strategies
- Expand financial leasing software business

Avaloq

- Further expansion of SaaS business
- Reinforce global sales infrastructure
- Realize the fruits of the partnership with BlackRock

Common to 3 European companies

- Develop new markets by continuing M&A strategy

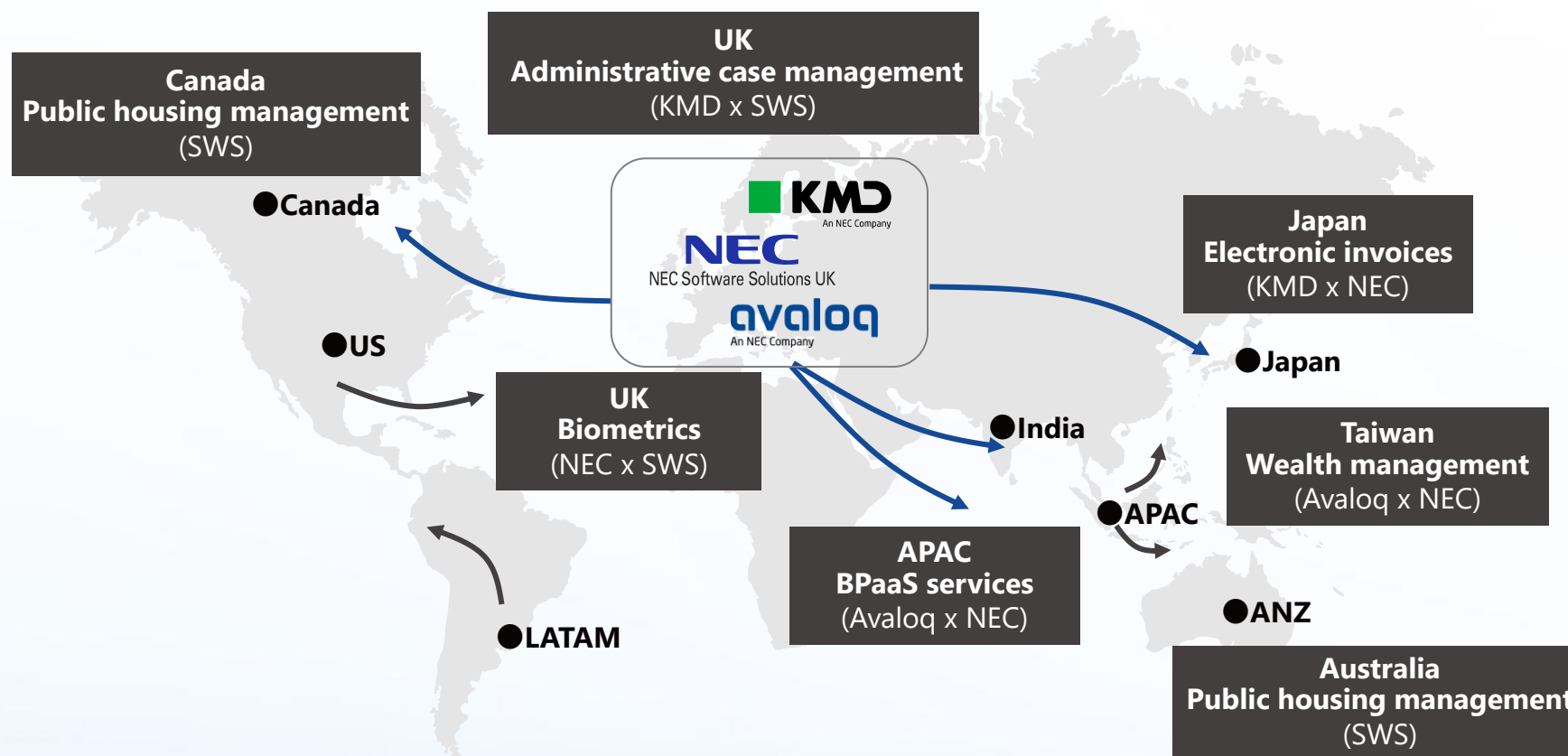
DID/DX

- Develop global sales infrastructure by domain
- Expand business through biometric software solutions

International Market Development

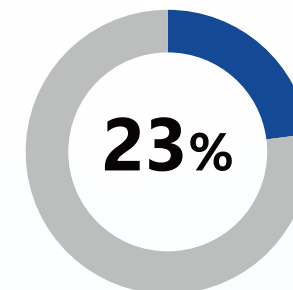
Develop international markets such as APAC by utilizing NEC Group's collaboration

Main achievements in international expansion

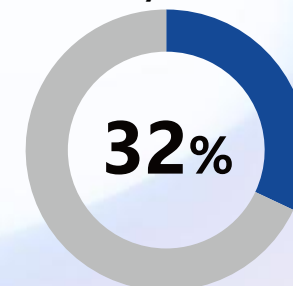


Revenue ratio from international markets

FY23/3 Result



FY26/3 Plan

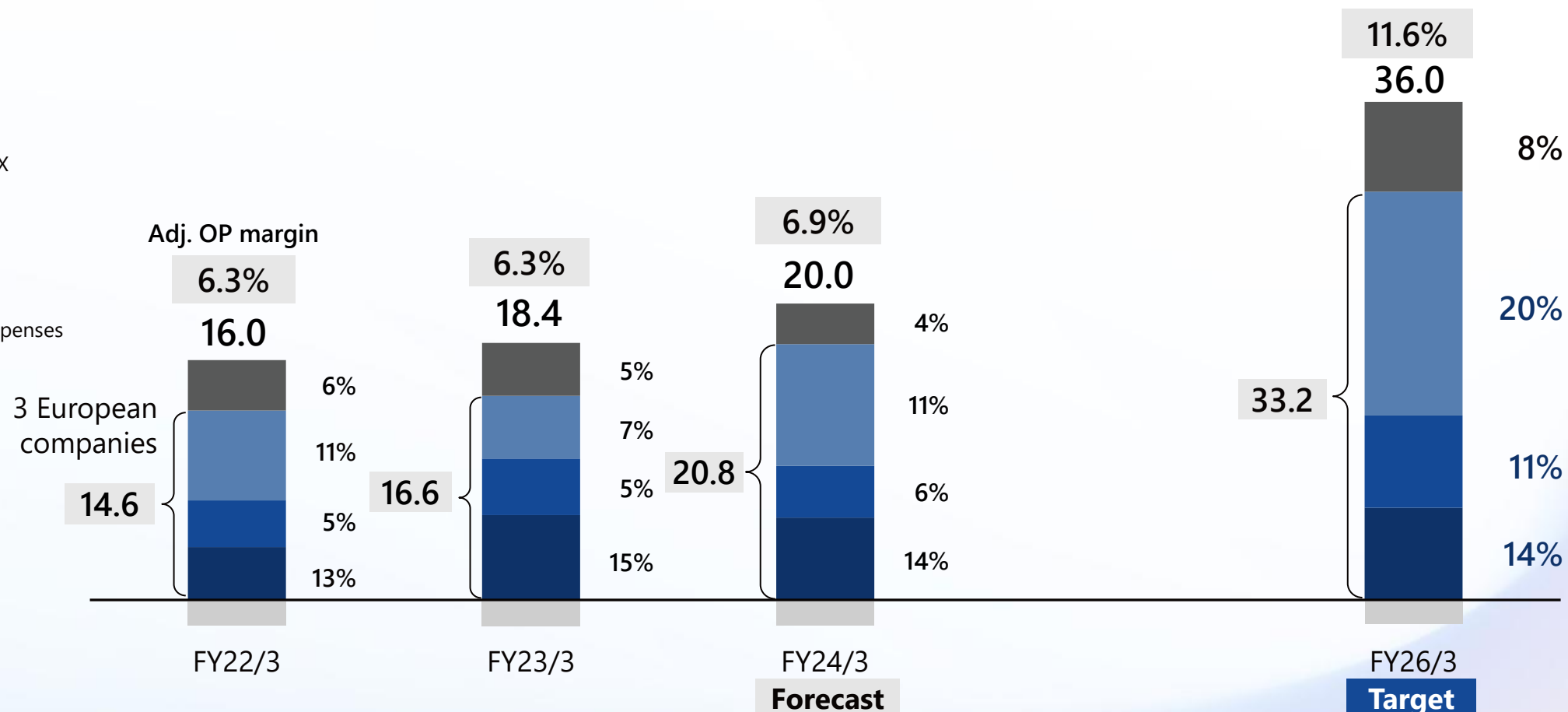
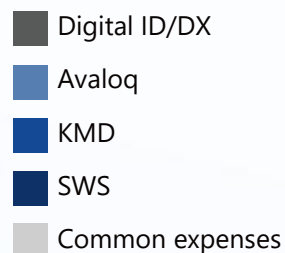


3. Profitability Improvement Plan (Adjusted Operating Profit)

Adjusted OP Plan

Implement profitability improvement measures centered on 3 European companies
Planning to achieve ¥36.0 billion in FY2025

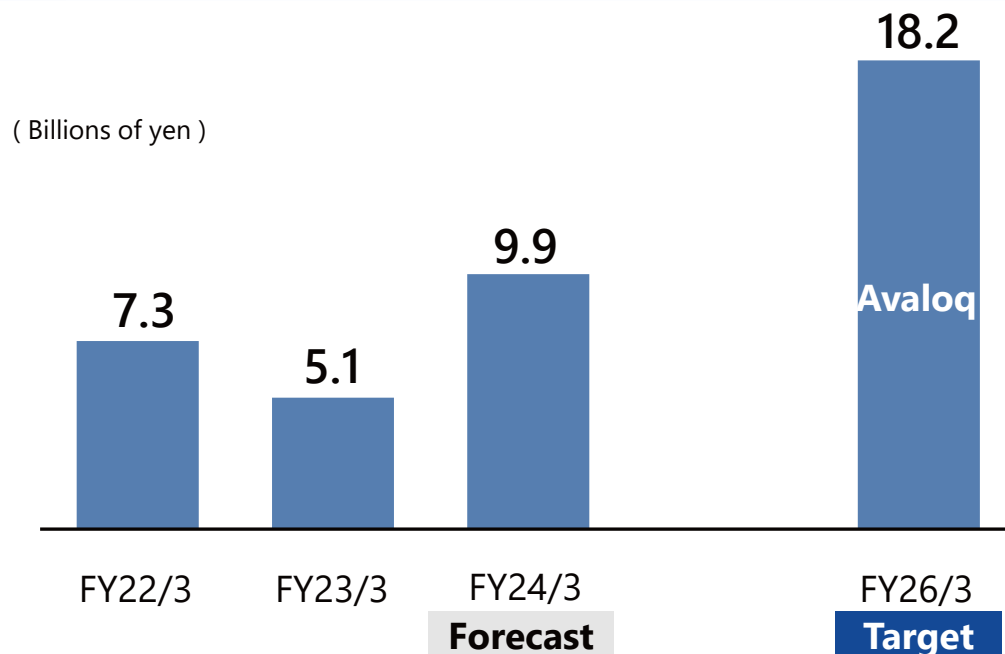
(Billions of yen)



Profitability Improvement Measures of 3 European Companies

Avaloq

- Shift to multi-cloud environment and product standardization
- Development efficiency through alliance with BlackRock accelerate growth by cross-selling
- Increase delivery cost efficiency by strengthening project execution system
- Reduce development costs through offshore expansion

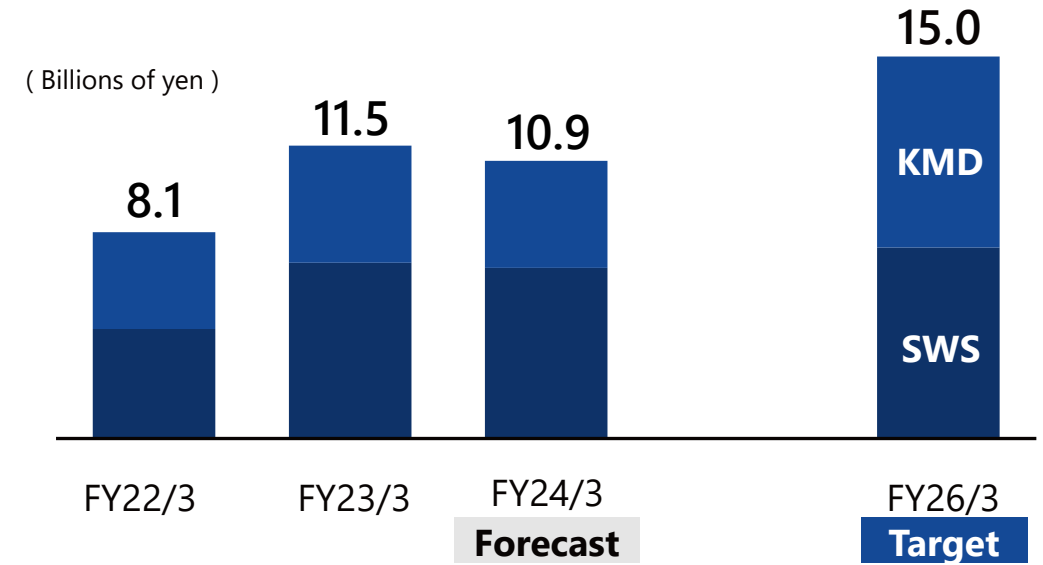


SWS

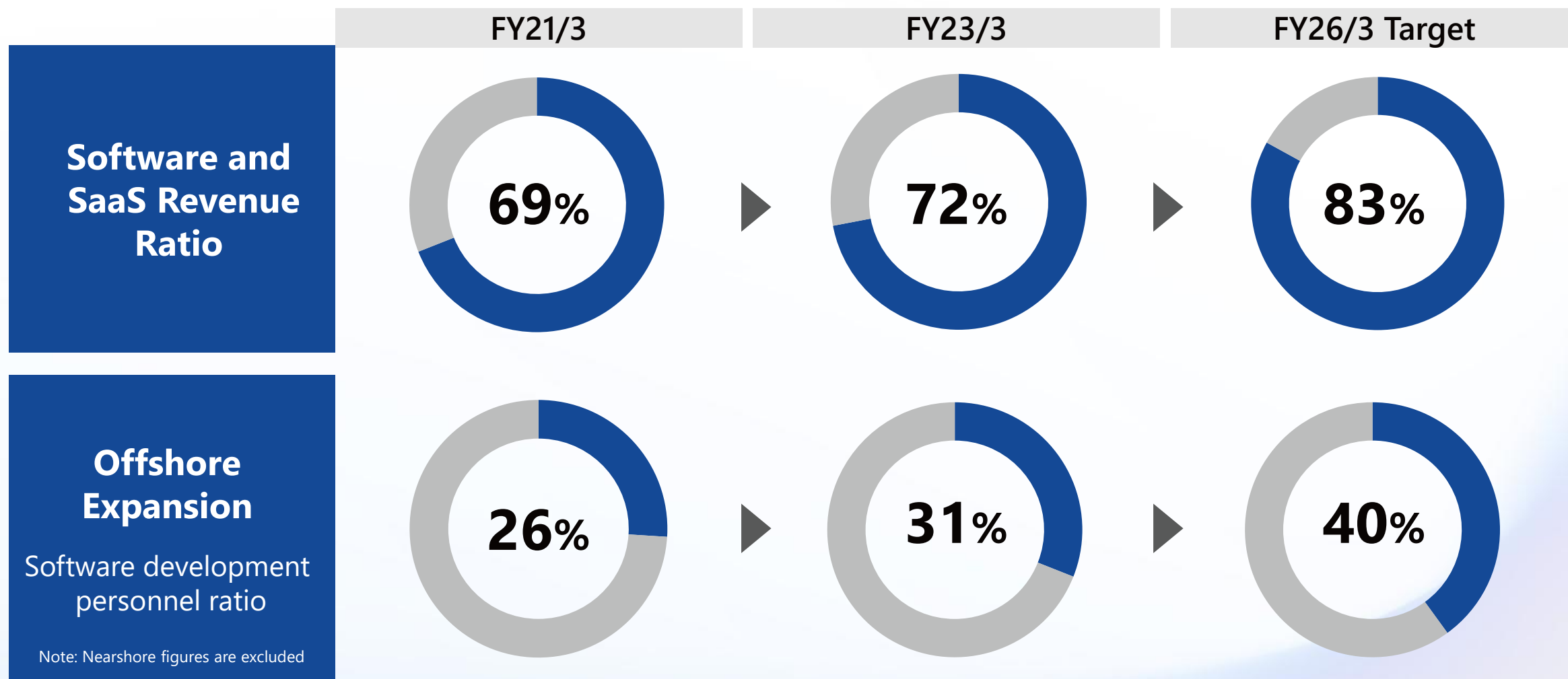
- Maximize synergies with acquired businesses (including cross-selling)
- Participation in upstream processes through subsidiaries operating consulting services
- Improve profitability through expansion of Indian base

KMD

- Focus on high-profit local government / financial businesses, etc.
- Review of low-profit businesses
- Global commercialization through joint development with SWS



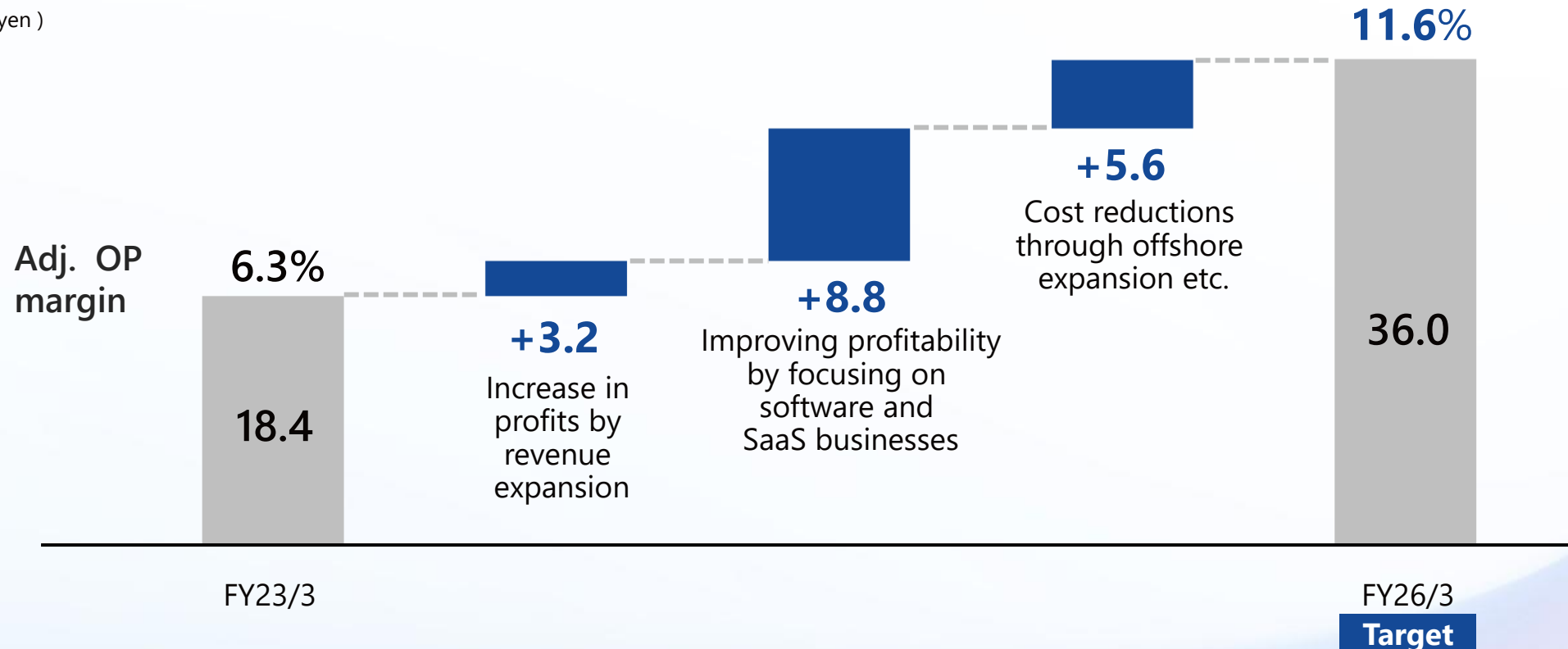
KPIs of 3 European Companies for Profitability Improvement (Current Status and Plans)



Breakdown of Profitability Improvement

Improved profitability through revenue expansion, shift to high-profit software and SaaS businesses and strengthening competitiveness by cost reduction via offshore expansion etc.

(Billions of yen)



\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.