

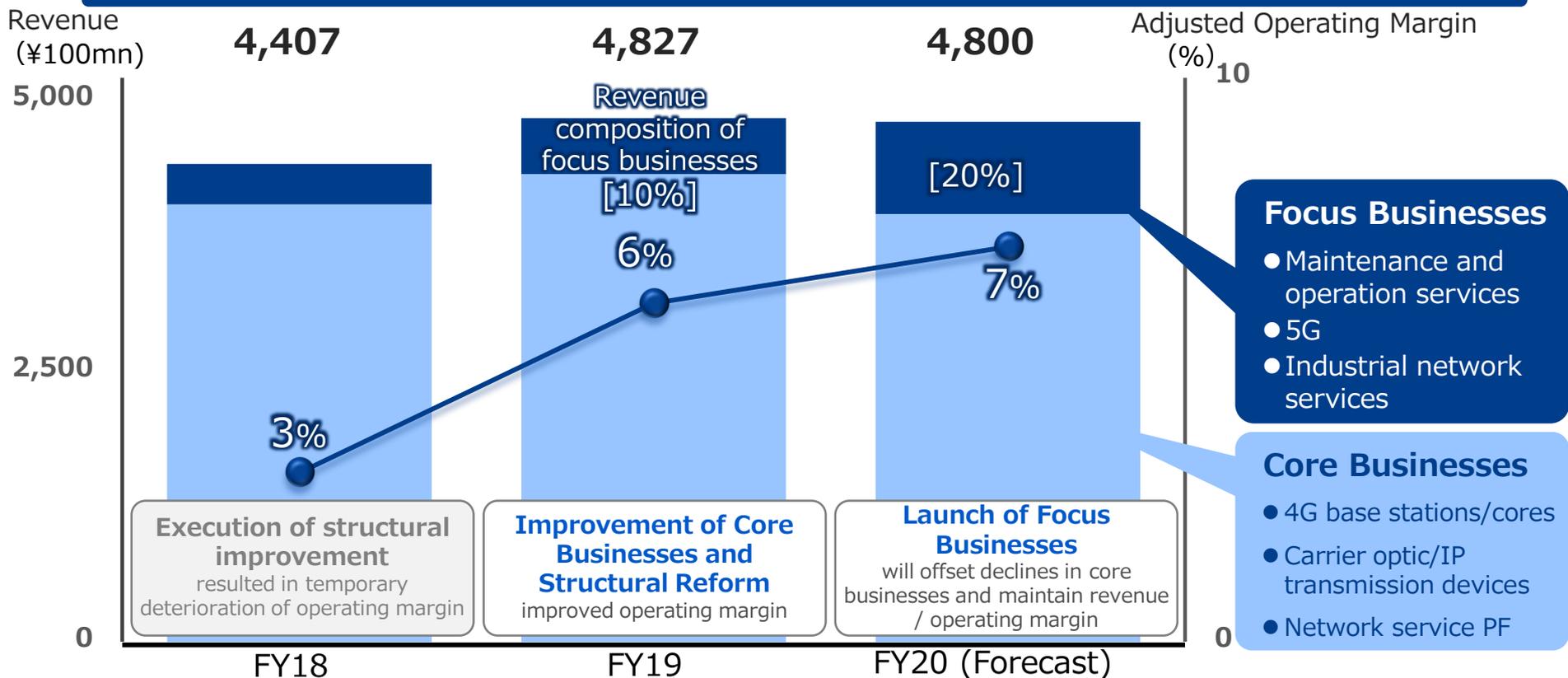
Network Services Business

Atsuo Kawamura, Executive Vice President



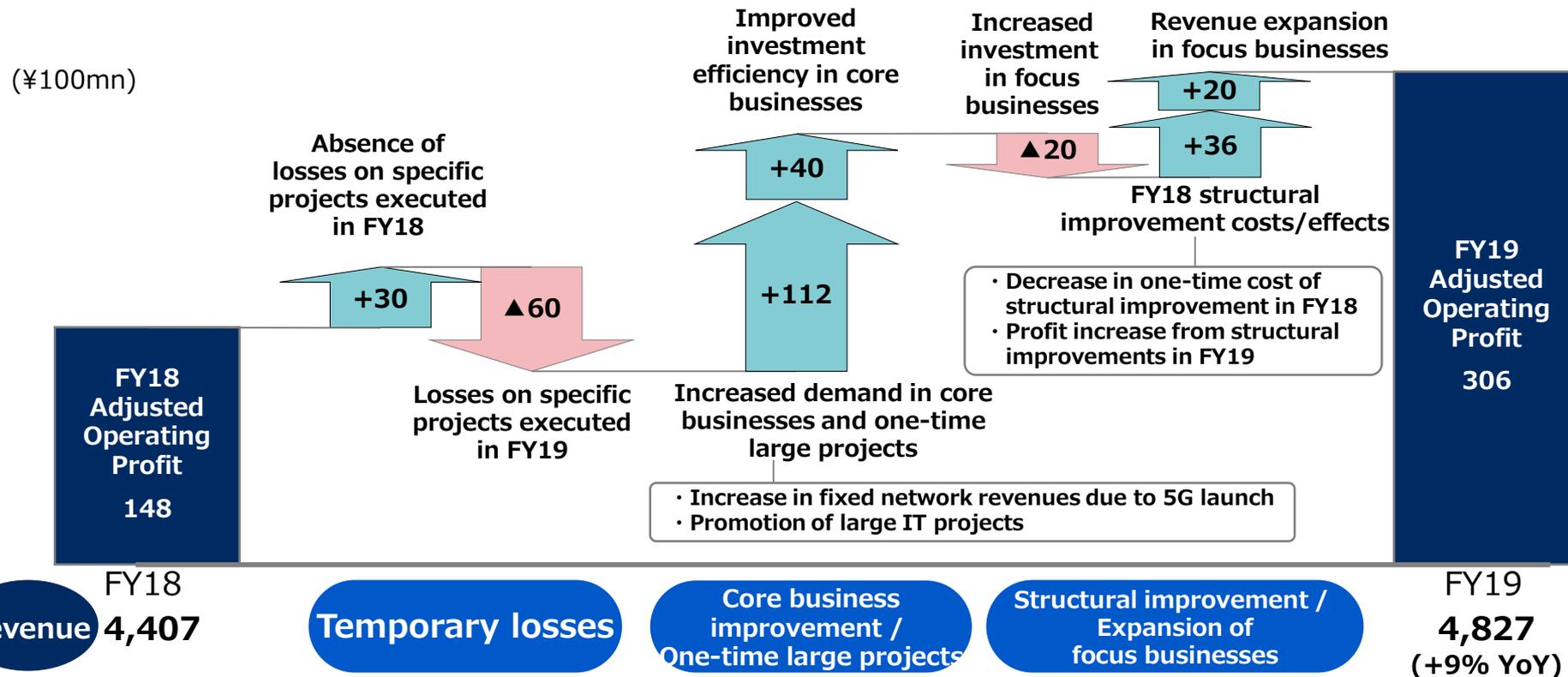
Business Performance from FY2018 to FY2020

● Aim to expand the revenue composition of focus businesses to 20% and achieve 7% operating margin



FY2019 Results

- Improvements in core businesses (including one-time large projects) and the effects of structural improvements led to an increase in operating profit



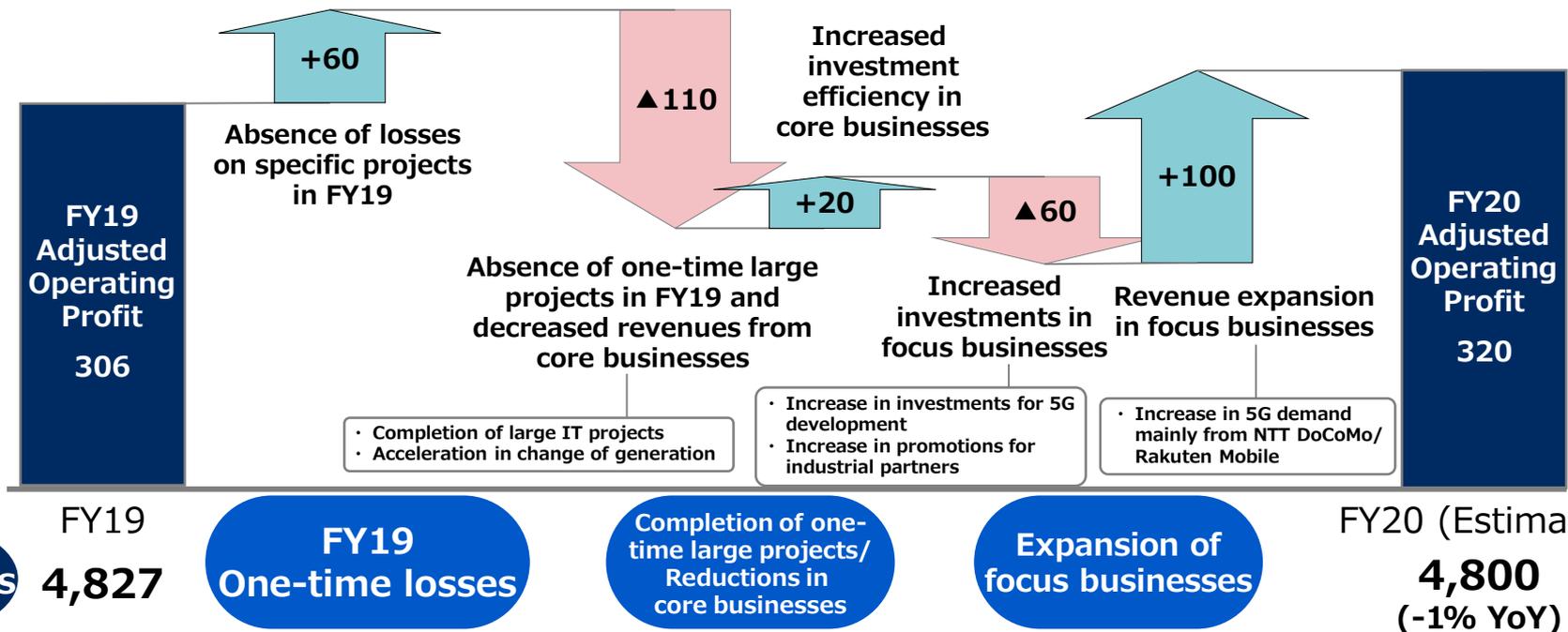
Summary of Business in FY2019

		Key Achievements	Challenges
Core Businesses		<ul style="list-style-type: none">● Expanded fixed network-related revenues in preparation for 5G launch● Completed major IT projects	<ul style="list-style-type: none">● Completion of one-time large projects
Focus Businesses	Maintenance and Operation Services	<ul style="list-style-type: none">● Started process reform project aimed at operational efficiency● Won the project of next-generation payment system using packages	<ul style="list-style-type: none">● Expansion of business beyond traditional maintenance
	5G	<ul style="list-style-type: none">● Started shipments of 5G devices to NTT DoCoMo and Rakuten● Started providing cloud-native 5G-core● Created ecosystem towards secure 5G	<ul style="list-style-type: none">● Scale expansion of 5G business
	Industrial Network Services	<ul style="list-style-type: none">● Entered the local 5G businesses● Started sales of Smart Connectivity solutions	<ul style="list-style-type: none">● Transition to the phase of specific uses

FY2020 Outlook

- Expand investments in 5G and other focus businesses

(¥100mn)



Business Strategy for FY2020

		Business Strategy	Focus Initiatives
Core Businesses		<ul style="list-style-type: none">● Provide networks and IT which support the expansion of 5G commercial services	<ul style="list-style-type: none">● Capture demand for expansion of 5G backbone networks● Expand IT systems using cloud and packages
Focus Businesses	Maintenance and Operation Services	<ul style="list-style-type: none">● Transformation into a maintenance service business which supports value maximization	<ul style="list-style-type: none">● Make operations visible and optimize business processes● Analyze tasks in cooperation with carriers for automation and advancement
	5G	<ul style="list-style-type: none">● Achieve diversified services and expand scale of the 5G business	<ul style="list-style-type: none">● Capture demand from NTT DoCoMo and Rakuten Mobile's full-scale efforts in the 5G market● Expand product portfolio and launch within the current fiscal year (open, SA, functional expansion, etc.)
	Industrial Network Services	<ul style="list-style-type: none">● Provide solutions which create value from industrial data	<ul style="list-style-type: none">● Accelerate creation of E2E solutions aimed to provide local 5G commercial services● Expand size of large-scale ID integration/management services

Evolve into a Maintenance Service which Supports Value Maximization

- **Visualize tasks** within and between processes and propose **standardization and simplification**
- Reduce manual tasks through **digitalization** and **optimize the entire business process**



Business Expansion through 5G Solutions which Enable Diversified Services

4G

Increase network speed and volume through alliances with existing vendors



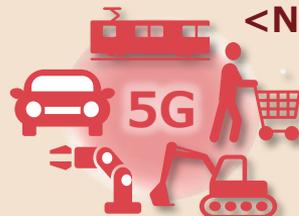
<Network Structure Environment>

- Connectivity with existing products
- Vendor lock-in



5G

Flexible and efficient network design most suitable for use cases



<Network Structure Environment>

- Flexible use of devices
- Efficient functional expansion

Society5.0

NEC Initiatives

Realize 5G needs and strengthen competitiveness through the NEC ecosystem

1) Enhance global competitiveness:
Strengths in wireless × virtualization skill

2) Promote openness:
Adaptation to multiple vendors

3) Provide transparent products:

Provide safety and security from product development to SCM



Miniaturization
Low Cost

Cloud
Native

Optimal
performance/
functionality

Flexibility
Expanda-
-bility

Security

NTT

- Joint development of global products based on **open architecture**
- Develop revolutionary elemental technology and products with a focus on **optics and wireless**
- Create **global competitive advantages** through synergies



Press release, June 25, 2020

Rakuten Mobile

- Support Rakuten Mobile in achieving complete **cloud native network**
- Provided competitive NEC assets to RCP*
- **Global development** based on RCP

*Rakuten Communications Platform



Expand partnership with Rakuten Mobile

Cisco

- **Reinforce supply chain security** for national defence and industrial infrastructure
- Combine **fraud detection and block chain technology** for verification of pre-shipping, building, and operating
- Aim for **E2E monitoring/management of network devices by expanding partnership and applied technologies**

Providing Solutions for Creating Value from Industrial Data

Service launched in FY19

1. Connect "individuals"

Enhance brand / loyalty

Large-scale ID Integration/Management



Personal ID Integration

Individual optimization services

Business of focus in FY20

2. Connect "information"

Enhance value of services provided

Data distribution

ICT Platform



Distribution within Individual Economic Sphere

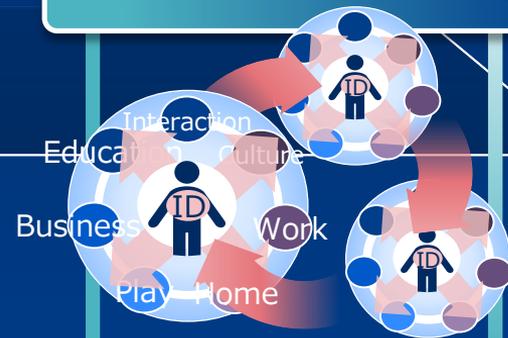
Revenue expansion and operating efficiency

Mid-to-long-term development

3. Connect "different industries"

Create new services/profits

Foundation for data use



Cross-industrial leverage

Strengthened engagement

Mid-to-long-term Challenges

Make the most of knowledge and know-how of core businesses for sustainable growth

- Strengthen client engagement and expand businesses
- Achieve network modernization

Make business process optimization a core business

- Achieve automation/advancement in various domains
- Expand service menu of maintenance operations

Expand 5G business with Beyond 5G in mind

- Create open system markets through collaboration with partners
- Achieve global competitiveness and highly transparent products

Full-scale development of NEC Smart Connectivity business

- Maximize value of telecom assets to disseminate network services
- Planar expansion of cross-industry data utilization business



\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.