

NEC IR Day 2022

Opening Remarks

~Progress of the Mid-Term Management Plan 2025~

September 7, 2022

Executive Vice President, CFO (Chief Financial Officer)
and Member of the Board (Representative Director)

Osamu Fujikawa

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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.

Progress of the Mid-Term Management Plan 2025

FY2021 Summary

- Exceeded the target for the first-year of the Mid-term Management Plan 2025, despite a highly fluctuating macro economy
- Carried out necessary measures in the first year and confirmed that we are heading in the right direction toward FY2025

FY2022 Outlook

- Macro economy to remain uncertain
- Delayed market recovery and demand partially slips in some businesses (Public Solution/Global 5G)

➤ Aim to achieve the second-year targets of the Mid-Term Management Plan 2025 by addressing market fluctuations and capturing brisk DX demand

➤ Continue executing measures to achieve the Mid-Term Management Plan

Progress of the Mid-Term Management Plan 2025

Three Growth Businesses (Details will be explained in each IR Day session)

	FY2021 Results	FY2022 Key Measures
DG/DF	<ul style="list-style-type: none">Completed PMI of Avaloq acquisition, newly expanded business in APACBolt-on M&A through SWS (UK)Won large orders for Digital ID / DX in APAC	<ul style="list-style-type: none">Expand Up-sell / Cross-sellAccelerate offshoring developmentExpand SaaS/software businessTimely termination of low-profit businesses
Global 5G	<ul style="list-style-type: none">Won international commercial projectsReinforced global business structure (through M&A)	<ul style="list-style-type: none">Implement international commercial projectsExpand customer basesEnhance Open RAN product portfolio
Core DX	<ul style="list-style-type: none">Gained competitive advantage in cloud business through collaboration with "Hyperscalers" (Amazon Web Services, Microsoft, SCSK)	<ul style="list-style-type: none">Secure projects in collaboration with Abeam ConsultingEnhance development and expand DX offeringsDevelop and recruit DX talent

Progress of the Mid-Term Management Plan 2025

Areas where the CFO takes the lead to manage

	FY2021 Results	FY2022 Key Measures
Unprofitable Businesses	<ul style="list-style-type: none">■ Improved profitability by unconsolidating unprofitable businesses (e.g. Display/Energy business)■ Reinforced monitoring system of unprofitable businesses	<ul style="list-style-type: none">■ Improve operating profit margin of low-profit businesses by 1% or more■ Select businesses that requires strategic measures
Financial Strategy	<ul style="list-style-type: none">■ Improved credit ratings of R&I, JCR and S&P■ Engaged in strategic investments as planned	<ul style="list-style-type: none">■ Develop management system for capital efficiency■ Improve cash flow through proper inventory management■ Reduce CCC days and cross-shareholdings■ Continue strategic investments within the scope of profit expansion

NEC IR DAY 2022

DAY	TIME	PROGRAM	SPEAKER	
9/7 WED	13:00 - 13:15	Introduction	Executive Vice President and CFO	O. Fujikawa
	13:20 - 14:00	Core DX	Senior Executive Vice President	K. Sakai
	14:10 - 14:40	Enterprise Business	Executive Vice President	F. Matsubara
	14:50 - 15:20	Public Solutions Business	Executive Vice President	K. Amemiya
	15:30 - 16:00	Public Infrastructure Business	Executive Vice President	M. Yamashina
9/8 THU	13:00 - 13:50	Network Services Business (Including Global 5G)	Executive Vice President	A. Kawamura
	14:00 - 14:50	Global Business (Including DG/DF)	Senior Executive Vice President Senior Vice President	A. Kumagai N. Yoshida

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Cautionary Statement with Respect to Forward-Looking Statements

This material contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the NEC Group (the "forward-looking statements"). The forward-looking statements are made based on information currently available to the Company and certain assumptions considered reasonable as of the date of this material. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors.

The factors that may influence the operating results include, but are not limited to, the following:

- adverse economic conditions in Japan or internationally;
- foreign currency exchange and interest rate risks;
- changes in the markets in which the NEC Group operates;
- the recent outbreak of the novel coronavirus;
- potential inability to achieve the goals in the NEC Group's medium-term management plan;
- fluctuations in the NEC Group's revenue and profitability from period to period;
- difficulty achieving the benefits expected from acquisitions, business combinations and reorganizations and business withdrawals;
- potential deterioration in the NEC Group's relationships with strategic partners or problems relating to their products or services;
- difficulty achieving the NEC Group's growth strategies outside Japan;
- potential inability to keep pace with rapid technological advancements in the NEC Group's industry and to commercialize new technologies;
- intense competition in the markets in which the NEC Group operates;
- risks relating to the NEC Group's concentrated customer base;
- difficulties with respect to new businesses;
- potential failures in the products and services the NEC Group provides;
- potential failure to procure components, equipment or other supplies;
- difficulties protecting the NEC Group's intellectual property rights;
- potential inability to obtain certain intellectual property licenses;
- the NEC Group's customers may encounter financial difficulties;
- difficulty attracting, hiring and retaining skilled personnel;
- difficulty obtaining additional financing to meet the NEC Group's funding needs;
- potential failure of internal controls;
- potentially costly and time-consuming legal proceedings;
- risks related to regulatory change and uncertainty;
- risks related to environmental laws and regulations;
- information security and data protection concerns and restrictions;
- potential changes in effective tax rates or deferred tax assets, or adverse tax examinations;
- risks related to corporate governance and social responsibility requirements;
- risks related to natural disasters, public health issues, armed hostilities and terrorism;
- risks related to the NEC Group's pension assets and defined benefit obligations; and
- risks related to impairment losses with regard to goodwill.

The forward-looking statements contained in this material are based on information that NEC possesses as of the date hereof. New risks and uncertainties come up from time to time, and it is impossible for NEC to predict these events or how they may affect the NEC Group. NEC does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Note: In this presentation, the accounting periods of the fiscal years for March 31, 2022 and 2023 were referred as FY2021 and FY2022 respectively. Any other fiscal years would be referred similarly.