

NEC Integrated Report 2025

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Editorial Policy

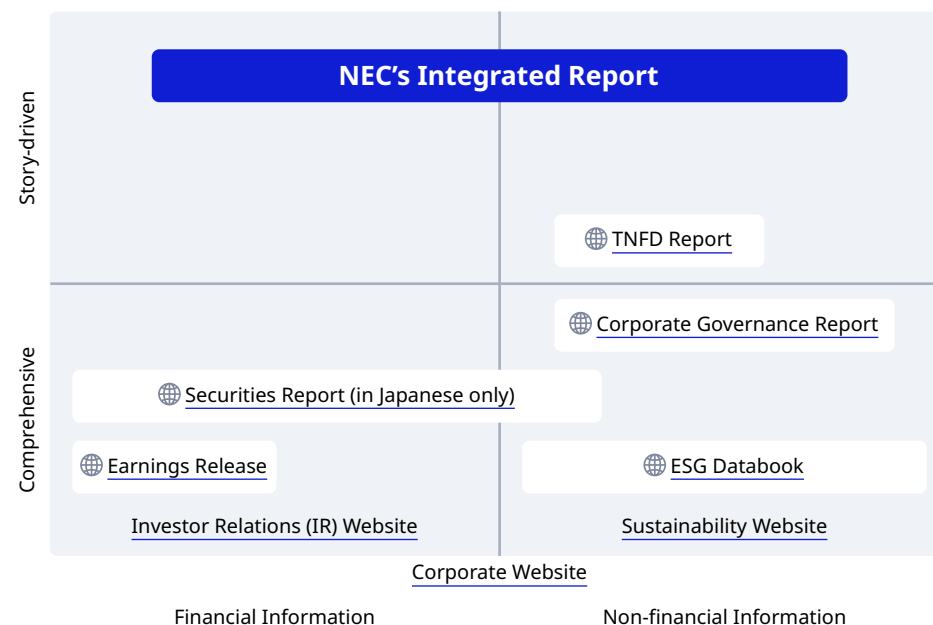
NEC's Integrated Report

NEC has published annual reports containing both financial and non-financial information since 2013. Starting in 2018, upon having defined its "materiality," NEC changed the name of its annual report to "Integrated Report." NEC positions its integrated report as a web-based publication for all stakeholders, including shareholders and investors, that outlines the Company's strategies and initiatives for the ongoing creation of social value and the maximization of corporate value. The report also serves as a gateway that directs readers to appropriate media and websites for more detailed information that corresponds with their interests and concerns. NEC will keep endeavoring to provide increasingly transparent and continuous information while incorporating feedback from its stakeholders.

Key Points of NEC Integrated Report 2025

NEC Integrated Report 2025 outlines NEC's growth strategy for the future and clarifies the path to realizing its Purpose. In fiscal 2025, the fourth year of Mid-term Management Plan 2025, NEC focused on achieving the plan and building the foundation for future growth. This report provides an overview of our 10-year transformation journey, outlining key financial initiatives such as NEC BluStellar, the driving force behind our next leap forward. It also introduces non-financial strategies essential for enhancing corporate value. Our concrete initiatives to achieve sustainable growth are conveyed through data and storytelling.

For more details on NEC's Purpose, please visit the website below or see page 12 of this report.
<https://www.nec.com/en/global/about/purpose/index.html>



Reporting Period

April 1, 2024 to March 31, 2025. This report also includes information obtained after this reporting period.

Scope of Report

NEC Corporation and its consolidated subsidiaries

Reference Guidelines

- ISO 26000
- GRI Standards
- United Nations Global Compact
- International Financial Reporting Standards (IFRS) Foundation's "International Integrated Reporting Framework"
- Japan's Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation"

Note 1: "Fiscal 2025" refers to the year ended March 31, 2025, with all other fiscal years referred to similarly.

Note 2: Due to the organizational restructuring implemented on April 1, 2025, NEC has revised the composition of its reporting segments. Prior segment results have been adjusted to reflect the new structure.



NEC is a signatory to the United Nations Global Compact.





NEC's History: Our Value Creation Journey

Since its founding in 1899, Nippon Electric Company, Ltd. (NEC) has continued to grow by contributing to the realization of a prosperous society and by supporting social infrastructure and mission-critical systems through information and communications technology (ICT). NEC will continue to rise to the challenge of creating new value as a company that brings about change in society through technology, in keeping with its founding spirit of "Better Products, Better Services."

To learn more about NEC's history, please visit the website below.
<https://www.nec.com/en/global/about/history.html>

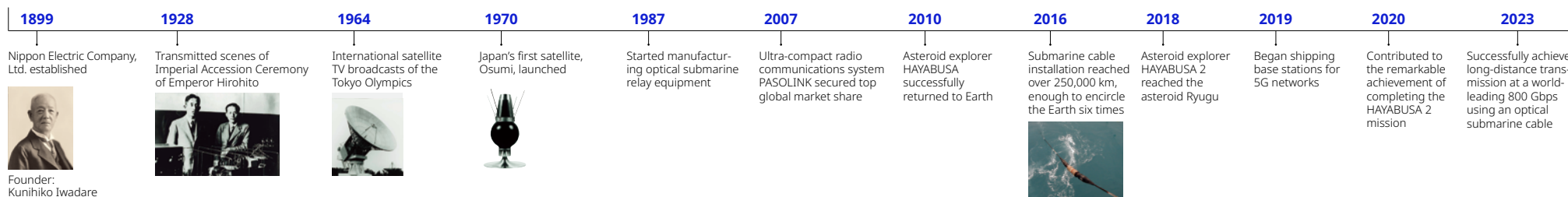
1899 Our First Establishment ▶ 1977 Our Second Establishment ▶ 2013 Our Third Establishment

"Better Products, Better Services"

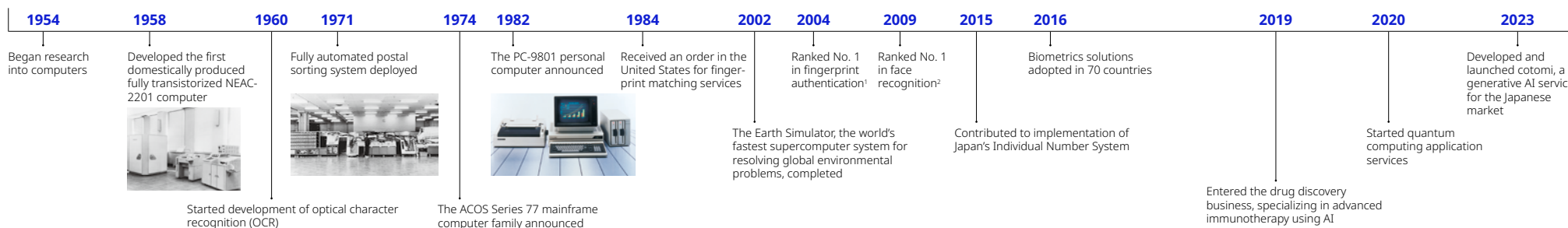
Computers and Communications Vision Announced Integration of Computers and Communications

Transformation into a Social Value Innovator

Social Infrastructure



IT Services



¹ Ranked No. 1 eight times in task assessment, sponsored by the U.S. National Institute of Standards and Technology (NIST)

² Ranked No. 1 multiple times in face recognition benchmark testing held by the U.S. NIST

Note: NIST testing results do not constitute an endorsement by the U.S. government of any particular system, product, service, or company.

<https://www.nec.com/en/global/solutions/biometrics/index.html>



NEC's History: The One Thing that Will Never Change is Our Commitment to Change

For NEC to continue to create value in the future, it must consistently transform at a speed that keeps pace with a rapidly changing society.

Since declaring our transformation into a company that creates social value, we have accelerated the review of our business portfolio and have been working on organizational and cultural reforms to enhance profitability and strengthen our ability to execute strategies. We will remain fully committed to advancing transformation.

Review of Business Portfolio

Main Business Acquisitions

Northgate Public Services Limited (now NEC Software Solutions UK Limited)	2018	Avaloq Group AG (Switzerland)	2020
KMD Holding A/S (Denmark)	2019	NEC Networks & System Integration Corporation (wholly owned subsidiary)	2025

Main Sales and Withdrawals¹

Semiconductor business	2010	Display business	2020
PC business	2011	Energy business	2021
Internet service business (Biglobe)	2014	PASOLINK business	2023
Mobile phone business	2016	Japan Aviation Electronics Industry, Ltd.	2024

¹ Main businesses that have been deconsolidated

Organizational and Cultural Change for Improving Profitability and Strengthening Business Execution

Mid-term Management Plan 2020

Reorganization of profit structure to sustainably achieve operating profit ratio of 5%

- Reform of profit structure
- Achievement of growth
- Restructuring of execution capabilities

Mid-term Management Plan 2025

Establishment of goals for both strategy and culture to achieve NEC's Purpose

- Strategy: EBITDA growth rate: 9% annual average (focus on growth businesses and review of low-profit businesses)
- Culture: Employee engagement score of 50% or higher

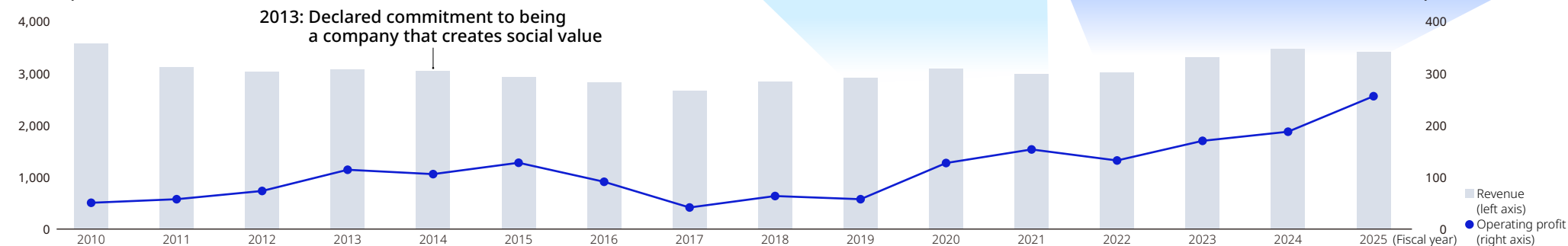
Initiatives Aimed at Organizational and Cultural Transformation

- Special career transition support measures
- Revision and promotion of the NEC Way
- Introduction of mandate contracts for executive officers
- Appointment of external human resources

- Workstyle reform
- Monthly CEO town hall meetings
- Job-based human resource management system
- Ongoing reinforcement of corporate governance

Revenue and operating profit²

(Billions of yen)

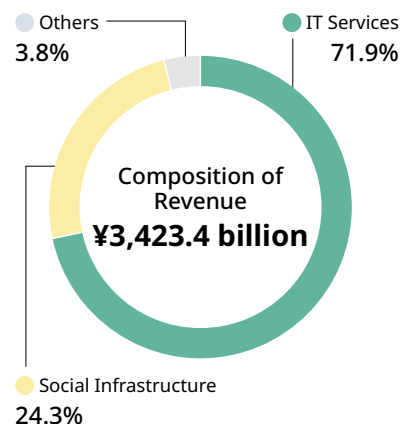


² Figures up to and including fiscal 2015 are disclosed under J-GAAP, and figures from fiscal 2016 onward are disclosed under IFRS.

At a Glance

To realize its Purpose, NEC promotes its businesses in the two areas of IT services and social infrastructure.

Scale of Businesses



Revenue

¥3,423.4 billion

Non-GAAP operating profit

¥311.3 billion

Non-GAAP net profit

¥225.7 billion

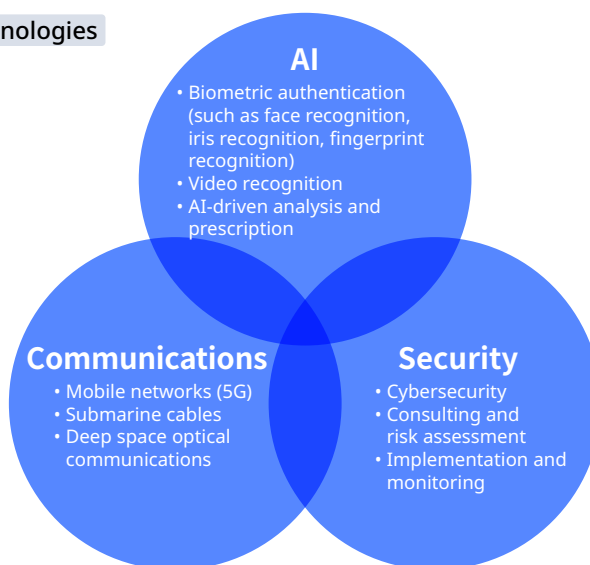
Free cash flows

¥213.2 billion

Note: Due to the organizational restructuring implemented on April 1, 2025, NEC has revised the composition of its reporting segments. Prior segment results have been adjusted to reflect the new structure.

Strengths

Technologies



Human resources

AI specialists

Number of employees in specialized AI organization

More than 500 specialized team members

Consulting specialists

ABeam Consulting Ltd. consultants

Approx. 8,300
(March 31, 2025)

DX talent

11,935 in total
(Fiscal 2025)

Machine learning

Number of papers accepted by leading international academic conferences²

Ranked 10th in the world

Biometric authentication

No. 1 in the world
(in benchmark testing held by the NIST¹)

Enough to encircle the Earth 10 times

Top market share

Biometric authentication, video analytics, and analysis/prescription AI

Number of international patent applications

No. 1 in the world

¹ NIST testing results do not constitute an endorsement by the U.S. government of any particular system, product, service, or company.

² Aggregate data from the following major international conferences: The Conference on Neural Information Processing Systems (NeurIPS), the International Conference on Machine Learning, the European Conference on Machine Learning and Principles and Practice of Knowledge Discovery in Databases, and the International Conference on Data Mining

Global specialists³

Percentage of employees that are overseas 27.7%

Collaboration with locations and other research laboratories around the world

³ For data on the diversity and attributes of NEC's human resources, please refer to "Inclusion and Diversity" on pages 42–45 of NEC ESG Databook 2025.

https://www.nec.com/en/global/sustainability/pdf/esg_data2025_EN.pdf#page=43



Message from the President

NEC will continue to change so that it can harness the power of technology to bring peace of mind and innovation to the world.

Preface

"NEC has truly transformed." I received this comment from a fellow businessperson, who felt this way based on their ongoing relationship with us.

It has been more than 10 years since the NEC Group established its Purpose—to create social value. During that time, we have transformed our corporate culture, organizational structure, and business portfolio, among other areas. As a result of management and employees working together to firmly execute strategies, we have steadily built a corporate structure capable of consistently delivering historically high levels of profit. But we must aim even higher. In a world that is constantly changing, our path of transformation has no end. I have long told our employees that the one thing that will never change is our commitment to change.

Such change must also be substantive, rather than a mere end in itself. There is no point in making only structural or cosmetic changes. The purpose of change should permeate throughout the Company, self-driven efforts should become more commonplace, and the organization should continue to steadily evolve in a forward-looking manner.

We hope our stakeholders feel that the NEC Group is truly changing for the better, and that they will continue to join us on our journey to create social value. With this in mind, I invite our stakeholders to read on as I present a full picture of NEC.



Takayuki Morita

President and CEO



Message from the President

Progress of Mid-term Management Plan 2025 and Looking Ahead to the Next Plan

It was a morning in late April, and an enthusiastic applause filled the boardroom, where the Board of Directors had gathered to discuss NEC's fiscal 2025 financial results. At the end of the briefing, an outside director suggested we applaud, a gesture often seen in boardrooms overseas. I was caught off guard a little by the impromptu gesture, but pleased nonetheless.

In the not-so-distant past, we were losing the trust of the markets. Perhaps because of that reputation, our stock price plummeted the day after we announced Mid-term Management Plan 2025, the final year of which is fiscal 2026. I clearly remember the disappointment I felt being rejected by the markets in such a way. Now, not only have we achieved key performance indicators (KPIs) ahead of schedule but we are also making great strides in our final year with upwardly revised targets. With the level of progress varying across individual initiatives, my honest assessment is that we have just about managed a passing grade, and we are undoubtedly moving in the right direction.

In the IT services business, there is strong demand in Japan for digital transformation (DX) and modernization of core systems. NEC BluStellar, which resolves management issues for customers through DX, is performing favorably and improving profits. As for the social infrastructure business, the profitability of the aerospace and national security (ANS) domain is increasing due to the expansion of the Japanese government's defense budget and the revision of profit caps. We will steadily increase resources through job rotation and other means, and work to translate the strong market environment into business growth.

One example of substantive change is our data-driven management of sales negotiations. This was such a challenging undertaking that employees would ask me if I was serious about making the change. As a result of adopting a

data-driven system, however, we were able to grasp individual situations in real time through numerical data and draw up measures for improvement based on the data. This has helped boost profits.

In areas where we have faced challenges, we have made timely decisions and taken action to correct our course. In the telecommunications domain, where investment in global 5G and other infrastructure remains sluggish, we are continuing our efforts to optimize costs through the shifting of resources and other measures. Although there have been some unprofitable submarine cable projects, we have reviewed all processes, from structural organization and quality management to overall business viability. We have also made investments to capture strong demand.

In fiscal 2026, we will lay the groundwork for the next 5–10 years of growth while seeing Mid-term Management Plan 2025 through to completion. In the digital government / digital finance (DGDF) domain, we have relocated our global headquarters' functions to Switzerland to enable agile expansion of business opportunities for global DX, bringing us closer to key markets. Orders are already being secured through collaboration among overseas Group companies, which is highly encouraging.

To maximize the capabilities of NESIC Holdings, Ltd., which was formed through the reorganization of NEC Networks & System Integration Corporation and NEC Nexsolutions, Ltd., we are advancing functional integration and enhancement. Leveraging the strength of the NEC Group, we are driving DX in Japan. We will carefully evaluate opportunities that contribute to enhancing corporate value, such as M&A, and execute them boldly.

Under our next mid-term management plan, we aim to establish our position among the world's leading companies in fields in which we excel. With that in mind, targets such as a corporate value of ¥10 trillion and a non-GAAP operating profit margin of 15% are beginning to come into view. We will share a robust plan that stakeholders can have confidence in when we are ready to present the details.

Our Purpose: At the Heart of the NEC Group

"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."

The NEC Group carries out all its activities with the aim of realizing the above Purpose. Since our founding, we have helped to realize a safer, more secure, fairer, and more efficient society for people all around the world through technological innovation. The renewed awareness of our Purpose, which emerged from a past management crisis, has unified our employees toward a common direction.

By clarifying what is needed to realize our Purpose and the changes that must be made, employees are able to carry out various elements of our transformation with conviction. This has been a key factor behind our strong growth.

Achieving our Purpose is synonymous with our pursuit of sustainable profit growth, which is fundamental to the maximization of long-term profit. This is because business is a continuous cycle of resolving social issues through value propositions, earning fair returns, and reinvesting in future value creation. In addition, our Purpose was also a declaration of our commitment to move away from simply selling goods and services. We coordinate and apply our technologies and knowledge in an optimal way with the aim of resolving issues for customers. These key points have become a matter of course in our DX business, which is expanding with NEC BluStellar at its core.

NEC's Mission in Future Society

We are now at a turning point in human history that is being referred to as the fourth industrial revolution. Innovation via AI and other technologies will spread to all fields, giving rise to immeasurable development in human intellectual pursuits.



Message from the President

It will affect not only the competitiveness of companies but also countries and will permeate every aspect of our lives. Meanwhile, circumstances around the world are changing. Relationships that have long remained in balance are now weakening, giving rise to new conflicts and intensifying existing ones. Technology continues to shape these trends.

The benefits of technology should be enjoyed equitably by all. We must not allow our society to be divided into those who are prosperous and those who are left behind.

Companies have identities. The NEC Group is an organization based in Japan that has built global trust through the key roles it has played around the world. In addition, NEC possesses a rare and diverse portfolio of technologies and businesses, including AI, cybersecurity, biometric authentication, submarine cables, satellites, and the development of mission-critical systems for both the public and private sectors. Considering this, each word in our Purpose reflects a mission entrusted to us by the times, and we are keenly aware of the significance of our position. We are conscious of the unique role we are capable of fulfilling, and commit to using advanced technologies with an unbiased approach. Through this, we aim to bring both peace of mind and innovation to the world.

Technologies at the Core of Value Creation

The other day, an analyst told me that NEC is stepping into the realm of science—which is what sets NEC apart from other companies that only focus on engineering. Everything fell into place when I heard NEC being described this way. We have maintained a high ratio of R&D expenses from a long-term perspective and have placed great importance on sowing seeds for the future through biometrics, quantum computing, cybersecurity, and AI-based drug discovery. Our distinct capabilities should be a source of competitive advantage, yet this has not been fully realized in terms of social value or profit. We must now focus on nurturing value that is unique to the NEC Group.

Cybersecurity

Cybersecurity is a prime example of the unique value we provide. Networks, systems, and data centers serve as vital infrastructure alongside electricity, gas, and water. Cyberattacks targeting such infrastructure have occurred frequently around the world, and now present a real threat in Japan, such as the suspension of transportation networks. The Japanese government is rapidly drafting laws and taking countermeasures, and efforts from both the public and private sectors are required. Trust in security has become a prerequisite for global collaboration between nations and corporations. In such an era, it is widely recognized that nations must take responsibility for securing their own systems, rather than depending on entities abroad.

We have been responsible for security in advanced areas at the national level. However, in other business areas, our security capabilities have often been undervalued and bundled as part of broader system implementation. This has contributed to the perception that our business scale is smaller than it truly is. It is now critical that we communicate the unique value of our security expertise to society.

Cybersecurity and AI are two sides of the same coin. Behind recent cyberattacks are sophisticated actions carried out by AI on a giant scale. Until now, the Japanese language has served as an effective barrier to attacks, but this is now irrelevant in the realm of AI. On the other hand, AI is also key to understanding and defending against attacks. We have extensive knowledge of both sides of the coin and should be able to go beyond what is expected of us in this area.

In May, we held a press conference that drew significant attention, where we declared our commitment to strengthening our business and protecting .jp, Japan's country code top-level domain. To fulfill this responsibility, we are advancing efforts in both cybersecurity and AI, expanding our global presence and workforce, and building a 24-hour monitoring and assessment framework.

AI

NEC has the framework necessary for in-house AI development. We have an in-house R&D division and an in-house environment that supports the use of large-scale GPUs. A strong point of this framework is that it enables us to handle all aspects of the process, from training AI models to real-world application, using proprietary technologies such as our in-house generative AI, cotomi. This gives us the advantage of being able to validate the insights gained during the research phase through internal system implementation and then extend the outcomes externally as services and solutions.

NEC's agentic AI is a next-generation approach that incorporates autonomous judgment and actions into conventional AI. It is characterized by the ability to make advanced decisions that go beyond analyzing given data to optimally combine multiple tasks and detect changes in the environment to redirect its course. For example, in areas such as environmental reporting, it has automated a great number of tasks that previously required substantial human effort. This leads to reduced operational costs and faster response times. To ensure the safe and flexible use of such agent-based AI, NEC combines proprietary security technologies and operational expertise to deliver solutions that are grounded in safety and security.

The most appealing aspect of NEC's AI efforts is the attitude of mastering the technology in-house and then returning the outcomes to customers and wider society. One of our major strengths is that we can combine AI with our long-cultivated security technologies and knowledge of social infrastructure to provide a safe and secure AI framework, rather than just a tool. Through our "Client Zero" strategy, in which we trial sophisticated automation and data analysis in our actual work and then expand the practical expertise we gain outside the Company, we have established a framework that enables us to promptly identify challenges and risks associated with introducing AI and seamlessly support our customers right through to putting AI into practice in the field.



Message from the President

Client Zero

NEC's "Client Zero" is an approach in which we identify issues at an early stage by implementing and mastering newly developed technologies and solutions in-house before expanding the acquired expertise to customers. We apply cutting-edge technologies, including generative AI, to our own operations. The insights and areas for improvement gained through real-world deployment are reflected in our services, enabling us to propose more effective implementation benefits and risk response strategies to our customers.

In fact, this "AI" section, up to this point, was written largely by a generative AI that was developed using data from speeches and presentations that I have made.* This AI, named "President Morita AI," is also used to quickly and easily provide NEC leadership with insights that are based on my real positions. Initiatives such as this are taking place throughout the organization, driven by numerous experimentation and trial-and-error efforts. As a company that works with AI, we continue to evolve ourselves and expand the possibilities of technology utilization.

By doing this, we have more things to show to our customers. The visitor facility at our headquarters welcomes a wide range of guests, including public institutions, private-sector clients, ministers and legislators from both Japan and internationally, and even heads of state. By openly sharing our setbacks and the lessons we have learned from past challenges, we have received positive feedback, with some customers noting that NEC's approach is more authentic and insightful than other companies that only share positive stories. The achievements of a company of our scale offer valuable insights to our global tech partners and contribute to building strong relationships. "Client Zero" serves as a powerful tool that delivers mutual benefit for all parties involved.

* Refers to the original Japanese text

NEC BluStellar

The other day an executive in charge of DX at their company was scheduled to visit NEC. Learning of the visit, the president of the company in question also wanted to see our DX

efforts with their own eyes and ended up spending half a day at our facilities. The number of such visits by presidents of other companies has increased dramatically, reaffirming just how critical DX is as a key management issue.

The essence of DX is corporate transformation (CX). CX cannot be realized simply by adopting digital technologies or services. Transformation starts with accurately identifying the issues, then determining how best to implement the right technologies, and finally ensuring effective operation within the customer's organization. This end-to-end process resembles a journey.

NEC BluStellar is a value creation model that guides our customers on their DX journey, accompanying them every step of the way. It draws on the insights we have gained as "Client Zero," including both successes and setbacks, as well as the extensive knowledge accumulated through years of close collaboration with customers across various industries. By combining this practical expertise, we deliver one-stop, end-to-end value, from upstream consulting and system development to talent development.

The DX scenarios of NEC BluStellar serve as the itinerary for the CX journey. They span private enterprises, government bodies, municipalities, and public institutions, and offer a rich lineup of tailored solutions by industry and function. These scenarios are continuously updated and expanded based on the latest success stories. As both NEC and its customers continue to transform, NEC BluStellar will continue to evolve.

Human Resources Who Play a Central Role in NEC's Business

On April 1, 2025, at the start of the new fiscal year, I informed the entire Company that I wanted to make the NEC Group shine. I want our employees to take pride in their work and to help make the Company shine through their own efforts. By fulfilling their responsibilities efficiently and effectively within their respective organizations, they can contribute to

NEC's growth to the fullest. This allows each individual to feel a sense of fulfillment and growth. By bringing together human resources who can increase the value of organizations and individuals, a company will naturally shine.

NEC has begun implementing job-based human resource management. This brings significant long-term benefits, which will become more pronounced as it expands horizontally throughout the Group. When the full potential of our 110,000-strong workforce is realized, each organization can draw on a rich in-house talent pool to place the right people in the right positions. For individuals, it provides strong motivation to develop their strengths and build self-driven career paths.

Alongside these efforts, NEC is reinforcing fair performance evaluations and market-competitive compensation to recognize capable and dedicated individuals, while attracting exceptional talent. To foster a sense of ownership and shared success, we are expanding our stock compensation system, beginning with senior management.

The engagement score for NEC Group employees measures their enthusiasm for their work and their affinity with the Company. The engagement score in fiscal 2025 was 42%, placing NEC at the top level among Japanese companies. Considering that the fiscal 2019 score was 14%, I am happy to see this positive change in the mindset of our employees. While we still have some way to go to reach the 50% target set forth in Mid-term Management Plan 2025, we remain committed to ensuring that we achieve this goal.

During our next mid-term management plan, we will focus on the underlying factors behind employee engagement rather than the scores themselves. We have learned that structural changes may temporarily lower scores, but recovery tends to be swift and significant. When each division shares a common understanding of strategies and directions, the organization can move forward positively as one.

For more than four years since my appointment as president and CEO, I have established many points of contact with employees to help them better understand the Company's strategic direction. I have held more than 50 town hall



Message from the President

meetings this year, and have also taken on the challenge of gaining exposure among domestic and international media, as well as appearing in television commercials. I also introduce our activities on my personal LinkedIn page. These ongoing communication efforts have brought me closer to our employees and contributed to higher engagement. At a recent town hall meeting, I half-jokingly remarked that it had been quite a challenge and that I had considered stopping at some point. Following that, we received numerous requests asking me to carry on these efforts. There is no way I can stop now.

Value Creation Underpinned by Corporate Governance and Compliance

We have been executing the business and cultural aspects of our transformation for some time. We are now moving forward with corporate governance reform, which is also a key element. For me, integrity isn't just about being honest—it's about acting in ways and upholding values that you can be proud of, regardless of whether anyone is looking. It is a mechanism for maximizing long-term benefits.

The Nominating, Compensation, and Audit committees are statutory bodies, and each holds important decision-making authority. The stronger these bodies are, the more productive the interaction between oversight and execution functions becomes, which enables both sides to fulfill their responsibilities. This is the very essence of our governance reform. It empowers the execution side to make high-quality decisions within their given responsibilities and to firmly commit to producing results. We aim to fully leverage the power of this system.

We have made efforts to improve and increase transparency and objectivity, such as by disclosing the CEO selection process. The Board of Directors has also significantly increased the ratio of outside directors, and global talent have joined the execution side. Senior management will become more diverse in line with the increasing diversity of employees.

Unfortunately, past compliance breaches have left a lasting imprint on the NEC Group. We set aside time each year to reflect on these issues as a company, yet we still occasionally receive reports that are disappointing. In fiscal 2025, an incident occurred that drew strong criticism from external stakeholders and made us acutely aware of the damage to our credibility. As members of management, we must address these issues strictly and with a firm resolve.

It goes without saying, but trust is a major premise of doing business. If you are trusted and reliable, customers will give you opportunities. Similarly, within the Company, we trust and rely on our employees, and they trust and rely on management. This is how we are able to firmly commit to realizing our Purpose. We encourage all employees to share concerns with their teams immediately whenever something feels wrong. This mindset helps prevent mistakes before they happen. To preserve the trust placed in the NEC Group, we are committed to using the lessons learned from past incidents to ensure they are not repeated.

To Our Stakeholders

Based on the mindset that the one thing that will never change is our commitment to change, the NEC Group has been evolving and accumulating accomplishments while mastering advanced technologies. Change often brings a sense of resistance, and at times, it can be emotionally challenging. Through the transformation process, I have come to realize the importance of helping people understand the desired end result. By helping employees understand why change is necessary and what our future vision is from a long-term perspective, they can accept and view transformation as a matter of personal interest, acknowledging that it is the right path to take to move forward as an organization.

The remedy for society's anxiety surrounding technology may also be the same. In past industrial revolutions, innovation often sparked fears and resistance, with concerns that it

would take away jobs. In some cases, excessive focus on these concerns led to tighter regulations, preventing innovation from realizing its full potential. However, once people began to understand the tangible benefits through trials and growing use cases, innovation spread rapidly across society.

Innovation cannot be realized by a sole inventor overnight. It gradually takes shape through the hard work and challenges faced by many people. As a trusted tech company in this age of technological transformation, we continue to learn through the efforts of our 110,000 employees. By sharing our journey of trial, error, setbacks, and success, we can show society the desired end results of our technological efforts.

In our "Client Zero" approach, each and every employee takes the lead in mastering new technologies and contributing to society. This is the right path of progress toward realizing our Purpose, and we will continue to act with conviction and decisiveness in pursuing what must be done.

We are an organization that aims to harness the power of technology to bring peace of mind and innovation to the world. Our stakeholders join us in this aim. I hope the NEC Group's vision for the future resonates with our stakeholders, and that they remain committed to us on our journey for many years to come.

September 2025

President and CEO

"NEC BluStellar"—A Value Creation Model that Leads Our Customers to Their Future

NEC will continue to transform itself by implementing advanced technologies and putting DX into practice, while leading the transformation of our customers and society. This is one of the key roles of the Company. NEC BluStellar is a value creation model that allows NEC to fulfill this role and resolve social issues and customer's business challenges. We leverage the insights gained through our own "Client Zero" initiative and our extensive experience in supporting DX across a wide range of industries to help our clients achieve transformation through cutting-edge technologies.

For details on NEC BluStellar, please visit the website below.
<https://www.nec.com/en/global/necblustellar/index.html>

NEC BluStellar's Competitive Edge

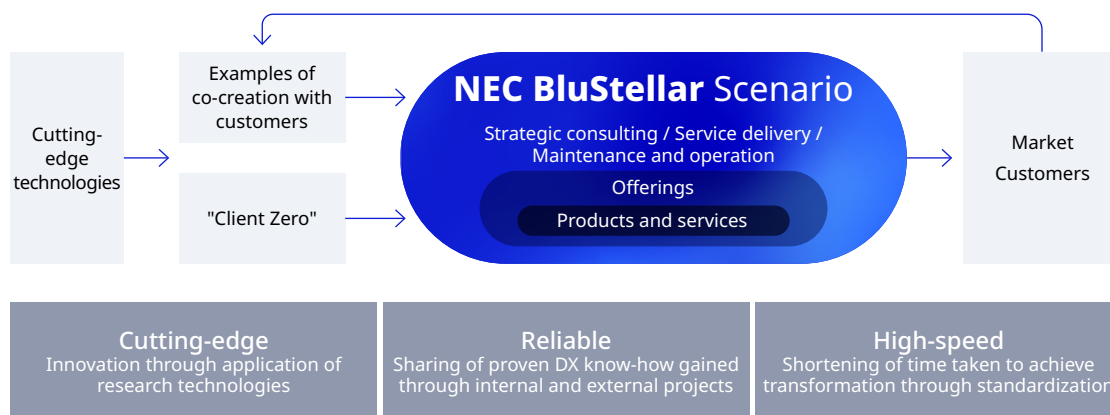
NEC BluStellar has three competitive advantages. The first is the ability to identify management issues that customers need to address through AI-based consulting and incorporate them into strategies to resolve them. Second, in the implementation phase of digital strategies, NEC's strength lies in its technological excellence and practical know-how. We apply internally developed and tested technologies, including our proprietary generative AI cotomi and security solutions that safeguard digital infrastructure, to deliver optimal solutions to client issues. Last, NEC's strength also lies in its

organizational and human resources capabilities that contribute to enhancing our customers' self-reliance. To fully realize the benefits of DX, continuous implementation at the operational level is essential. Through initiatives such as DX talent development and training programs, NEC supports clients in building the human resources and organizational structures necessary to independently leverage DX. In this way, we will steadily promote the DX of our customers by working closely with them at all stages—from consideration to adoption, to implementation, and supporting it as it takes root.

Outlook

NEC is currently developing and delivering tailored Scenarios that combine optimal offerings across strategic consulting, system development, implementation, and maintenance, based on practical insights gained through both our own and our clients' DX initiatives. This can be said to be a model that consolidates the success factors of DX, serving as the foundation for the Company to provide leading-edge DX in the fastest time possible. We will continue to evolve these Scenarios and strive to expand the value we provide to customers. NEC accelerates the DX efforts of its customers based on its own technology and know-how, and then reapplies the practical knowledge it gains through this process. In this way, NEC BluStellar allows us to constantly evolve, and is precisely what the Company needs to drive future growth.

Identifying, Analyzing, and Systemizing Success Factors from Internal and External Case Studies Rapid Deployment of Advanced DX Backed by a Proven Track Record



NEC BluStellar's Strengths in Customer's Value Creation Process

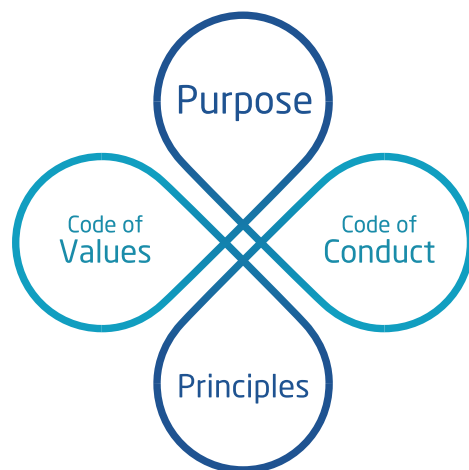
Identification of Issues Identification of management issues that need to be addressed	Resolution of Issues Provision of optimal solutions to issues	Results Continuous building of autonomous on-site capabilities to generate results
Translate management strategy into digital strategy Strategic planning capabilities	Ensuring of practical incorporation into systems Technology and know-how	Linkage of management and business divisions to achieve full DX throughout the Company Organizations and people
Japan's largest consultant resource AI-powered consulting 10,000 people (Fiscal 2026 target)	AI and security-based Offerings NEC BluStellar Scenario Around 150 sets 30 sets	In-house DX talent In-house DX talent DX training program 12,000 540 (Fiscal 2026 target) companies

NEC Way

By putting the NEC Way into practice, we will create social value.

Since its founding, NEC has worked to provide social value by putting forth its own unique approach to each era. We will pursue innovation and work to realize NEC's Purpose, with the goal of living harmoniously with the Earth and creating mutual understanding between people, no matter the era, no matter the conditions.

NEC Way



The NEC Way is a common set of values that form the basis for how the entire NEC Group conducts itself.

Our Stance as a Company

Purpose

Orchestrating a brighter world

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.

Principles

The Founding Spirit of "Better Products, Better Services," Uncompromising Integrity and Respect for Human Rights, and Relentless Pursuit of Innovation

Our Stance as Good Businesspeople

Code of Values
Code of Conduct

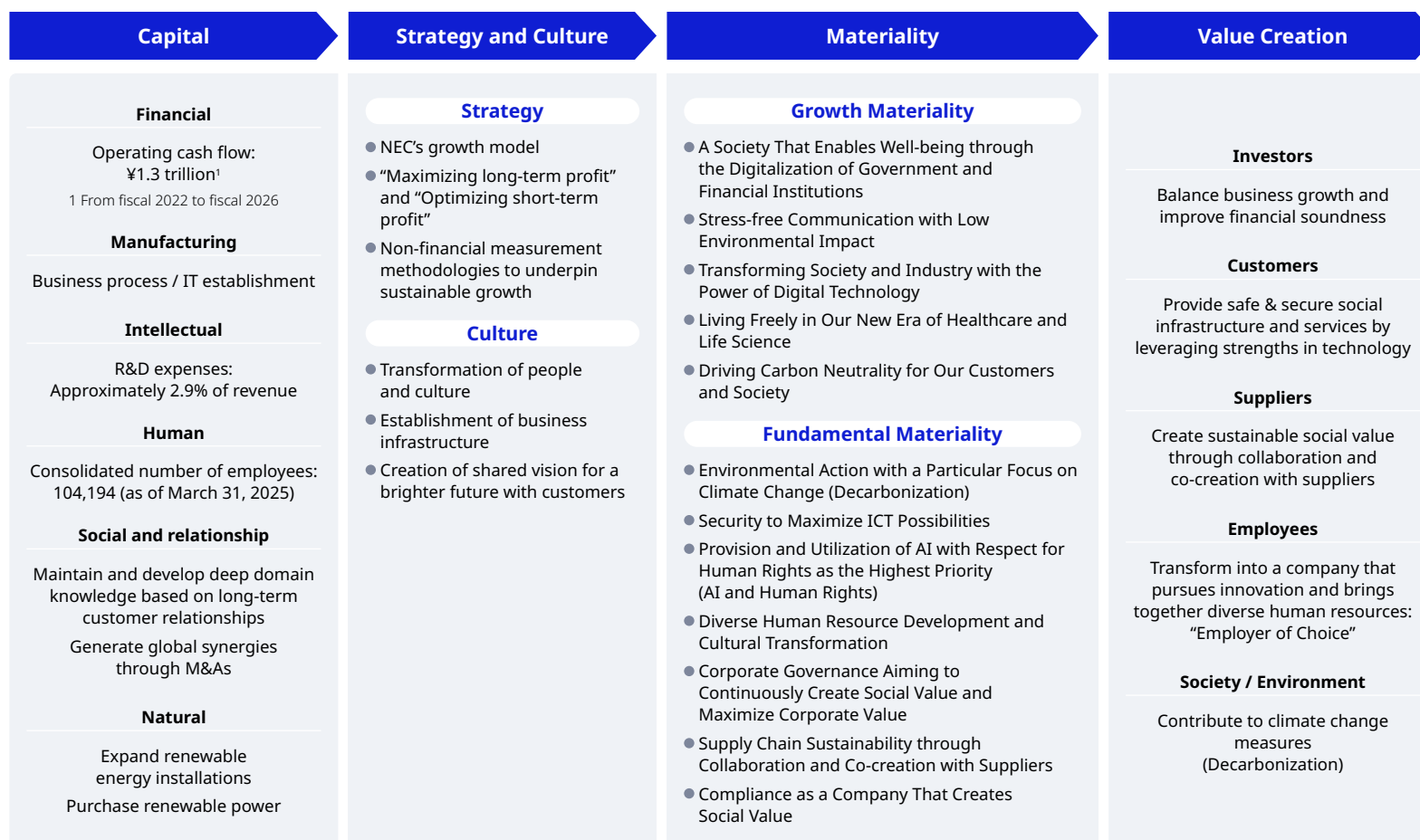
For more details on the NEC Way, please visit the website below.
<https://www.nec.com/en/global/about/the-nec-way.html>



NEC's Value Creation Process

Under Mid-term Management Plan 2025, NEC aims to connect its Purpose with strategy and culture based on the Company's unique tangible and intangible assets, and to realize value creation through corporate action by putting its materiality into practice. By prioritizing material issues that contribute to the sustainable growth of the Company and greater society, NEC will provide value to various stakeholders and realize the NEC 2030VISION while contributing to the achievement of the Sustainable Development Goals (SDGs).

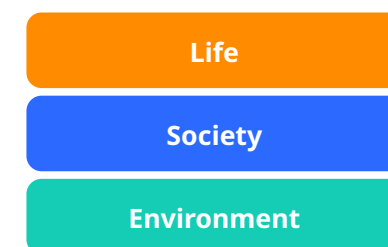
For more details on the NEC 2030VISION, please visit the website below.
<https://www.nec.com/en/global/about/vision/>



Orchestrating a brighter world

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.

NEC 2030VISION





Mid-term Management Plan 2025



Basic Policy

In fiscal 2022, the NEC Group formulated Mid-term Management Plan 2025, which ends in fiscal 2026, to realize both the Purpose set forth in the NEC Way and the NEC 2030VISION. To promote Purpose-driven management under Mid-term Management Plan 2025, we have set target indicators from the perspectives of both strategy and culture.

Strategy

We will increase sales and profit margins to achieve EBITDA growth. We have designated the digital government / digital finance (DGDF) business, 5G business, and core DX business as growth businesses, and will prioritize investment in these businesses to gain and strengthen competitiveness, aiming to drive revenue and profit growth. We are working to develop and improve our system for monitoring low-profit businesses in particular.

In addition, we aim to always ensure that our financial strategy is integrated with our business strategy, with the first priority being to maximize long-term profit, followed by optimizing short-term profit.

Culture

We believe that our cultural strength is the strength of people to implement our strategies and realize our Purpose. We aim to transform ourselves into a company that pursues innovation and brings together diverse people under the NEC Way—the NEC Group's common set of values that form the basis for how the Group conducts itself.

We have set our employee engagement score as one of our target indicators, and are working to become an employer of choice through our efforts to achieve a transformation of people and culture, establish business infrastructure, and create a shared vision for a brighter future with our customers.

¹ In a survey conducted by Mercer Japan Ltd.; a score of 50% is roughly within the global top 25 percentile and is classed as Tier 1 level.

Mid-term Management Targets

(Billions of yen)	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Targets
Revenue	2,994.0	3,014.1	3,313.0	3,477.3	3,423.4	3,360.0
Adjusted operating profit	178.2	171.0	205.5	223.6	287.2	310.0
Ratio to net sales (%)	6.0%	5.7%	6.2%	6.4%	8.4%	9.2%
Non-GAAP ² operating profit	150.9	160.3	197.0	227.6	311.3	320.0
Ratio to net sales (%)	5.0%	5.3%	5.9%	6.5%	9.1%	9.5%
Non-GAAP ² net profit	144.6	159.5	132.8	177.8	225.7	230.0
Ratio to net sales (%)	4.8%	5.3%	4.0%	5.1%	6.6%	6.8%
EBITDA ³	295.8	304.0	347.8	379.5	441.6	445.0
Ratio to net sales (%)	9.9%	10.1%	10.5%	10.9%	12.9%	13.2%
ROIC ⁴	4.7%	3.9%	4.7%	5.0%	6.6%	7.3%

[Mid-term Management Plan 2025 \(announced on May 12, 2021\)](#)

For more details on progress made against the goals of Mid-term Management Plan 2025, please refer to the [NEC IR Day](#) materials.

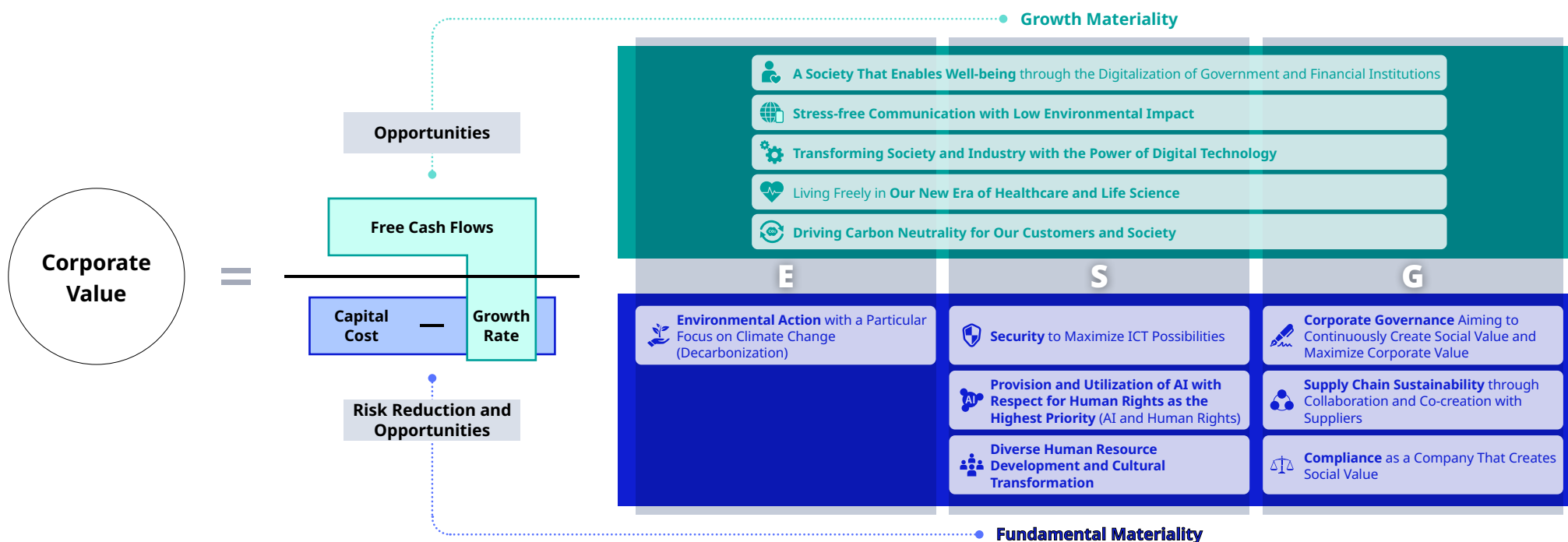
² Non-GAAP profit (loss) is an indicator for measuring underlying profitability. It is measured by deducting amortization of intangible assets recognized as a result of M&As, expenses for acquisition of companies (financial advisory fees and other fees), one-time structural reform expenses, impairment losses, stock compensation, and other one-time profits (losses) from operating profit (loss). Also, non-GAAP net profit (loss) attributable to owners of the parent is an indicator for measuring underlying profitability attributable to owners of the parent. It is measured by deducting adjustment items of profit (loss) before income taxes and corresponding amounts of tax and non-controlling interests from net profit (loss) attributable to owners of the parent.

³ EBITDA = Gross profit – SG&A expenses + Depreciation/Amortization

⁴ ROIC = (Unadjusted operating income – Deemed corporate tax [30.5%]) ÷ (Term-end interest-bearing debt + Term-end net assets [including minority interest])

NEC's Approach to Materiality for Increasing Corporate Value

A part of Mid-term Management Plan 2025, NEC has identified five “Growth Materiality” aimed at generating growth and opportunities while increasing our growth rate. We have also identified seven “Fundamental Materiality” with the objective of reducing risk and increasing our growth rate. By putting these materiality into practice, NEC aims to meet the expectations of a wide range of stakeholders—including investors, customers, partners, and employees—while promoting businesses with significant social, environmental, and economic value, aiming to maximize long-term profits while striving for continuous inclusion in major ESG indices which reflect the trust placed in the Company by society and capital markets.



The NEC Sustainability Advisory Committee—Providing an Opportunity for Dialogue with Stakeholders

NEC determined its materiality with reference to ISO 26000, the GRI Standards, the principles of the UN Global Compact, the SDGs, and the SASB Materiality Map, among others, and through dialogue with experts in various fields and with representative stakeholders.

The NEC Sustainability Advisory Committee, in which the CFO and officers engaged in sustainability promotion consult with external experts on sustainability, was established in 2022 to serve as a place for holding high-level discussions on the theme of materiality that contribute to improving both corporate and social value and identifying the Company's direction in times of high uncertainty and rapid change, leading to improvements in sustainability-related initiatives.

Starting in fiscal 2025, the committee has been holding discussions on how to not only reduce sustainability-related risks but also how to link sustainability to growth with the aim of achieving sustainability-driven management.

For more details on the NEC Sustainability Advisory Committee, please visit the website below.
https://www.nec.com/en/global/sustainability/management/advisory_committee.html



(From left to right)
Peter David Pedersen (Chair) Co-Founder, Next Leaders' Initiative for Sustainability (NELIS) **Asako Nagai** Managing Director, Business for Social Responsibility (BSR) **Hiroyuki Horii** Senior Advisor, Sumitomo Mitsui Trust Asset Management Co., Ltd. **Osamu Fujikawa** CFO, NEC



NEC's Approach to Materiality for Increasing Corporate Value

Materiality Risks and Opportunities

The risks and opportunities for each of our material issues (materiality), and the measures we are taking to respond to them, are as follows. NEC is working to appropriately manage risks and expand opportunities in order to facilitate a flexible response to unexpected changes that may occur.

	Materiality	Risks / Opportunities	Initiatives
Growth Materiality	A Society That Enables Well-being through the Digitalization of Government and Financial Institutions	<div>Risks</div> <ul style="list-style-type: none"> Widening regional differences in government services due to Japan's aging population and the so-called "digital divide," as well as increasing wealth polarization and disparity <div>Opportunities</div> <ul style="list-style-type: none"> Collaboration and integration with government, finance, and various other industries Expansion of user base for advanced asset management advice and asset transactions 	<ul style="list-style-type: none"> P.22 Digital Government / Digital Finance Digital Government Digital Finance
	Stress-free Communication with Low Environmental Impact	<div>Risks</div> <ul style="list-style-type: none"> Environmental burden due to increased energy consumption by telecommunications equipment <div>Opportunities</div> <ul style="list-style-type: none"> Increased demand for solutions that enable efficient traffic accommodation, network construction, flexible network operation, and carbon neutrality Increased emphasis on secure communications 	<ul style="list-style-type: none"> P.24 Telecom Services 5G
	Transforming Society and Industry with the Power of Digital Technology	<div>Risks</div> <ul style="list-style-type: none"> Delays in implementation in actual business due to a lack of human resources with DX expertise and difficulty in creating road maps <div>Opportunities</div> <ul style="list-style-type: none"> Continued IT demand due to digitalization of both society and enterprises Increased adoption of cloud-based services that use digital technologies 	<ul style="list-style-type: none"> P.22 IT Services in Japan NEC BluStellar
	Living Freely in Our New Era of Healthcare and Life Science	<div>Risks</div> <ul style="list-style-type: none"> Delays in collaborations and market growth <div>Opportunities</div> <ul style="list-style-type: none"> Increasing demand for healthcare that uses cutting-edge technologies such as AI 	<ul style="list-style-type: none"> Healthcare and Life Science
	Driving Carbon Neutrality for Our Customers and Society	<div>Risks</div> <ul style="list-style-type: none"> Increased costs due to the introduction of carbon pricing and CO₂ emission levels System failure from natural disasters <div>Opportunities</div> <ul style="list-style-type: none"> Increasing demand for ICT solutions to realize carbon neutrality 	<ul style="list-style-type: none"> P.32 Environmental Management Environmental Solutions (in Japanese only) Agricultural ICT Solutions Adaptation Finance (in Japanese only)
Fundamental Materiality	Environmental Action with a Particular Focus on Climate Change (Decarbonization)	<div>Opportunities</div> <ul style="list-style-type: none"> Increasing demand for ICT solutions to realize carbon neutrality 	<ul style="list-style-type: none"> Securities Report for Fiscal 2025 (in Japanese only), P.24 "(2) Climate Change" P.32 Environmental Management P.21 Climate Change Countermeasure
	Security to Maximize ICT Possibilities	<div>Risks</div> <ul style="list-style-type: none"> Information leaks, unauthorized access, system failure <div>Opportunities</div> <ul style="list-style-type: none"> Development of security professionals Provision and operation of robust information systems 	<ul style="list-style-type: none"> P.26 Innovation: R&D and Business Development P.68 Information Security and Cybersecurity
	Provision and Utilization of AI with Respect for Human Rights as the Highest Priority (AI and Human Rights)	<div>Risks</div> <ul style="list-style-type: none"> Invasion of privacy-related risks accompanying new technologies Risks of human rights violations in the value chain <div>Opportunities</div> <ul style="list-style-type: none"> Strengthening competitiveness 	<ul style="list-style-type: none"> P.26 Innovation: R&D and Business Development P.34 Respect for Human Rights P.60 AI and Human Rights P.64 Personal Information Protection and Privacy P.68 Information Security and Cybersecurity P.103 Innovation Management
	Diverse Human Resource Development and Cultural Transformation	<div>Risks</div> <ul style="list-style-type: none"> Harassment (designated as a Priority Risk in fiscal 2024 and fiscal 2025) Long working hours (designated as a Priority Risk in fiscal 2025) Difficulty in securing and developing human resources <div>Opportunities</div> <ul style="list-style-type: none"> Greater organizational strength through improved employee engagement 	<ul style="list-style-type: none"> P.30 Human Capital Management P.39 Human Capital Management P.42 Inclusion and Diversity P.46 Hiring, Retention, and Compensation P.50 Human Resource Development P.55 Occupational Health and Safety, Health and Productivity Management, Work-Life Balance
	Corporate Governance Aiming to Continuously Create Social Value and Maximize Corporate Value	<div>Risks</div> <ul style="list-style-type: none"> Inadequate accounting processes Mismanagement of confidential information <div>Opportunities</div> <ul style="list-style-type: none"> Acquisition of trust from society 	<ul style="list-style-type: none"> P.6 Message from the President P.17 CFO Message P.21 Main Business Overview P.36 Corporate Governance P.87 Corporate Governance
	Supply Chain Sustainability through Collaboration and Co-creation with Suppliers	<div>Risks</div> <ul style="list-style-type: none"> Risks of human rights violations in the value chain <div>Opportunities</div> <ul style="list-style-type: none"> Collaboration and co-creation with suppliers 	<ul style="list-style-type: none"> P.96 Supply Chain Management
	Compliance as a Company That Creates Social Value	<div>Risks</div> <ul style="list-style-type: none"> Compliance breaches (illegal acts, fraudulent acts) Compliance with quality and safety laws and regulations (designated as a Priority Risk in fiscal 2024 and fiscal 2025) Enhancing the quality of project contracts (designated as a Priority Risk in fiscal 2024 and fiscal 2025) <div>Opportunities</div> <ul style="list-style-type: none"> Acquisition of trust from society 	<ul style="list-style-type: none"> P.34 Respect for Human Rights P.60 AI and Human Rights P.64 Personal Information Protection and Privacy P.68 Information Security and Cybersecurity P.75 Quality and Safety P.87 Corporate Governance P.88 Risk Management P.92 Compliance P.96 Supply Chain Management

CFO Message



Osamu Fujikawa

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

Entering the Final Year of Mid-term Management Plan 2025

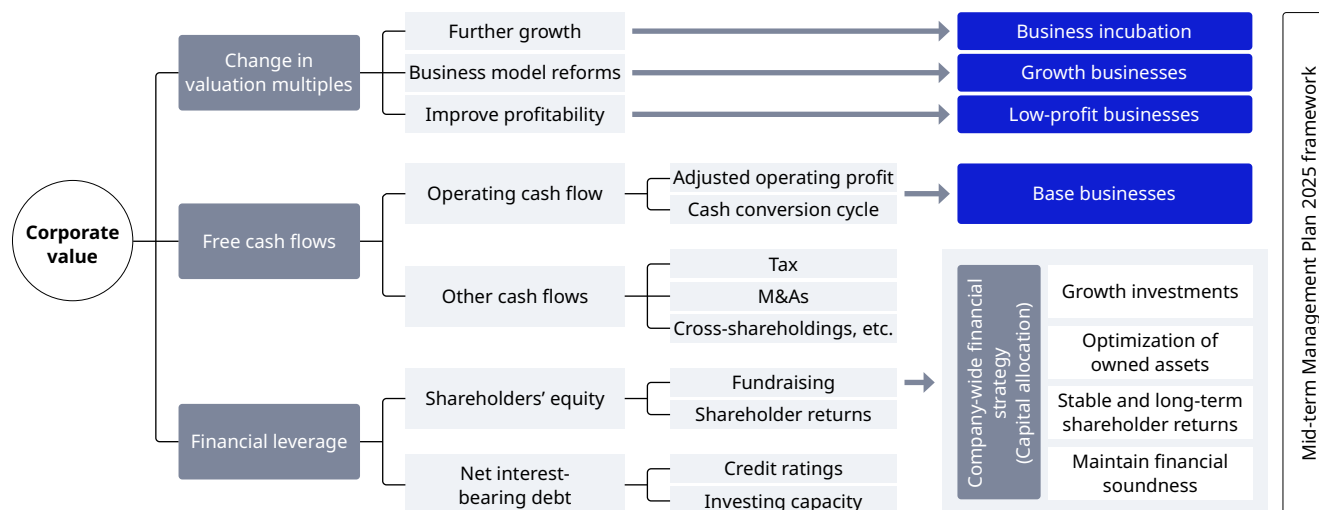
Five years have passed since my appointment as CFO, and the Company has now entered the final year, and final phase, of Mid-term Management Plan 2025.

Under this plan, our basic policy is to continuously generate cash through business activities as a source of growth, and to enhance corporate value by maximizing long-term profit and optimizing short-term profit through appropriate capital allocation. In turn, this cycle serves as the foundation for sustainable value creation. In fiscal 2025, the fourth year of the plan, both the IT services and social infrastructure businesses saw an increase in sales. In addition, non-GAAP operating profit was ¥311.3 billion, and adjusted operating profit was ¥287.2 billion, exceeding our initial expectations at

the beginning of the fiscal year. This was due to a rise in profit resulting from increased sales driven by strong demand, as well as efforts to improve profit margins since the announcement of our mid-term management plan. In fiscal 2026, we plan to increase non-GAAP operating profit by ¥20 billion from the mid-term management plan target of ¥300 billion. This reflects our continued efforts to capture business opportunities amid strong demand and to improve profit margins. The currently foreseeable risks have been factored into our earnings forecast, and we are firmly committed to achieving this target as the baseline for fiscal 2026.

While revenue and non-GAAP operating profit are important indicators, we also need to improve our valuation multiples, generate stable free cash flows, and optimize financial leverage if we are to achieve our ultimate goal of enhancing corporate value. We are also working to create a scenario for

Logic Tree for Improving Corporate Value



CFO Message

improving corporate value, set clear milestones in our logic tree, incorporate them into our action plan, and review them regularly.

Generating Cash

In fiscal 2025, free cash flows totaled ¥213.2 billion, a year-on-year increase of ¥18 billion. Cash flows from operating activities increased significantly, due to a rise in adjusted operating profit, and our continued efforts to shorten our cash conversion cycle (CCC). In fiscal 2026, we plan to generate free cash flows of ¥290.0 billion due to the rise in adjusted operating profit and other factors. In recognition of this profitability and our strengthened ability to generate cash flows, in June 2025, NEC's issuer rating was raised from "A" to "A+" by Rating and Investment Information, Inc. We will continue to increase profits by improving the profitability of our businesses, while enhancing asset efficiency and cashing out our assets to promote the generation of cash.

Generating Cash by Improving the Profitability of Our Businesses

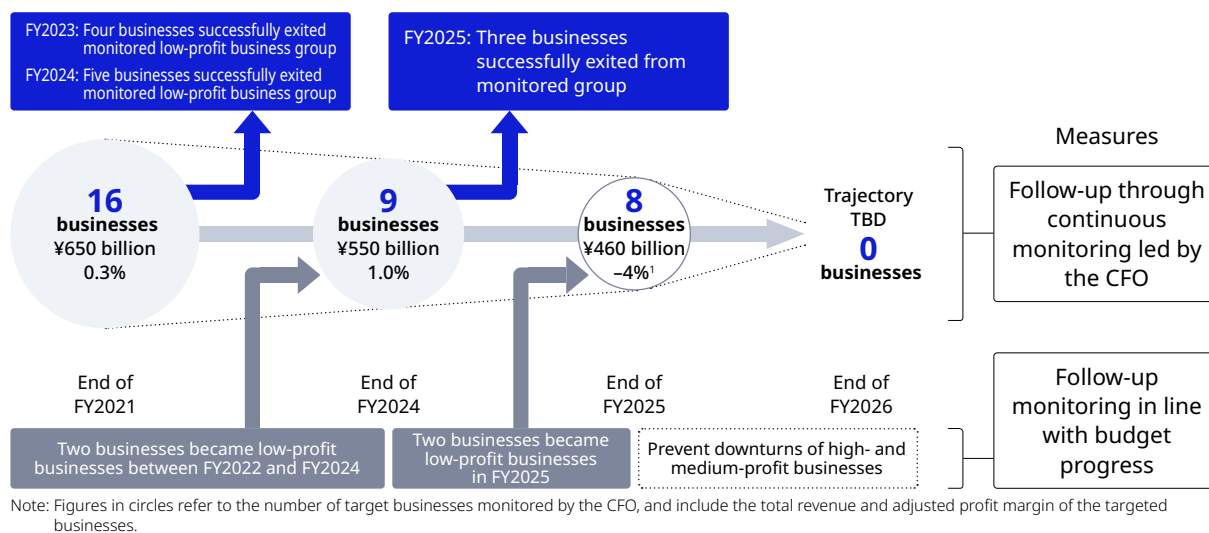
To increase business profits, it is important to improve the profitability of base businesses in parallel with the development of growth businesses. I am taking a hands-on approach to monitoring the improvement of low-profit businesses. Businesses that do not meet the set hurdle rate are defined as low-profit businesses. I am working with the relevant business units to identify structural issues related to profitability and formulate improvement plans, and regularly monitor the progress of these initiatives. As of the end of fiscal 2025, many of the 12 businesses that successfully exited the group of monitored low-profit businesses achieved improvements in profitability. In addition, for businesses that are deemed unlikely to achieve the hurdle rate by fiscal 2026, we have implemented significant structural reforms, such as transferring the business to another company. While considering options such as this, the direction of all low-profit businesses will be determined by the end of March 2026, taking into

account future business growth potential. In addition, to prevent high- and medium-profit businesses from becoming low-profit businesses, we will work to improve profit margins on a permanent basis through early detection and improvement of businesses that may present issues when carrying out the annual budget.

Generating Cash Flow by Improving Capital Efficiency

As part of our efforts to improve capital efficiency, we have been working on shortening our CCC since the previous mid-term management plan. As of March 31, 2025, we had shortened our CCC by eight days from the end of the previous fiscal year to 60 days, mainly due to an increase in advance and interim payments for long-term projects. We are engaged in ongoing efforts to strengthen working capital management while preparing for potential risks in response to changes in the business environment.

NEC's ROIC was 6.6% in fiscal 2025 and we project it to be 7.3% in fiscal 2026, bringing it to a level that exceeds the cost

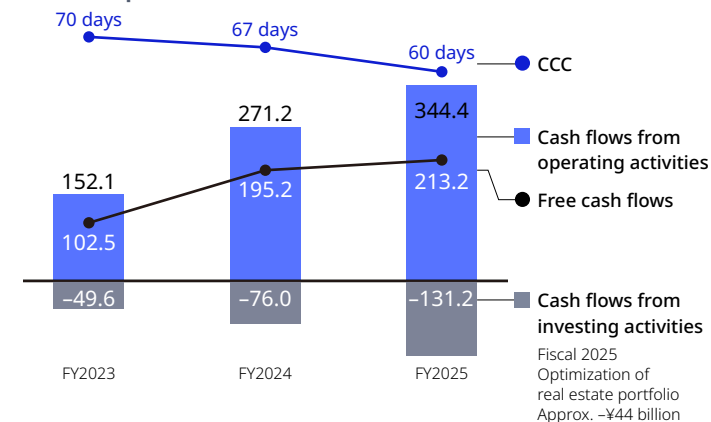


¹ Includes temporary cost increases in the marine systems business

Free Cash Flows

(Billions of yen)

Significant Improvement in Working Capital Due to Establishment of CCC Improvement Activities





CFO Message

of capital. We will continue to actively pursue growth investments, including M&As, while keeping capital efficiency in mind and managing it appropriately.

Generating Cash by Cashing Out Assets

We are also continuing to generate cash by cashing out assets. In April 2020, we set guidelines for eliminating cross-shareholdings. All cross-shareholdings possessed by NEC are subject to comprehensive annual review by the Board of Directors, in which the Board clarifies the strategic value of each holding and considers returns in terms of capital cost and other perspectives. If the Board accepts the rationale for a holding, it is kept; if not, it is sold. We have reduced our cross-shareholdings in listed companies (excluding deemed holdings) by 80% from the end of fiscal 2020 to the end of fiscal 2025. For the remaining cross-shareholdings, we continue to promote the generation of cash through the cashing

out of such assets while assessing the significance of retaining them. As for non-listed stocks, there are some that will take time to eliminate due to the circumstances that surrounded them from the time of investment, but we have reduced holdings in unlisted companies by more than half in the period from the end of fiscal 2020 to the end of fiscal 2025. In addition to cross-shareholdings, we also assess the significance of continuing to hold real estate and other assets and actively promote the optimization of NEC's portfolio.

Capital Allocation

Through the aforementioned measures, we aim to generate ¥1.3 trillion in operating cash flow over the five-year period from fiscal 2022 to fiscal 2026. There is no change to our basic capital allocation policy under Mid-term Management Plan 2025, which gives top priority to actively investing in

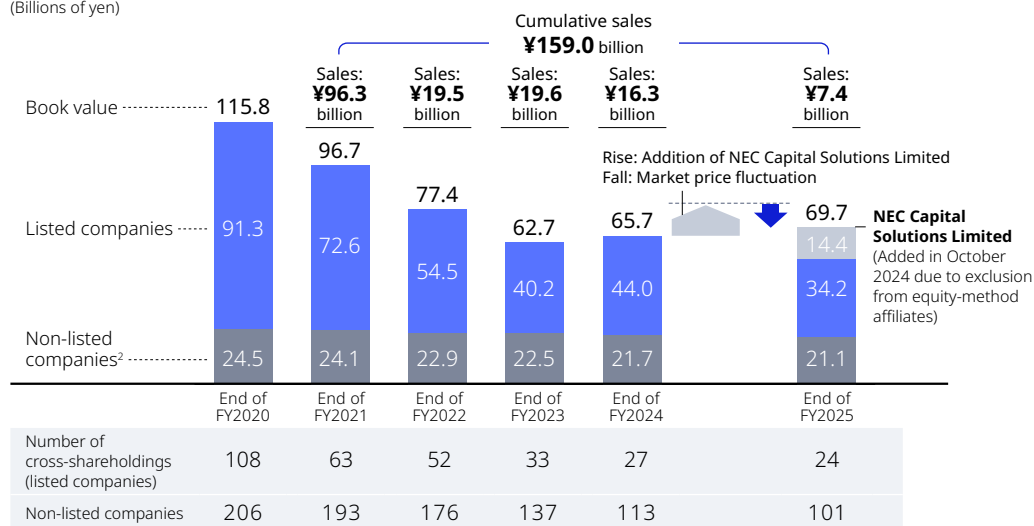
growth areas while maintaining financial soundness, and aims to deliver stable dividend increases.

For growth investments, we will apply a new cash ROIC evaluation as a standard for accurately evaluating the earning power of M&A projects. It is difficult to clearly determine prior to an acquisition whether an intangible asset will be subject to amortization or recognized as goodwill. Therefore, we apply the cash ROIC evaluation to our decision-making when looking into acquisitions. In principle, we aim to exceed the weighted average cost of capital (WACC) within five years following an acquisition, thereby establishing clear financial discipline. We believe that setting this five-year time frame is effective in evaluating the legitimacy of M&As, particularly in assessing the synergies generated and the potential for subsequent growth.

We will use the level of financial soundness currently evaluated by credit rating agencies as a guideline to be maintained

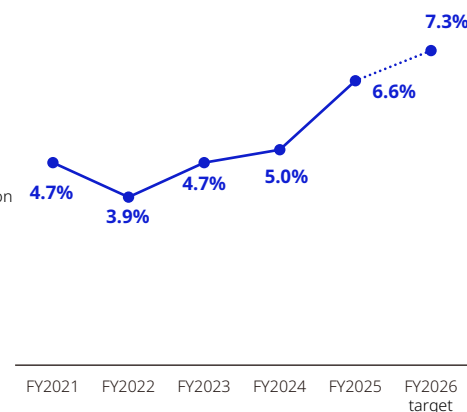
Sales of Investment Securities (excluding deemed holdings)

(Billions of yen)

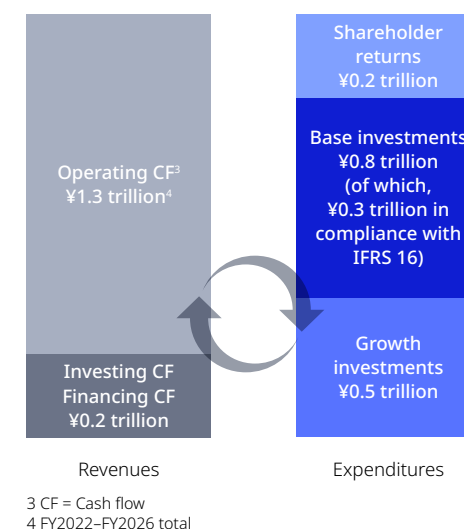


2 Excluding alliance companies

ROIC



Profit Cycle and Capital Allocation





CFO Message

over the medium term. Our basic policy regarding dividends is to steadily increase them. The rapidly changing external business environment presents an abundance of investment opportunities for business expansion. We will maximize returns to our shareholders by translating these investment opportunities into increased earnings, and through capital gains from increased corporate value and stable dividends. We will also make flexible decisions regarding acquisition of treasury stock, considering factors such as growth investment plans and the level of surplus funds.

Non-financial Strategies Linked to Corporate Value

Positioning non-financial strategies as an important foundation for sustainable growth, NEC not only discloses non-financial information in response to requests from external parties but also aims to utilize non-financial information for the sustainable enhancement of corporate value by further clarifying the link between non-financial strategies and financial aspects of the Company. In addition to working to reduce capital cost over the medium to long term from a risk management perspective, we will leverage the know-how we have developed through our in-house efforts to address issues such as climate change and cybersecurity to propose solutions to our customers, leading to expanded business opportunities and increased free cash flows. We have seen a rapid increase in the number of customer inquiries received on environment-focused management issues since 2021. In response, NEC fully leverages technologies such as sensing, AI, and security to visualize and analyze complex environmental issues and contribute to clarifying the challenges that need to be addressed. We are also working to further advance and apply causal analysis of indicators of corporate value and non-financial data initiatives. One such example is our efforts to achieve the target employee engagement

score of 50% set forth in Mid-term Management Plan 2025. In doing so, we have identified measures for people and culture transformation that are expected to have a particularly significant impact on each organization and are narrowing down our focus areas and working to improve our initiatives with efficiency and effectiveness as key themes. By using the data we have gathered in this way, we are incorporating non-financial indicators into data-driven management, leading to more advanced managerial practices. In 2024, we were included in the Dow Jones Best-in-Class World Index, a globally renowned ESG investment index. We view this as proof that in addition to the above initiatives, our ongoing efforts—including corporate governance reforms and our highly transparent information disclosure—have been recognized.

In July 2025, NEC issued a sustainability-linked bond via a public offering in the domestic corporate bond market. The issuance of the bond is an example of NEC using financing to show its strong commitment to one of its material issues (Fundamental Materiality), “Environmental Action with a Particular Focus on Climate Change (Decarbonization).” The SDGs-based financing initiatives are NEC’s Purpose put into practice, and they provide a way for us to engage in dialogue and co-creation with a variety of stakeholders related to our management of sustainability initiatives.

Final Remarks

When I assumed my position as CFO, it came at a time when the Company was under exceptional operating conditions due to the COVID-19 pandemic. Since then, the Company has faced further changes in the business environment, such as a shortage of components, sudden exchange rate fluctuations, and geopolitical risks, and I have been compelled to make decisions to minimize the impact of such external factors. However, when faced with any change, I try to stay focused on results while being proactive and looking ahead to the future

rather than at the past. I like to begin by defining the ultimate goal in terms of specific outcomes and deadlines, then work backward to establish milestones at critical stages. Progress and timing are regularly reviewed, and corrective actions are taken if deviations arise. By repeating this process, we can create the figures we are striving to attain. This is where data can be a powerful asset. NEC launched the KFP (Management Finance Process) Project to make it possible to visualize Company-wide data in real time. When monitoring the profitability of a business and conducting on-site follow-ups, we can comprehensively present the data in real time, thereby giving those on the front lines a better understanding of the situation at hand and allowing them to take action independently. Ultimately, this creates a virtuous cycle through which profit margins actually rise.

From the time we announced Mid-term Management Plan 2025 until around fiscal 2023, the market had a negative view of our efforts to achieve the plan’s goals, and we received many strict words from investors on how to improve profits. However, since around fiscal 2025, when we began to be recognized as having nearly achieved the plan’s goals, I have begun to sense a growing anticipation for what lies ahead.

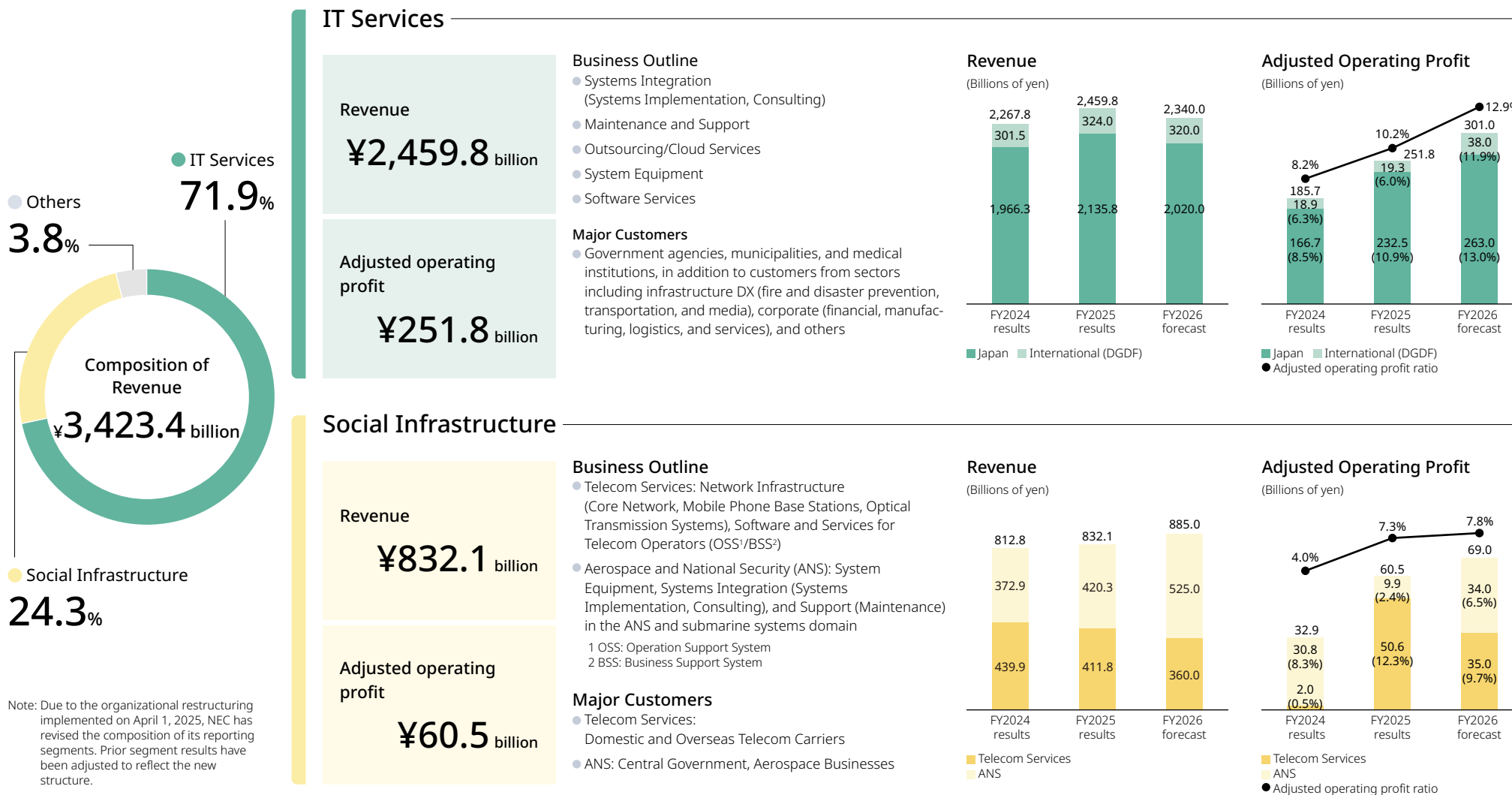
From the initial year of Mid-term Management Plan 2025 to the present, we have improved our problem-solving abilities and picked up speed by facing various challenges, thereby boosting our resilience as a company. Going forward, we will strive to overcome whatever unforeseen situations come our way and do everything it takes to achieve our goals.

We want to create social value and contribute to Japan and the rest of the world, while also ensuring that our employees can take pride in working for NEC. Through our next mid-term management plan, NEC will set its sights on becoming one of Japan’s top companies and a driving force to elevate Japanese companies to a top-tier global standing.



Main Business Overview: IT Services and Social Infrastructure

Based on Mid-term Management Plan 2025, which was announced in May 2021, the NEC Group conducts its business activities with IT Services and Social Infrastructure as its main business segments.



IT Services

Domestic IT Services, Digital Government / Digital Finance

Business Overview

NEC's IT services business supports the activities of various customers, including government agencies, local municipalities, financial institutions, manufacturers, and retailers. It also helps to realize social and industrial transformation by utilizing the latest technologies in areas such as AI, security, and networks.

Advances in technology have led to growing expectations and demand for ICT systems to play a role in resolving the problems faced by society and businesses, rather than simply being a tool for improving efficiency. Companies are working to reform their business models and implement data-driven management, while government and public organizations are making efforts to digitize administration to improve user convenience and streamline operations.

NEC has been installing mission-critical systems for a large base of customers, mainly in Japan, for many years. In addition to our long-cultivated system development capabilities and wealth of knowledge in a diverse range of industries and operations, we also utilize the latest technologies in AI, security, and networks to provide optimal solutions for our customers.

In addition, our overseas IT services business is centered on the digital government / digital finance domains. Building on the customer bases and software of the three European companies we acquired between 2018 and 2020, we aim to promote the autonomous growth of each company while expanding regional development by leveraging NEC's sales and support systems in Japan and elsewhere in Asia.

Strengths

- A proven track record in operating mission-critical systems across a wide range of industries, along with leading-edge DX cases that NEC has implemented and amassed by using itself as a testing ground.
- Systems and resources that can consistently meet customers' DX needs from upstream consulting to implementation, operation, and maintenance.
- Over 10,000 DX specialists, supported by robust training programs aimed at further expanding and developing DX talent.

Business Domain

Japan

Government Agencies and Local Municipalities



In addition to core systems and base systems, we aim to realize a country and local communities in which people can live safely, securely, and comfortably by providing solutions that support the digitalization of government, public-private data collaboration, and administrative DX.

Manufacturing Industry



With next-generation manufacturing that uses AI, IoT, and 5G, we are helping to improve our production sites and support continuous expansion by making the entire supply chain smarter in terms of design, procurement production, and logistics.

Financial Institutions



We provide core systems for financial institutions such as banks, securities firms, and insurance companies, which require a high level of reliability, and provide new financial services that utilize digital technologies such as face recognition and AI.

Retail



NEC aims to address a variety of operational challenges faced by customers who operate convenience stores and supermarkets through DX, with a focus on store-centered solutions. Our goal is to enhance the shopping experience for consumers, making it more enjoyable and smarter.

Transportation and Logistics



We contribute to optimizing the movement of people and goods through transportation and logistics with digital technology, helping to improve the efficiency of delivery networks and reduce CO₂ emissions.

Overseas

NEC Software Solutions UK Limited (SWS) (Acquired in 2018)

NEC
NEC Software Solutions UK

SWS is an IT services company based in the United Kingdom. The company features a strong customer base and a shared business platform that can be used for a variety of sectors, including policing, tax collection, social security benefits, and public housing management. SWS provides systems to 45% of local municipalities in the United Kingdom.

KMD A/S (KMD) (Acquired in 2019)

KMD
An NEC Company

KMD is Denmark's largest IT company with a market share exceeding 50% among government and municipal clients. Its strong customer base and wide-ranging platforms have supported the digitalization of the Danish government.

Avaloq Group Ltd. (Avaloq) (Acquired in 2020)

avalog
An NEC Company

The Swiss software company Avaloq primarily engages in recurring business from the provision of software to financial institutions via a Software as a Service (SaaS) business model. The company holds the top market share in Europe and ranks second in the Asia-Pacific region.



IT Services

Business Strategy

IT Services in Japan

Our domestic IT services business has made steady progress by capturing the strong demand for DX, and we foresee continued growth. In particular, demand for modernization (system replacement) is increasing, and areas where NEC can make full use of the know-how it has amassed to date are growing. We are also ramping up human resources efforts to respond to strong demand, with a goal of securing 12,000 in-house DX specialists by fiscal 2026.

Business Model Reform via Common Platforms

To promote DX, we are working to consolidate our products, services, and assets that had been individually optimized for each industry and customer into a unified common platform based on NEC's own technologies and expertise. Under the value creation model, NEC BluStellar, the Company is systemizing these efforts and driving a transformation of its business model. This not only enables us to provide cutting-edge services to our customers at greater speed but also contributes to improved profitability through a business model shift to a value-pricing method.

NEC BluStellar: NEC's Value Creation Model

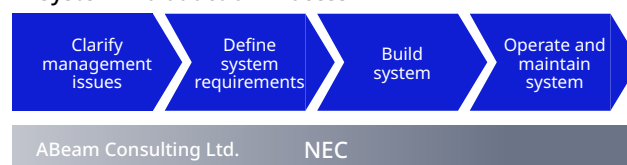
NEC BluStellar

Leveraging NEC's advanced knowledge across industries backed by a proven track record and cutting-edge technology honed through years of development and operation, NEC BluStellar is a value creation model that leads customers into the future by realizing business model innovation and resolving social and customer management issues.

Resolving Management Issues by Providing Consistent Value Starting with Strategic Consulting

As the scope of ICT applications expands, the need to view their use from a management perspective is becoming increasingly important. Together with ABeam Consulting Ltd., a company that boasts some of the best consulting resources in Japan, NEC will provide a system that enables its customers to resolve issues by incorporating their management issues into digital strategies.

IT System Introduction Process



Contributions Toward the Digitalization of Government

Since the establishment of Japan's Digital Agency in 2021, the digitalization of government systems has been promoted to improve convenience for the public. Key initiatives include the standardization and streamlining of administrative tasks, the expanded use of Japan's Individual Number System (My Number Card), and the nationwide standardization of local government information systems, targeted for completion by the end of fiscal 2026. NEC is contributing to digitalization by leveraging its extensive experience and expertise, along with advanced digital technologies, to meet high demands for security, quality, speed, and flexibility in government. In addition, NEC is working with KMD, a company that has long supported Denmark's efforts to digitalize public administration, and is actively proposing solutions based on KMD's expertise in breaking down the digital divide and resolving digitalization issues.

Digital Government / Digital Finance (DGDF)

Abroad, we will strive to grow our business by stabilizing our business foundation and expanding synergies with the three European companies. Meanwhile, Avaloq's software business in the DF domain is expanding in the Asia-Pacific region by utilizing NEC's sales channels, and is also gaining traction among customers in Japan. We expect to see profitability improve at an accelerated pace going forward, as steady progress is being made in efforts such as reducing development costs through the sharing of offshore resources, implementing portfolio transformation such as the sale of KMD's low-profit business, and launching Avaloq's SaaS model.

Geographical Expansion of Business Areas

We will be rolling out the software of SWS and KMD, which have a strong track record of delivering results in the United Kingdom and Denmark—two digitally advanced countries—and leveraging the expertise in promoting government digitalization, to the Asia-Pacific region and Japan, where NEC has selling power. We are also expanding the value we provide by leveraging Avaloq's innovative solutions in the wealth management domain and our strategic partnership with BlackRock, Inc.

Business Portfolio Transformation

We aim to improve profitability by focusing more closely on the software businesses of the three European companies and promoting a shift to an SaaS model. We also continue to work on carve-outs of low-profit businesses, as well as bolt-on M&As to expand our business domains and customer base.



Social Infrastructure

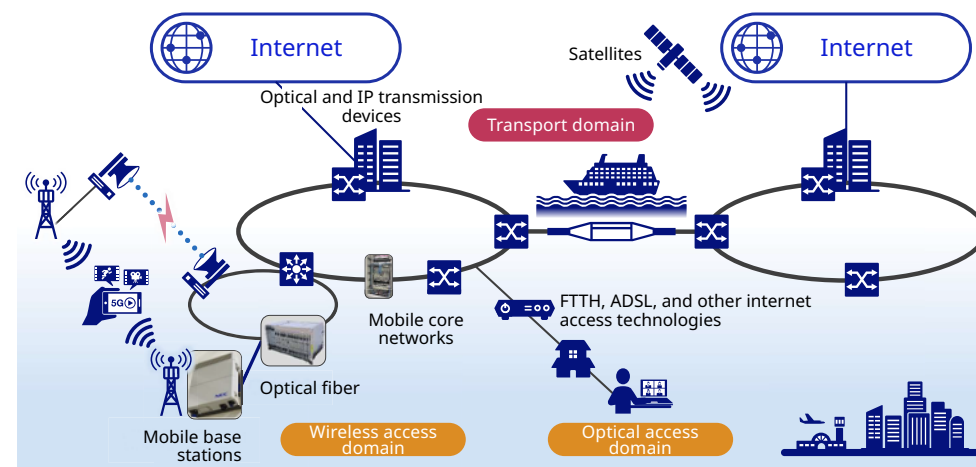
Telecom Services

Business Overview

In the telecom services businesses, NEC is developing network services that link together a rich array of people, things, and ideas, centered on its network technologies, which represent the Company's roots. We provide network equipment, infrastructure systems for operations management, and operational services primarily to telecommunications carriers, supporting the networks that are the core of the digital society. While telecom operators are working to improve the efficiency of network infrastructure investments, demand for IT investment remains strong, driven by the need to enhance communication quality and strengthen new businesses. In response, NEC is focusing its efforts on this area.

Strengths

- Assets and know-how based on track record of building and operating mission-critical systems
- Wide range of technologies and proposal capabilities (Fixed and mobile networks, software for OSS/BSS)



Business Strategy

Software Shift

The telecommunications industry is seeing a shift from dedicated hardware to software running on general-purpose servers. NEC is developing software for virtualized base stations and advancing its commercialization. In addition, NEC has developed a solution that modernizes all aspects of network infrastructure deployment by telecom carriers, including planning, design, and construction. This solution enables a reduction of approximately 60% in the total workload required to build mobile infrastructure—from RAN to core—compared to conventional methods.

Firm Growth in IT Services Aimed at Telecommunications Carriers

Netcracker, a U.S.-based subsidiary of NEC that provides monitoring, control, and automation solutions for telecommunications networks, is experiencing growth in its DX business. This contributes to improved profitability in NEC's telecom services segment. Netcracker's BSS solution, which incorporates generative AI, has been adopted by several companies including T-Mobile US, Inc. The introduction of this solution has resulted in improved sales support and customer care, leading to increased average revenue per user and overall revenue, while also significantly improving operational efficiency.

Launch of Intellectual Property Licensing Business

In 2024, NEC began licensing telecommunications-related technologies—one of its strengths—to companies that develop telecommunications equipment. Specifically, this is a business model that monetizes NEC's renowned technological assets in the wireless and optical domains, along with Japanese design quality, both of which carry globally recognized value. We have already begun supplying technologies to business partners in the Asia-Pacific region and will continue to expand globally.

Social Infrastructure

Aerospace and National Security (ANS)

Business Overview

In the aerospace and national security field, we mainly provide ICT solutions for government agencies. We provide hardware such as radar equipment, secure communications systems, and satellites, as well as ground systems for aircraft and satellite control and data processing, and develop advanced technologies to support said hardware. In the submarine systems domain, we provide comprehensive support for submarine cable systems, primarily for telecommunications carriers, covering all aspects from design and development to installation.

NEC's defense business has been rapidly expanding since fiscal 2024, due to the doubling of the Japanese government's defense budget. As the industry leader in the field of ICT, NEC has seen an increase in contracts by leveraging its long-cultivated technological capabilities.

Strengths

- Advanced optical technological capabilities cultivated over many years, covering all areas, from the ocean floor to outer space; world-leading radio and sound wave sensing, AI, and cybersecurity technologies
- Consistent business structure from in-house design and development through to manufacturing, implementation, operation, and maintenance



Business Strategy

Ramping up Investment Aimed at Growth in the ANS Business

To support the growth of its ANS business, including the defense sector, NEC is focusing on strengthening its organizational structure and technological foundation. To secure exceptional talent, we are currently implementing a plan to add approximately 1,200 employees between fiscal 2024 and fiscal 2026 through both in-house development and external recruitment. A new building has also been built at the NEC Fuchu Plant, which is the ANS business' production base, and has been in operation since fiscal 2025.

NEC has invested in the Geodesic Alliance Fund, L.P., a fund managed by a U.S. venture capital firm, and the Seraphim Space Venture Fund II, which is managed by a U.K. venture capital firm. We aim to strengthen our future business competitiveness by swiftly identifying and collaborating with start-ups with outstanding technological capabilities in national security-related fields such as space, submarine cables, cybersecurity, and defense.

Seizing Business Opportunities in the Submarine Cable Market

With technological advancements in data centers and AI, investment by global platform providers is accelerating alongside traditional telecommunications operators. As a result, the submarine cable market is expanding as a key infrastructure to support the growing volume of global data traffic. Furthermore, submarine cables are becoming increasingly important from the perspective of economic security. NEC is one of the global leaders in the submarine cable business, leveraging its advanced optical communication technologies and strong footprint in the Asia-Pacific region. Through continued investment in development and enhancement of production capabilities, NEC aims to seize emerging business opportunities.



Inter-satellite Optical Communications

The Japan Aerospace Exploration Agency (JAXA) and NEC conducted the world's fastest optical communication using the LUCAS optical inter-satellite communication system between the Advanced Land Observing Satellite-4 "DAICHI-4" (ALOS-4) and a geostationary optical data relay satellite approximately 40,000 km away, transmitting observation data to a ground station via the geostationary satellite successfully for the first time.

Additionally, NEC is strengthening its efforts toward the development and commercialization of an optical communication satellite constellation, following the adoption and grant approval from the Space Strategy Fund. Leveraging its accumulated technological expertise, NEC aims to contribute to resolving social issues across a wide range of public and private applications.



Innovation: R&D and Business Development

NEC's Technological Capabilities

NEC possesses many of the world's leading technologies in the fields of AI, security, and networks. These technologies are among NEC's greatest strengths. As proof of this, we boast one of the world's highest numbers of patents held and papers accepted by leading international academic conferences. In particular, in the field of face recognition, we have been ranked No. 1 in global benchmark testing multiple times¹. These advanced technological capabilities are key assets that will lead to NEC's future growth.

1 Ranked No. 1 multiple times in face recognition benchmark testing held by the U.S. National Institute of Standards and Technology (NIST)
<https://www.nec.com/en/global/solutions/biometrics/index.html>

Note: NIST testing results do not constitute an endorsement by the U.S. government of any particular system, product, service, or company.

AI (including biometrics)	Machine learning: The number of papers accepted by leading international academic conferences ² : Ranked 10th in the world
	Video and image processing: The number of papers accepted by leading international academic conferences ³ : Ranked 1st in Japan
	For third-party evaluations of NEC biometric authentication, please visit the website below. https://www.nec.com/en/global/solutions/biometrics/index.html
Communication	Optical communication: Acceptance of papers in top academic conferences ⁴ for 48th consecutive year
Security	45 papers⁵ accepted by leading international academic conferences
Patents	Top 100 Global Innovators global survey of patent activities ⁶ : Selected for 14 consecutive years Biometric authentication, video analytics, and analysis/prescription AI: Number of international patent applications ⁷ : No. 1 in the world

2 NeurIPS, ICML, ECML-PKDD, KDD, ICDM

3 CVPR, ICCV, ECCV, ACCV, ICPR

4 Communication: OFC/ECOC, and others

5 Security: ACM CCS, IEEE S&P, EuroS&P, USENIX Security, Crypto, Eurocrypt, Asiacrypt, TCHES, FSE (2015–2024 results)

6 Top 100 Global Innovators: <https://clarivate.com/top-100-innovators/>

7 Number of international patent applications: Cumulative number of applications as of October 2024 (NEC Corporation)

For the latest information on our R&D initiatives, please refer to the presentations from NEC Innovation Day available on the Management Strategy Meeting / Business Briefing section of our website.
<https://www.nec.com/en/global/ir/events/pr/others.html>

Approach to R&D Investment

NEC sustains a consistent level of R&D investment to maintain and improve its R&D capabilities over the medium to long term, independent of any external trends. We are focusing our R&D efforts on the three technology areas of AI, security, and networks. We will support the sustainable growth of the NEC Group by creating technologies that enhance existing businesses central to our social value creation, as well as advanced technologies for new businesses that can provide new value to society, while accelerating their commercialization.

Developing People and Environments to Drive Innovation

The power of human resources is essential to creating innovation. NEC attracts outstanding talent from all over the world, and approximately 40% of its researchers are global specialists. In addition, to translate innovation into social value and apply it to the real world, it is essential to have personnel who specialize in new business development and intellectual

property (IP). We are working to expand our pool of specialized talent in all areas through external recruitment and internal training, while also promoting stronger collaboration in the areas of R&D, IP, and new business development. We are also working to improve the R&D environment so that talented human resources can fully demonstrate their abilities.

As a concrete initiative, NEC X, Inc., established in Silicon Valley, promotes open innovation by leveraging NEC's talent and technologies in collaboration with the local ecosystem, aiming to create new businesses that have an impact on society. In addition, we are accelerating value creation and new business development through BIRD INITIATIVE, Inc., a co-creative R&D joint venture with seven companies from different industries, a corporate venture capital fund, and business competitions. Details on talent acquisition and development for driving innovation are provided in the Human Resource Development Programs section of NEC ESG Databook 2025.⁸

8 https://www.nec.com/en/global/sustainability/pdf/esg_data2025_EN.pdf#page=52

Leveraging Global Strengths to Increase R&D and Business Development Opportunities

NEC Laboratories Europe

Creation of solutions and technology through EU projects and high-tech social implementation

AI Drug Development

NEC OncoImmunity
NEC Bio Therapeutics
NEC Bio B.V.
NEC Corporation India

NEC X

Support for the launch and growth of start-up companies contributing to business success

NEC Laboratories America

Research and development of advanced technologies

Israel Research Center

Rapid creation of solutions that combine NEC's technology with advances in technology from outside the Group, leveraging the world's largest source of start-ups

NEC's Domestic Research Laboratories

Business Development, Intellectual Property Management

NEC's command center for innovation creation

BIRD INITIATIVE

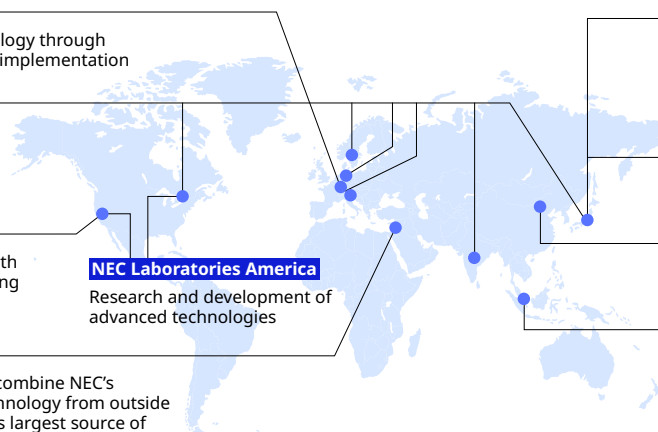
Co-creation-type of R&D business originated in Japan

NEC Laboratories China

Network-related R&D such as standardization activities

NEC Laboratories Asia Pacific

Co-creation of innovative solutions with customers and partners



Innovation: R&D and Business Development

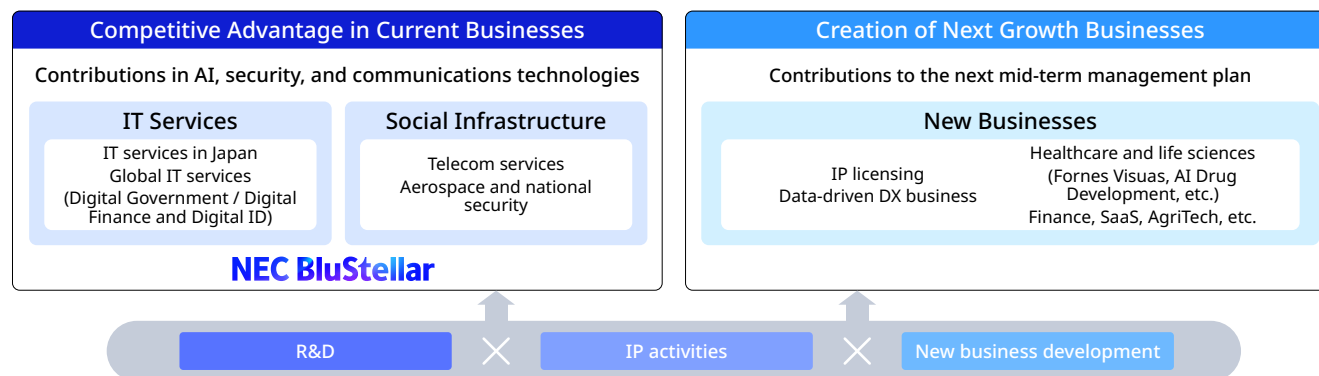
Converting R&D Results into Social Value

To quickly connect technologies accumulated through R&D to the resolution of social issues and the creation of other social value, NEC has integrated its R&D functions for realizing new value demanded by society and customers, its business development functions for delivering that value, and its IP strategy functions for creating and utilizing valuable IP, to form the Global Innovation Business Unit. Through this integrated structure, NEC aims to realize the creation of new social value.

1. R&D Capabilities Geared Toward Creating New Value to Meet Social and Customer Needs

In converting cutting-edge technologies into social value, it is important to incorporate them into society as quickly as possible. At NEC, we are making efforts to more quickly reflect customer needs and achieve product and service commercialization through the establishment of a seamless system of collaboration with business divisions from the R&D stage onward. In particular, in areas related to NEC BluStellar, which the Company is prioritizing, we are working to quickly provide customers with solutions based on numerous NEC technologies by incorporating them into BluStellar's menu of services. Through this framework, we help to secure a competitive advantage by swiftly proposing solutions that incorporate the latest technologies, while also improving profitability through the repeatable provision of services. In addition, to contribute to the advancement of infrastructure for realizing a safe and secure society, we are working on the development of advanced technologies such as next-generation high-speed, high-capacity telecommunications, quantum cryptography, and integrated networks in space, while discussing and sharing future concepts with the relevant government agencies and companies.

Overview of NEC's Efforts to Drive Innovation



Column Contributing to Current Businesses Through World-leading Technologies

Biometric Authentication Technologies

NEC has been engaged in the field of biometrics for half a century and has contributed to approximately 70 countries and regions with its world-class biometric technology. By combining biometric authentication technologies such as face recognition, iris, fingerprint, palmprint, finger vein, and ear acoustics, NEC aims to create a world where everyone can engage with digital technologies with peace of mind in an increasingly digital society. Through this approach, we will continue to deliver value that integrates safety, security, and convenience.

Using Satellite Data Analysis and AI to Contribute to Disaster Prevention and Infrastructure Resilience

Climate change has given rise to more frequent natural disasters around the world, causing severe damage. By leveraging advanced technologies such as AI, Earth observation data from satellites, and sophisticated image analysis, NEC will be able to predict disaster risks on a global scale. We aim to visualize the effectiveness of disaster prevention measures and climate change adaptation strategies for municipalities and companies, thereby contributing to both natural disaster preparedness and infrastructure resilience that supports daily life.

Agentic AI (AI agents)

Agentic AI is attracting significant attention in the generative AI market. NEC's agentic AI is capable of planning combinations of tasks according to specific objectives, enabling it to handle complex business processes, including decision-making. In addition to this capability, NEC leverages its extensive project experience with industry-leading clients and its strength in AI talent development, having produced thousands of AI professionals. By focusing on specific industries and business functions, NEC will promote the application of generative AI to highly specialized operations, thereby accelerating operational improvements for its customers.



Innovation: R&D and Business Development

2. Business Development Function for Providing Value

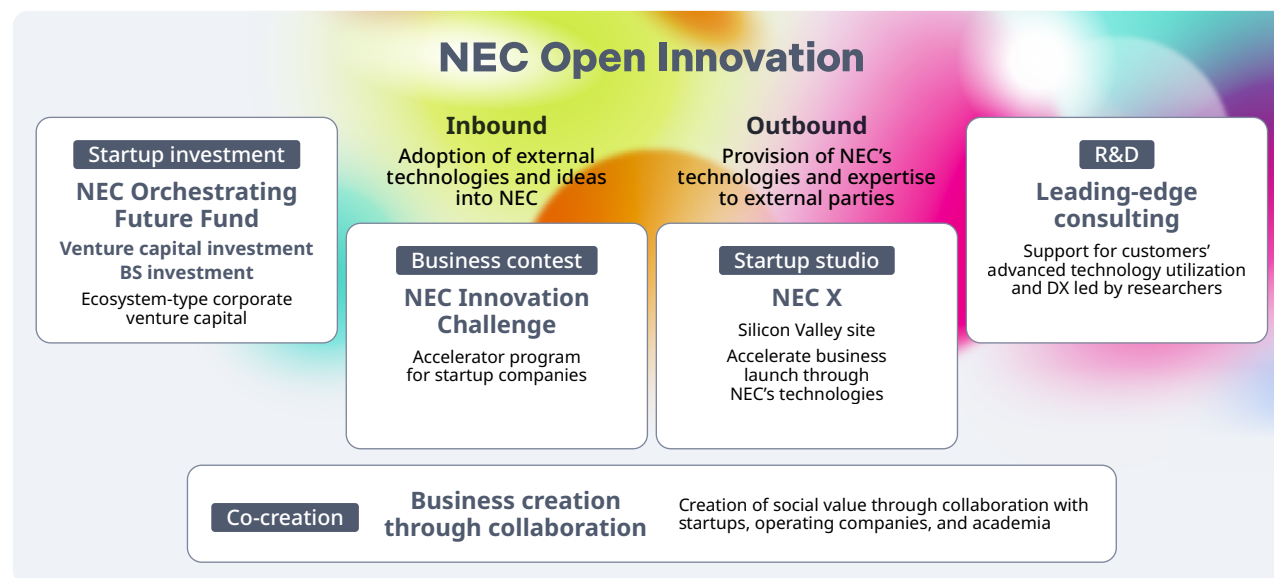
In terms of new business development, we aim to create business value of ¥300 billion by the end of March 2026, and we are taking on the challenge of creating new businesses based on social issues by utilizing various methods of co-creation. NEC is advancing commercialization in areas such as AI, healthcare and life sciences, and sustainability by leveraging its globally competitive technologies. This effort is supported through collaboration with domestic and international start-ups, partner companies, and research institutes, as well as by utilizing NEC's accumulated expertise in new business development.

New Business Creation Management Policy

NEC's new business creation starts by gathering a wide range of ideas both in-house and from external partner companies and research institutes, including technology seed- and market-oriented proposals. We will steadily nurture new business while controlling risk, based on a systemized new business creation process. In addition to in-house commercialization, we are also considering a variety of options based on the individual characteristics of each project, such as the establishment of start-ups and joint ventures with external partners. In addition, we are working to create further synergies by expanding the know-how gained through new business creation to external parties as consulting services.

Column The Future Is Ours to Shape—NEC's Open Innovation Efforts

In 2013, NEC established a dedicated department for new business development, marking the beginning of its efforts to promote open innovation. By integrating knowledge and technologies from both within and outside the Company, NEC has been working to implement new value in society. We have contributed to business growth through the creation of new businesses such as agricultural support solutions and personal financial services, the provision of new value through AI Drug Development, and the promotion of business activities through carve-outs. Equipped with the experience and know-how gained through these initiatives, in February 2025 NEC announced its open innovation activities under the name NEC Open Innovation, defining them into two models: the inbound model, which brings external technologies and ideas into NEC, and the outbound model, which provides NEC's technologies and expertise to external parties. With the key message "The future is ours to shape," NEC is moving away from the traditional Japanese corporate mindset of self-reliance and building cultures unique to one's own company, and is taking the lead in co-creation for new business creation.



For details on initiatives for developing new businesses, please visit the website below.
<https://www.nec.com/en/global/innovation/index.html>

Innovation: R&D and Business Development

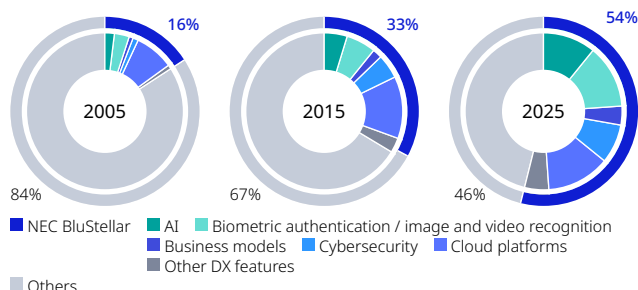
3. Business Contribution Through Utilization of IP

IP and International Standardization Strategies

NEC considers IP a key management resource. Under Mid-term Management Plan 2025, we are focusing on the following initiatives:

- 1) Optimize our patent portfolio in alignment with our business strategy, with a focus on securing patent rights for AI technologies that support NEC BluStellar. In anticipation of global expansion, we have increased our foreign application rate¹ from 52% to 71%² over the past 10 years.

Proportion of U.S. Patent Rights Acquired in Technological Fields



- 2) Focus our efforts on expanding our patent licensing activities to promote the real-world application of technologies. With the growing opportunities for the utilization of ICT, our cumulative patent licensing revenue during Mid-term Management Plan 2025 has more than doubled compared to the previous five-year period.
- 3) Strengthen our IP governance framework to support global business growth. By closely collaborating with subsidiaries in the United States, Europe, and China, we promote the creation and use of IP across the entire NEC Group, establish risk management frameworks, and share policies and expertise through training programs.
- 4) Promote an international standardization strategy to accelerate the adoption of advanced technologies by playing leading roles in key technological fields through participation in domestic and international standardization committees and government councils.

¹ The foreign application rate is calculated as the proportion of foreign filings (Paris Convention filings and Patent Cooperation Treaty (PCT) publications) among the total number of Japanese publications and PCT publications.

² Foreign application rate: 52% (fiscal 2016 publications) → 71% (fiscal 2025 publications)

Future Initiatives

We are developing a framework to illustrate how our IP initiatives convert our technologies and expertise into social value, thereby enhancing corporate value. We are actively advancing this transformation.

In the creation and protection phase, we protect new technologies and expertise through multiple approaches (an “IP Mix”), extending beyond just patent protection. This is underpinned by a robust infrastructure of IP activities, including an IP governance framework and IP DX initiatives through our “Client Zero” model, which uses AI to enhance operational efficiency.

In the utilization phase, we draw on our accumulated IP utilization strategies to effectively use our IP portfolio in various forms throughout each stage of our business operations.

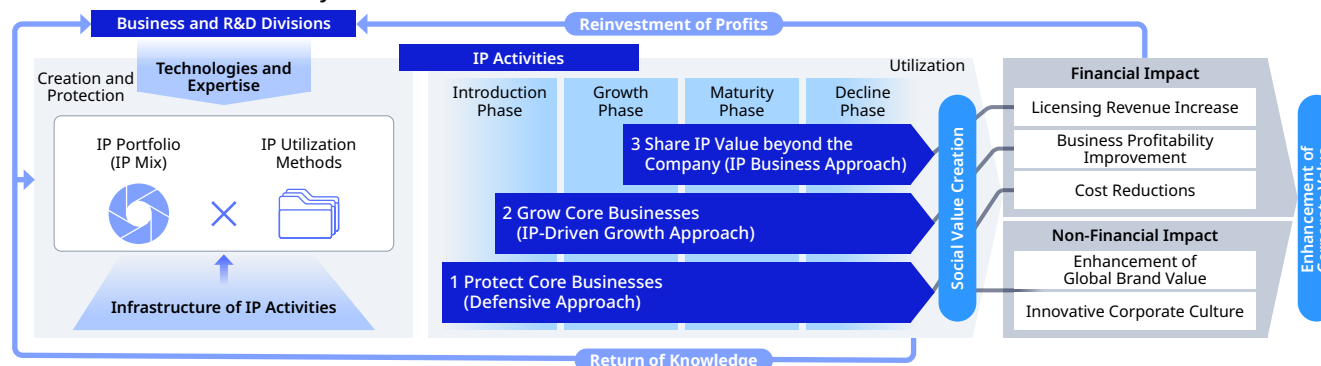
- 1) Defensive approach: Sustain competitive advantages and reduce costs by minimizing the risk of infringing on others’ IP rights, thereby limiting licensing expenditures.

- 2) IP-driven growth approach: Increase business profitability by maximizing the value of growing business areas, including NEC BluStellar, through the strategic use of IP (please see below for more details).
- 3) IP business approach: Achieve stable growth of licensing revenue by promoting diverse forms of IP licensing, including licensing of know-how and other intangible assets.

Our goal is to enhance corporate value by driving an innovation cycle that reinvests profits and knowledge gained from IP utilization back into business and R&D activities.

For details on our IP-related policies and initiatives, please visit the websites below.
<https://www.nec.com/en/global/intellectual-property/index.html>
https://www.nec.com/en/global/sustainability/pdf/esg_data2025_EN.pdf#page=106

IP Activities as “Innovation Cycle Driver”



Column IP-Driven Growth Approach: Contributing to Business in the Biometric Authentication Domain

Regarding patents related to biometric authentication, NEC has secured a strong position against leading companies in both Japan and the United States.

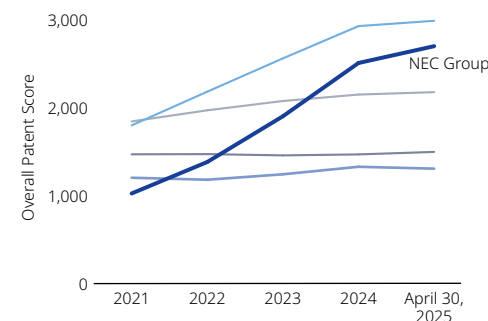
To deliver technologies in the form of user-friendly products and services, NEC places importance on design elements such as face recognition devices and gates, as well as brands such as Bio-IDiom. Along with obtaining patents, we also protect these assets through design rights and trademark rights. Additionally, by implementing biometric authentication and digital ID technologies in-house, we are able to gain practical know-how in utilizing such advanced technologies, which in turn becomes an invaluable management asset. Moreover, we are also building a framework to effectively manage such know-how, and these initiatives have increasingly contributed to cases where customers choose our products and services.

Going forward, we will pursue initiatives that support business operations by designing business models, formulating pricing strategies, and developing partnerships that leverage IP. Through these efforts, we are working to enhance business profitability and convert our technologies and expertise into social value.

³ Patent Score is an index provided by Patent Result Co., Ltd., which evaluates the prominence of patents based on inspection history and other post-filing information. The graph was created by NEC using Patent Result's Biz Cruncher tool.

Biometric Authentication Technology: Overall Patent Score in the United States³

(Top 5 Companies)



Human Capital Management

Strengthening NEC's Global Competitiveness Through Human Capital Management

NEC views human capital as one of its most important management resources. As such, the Company is promoting strategic investment and organizational transformations to draw out the maximum value from its human capital. To realize our Purpose and achieve the goals set forth in Mid-term Management Plan 2025, we are promoting initiatives that integrate strategy and culture, and are engaged in ongoing efforts to transform our organizational structure so that it can continuously create value and generate profits.

In terms of strategy, we are working to expand our pool of DX talent with the aim of strengthening the DX business, which provided support for customers in their DX efforts. At the same time, we are promoting efforts to boost the collective strength of the NEC Group by increasing the mobility of human resources throughout the organization. To flexibly respond to change, create greater social value, and beat out global competitors, it is important to put the right people in the right place at the right time. Starting from our business strategy, we are building an agile and responsive organization that can adapt swiftly to change. We design roles accordingly

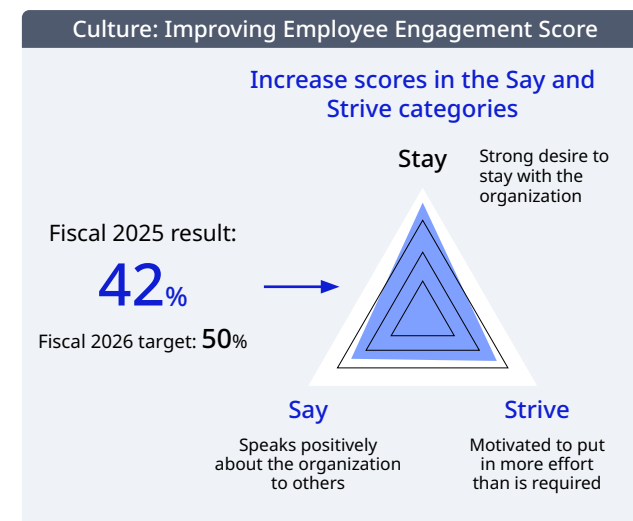
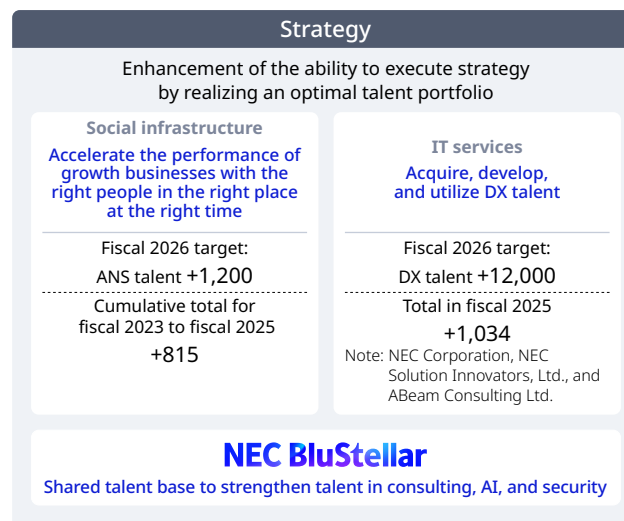
and appoint the most suitable talent from both within and outside the Company. For example, in the expanding aerospace and national security (ANS) domain, we are dynamically reallocating personnel in line with business strategy, pursuing an increase of 1,200 employees.

In terms of culture, we are making steady progress toward the target employee engagement score of 50% set forth in Mid-term Management Plan 2025, but there is still significant work to be done. At NEC, engagement is measured through three key elements: Say, Stay, and Strive. While the score for Stay, which reflects a strong desire to stay with the organization, is high, we face challenges in improving Say, which refers to speaking positively about the organization to others, and Strive, which reflects the motivation to put in more effort than is required. To improve these two indicators, we are focusing resources on initiatives that have been identified as having a strong correlation with their enhancement. Through this targeted approach, we aim to build an organization with even higher levels of engagement.

Job-specific Talent Management Underpinning Strategy and Culture

Starting with the reform of its personnel system in 2018, NEC has been gradually laying the foundation for effective job-specific management guided by its Human Resources Policy, "NEC, for those who seek challenge," formulated in 2019. After meticulous preparations for its implementation, we began applying job-specific human resource management to all NEC employees in April 2024. From fiscal 2026, the system will be expanded to cover approximately 49,000 employees, including those at a number of domestic Group companies, and we will work to put the right people in the right place at the right time.

NEC is now at the starting line to creating greater value than ever before. The important thing is to never slow the pace of change. As NEC continues to evolve, we will strive to enhance corporate value through human capital management.





Human Capital Management

Concrete Initiatives Related to Strategy and Culture

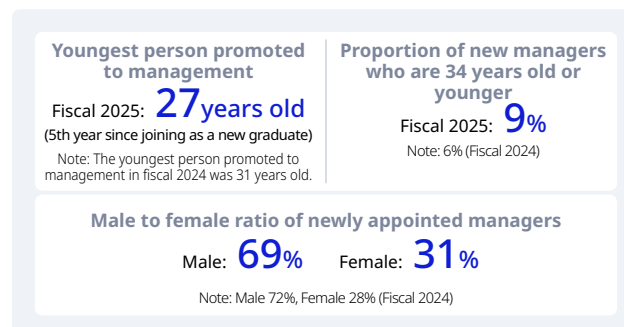
For NEC to both grow sustainably and contribute to society, it needs human resources who can flexibly respond to changes in society and the environment, learn independently, and have the ability to continue to change. In today's world, where advanced technologies such as AI and cybersecurity that underpin DX continue to evolve rapidly, NEC must secure and develop talent with advanced expertise, diverse backgrounds, and innovative thinking in order to establish a competitive advantage and meet the expectations of society. Here, we introduce three specific initiatives.

1. Ensure strategies take root and encourage employees to take the initiative by leveraging both top-down and bottom-up approaches

To increase the number of human resources who can view the Company's strategies as their own concern and act autonomously, we are increasing opportunities for communication and dialogue with executives and division heads. In addition, to strengthen management at the division level, we have developed a "playbook," which serves as a Company-wide template for formulating and promoting strategies. With its introduction, division heads have begun to talk about the strategies they have executed in terms of narratives. Meanwhile, as a bottom-up initiative, we are increasing opportunities for employees to learn and take on challenges independently, such as reform activities on the front lines.

2. Appoint and promote employees regardless of attributes such as age, and encourage self-directed career development

With the shift to job-specific human resource management, we are creating an environment in which capable and motivated personnel can perform to the best of their abilities and be promoted to positions where they can play an active role, regardless of attributes such as age, length of service, gender, or nationality. For example, there are cases in which young employees are selected for promotion to managerial positions in their 20s, while some are promoted in their 50s. Also, to promote gender-inclusive human resource practices, we have set an increase in the ratio of women in all management positions as one of the KPIs of Mid-term Management Plan 2025.



3. Market-competitive compensation

Sharing NEC's core values with all employees and fostering a strong awareness of management-linked indicators such as business performance and stock price are essential to enhancing our corporate value over the medium to long term. To this end, NEC has introduced NEC Value Shares, a new stock compensation system that grants Company shares in addition to regular salary. Starting in fiscal 2026, we plan to introduce stock-based compensation to approximately 400 employees, mainly in strategic positions such as general managers, and from fiscal 2027, we plan to provide stock compensation to more than 6,000 employees, including Group companies, who are expected to make significant contributions over the medium to long term. In addition, NEC plans to expand the existing shareholding association system for approximately 60,000 members of the NEC Group and start an initiative to grant additional shares of the Company free of charge, in addition to the incentives previously granted to members.

For details on NEC's human capital management, please visit the website below.
https://www.nec.com/en/global/ir/pdf/library/250317/250317_01.pdf



Saki Nagaki

Director, AI Business Strategy Department

Column Strategies to Build Excitement for a Society in Which People and AI Coexist

I am in charge of formulating strategies for NEC's AI business. Our mission is to help our customers transform their businesses in order to realize a society of AI natives in which AI and people coexist. In the world of AI, which is changing rapidly every day, it is important to look ahead to market trends and technological evolutions. That said, after discussions with many members of the Company, including those engaged in sales, product development, and delivery, I believe that the most important thing is to be able to be proud of the strategies that we are all part of at NEC and have a sense of excitement.

Tactics are constantly evolving in the world of AI, and the speed of change can be worrying. Even at such times, I believe that the biggest challenge in my management approach is to create an organizational culture in which employees can take a positive view of changes and create value through their own work with a sense of excitement.

Environmental Management

NEC's Environmental Management

NEC not only views reducing the environmental impact of its business activities as part of its corporate social responsibility but also contributes to reducing the environmental impact of society as a whole through the provision of products and services. In this way, the Company promotes environmental management for the realization of a sustainable society. Environmental initiatives are essential for reducing risks within the Company, and at the same time, they also lead to the creation of business opportunities. Therefore, such initiatives are one of our key management themes.

Since our establishment of a specialized organization dedicated to the environment in 1970, we have been making efforts to reduce environmental risks, and have done our utmost to visualize and take measures against environmental issues using ICT. This history continues to serve as the cornerstone of NEC's efforts to address environmental issues, and these leading-edge initiatives, backed by its proven track record and expertise, have earned high praise from those outside the Company.

For more details on NEC's environmental management, please visit the website below.
https://www.nec.com/en/global/ir/pdf/library/250217/250217_01.pdf

NEC's Environmental Initiatives

As part of its efforts to mitigate climate change, NEC has declared that it will become carbon neutral by 2040. The NEC Group is working on unified efforts to roll out a wide range of activities to reduce CO₂ emissions, not only from its own business activities (Scope 1 and 2) but also from the entire supply chain (Scope 3).

Regarding Scope 1 and 2, we are actively working to eliminate unnecessary electricity consumption through planned transitions to energy-efficient equipment and operational optimization. In addition, as a member of RE100, we are committed to expanding the use of renewable energy for the electricity we use in our business operations. Since fiscal 2023, we have replaced virtually all the electricity required for business operations with energy from renewable sources at our head office in Minato-ku, Tokyo, and at the data center of our cloud-based service NEC Cloud IaaS. In addition, we are strengthening collaboration and co-creation with suppliers to reduce Scope 3 Category 1 emissions, which account for a large proportion of NEC's overall greenhouse gas emissions. For example, we identify suppliers that are assumed to have a high environmental impact within NEC's supply chain, such as those with significant CO₂ emissions, as priority targets for engagement. Following the steps outlined in our proprietary guidelines, we work alongside these suppliers to support

and promote their CO₂ reduction initiatives. We also conduct visualization workshops for suppliers who have not yet calculated their emissions, and support suppliers who have not yet set reduction targets to obtain approval from the Science Based Targets initiative (SBTi). Through these efforts, NEC will continue to strengthen cooperation with various stakeholders, including customers and partner companies, aiming to become carbon neutral by 2040.

As for efforts related to natural capital, NEC was one of the first companies to disclose information based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). In July 2023, we published a TNFD report—a first for the Japanese IT industry. We achieved this by leveraging our ICT solutions backed by many years of environmental initiatives to visualize and analyze the relationship between natural capital and business activities. Since there is a lack of precedent in the world, we are proactively communicating our own efforts through presentations at international conferences. Through these efforts, NEC is not only encouraging broader corporate adoption of disclosures aligned with the TNFD framework but also actively contributing to policy recommendations. Following the release of our second TNFD report in June 2024, we published our third in August 2025, once again leveraging our strength: AI.

CDP Climate Change and Water Security



Received highest rating **6** years in a row
NEC has been named by the CDP as an "A List" company for the sixth consecutive year for its initiatives related to Climate Change and Water Security.

CDP Supplier Engagement Assessment



Received highest rating **5** years in a row
NEC was selected as a CDP Supplier Engagement Leader for the fifth consecutive year.

Environmental Management

"Environmental Client Zero" Strategy

NEC is also focusing on reducing its environmental impact through its products and services. In response to growing concerns over increased power consumption in data centers due to the rapid proliferation of generative AI in recent years, we have begun adopting water-cooled servers at our key data centers to enable more efficient cooling. We are also developing technologies for cotomi, our in-house generative AI, that enhance GPU efficiency and help reduce energy consumption during AI usage.

These initiatives are based on our "Environmental Client Zero" strategy, in which we position ourselves as the first

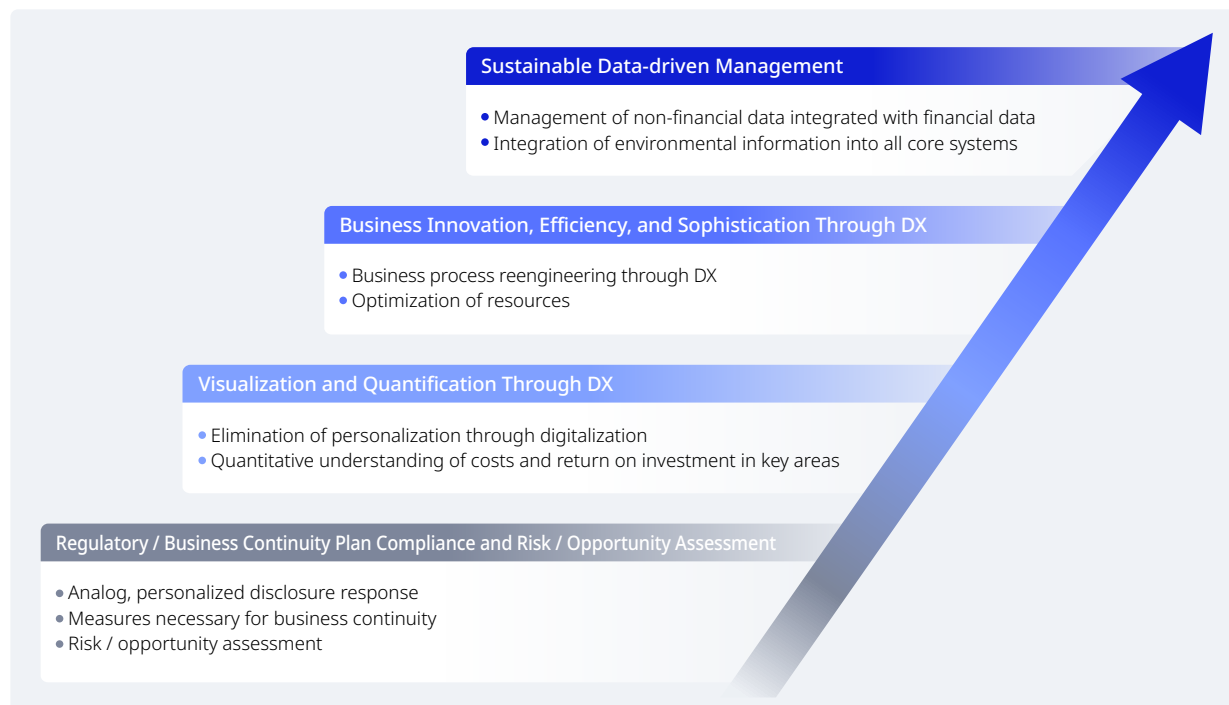
client in our environmental business ventures and proactively pursue advanced technologies and practices. We believe that the knowledge and expertise gained through our own initiatives will also enable us to respond to the challenges and demands of our customers in the environmental domain.

To accelerate the "Environmental Client Zero" strategy, NEC is undertaking a cross-functional transformation in 2025. This involves integrating functions that were previously siloed, such as the environment, quality, and procurement, and taking on the challenge of realizing a sustainable supply chain. As management issues related to the environment

and supply chain become more diverse and complex, we are addressing these issues flexibly ourselves, and using our know-how to support our customers in resolving their own issues pertaining to environmental management.

NEC's "Environmental Client Zero" strategy is also in line with NEC BluStellar's value creation model. NEC will continue to not only enhance its corporate value through its leading-edge initiatives but also contribute to the realization of a sustainable society by working closely alongside our customers to resolve issues related to environmental management.

Expanding the Value We Provide to Customers by Evolving Our Own Initiatives in Pursuit of Sustainable Data-driven Management



Column

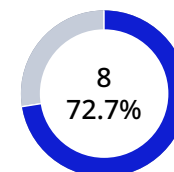
Leveraging AI to Solidify Our "Environmental Client Zero" Strategy AI Use in the Publication of Our Third TNFD Report

NEC is keenly aware of the power of AI to promote business reforms and create value, and therefore incorporates its use into everyday tasks. In preparing our third TNFD report, released in August 2025, we built upon our past disclosure experience and insights gained through global collaboration. By applying AI to tasks such as research, risk and opportunity assessment, writing, and public relations, we were able to enhance both efficiency and sophistication. For example, NEC used AI to analyze local water infrastructure risks at each business site and automate the creation of related materials, enabling more informed and practical dialogue with site managers and stakeholders. In the area of research, NEC has achieved a 92% reduction in the time required to process specialized guidance materials. NEC will continue to take the lead in information disclosure and support corporate reforms by leveraging the achievements and know-how it has gained through its "Client Zero" initiatives.

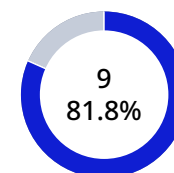
For details on our third TNFD report, please visit the website below.
https://www.nec.com/en/press/202509/global_20250929_03.html

**Directors** (As of July 1, 2025)**Masashi Oka**Member of the Board
(Independent Director)**Harufumi Mochizuki**Member of the Board
(Independent Director)**Joji Okada**Member of the Board
(Independent Director)**Yoshihito Yamada**Member of the Board
(Independent Director)**Shinjiro Sato**Member of the Board
(Independent Director)**Shiori Nagata**Member of the Board
(Independent Director)**Mika Nishimura**Member of the Board
(Independent Director)**Tomomi Yatsu**Member of the Board
(Independent Director)**Takashi Niino**Chairman of the Board
(Chairperson of the
Board of Directors)**Takayuki Morita**President and CEO
(Representative
Executive Officer),
Member of the Board**Osamu Fujikawa**Corporate Executive
Vice President and
CFO
(Representative
Executive Officer),
Member of the Board**Composition of the
Board of Directors
(11 Directors)**

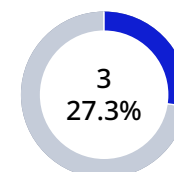
Independent.....



Non-executive



Female



For brief career profiles of the Company's directors and officers, please visit the website below.
<https://www.nec.com/en/global/about/executives/directors.html>



Directors

Directors' Career Skill Matrix

The Board of Directors of NEC Corporation is comprised with consideration given to the balance between diversity, in such factors as career background, specialist field, nationality, country of origin or cultural background, and gender. From the perspective of ensuring independence, the majority of the Board of Directors is comprised of Independent Outside Directors.

In addition, to ensure and improve the effectiveness of the Board of Directors, the Company has defined the following eight skills that are particularly expected of Directors and has clearly specified the details of each skill. Based on this Career Skill Matrix, the Company regularly confirms the sufficiency level of the Board of Directors as a whole for the career background and skills particularly expected of Directors. Based on perspectives such as lacking career background and skills, and diversity, the Company makes a list to identify a broad range of candidates for Director, which is used for deliberations for election of candidates.

		Years served as Member of the Board (as of June 30, 2025)	Attributes			Eight particularly expected career background and skill categories								Nominating Committee	Compensation Committee	Audit Committee
			Independent director	Non-executive	Gender / Nationality	Corporate management	Global business	Technology / Innovation	Sustainability / ESG	Marketing	Financial accounting / Investment	Audit / Legal / Risk management	Corporate governance			
Independent Directors	Masashi Oka	3	■	■		●	●				●	●	●	■	■	
	Harufumi Mochizuki	2	■	■		●	●					●	●	■		■
	Joji Okada	2	■	■			●				●	●	●			■
	Yoshihito Yamada	2	■	■		●	●	●		●			●	■		
	Shinjiro Sato	1	■	■		●	●	●			●		●		■	■
	Shiori Nagata	1	■	■	■ Female		●		●	●	●					■
	Mika Nishimura	—	■	■	■ Female		●	●	●	●			●		■	
	Tomomi Yatsu	—	■	■	■ Female						●	●	●			■
Chairman of the Board (Chairperson of the Board of Directors)	Takashi Niino	14		■		●			●				●	■		
President and CEO (Representative Executive Officer), Member of the Board	Takayuki Morita	9				●	●			●	●		●		■	
Corporate Executive Vice President and CFO (Representative Executive Officer), Member of the Board	Osamu Fujikawa	3						●	●	●	●					

● indicates that the respective Director has extensive experience and deep insight

Specific Details of Career Background and Skills Particularly Expected of Directors

Skills	Details
Corporate management	Practical knowledge on company management based on experience as chief executive officer of operating companies
Global business	Experience as chief executive officer or department head in multinational companies or specialized knowledge on global markets
Technology / Innovation	Business experience or specialized knowledge on technology related mainly to ICT and digital transformation, or experience or specialized knowledge on new business creation and market innovation
Sustainability / ESG	Knowledge about diverse values on female, foreign nationality, disabilities, etc., leadership experience in ESG activities or specialized knowledge on ESG management

Skills	Details
Marketing	Experience as head in the marketing or brand strategy department or the sales department in operating companies, or specialized knowledge on business-to-business transactions and marketing
Financial accounting / Investment	Experience as chief financial officer of operating companies, professional work experience in major accounting firms, investment companies, etc., or specialized knowledge on investments, finance and accounting, etc.
Audit / Legal / Risk management	Risk management experience in accounting, legal affairs, technology, cybersecurity, etc., in operating companies, or experience as an audit committee member, audit & supervisory board member, or department head in auditing division, or specialized knowledge on international and domestic legal affairs or geopolitics
Corporate governance	Specialized knowledge on recent global corporate governance practices, or experience and practical knowledge of implementing governance reforms at operating companies



Corporate Governance

Basic Policies on Corporate Governance

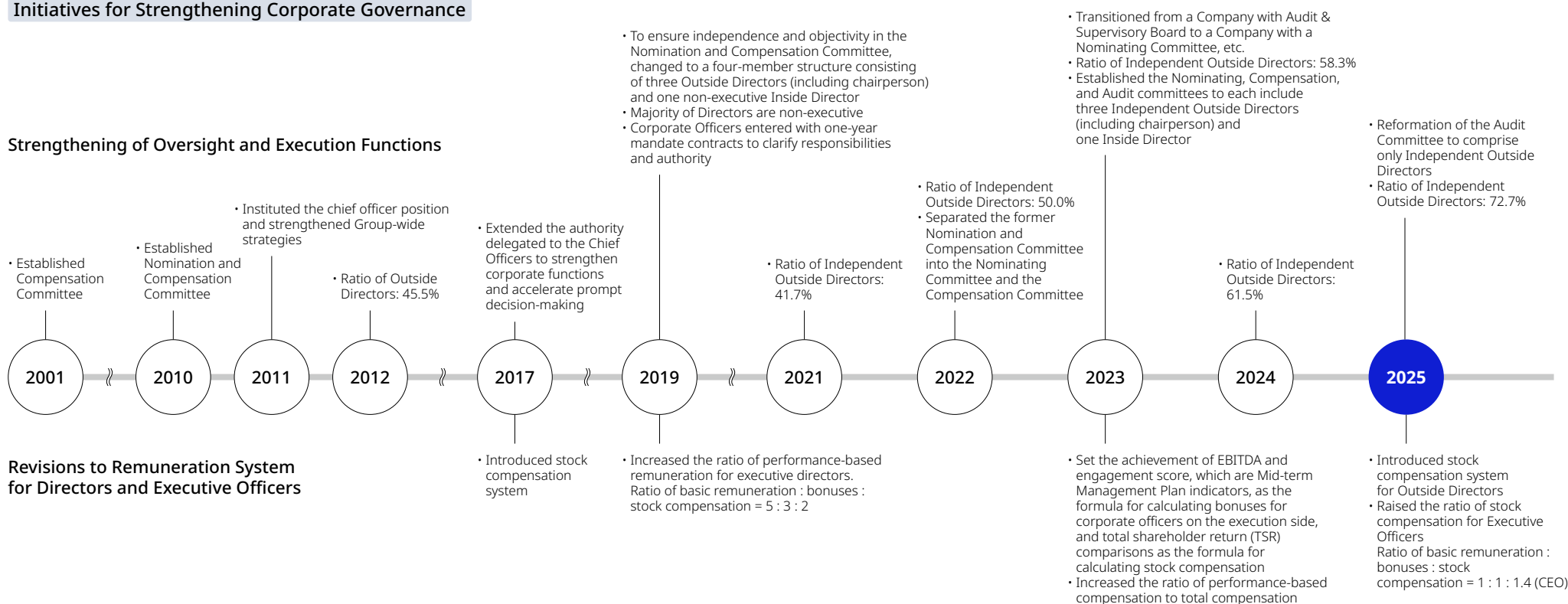
1. Assurance of transparent and sound management
2. Realization of prompt decision-making and business execution
3. Clarification of accountability
4. Timely, appropriate, and fair disclosure of information

In 2023, the Company transitioned to a Company with a Nominating Committee, etc. Taking the opportunity of this transition to clearly separate the oversight function from execution by management, the Company has strengthened the oversight function of the Board of Directors by having Independent Outside Directors make up its majority. By delegating substantial authority from the Board of Directors to Executive Officers with respect to business execution, the Company accelerates timely decision-making and implementation.

In June 2025, the Board of Directors transitioned to a more compact structure of 11 members, with an increased ratio of Outside Directors and enhanced diversity, aiming to strengthen its monitoring function. To support long-term corporate value creation, the Company expanded its stock compensation system, which has been gradually enhanced since its introduction in 2017, to include Outside Directors. The proportion of stock compensation for Executive Officers was also raised.

Initiatives for Strengthening Corporate Governance

Strengthening of Oversight and Execution Functions





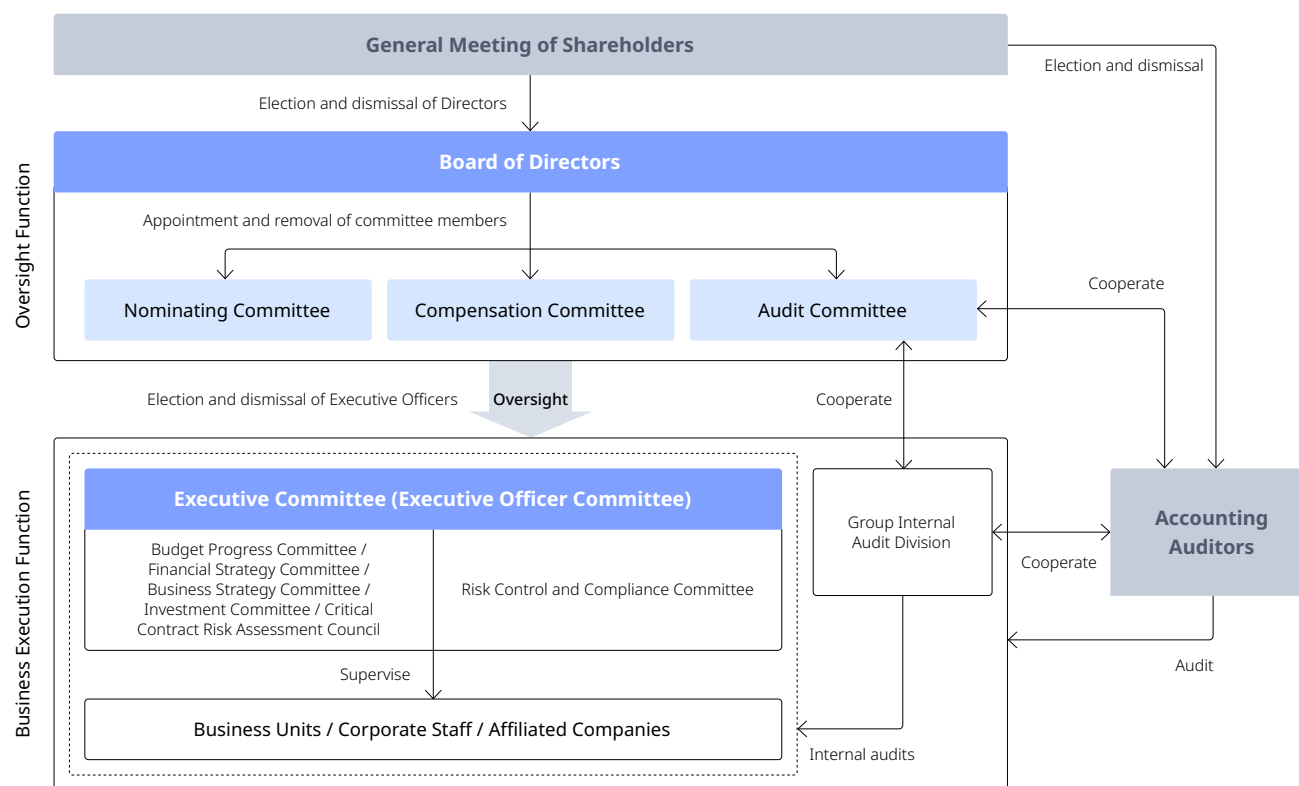
Corporate Governance

Overview of Corporate Governance System

The Board of Directors is responsible for guiding the direction of management through deliberation of important matters related to the Company's basic management policy and for overseeing the execution of duties by Executive Officers and Directors. From the perspective of ensuring independence, the majority of the Board of Directors comprises Independent Outside Directors, and the Nominating, Compensation, and Audit committees are each chaired by an Independent Outside Director. The primary role of the Chairman of the Board, along with chairing Board meetings, is to oversee the management of the Company. The Chairman does not serve concurrently as an Executive Officer and is not involved in the day-to-day execution of the Company's business operations.

Executive Officers are responsible for the execution of the Company's business operations as delegated by the Board of Directors. By delegating substantial authority to Executive Officers, the Company is working to accelerate business execution and business execution-related decision-making. In line with this, the Company is working to strengthen corporate governance on the execution side through such measures as reinforcing the Company-wide risk management system centered on the Chief Risk & Compliance Officer (CRCO), improving the quality of decision-making by establishing the Executive Committee, which is the highest level deliberative body on the execution side, as well as other committees which work in tandem with the Executive Committee, and enhancing the internal audit function led by the Chief Audit Officer (CAO).

For information on the Company's corporate governance system, initiatives, and achievements, please visit the website below to view the Corporate Governance Report.
https://www.nec.com/en/global/about/pdf/nec_governance.pdf





Corporate Governance

Oversight Function

Board of Directors

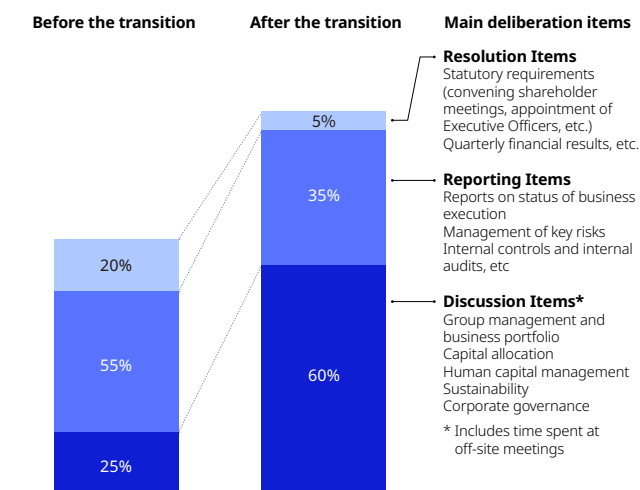
The Board of Directors is responsible for guiding the direction of management through deliberation of important matters related to the Company's basic management policy and for overseeing the execution of duties by Executive Officers.

Deliberation of Important Matters Related to the Basic Management Policy

- ① Formulation of medium- to long-term strategies / mid-term management plan policies
- ② Formulation of governance system / decision-making process policies
- ③ Capital policy
- ④ Formulation of policies for the business portfolio
- ⑤ Large-scale M&A and large-scale investments
- ⑥ Measures to increase corporate value based on the NEC Way

The frequency of meetings of the Board of Directors is, in principle, six times a year (extraordinary meetings of the Board of Directors are held as necessary). This is achieved by enhancing discussions on management agendas aimed at increasing medium- to long-term corporate value, with a focus on important agenda items, as well as improving operational efficiency by systematically submitting proposals based on annual deliberation plans. In addition, all-day off-site meetings are held as an intensive discussion forum separate from Board of Directors meetings. These meetings aim to deepen discussions on each item on the agenda at the Board of Directors meetings by holding wide-ranging and open discussions on important agendas, such as the medium- to long-term strategy and strengthening governance.

Change in Deliberation Time from Before to After the Transition to a Company with a Nominating Committee, etc.



Fiscal 2025 Main Agenda Items and Discussion Details

Nine meetings held (six scheduled meetings and three extraordinary meetings) with an attendance rate of 100%

With the exception of special circumstances, each Director aims to have at least 75% attendance at meetings of the Board of Directors in a single fiscal year.

Deliberation of Important Matters Related to the Basic Management Policy

- Policies and assumptions for the medium- to long-term strategies following Mid-term Management Plan 2025
- Group management and business portfolio (listed subsidiary policy, M&A strategy, and overseas business structure, etc.)
- Capital allocation (growth investments and return to shareholders)
- Human capital management (job-based human resource management strategies and measures based thereon, etc.)
- Corporate governance (policies and progress of corporate governance reform, and Board of Directors effectiveness evaluations, etc.)

Matters Related to Oversight of the Execution of Duties

- Progress of the Mid-term Management Plan 2025 and budget
- Internal audit plan, audit results, and status of development and operation of internal control system
- Status of activities of the Nominating Committee, the Compensation Committee, and the Audit Committee



Corporate Governance

Nominating Committee

Three Independent Directors
(including the committee chairperson)
One Inside Director

The Nominating Committee deliberates, from the perspective of objectivity, fairness, and transparency, on matters concerning nomination of the Company's Officers and the succession plan for the CEO including support for managerial talent development, as well as on the contents of proposals to be submitted to the General Meeting of Shareholders concerning the election or dismissal of Directors.

■ Fiscal 2025 Main Agenda Items and Discussion Details —

Six meetings held with an attendance rate of 100%

To improve the Company's medium- to long-term corporate value, the Nominating Committee mainly deliberated on and established policies to strengthen (1) the Board structure aimed at further strengthening the monitoring function of the Board of Directors and (2) the operation of the CEO succession plan, etc.

(1) Board Structure Aimed at Further Strengthening Monitoring Function of the Board of Directors

While ensuring that each Director has diverse work experience, specialized fields, nationality, country of origin or cultural background, gender, etc., the Company will establish a compact structure for the Board of Directors that is necessary and sufficient for discussions of the management strategy, etc.

In addition, the reappointment or retirement of Outside Directors will be determined based on the results of peer reviews conducted as part of the effectiveness evaluation of the Board of Directors and each committee. The number of reappointments will not exceed eight terms.

Due to the shift to a Board of Directors' monitoring model, the number of inside Directors will be set at minimum mainly having the CEO.

(2) Operation of the CEO Succession Plan

To ensure the continuous and fair appointment of a CEO who will lead the sustainable growth of the Company's value globally, the Nominating Committee and the CEO will work

together to implement a CEO succession plan while ensuring objectivity and clarity.

<Roles of the Nominating Committee and the CEO>

- The Nominating Committee will determine the appropriate timing for the replacement of the CEO and identify candidates for the next CEO. At the same time, the CEO will support the development of the next generation of managerial talent.
- The CEO develops candidates for the next CEO and proposes candidates for the next CEO to the Nominating Committee.

<Term of office and appointment / dismissal process of CEO>

- There is no term of office for the CEO. Instead, an evaluation review of the CEO is conducted every year, and the Nominating Committee decides on reappointment or retirement of the CEO based on the CEO's intentions, business performance, 360-degree evaluations of the CEO, and the status of development of candidates for the next CEO.
- The Nominating Committee will select the next CEO in consideration of the mid-term management plan, management policies and business environment by assessing the qualities and character of the candidate for the next CEO proposed by the CEO from the requirements for the next CEO.

Compensation Committee

Three Independent Directors
(including the committee chairperson)
One Inside Director

The Compensation Committee deliberates, from the perspective of objectivity, fairness, and transparency, on matters concerning the remuneration of the Company's Directors and Executive Officers, including the formulation of policies on remuneration, etc., for Directors and Executive Officers and the determination of the details of remuneration, etc., for each individual Director and Executive Officer.

■ Fiscal 2025 Main Agenda Items and Discussion Details —

Nine meetings held with an attendance rate of 100%

The Compensation Committee mainly deliberated on the consideration of the direction of a remuneration system that provides incentives to realize medium- to long-term global competitive advantages, the expansion of the stock compensation system to strengthen management that is conscious of corporate value, the determination of individual remuneration amount, the operation of a remuneration plan and the monitoring of the current remuneration system, etc.

With regard to the direction of the remuneration system, the Company aims to provide remuneration at competitive and superior levels and composition to match its business growth. In particular, the ratio of stock compensation will be increased to ensure that all Directors and officers remain conscious of corporate value.

For details on the stock compensation system, please refer to "Remuneration for Directors and Executive Officers" on page 41.

Audit Committee

Five Independent Directors
(including two persons with considerable knowledge of finance and accounting)

The Audit Committee audits the execution of duties by Executive Officers and Directors. It periodically reports the audit plan and audit results to the Board of Directors, and makes recommendations based on the audit results to the President. In principle, the committee holds regular meetings once a month and extraordinary meetings as necessary.

■ Fiscal 2025 Main Activities —

15 meetings held with an attendance rate of 100%

With a view of transition toward organizational auditing system, the Company set the basic audit policy of the Audit Committee to ensure further transparency in the governance system on the executive side and to confirm the status of sophisticated internal audits through confirming the corporate governance system (including internal control); expanding the scope of reliance on the internal auditing division; and strengthening the three-way audit system (the Audit Committee, the internal auditing division and the Accounting Auditors).

The Audit Committee received reports from major Chief Officers in charge of corporate functions on key issues and initiatives related to their areas of responsibility, in order to confirm the sufficiency and appropriateness of internal control and risk management in particular in addition to statutory resolutions.

For more details, please visit the website below to view Corporate Governance Report.
https://www.nec.com/en/global/about/pdf/nec_governance.pdf



Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

The Company conducts an evaluation and verification of the effectiveness of the Board of Directors and each committee every fiscal year, in order to improve the effectiveness of the Board of Directors. In fiscal 2025, a third-party evaluation organization was appointed to evaluate the effectiveness and further improvements were recognized in the three priority items addressed following the fiscal 2024 evaluation. Building on these outcomes, in fiscal 2026 the Company will focus on the following three items that were pointed out as issues needing continued consideration.

Priority Initiatives for Fiscal 2025	Summary of Results
Upgrade the operation of the Board of Directors Agenda setting focusing on important matters as well as review of materials and advance explanations to enhance discussions in each agenda item, etc.	By setting agendas focused on important issues, the frequency of regular Board of Directors meetings was revised to six times a year, and two all-day intensive off-site meetings were held in addition to Board of Directors meetings to deepen understanding of important issues and enrich discussions within the Board. In addition, improvements were made in operations and efficiency, such as clarifying the treatment of advanced explanations to Outside Directors.
Clarification of committee functions Clarification of the roles and functions of each committee, as well as items and processes to be deliberated, etc.	Discussions were held on the roles and functions of each committee and on future policies and matters to be discussed, and processes were clarified. The Nominating Committee held in-depth discussions on policies for the CEO succession plan, while the Compensation Committee held in-depth discussions on the ideal form of the remuneration plan as an incentive to increase corporate value, and the details of these discussions were disclosed in February 2025. The Audit Committee further strengthened collaboration with the internal auditing division with the aim of transitioning to an organizational audit system.
Strengthening the support system for Directors Strengthening of the secretariat system, streamlining of operations across the Board of Directors and committees, enhancement of the onboarding program at the time of appointment, etc.	The efficiency and sophistication of operations were promoted by having the Corporate Governance Office assume the functions of secretariat for the Board of Directors and each committee in an integrated manner. Support for Outside Directors was improved by enhancing the onboarding program when Directors are newly appointed.

Priority Initiatives for Fiscal 2026
Further upgrade the operation of the Board of Directors <ul style="list-style-type: none">Further enhance discussions on important issues related to the next mid-term management planDeepen mutual understanding by expanding communication opportunities between Directors and Executive Officers, and thereby further enhancing the content of discussions in the Board of Directors meetings
Enhancement of committee functions <ul style="list-style-type: none">Further improve deliberation items and the deliberation process in accordance with the roles and policies of each committeeStrengthen collaboration between the Board of Directors and each committee, including a review of the content and timing of reports by each committee to the Board of Directors
Fostering a board culture <ul style="list-style-type: none">Foster a board culture by further enhancing opportunities for communication between DirectorsDeepen discussions and create a common understanding of the ideal corporate governance in the Company and the specific roles of the Board of Directors in it

Execution Function

The Company promotes accelerated decision-making and business execution by delegating substantial authority to Executive Officers. The Company has introduced Chief Officers to implement Group-wide strategies. Under the direction of the President, each Chief Officer is working to establish and operate the optimal management infrastructure for NEC in the key Group-wide functional areas for which they are responsible. The Company has established the Executive Committee, which is the highest-level deliberative body on the execution side, as well as other committees which work in tandem with the Executive Committee in order to ensure high-quality decision-making in terms of both opportunities and risks. The

Executive Committee, consisting of Executive Officers, including Presidents of each business unit and Chief Officers, deliberates on important matters related to the management of NEC, such as management policies and strategies, and examines important business execution matters. The Committees working in tandem with the Executive Committee conduct deliberations, etc., on their respective responsibilities in accordance with their roles and authorities (as shown in the chart). The Group Internal Audit Division conducts audits to ensure legal, appropriate, and efficient business execution, identifies problem areas, and makes recommendations for improvement by identifying issues.

Name of Deliberative Body	Summary of Respective Responsibilities
Budget Progress Committee	Progress management regarding the annual budget
Financial Strategy Committee	Multifaceted review of financial strategies
Business Strategy Committee	Discussion of business strategies and sharing of important matters
Investment Committee	Multifaceted review of investments and loans
Critical Contract Risk Assessment Council	Multifaceted review of important business contracts, etc., in order to reduce risk
Risk Control and Compliance Committee	Multifaceted review of Company-wide risk management and compliance



Corporate Governance

Remuneration for Directors and Executive Officers

In accordance with the basic policy on the remuneration of Directors and Executive Officers, the Company has established a remuneration system that will lead to the sustainable growth of corporate value. To further enhance the sharing of value with shareholders and heighten awareness of the need to sustainably increase corporate value, the Company introduced a stock compensation system for Outside Directors in June 2025. In order to strengthen the sharing of value with shareholders and to secure excellent human resources to take on management roles, in addition to the current performance-based stock compensation, a new non-performance-based stock compensation was introduced from April 2025 for Corporate Senior Vice President and above, including Executive Officers and others,* and the ratio of stock compensation will be increased.

Remuneration for Directors consists of basic remuneration and medium- to long-term incentive (stock compensation). The approximate ratio of the amount of basic remuneration and

stock compensation for Outside Directors is 3 : 1. In addition, for Inside Directors (excluding Directors concurrently serving as Executive Officer), stock compensation will be paid up to a maximum of approximately 30% of their total remuneration.

Remuneration for Executive Officers consists of basic remuneration, short-term incentive (bonuses), and medium- to long-term incentive (performance-linked stock compensation and non-performance-linked stock compensation). The level of remuneration and the composition ratio of each type of remuneration shall be determined in accordance with the responsibilities of each Executive Officer, taking into consideration the remuneration at competing companies, etc. For the CEO, the ratio is set approximately at 1 : 1 : 1.4.

For Directors who concurrently serve as Executive Officers, the remuneration system for Executive Officers shall apply.

* The remuneration structure for Executive Officers also applies to Corporate SEVPs, Corporate EVPs, and Corporate SVPs, etc.

Basic Policy on the Remuneration of Directors and Executive Officers

- 1 The remuneration system is highly objective and transparent, with content which leads to sustainable growth with the aim of maximizing corporate value, and which allows shareholders to confirm that management is linked to shareholder value.
- 2 The remuneration system is linked to the mid-term management plan target indicators and provides incentives for Executive Officers to achieve the management targets indicated in the mid-term management plan.
- 3 As a technology company with global operations, the remuneration system is competitive in the human resources market in terms of both remuneration structure and level.

For more details on the remuneration for Directors and Executive Officers for fiscal 2025, please visit the website below to view the Corporate Governance Report.
https://www.nec.com/en/global/about/pdf/nec_governance.pdf

Compensation System for Executive Officers

Remuneration type	Basic remuneration	Short-term incentive (bonuses)		Medium- to long-term incentive (stock compensation)	
	Fixed remuneration	Group-wide performance-based component	Department performance-based component	Performance-based remuneration	Non-performance-based remuneration
Payment method	Monetary remuneration	Performance-based remuneration		Performance-based remuneration	Non-performance-based remuneration
Evaluation period/Target period	—	Monetary remuneration		Non-monetary remuneration	
		One year		Three years	
Calculation method and indicators for determining remuneration amounts, etc.	Amount is determined based on market competitiveness in accordance with the role, authority, and responsibility of each job title For Executive Officers, basic remuneration increases or decreases based on performance, and the performance indicators include non-financial indicators such as practical implementation of the NEC Way and our materiality.	Linked to the degree of achieving targets of KPIs set in the mid-term management plan for each fiscal year Indicator responsible for the “Strategy” aspect of Mid-term Management Plan 2025 EBITDA (amount) 50% EBITDA (percentage to revenue) 30% ESG indicator responsible for the “Culture” aspect of Mid-term Management Plan 2025 Employee engagement score 20%		The number of shares is determined in a range from 0% to 150% of the number of shares granted by job title, in accordance with the results of a comparison of the Company's total shareholder return (TSR) with indices such as the Tokyo Stock Price Index (TOPIX) and peer group companies.	
		The amount is set between 0% and 200% of the standard amount for each job title, based on the achievement level of performance targets. <div> <div>Amount of bonus</div> <div>=</div> <div>Group-wide performance-based component</div> <div>×</div> <div>Group-wide standard amount</div> <div>×</div> <div>Group-wide evaluation</div> <div>+</div> <div>Department performance-based component</div> <div>×</div> <div>Department standard amount</div> <div>×</div> <div>Department evaluation</div> </div>		<div> <div>Shares to be granted</div> <div>=</div> <div>Number of shares granted by job title</div> <div>×</div> <div>TSR growth rate</div> <div> <div>Index comparison</div> <div>+</div> <div>Peer group comparison</div> <div>50%</div> <div>50%</div> </div> </div>	



Corporate Governance

Risk Management

Overview of Risk Management System

NEC has a Company-wide cross-sectional risk management system centered on the Risk Control and Compliance Committee and CRCO, to accurately comprehend and to respond appropriately to both internal and external risks related to NEC’s businesses.

In the Company, important matters related to Company-wide risk management, including a risk management policy and selection of and response policies to “Priority Risks” that requires countermeasures across NEC, as well as measures to address risks that require Company-wide management in response to changes in risk environment during the fiscal year, are discussed at the Risk Control and Compliance Committee and then reported to the Business Strategy Committee and the Board of Directors on a regular basis.

The Company has the CRCO to monitor and address Company-wide risks centrally and cross-functionally and manage possibilities to make losses. The CRCO takes a lead in Company-wide risk management by detecting and analyzing risks that are diversifying and becoming more complex in constantly changing social and business environment, and evaluating impacts, while prioritizing countermeasures and closely collaborating with other chief officers in charge of each risk.

Risk Management Policies

NEC refers to the Enterprise Risk Management–Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and ISO 31000, which is an international standard that provides principles and guidelines for risk management. On this basis, in order to pursue returns through appropriate risk management, NEC has categorized the risks associated with its businesses into a Risk Total Picture (as shown in the chart below) and has decided on responsible divisions and response policies for each risk. In the Risk Total Picture, integrity is recognized as the foundation of all risk management activities and risks are classified into three categories according to their nature. The Company has developed a response flow in case such risk should materialize, especially in the event of a crisis that threatens the existence of the Company.

Based on a comprehensive list of risks that NEC should be aware of, the CRCO engages in dialogue with other Chief Officers in charge of managing each risk and conducts risk assessments. The CRCO creates a risk map that visualizes risk priorities by evaluating impact on five levels and urgency on three levels, taking into consideration changes in the external and internal environment and the status of each risk countermeasure. The CRCO updates the risk map through the review of the Risk Control and Compliance Committee on a quarterly basis, and regularly reports to the Business Strategy Committee and the Board of Directors.

For details on the risk map, the risks the Company has deemed to be particularly important, and the countermeasures to be taken, please see the website below.
<https://www.nec.com/en/global/ir/corporate/risk.html>

Risk Total Picture

Common Value	Integrity		
Type of Risks	Compliance Adhering rules	Conduct What we should do in line with social acceptance	Business Appropriate risk taking to appropriate profit
Example of Risks	Laws, Regulations	Human rights, Economic security, Moral	Strategy, Appropriate targets and plans
Measures	Follow laws and rules	Decided what we should do across NEC group	Appropriate risk taking to obtain efficient profit
Impact Range	Reputational		Economic
Inadequate	Crisis		



Financial and Non-financial Highlights

Please visit the website below for more detailed non-financial data.
<https://www.nec.com/en/global/csr/data/index.html>

Please visit the website below for business performance data and financial information.
<https://www.nec.com/en/global/ir/finance/analytics.html>

Please visit the website below for the Annual Securities Report.
<https://www.nec.com/en/global/ir/library/far.html>

	IFRS									(Billions of yen)
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue	¥2,824.8	¥2,665.0	¥2,844.4	¥2,913.4	¥3,095.2	¥2,994.0	¥3,014.1	¥3,313.0	¥3,477.3	¥3,423.4
International revenue	603.1	571.0	740.2	689.1	752.0	703.2	754.5	895.6	888.0	707.4
International revenue ratio (%)	21.4	21.4	26.0	23.7	24.3	23.5	25.0	27.0	25.5	20.7
Operating profit	91.4	41.8	63.9	57.8	127.6	153.8	132.5	170.4	188.0	256.5
Non-GAAP operating profit	—	—	—	—	—	150.9	160.3	197.0	227.6	311.3
Non-GAAP operating profit ratio (%)	—	—	—	—	—	5.0	5.3	5.9	6.5	9.1
Net profit attributable to owners of the parent	75.9	27.3	45.9	39.7	100.0	149.6	141.3	114.5	149.5	175.2
Non-GAAP net profit	—	—	—	—	—	144.6	159.5	132.8	177.8	225.7
Cash flows from operating activities	97.8	92.5	130.0	64.2	261.9	274.9	147.5	152.1	271.2	344.4
Cash flows from investing activities	(32.2)	6.4	(14.2)	(76.7)	(84.0)	(122.5)	(63.4)	(49.6)	(76.0)	(131.2)
Free cash flows	65.6	99.0	115.8	(12.4)	177.8	152.4	84.1	102.5	195.2	213.2
R&D expenses	123.6	109.3	108.1	108.1	109.8	114.6	126.3	121.4	115.8	99.2
Number of patents	Approx. 53,000	Approx. 53,000	Approx. 51,000	Approx. 49,000	Approx. 47,000	Approx. 46,000	Approx. 45,000	Approx. 42,000	Approx. 41,000	Approx. 43,000
Capital expenditures (property, plant and equipment)	36.3	31.5	45.4	62.7	67.4	57.6	59.3	67.6	86.7	116.1
Depreciation (property, plant and equipment)	50.5	49.9	63.8	64.4	123.4	122.8	123.1	130.2	130.8	108.5
Per share data (in yen) ¹ :										
Net profit attributable to owners of the parent ²	29.22	10.51	176.54	152.75	385.02	557.18	518.54	424.51	112.25	131.50
Cash dividends ³	6	6	60	40	70	90	100	110	120	140
Dividend payout ratio (%)	20.5	57.1	34.0	25.8	18.2	16.2	19.3	25.9	21.4	21.3
Total assets	2,528.9	2,684.0	2,821.4	2,963.2	3,123.3	3,668.6	3,761.7	3,984.1	4,227.5	4,315.4
Owners' equity ⁴	769.8	854.3	880.8	858.9	910.7	1,308.2	1,513.5	1,623.8	1,915.6	1,952.0
Return on equity (%)	9.5	3.4	5.3	4.6	11.3	13.5	10.0	7.3	8.4	9.1
Owners' equity ratio (%)	30.4	31.8	31.2	29.0	29.2	35.7	40.2	40.8	45.3	45.2
Interest-bearing debt	479.5	466.9	520.7	552.5	675.4	702.9	597.4	608.5	548.6	666.4
Debt-equity ratio (times) ⁵	0.62	0.55	0.59	0.64	0.74	0.54	0.39	0.37	0.29	0.34
Number of employees	98,726	107,729	109,390	110,595	112,638	114,714	117,418	118,527	105,276	104,194
Ratio of women in all management positions (%)	—	—	—	7.8	7.8	9.2	9.6	10.3	11.1	12.8
Ratio of women in all management positions (non-consolidated, %) ⁶	5.4	5.5	5.8	5.9	6.2	6.9	7.8	8.9	10.2	10.6
Employee engagement index (%)	—	—	—	14	20	25	35	36	39	42
Greenhouse gas emissions (Scope 1 and Scope 2) (thousand tons)	—	350	338	329	373	327	324	259	226	181
Greenhouse gas emissions (Scope 3) ⁷ (thousand tons)	—	7,410	7,606	7,585	6,996	6,158	6,535	6,894	5,738	5,234

1 Effective April 1, 2025, the Company conducted a stock split at a ratio of 5 shares for every 1 share. For fiscal 2024 and fiscal 2025, basic earnings per share have been calculated assuming the stock split had been effective at the beginning of the prior consolidated fiscal year. For fiscal 2018 and beyond, amounts are presented on a post-reverse stock split basis, following the 10-to-1 reverse split effective October 1, 2017.

2 Net profit attributable to owners of the parent per share is calculated based on the weighted-average number of shares outstanding during each period.

3 Effective April 1, 2025, the Company conducted a stock split at a ratio of 5 shares for every 1 share. The dividend amounts disclosed for fiscal 2024 and fiscal 2025 reflect the actual pre-split figures.

4 Owners' equity = Equity attributable to owners of the parent

5 The debt-equity ratio is calculated by dividing interest-bearing debt by owners' equity.

6 As of April 1 of the following fiscal year

7 Scope 3 emissions from fiscal 2018 to fiscal 2020 have been adjusted to reflect a revision of the coefficient for Scope 3 Category 1 emissions. For this reason, the total differs from the sum of each scope.



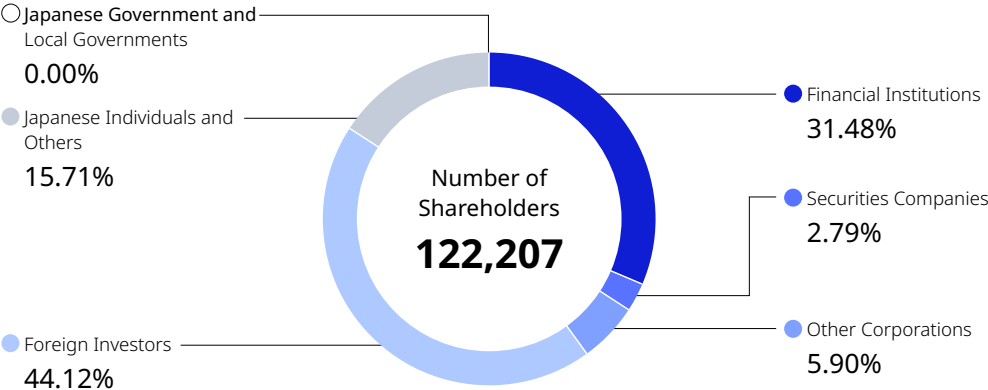
Corporate Overview

Company Name	NEC Corporation
Head Office	7-1, Shiba 5-chome, Minato-ku, Tokyo 108-8001, Japan
Established	July 17, 1899
Number of Employees (As of March 31, 2025)	104,194 (NEC Corporation and consolidated subsidiaries)
Total Number of Shares Issued (As of March 31, 2025)	1,364,249,315 shares
Stock Exchange Listing	Tokyo (Securities code: 6701)
Shareholder Register Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo

Note: Effective April 1, 2025, the Company conducted a stock split at a ratio of 5 shares for every 1 share. The number of shares issued at the end of the fiscal year (including treasury stock) has been calculated assuming the stock split had been effective at the beginning of fiscal 2025.

Classification of Shareholders (Shareholding Ratio)

(As of March 31, 2025)



Organization Chart

(As of April 1, 2025)



Major Shareholders (Top 10)

(As of March 31, 2025)

Name of Shareholders	Number of Shares Held (Thousands of shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	47,443	17.78
Custody Bank of Japan, Ltd. (Trust Account)	23,197	8.69
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	13,023	4.88
JP MORGAN CHASE BANK 385632	8,448	3.17
STATE STREET BANK AND TRUST COMPANY 505001	7,858	2.94
Sumitomo Life Insurance Company	5,600	2.10
STATE STREET BANK WEST CLIENT - TREATY 505234	5,450	2.04
STATE STREET BANK AND TRUST COMPANY 505025	4,220	1.58
BNYM AS AGT/CLTS NON TREATY JASDEC	3,890	1.46
JP MORGAN CHASE BANK 385781	3,513	1.32

Note: The shareholding ratio is calculated by excluding the number of shares of treasury stock (5,944,811 shares).



Corporate Overview

Sustainability

<https://www.nec.com/en/global/sustainability>

Please visit the website above for further details on NEC's approach to management for sustainability based on ESG themes, NEC ESG Databook 2025, and related information.

Department in Charge:
Sustainability Strategy Planning Office, Stakeholder Relations Department

Evaluation by External Parties (As of July 2025)

Dow Jones Best-in-Class
Indices (World,
Asia Pacific)

The Sustainability
Yearbook 2025 (Top 10%)



FTSE4Good
Index Series



FTSE Blossom
Japan Index



FTSE Blossom Japan
Sector Relative Index



MSCI ESG Selection Indexes



MSCI Nihonkabu ESG Select Leaders
Index

2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women
Index (WIN)

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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S&P/JPX Carbon Efficient Index



Euronext Vigeo World 120



ISS ESG Corporate Rating



Morningstar Japan ex-REIT Gender
Diversity Tilt Index

CDP (Climate Change, Water Security,
and Supplier Engagement)



EcoVadis



Investor Relations

<https://www.nec.com/en/global/ir>

Please visit the website above for investor relations (IR) presentation materials and other documents, NEC's financial position and business results, stock and bond information, and much more. NEC constantly strives to enhance its disclosure on this website.

Department in Charge:
Investor Relations Office, Stakeholder Relations Department

Daiwa Investor Relations Internet IR
Excellence Award 2024

Gomez IR Site Ranking
Silver Award 2024

Nikko Investor Relations 2024
All Japanese Listed Companies'
Website Ranking Best website in the
All Markets Ranking category
AAA

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:

- occurrence of quality and safety problems concerning products and services;
- risks related to cybersecurity;
- difficulty attracting, hiring and retaining skilled personnel;
- failure to appropriately respond to human rights issues in the value chain, including employees;
- occurrence of serious misconduct such as bribery,

fraudulent accounting, and violations of personal data protection laws and regulations;

- impact of climate change, natural disasters, and environmental issues;
- adverse changes in foreign currency exchange rates or interest rates, and other economic conditions;
- difficulty achieving acquisitions and business alliances;
- political and social environment in countries and regions in which the NEC Group operates;
- impact of technological innovation and risks related to Intellectual Property Rights;
- natural disasters, pandemics and other hazard risks; and
- occurrence of compliance issues related to violations of competition laws and export control laws.

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.

Trademarks

- NEC is a registered trademark of NEC Corporation in Japan and other countries.
- All other names may be trademarks of their respective owners.

NEC

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