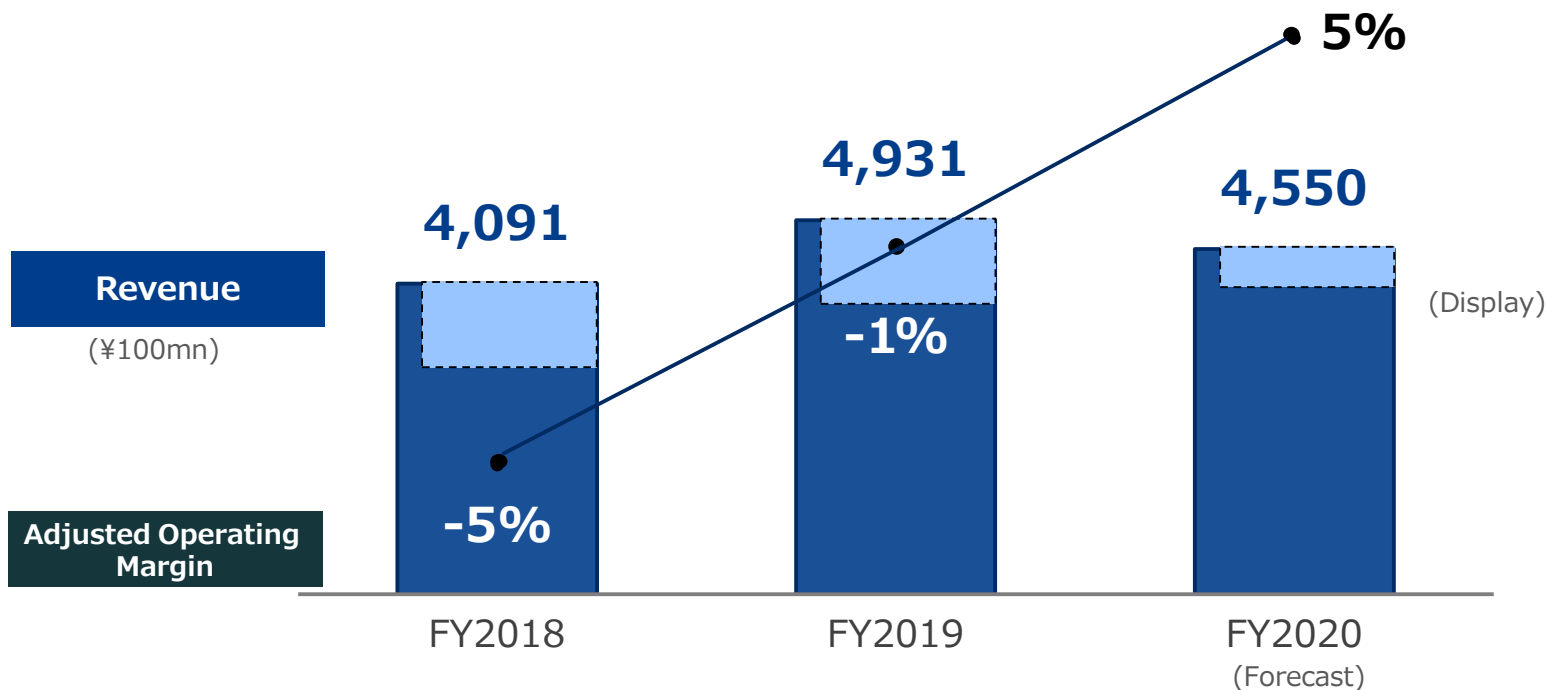


Global Business

Akihiko Kumagai, Senior Executive Vice President

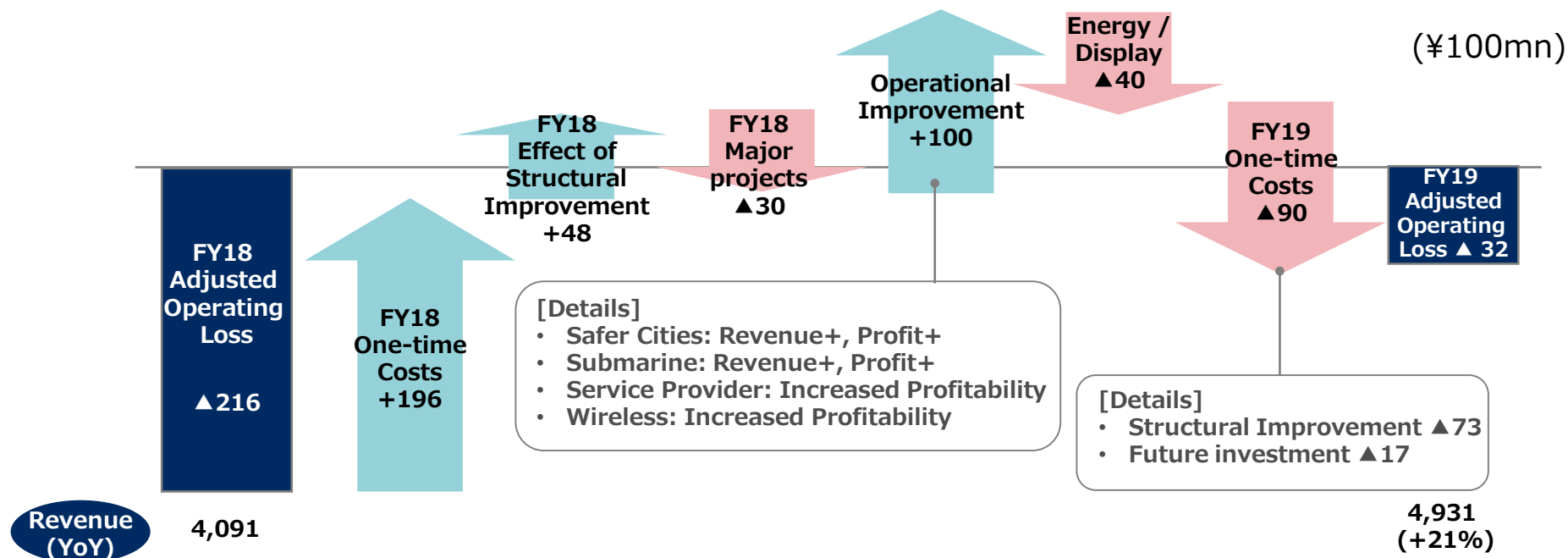
Business Performance from FY2018 to FY2020

- During the 3-year period covered by the current Mid-term Plan, our focus is on profitability improvement, aiming for an adjusted operating margin of 5% in FY2020
- Total revenue decreases from FY2019 to FY2020 due to de-consolidation of Display business. Excluding this impact, revenue increase is planned



FY2019 Results

- Significant positive upsides through structural improvement, operational improvement in Submarine cable, Service Provider and Wireless businesses and steady progress in NPS/KMD
- Resulted in ¥3.2 billion loss due to deterioration of profitability in the Energy and Display businesses and one-time costs



Summary of FY2019

Key Achievements

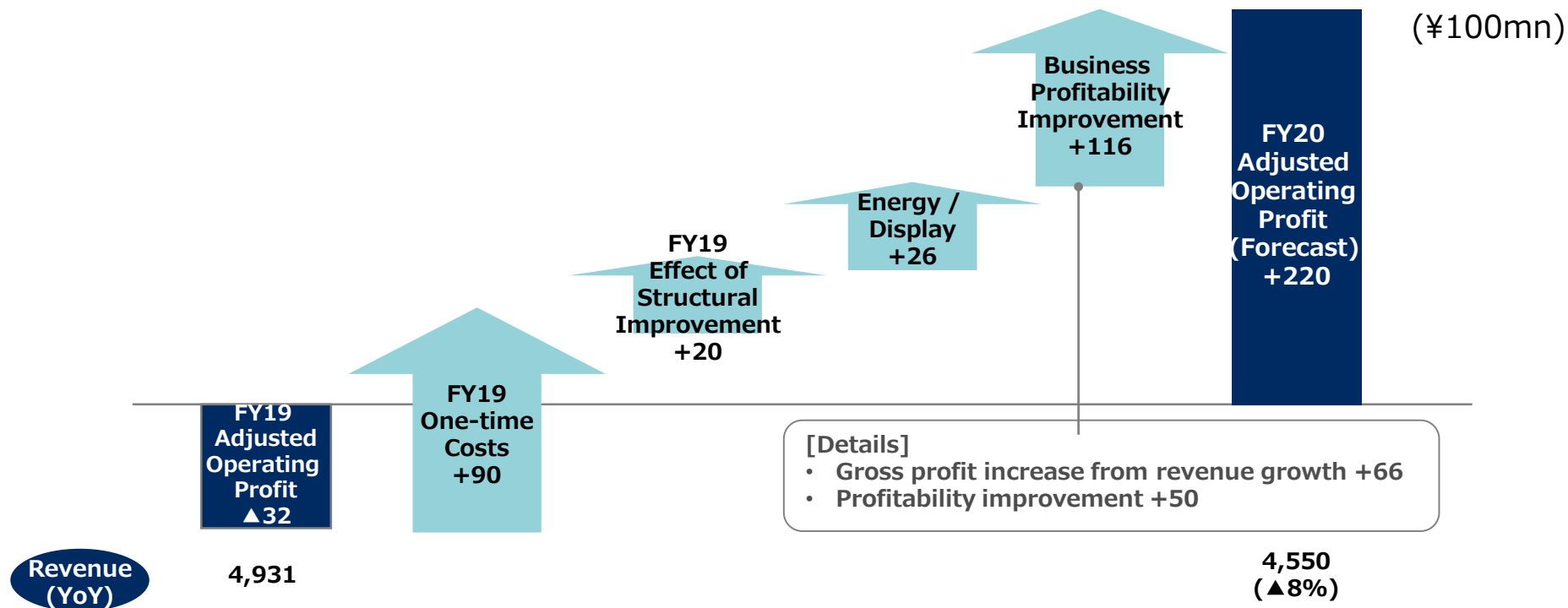
- **Profitability improvements of key businesses**
 - **Safer Cities:**
 - Steady progress in the NPS/KMD business
 - Creation of Aviation business foundation through partnership with Star Alliance
 - **Service Provider: Growth and profitability improvement in SW service business**
 - **Wireless: Achieved positive profit for the first time in last 10 yrs**
- **Submarine: Sales growth by capturing increased demand from GAFA**
- **Display: Announcement of joint venture with Sharp**

Challenge

- **Deterioration of profitability in Energy business**

FY2020 Outlook

Remediate Energy and Display businesses, realize growth and profitability improvement in Safer Cities, Services Provider and Submarine businesses, aiming for adjusted operating income of ¥22 billion



Impact of COVID-19

Impact on Q1 Results

- 3 Billion yen negative impact in profit, mainly from short cycle hardware business (Display, etc)

Outlook for this fiscal year

- Market continues to be tough but seems to have bottomed out in Q2. Variance in orders vs last year improved in August. Expecting gradual recovery in 2H

Countermeasures

- Aggressive reduction in SG&A to improve productivity
- Secure new orders from pipelines and capture new demands for New Normal
- Leverage government subsidies in Asia, Oceania, Europe

Business Strategy for FY2020

Business Strategy

- **Strengthen foundation and invest in new growth areas**
 - **Safer Cities: Focus on NPS, KMD, CX*** * Customer experience
 - **5G (Service Provider)**
 - **India business: Strengthen local organization, fully utilize NEC's assets and know-how**
- **Profitability improvement: OP 5%**
 - **Shift to high value-added areas such as SW and Services**
 - **Utilization of NPS/KMD assets and creation of synergies**
 - **Energy business: Stop taking new orders, downsize business**

Focus Initiatives

- **Safer Cities: Focus on profitability (transform from SI business to utilization of SaaS)**
- **5G: Market disrupter (differentiation through Open RAN)**

Safer Cities Business Strategy

- Focus on digital government, digital finance and CX business
- Transformation to a software-based business model, utilize NPS/KMD solutions
- Capture new demand arising from COVID-19

Digital Government (NPS/KMD)

- **Denmark: Remote testing solution for COVID-19**
- **India: Newborn disease screening SW**
- **UK/Commonwealth: Public housing management SW**



Digital Finance (KMD)

- **Denmark: Digital banking SW for leasing business operators**
- **Norway: Digital banking SW for new banks**
- **Scandinavia: 2 M&As (E-Focus finance business, CONCENT)**



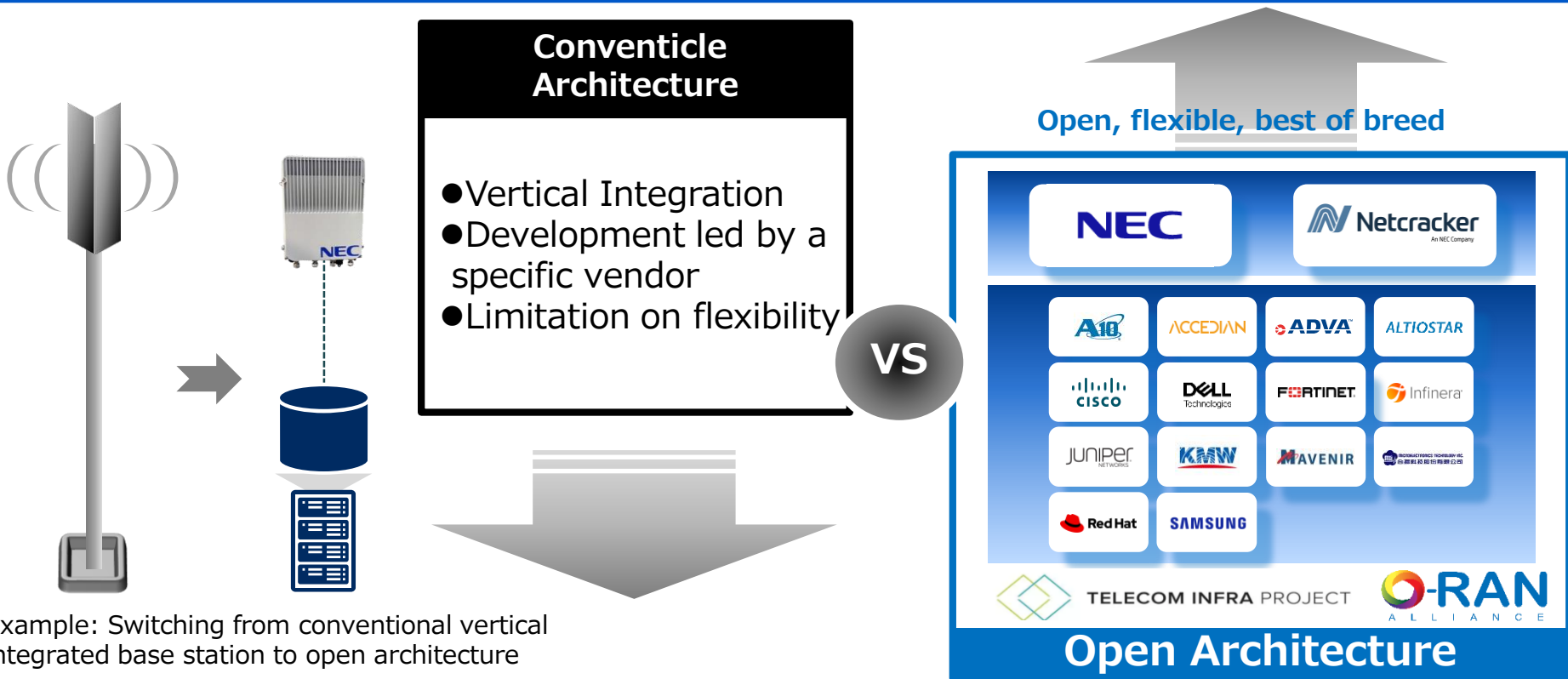
CX

- **US (Aviation): Solutions to address COVID-19 in airports**
- **Global (Aviation): Alliance with SITA (460 airports)**
- **India: Smart City for Gurugram**



5G Open RAN Strategy

Leverage NEC's open radio unit, lead the global "Open Ecosystem"



5G Global Strategy , next steps

Focus on building capability and developing technology in order to prepare for Open RAN boom in 2022. Secure leadership position in Open RAN market, and be the solution provider for the Digital Transformation of global telecom carriers

Create New Market

- **Actively participate in initiatives led by global governments in order to create and promote global ORAN market**
e.g. : US Open RAN Policy Coalition

Establish Strong base

- **Leveraging NEC's strength in radio products/solution, form an ecosystem with global partners and establish a position of reliable integrator**
- **Start trials focusing on customers in 5G advanced countries and prepare for wide expansion in FY21**

IT Systems

- **Develop new operating systems to improve 5G base station efficiency through visualization, in order to contribute to reduction of customers' OPEX**

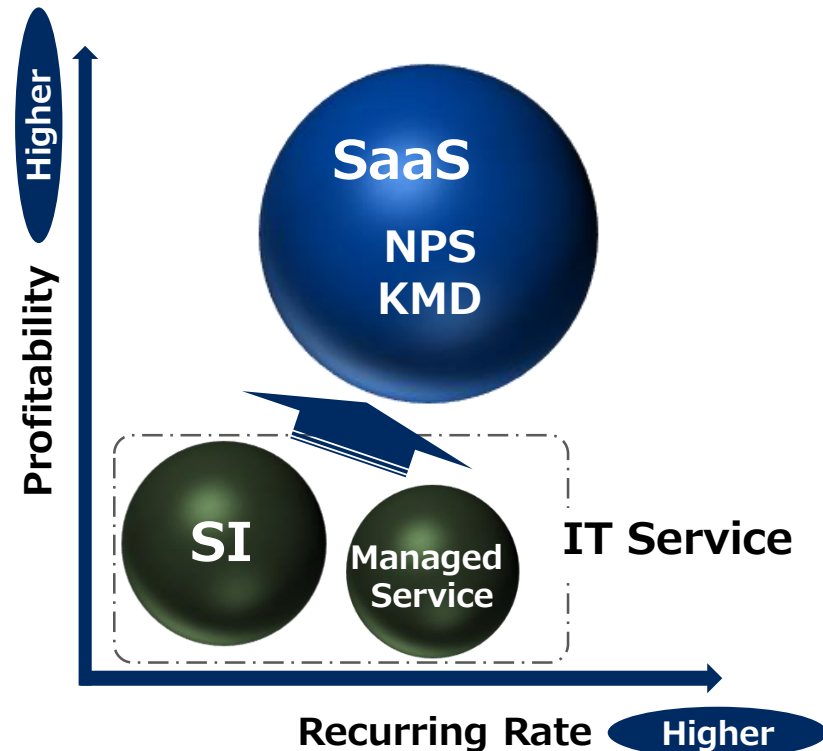
Mid-to-long-term Challenges

Transform into high value add and high profitability business model

- **Transformation of business model from product-based to service & software-based**
 - Safer, 5G
- **Transformation into a Truly Global Company**
 - Global business strategy by creating Centers of Excellence
 - Global HR strategy that removes any barrier in nationality, organization, career

Safer Cities, Business Model Transformation

- Improve profitability by focusing on businesses with high customer value and scalability
- Transform to a software-based business model by utilizing the software assets of NPS/KMD
- Shift to SaaS by providing new CX supported by our unique IP such as biometrics technology (Aviation, Smart Cities)



Revenue focused SI model => Value focused SaaS model

Global business strategy driven by Centers of Excellence

- Digital government, digital finance, CX and 5G businesses to be run from their respective most appropriate Center of Excellence
- Utilize India as an offshoring site for all global business



Unlock our potential of Global Organization & Talent capability



- Globalize/localize leadership team
- Enhance local skills, improve speed
- Raise motivation of global employees

Build a Global Winning Team



\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.