

Acquisition of U.S.-based CSG Systems International, Inc. –Software Company Serving Telecom and Broadband Service Companies

October 29, 2025

NEC Corporation

Executive Summary

NEC acquires CSG Systems International, Inc. ("CSG"), a company with a strong customer base in the U.S. telecom/broadband (BB) industries and a proven track record of software and service offerings even outside the telecom/BB industries

Create synergies by utilizing the complementary customer bases and solutions of CSG and Netcracker, a U.S.-based NEC subsidiary

- Highly complementary in the geographical and customer segments. The acquisition is to bolster NEC's telecom/BB business through best-in-class solutions to telecom/BB clients of both companies
- Unlock substantial synergies through enhanced solution offerings utilizing both companies' technology and digital transformation (DX) capabilities, cross-selling opportunities, and expansion into a broader range of industries

Fully utilize the NEC Group's technologies, customer base, and capital to drive further global growth of software/services businesses from North America, along with Europe-focused digital government/digital finance (DGDF) businesses

From a financial perspective, the acquisition is expected to contribute stable earnings, driving an increase of 7.7% in NEC's Non-GAAP EPS, even without synergies. Additional upside is anticipated with synergies

Deal Summary

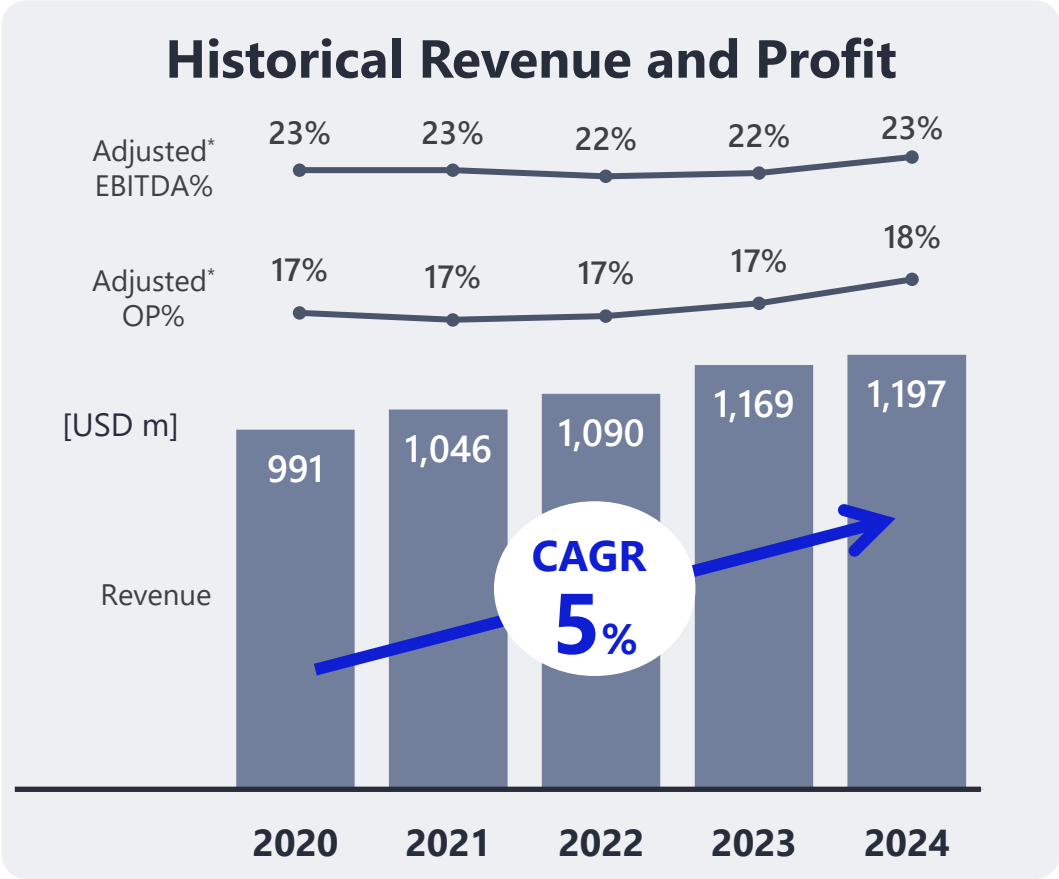
Company Name	CSG Systems International, Inc.
Acquisition Price	•Purchase price: \$80.7 per share (total acquisition value: approx. \$2.9 billion / approx. 441.7 billion yen^{*1,2}) •Implied enterprise value: approx. \$2.9 billion / approx. 438.5 billion yen^{*1} •Premium: 17.38% over the previous business day's share price of \$68.75 (as of October 28, 2025) •Implied EV / 2026 Adjusted EBITDA^{*3}: 10.3x
Financing by NEC	Cash on hand and new borrowings
Structure	CSG will become a wholly-owned subsidiary of NEC through a reverse triangular merger with a merger sub
Key Preconditions	•Approval at CSG shareholders' meeting •Obtaining applicable regulatory approvals
Expected Timing of Closing	Within the 2026 calendar year

^{*1} USD/JPY=153. ^{*2} Compensation for the Transaction includes compensation for all outstanding equity incentive awards and notes in a manner consistent with the merger agreement. The compensation for the Transaction may be subject to change depending on fluctuations in the number of shares and other relevant factors. ^{*3} Based on analysts' consensus

Leading BSS Software Provider for Telecom/BB Service Companies with Stable Earnings



Company Name	CSG Systems International, Inc.
Founded	1994
Business Description	• BSS software business mainly for telecom/BB service companies • Customer experience (CX) and payment software business across a wide variety of industries



*Calculated based on adjusted EBITDA or Non-GAAP operating profit, and revenue less transaction fees.

Cutting-edge DX Capabilities and Successful Expansion into Various Industries Through a Strong Customer Base and Cutting-Edge Expertise Backed by Years of BSS Offerings to Telecom/BB Companies

Telecom/BB

Strong Customer Base/ Expertise in the U.S.

Multiple major U.S. telecom/BB companies as customers, forming a solid business foundation

Various Industries

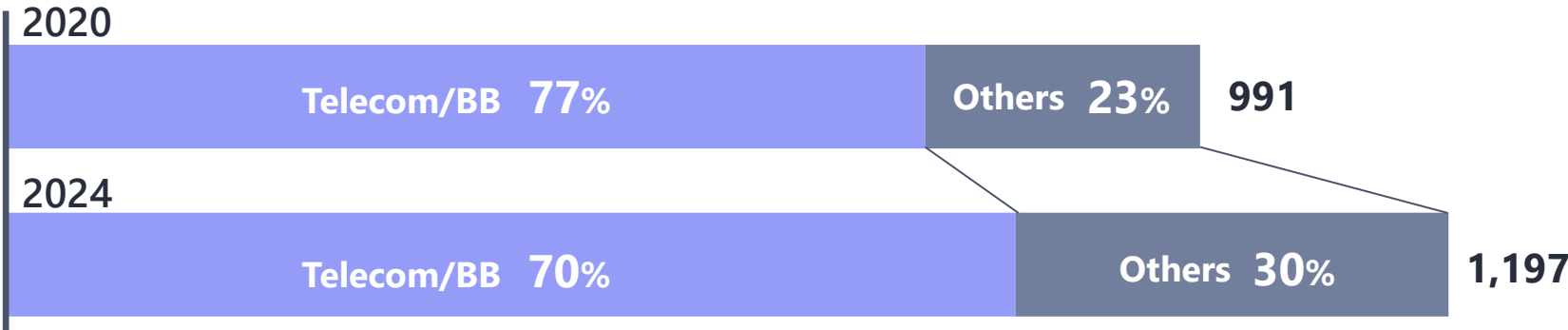
Financial services, Healthcare, Logistics/Transportation, etc.

Expanding CX and Payment Software

Advancing DX capabilities for a wide range of industries
The expansion into high-growth industries will be a key growth driver

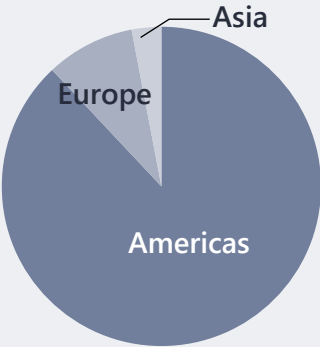
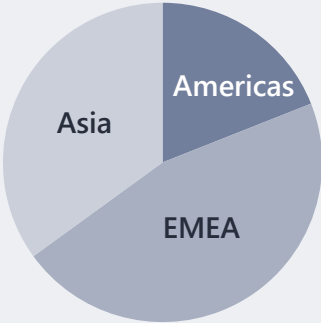
(Million USD)

Revenue Composition by Customer

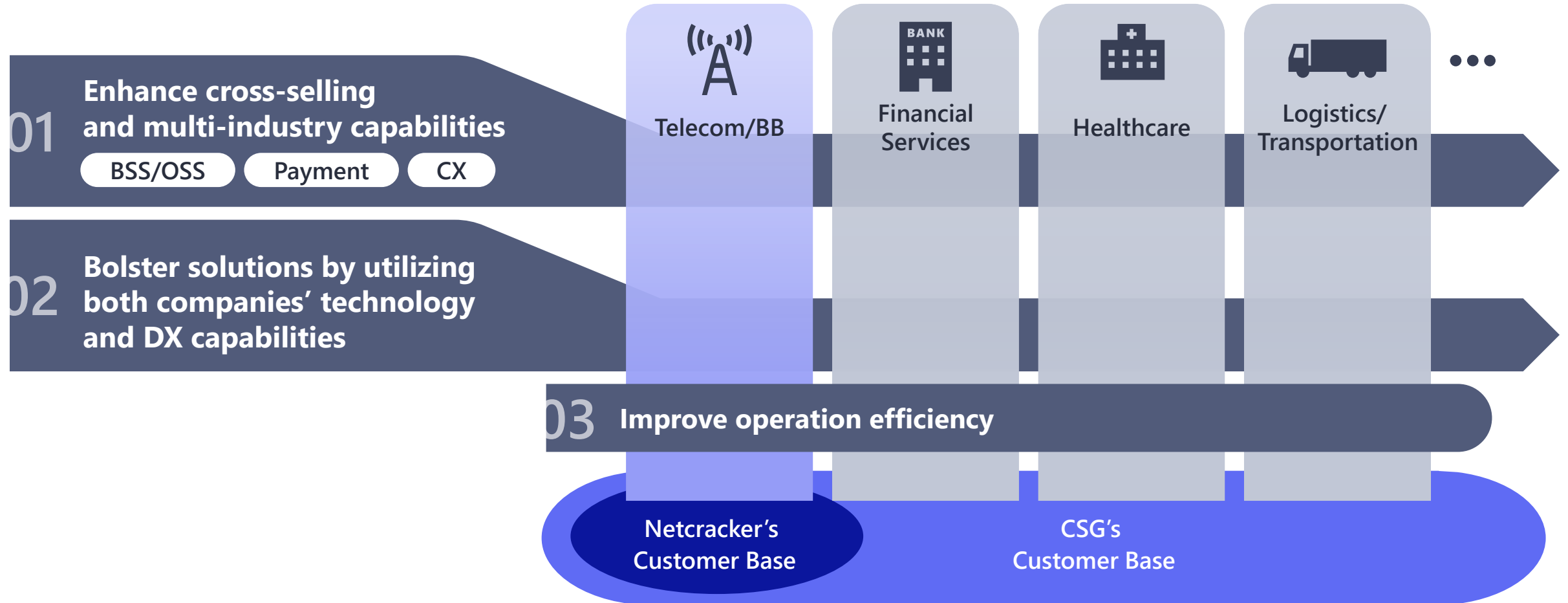


Enhance a Strong Base in the Telecom/BB Software & Services Market and Expand Through the Broader Customer Bases of CSG and Netcracker

Highly complementary capabilities with strong synergy potential

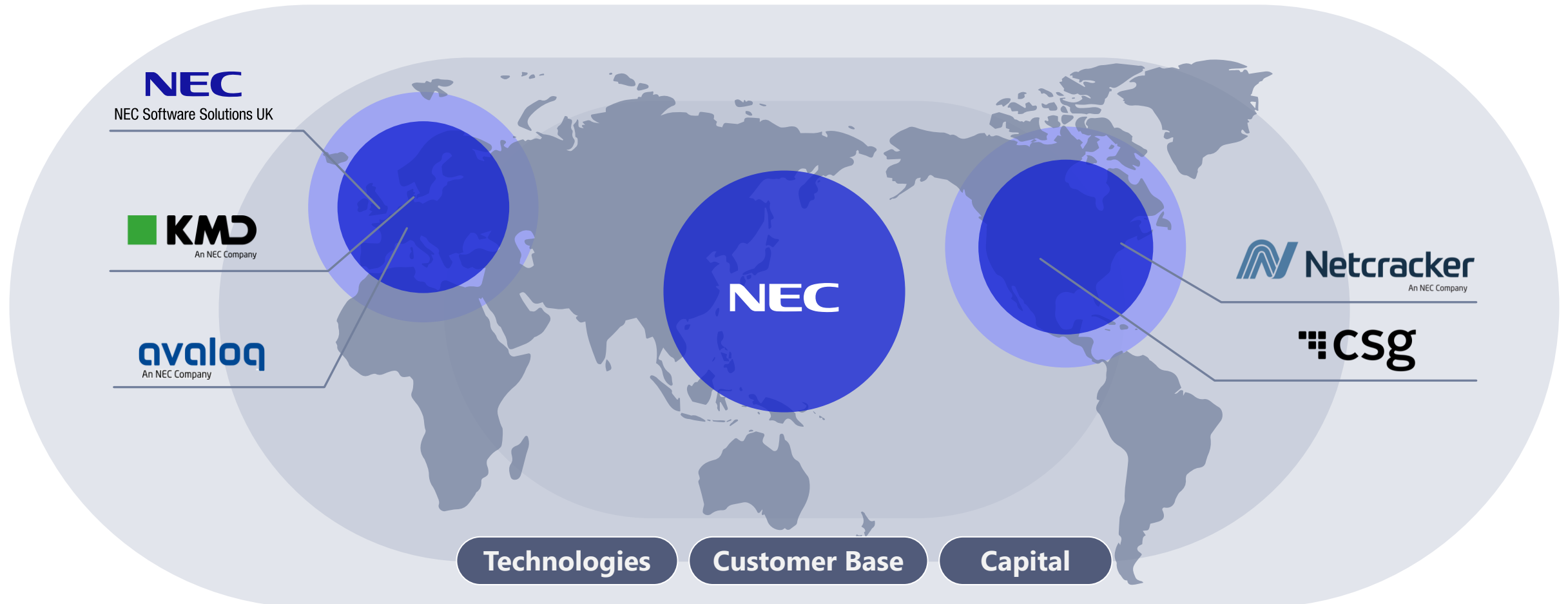
			 Netcracker An NEC Company
Headquarters	Englewood, Colorado		Waltham, Massachusetts
Main Customer Base/Revenue by Region	Primarily U.S.-based Telecom/BB, Financial services, Healthcare, etc. 		Global Telecom 
Solutions	BSS, CX, Payment		BSS/OSS

Utilize Netcracker and CSG's Customer Bases and DX Capabilities to Boost Product Competitiveness and Expand into Various Industries



Fully Utilize the NEC Group's Technologies, Customer Base, and Capital

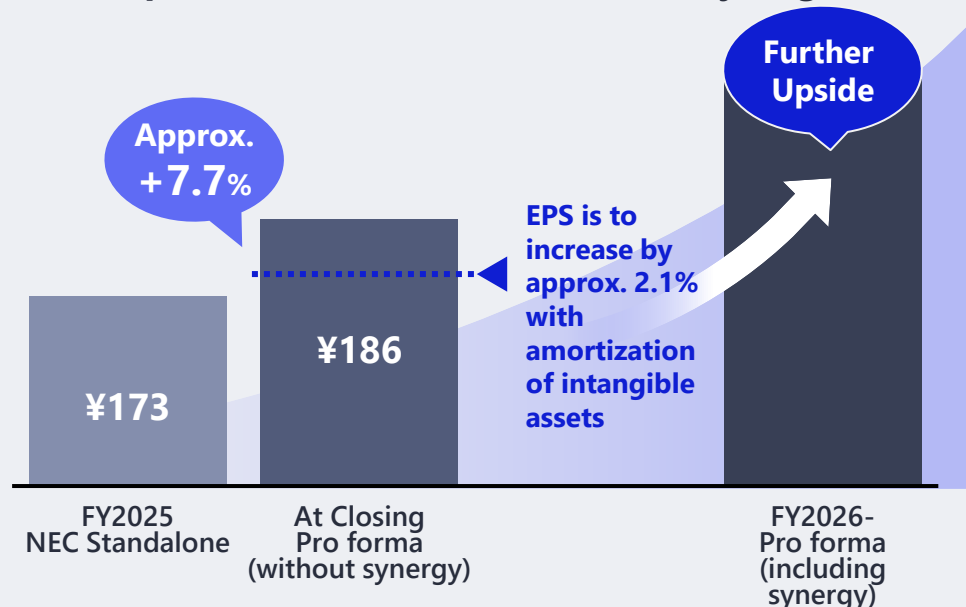
Drive Global Expansion of Software and Services from North America Alongside DGDF Business Centered in Europe



Contributes to Immediate EPS Growth Even After Deducting Amortization and Enables NEC to Pursue Cash ROIC Exceeding WACC

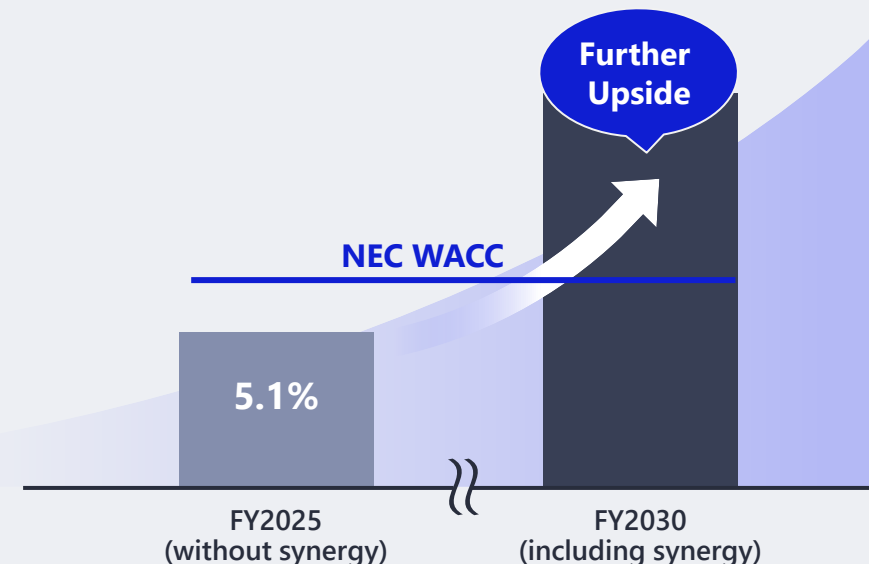
Non-GAAP Earnings Per Share (EPS)*1

- Upon closing, immediate EPS growth is anticipated
- Further upside could be achieved via the synergies



Cash ROIC for the Acquisition*2

- Within five years of the acquisition, Cash ROIC could surpass NEC's WACC via realization of synergies



*1: For the calculation of pro forma Non-GAAP earnings per share, the net income of CSG is based on the midpoint of the company's publicly disclosed 2025 guidance. As a pro forma adjustment, we added back the net interest expenses reasonably estimated in CSG's 2025 guidance, and deducted the interest expenses related to this acquisition from the combined net income of both companies. Applied USD/JPY=153. Assuming a 1:1 allocation of the difference between the acquisition price and CSG's net assets to intangible assets and goodwill, and assuming a 15-year amortization period for the intangible assets

*2: The definition of Cash ROIC is as follows: The calculation of NOPAT is based on NEC's reasonable assumptions regarding CSG as a standalone entity and projected synergies.

Invested Capital (Denominator): Acquisition cost + additional funding from NEC – dividends and loan repayments to NEC

NOPAT (Numerator): (GAAP operating income + amortization of acquisition-related intangible assets + stock-based compensation – one-time gains/losses) × (1 – effective tax rate)

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

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