



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>

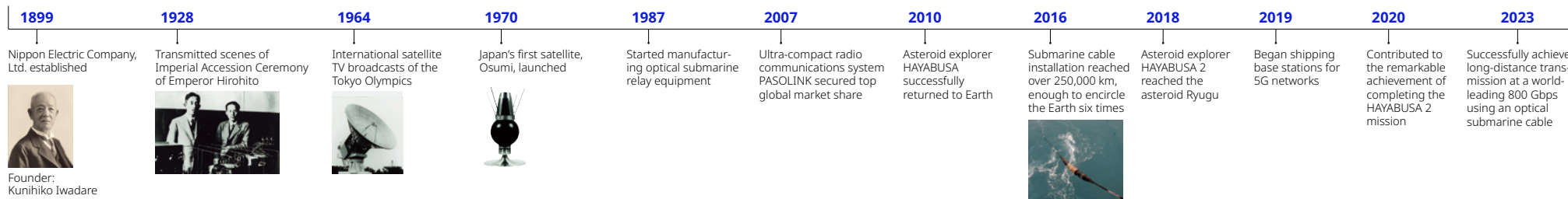
1899 Our First Establishment ▶ 1977 Our Second Establishment ▶ 2013 Our Third Establishment

"Better Products, Better Services"

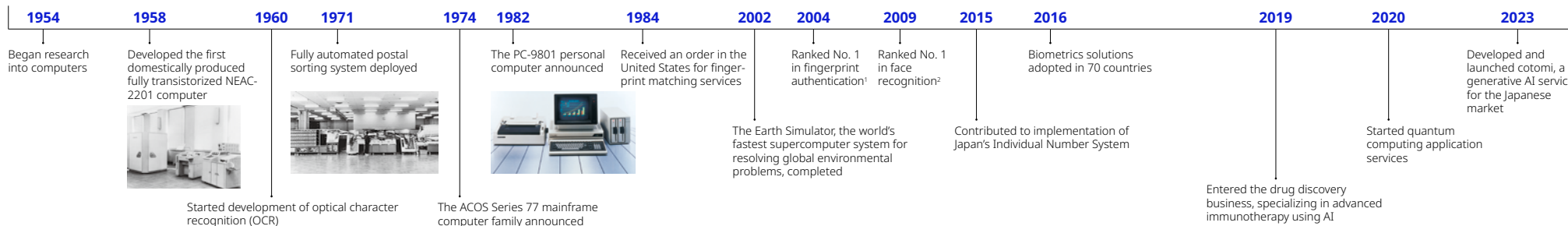
Computers and Communications Vision Announced Integration of Computers and Communications

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

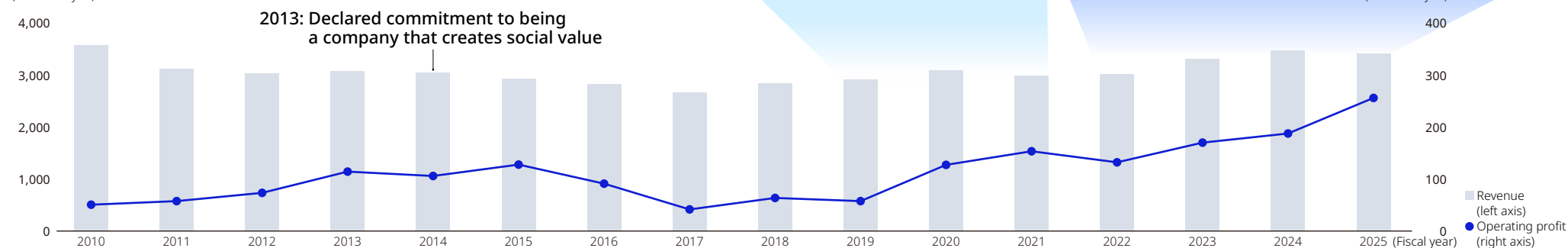
Initiatives Aimed at Organizational and Cultural Transformation

- 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.