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National Security

November 13, 2025

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National Security

1. Strategic Positioning of NEC’s Security Business
2. NEC’s Security Business Overview
   2-1. Defense Business
   2-2. Digital Infrastructure Business
      (1) Submarine Network Business
      (2) Aerospace Business

1. Strategic Positioning of NEC's Security Business

Environment Surrounding the National Security Business

Heightened geopolitical tensions driven by efforts to impose change through force
Business opportunities are expanding under integrated security policies that also encompass economic security and critical technology

National Security Policies

Defense policy

Deliberations on further strengthening defense capabilities
Increase in opportunities for overseas transfer of defense equipment

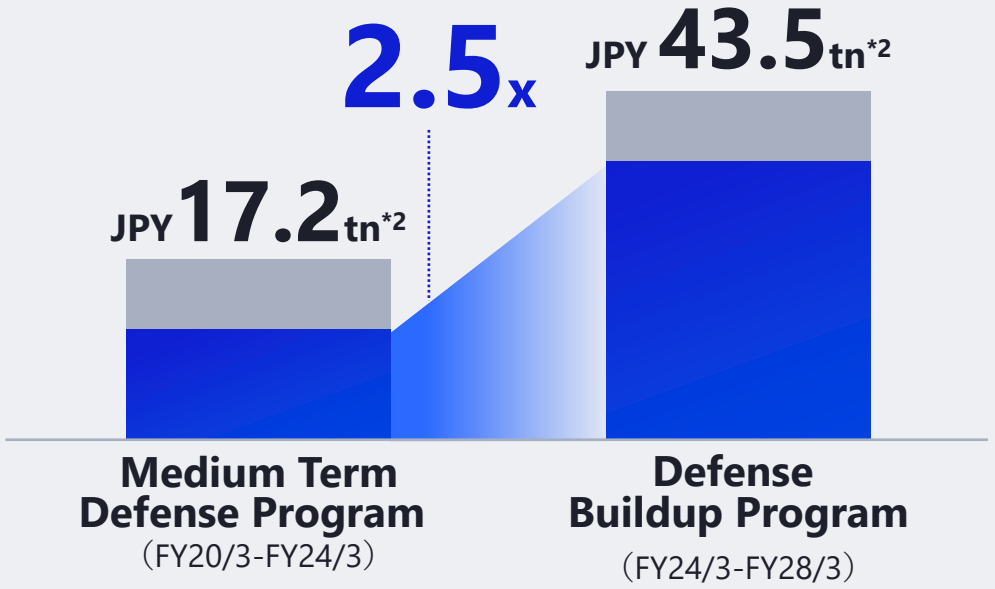
Economic security policy

Ensure safety and reliability of core infrastructure
Developing advanced critical technologies
(space, maritime, quantum, AI, etc.)

Cybersecurity policy

Enhance security (ACD*[1], etc.) to ensure the safety of digital infrastructure in the context of national security

*1 Active Cyber Defense.



*2 Contract figures (capital expenditures) related to newly required business activities

Source: Ministry of Defense: "Medium Term Defense Program (FY20/3–FY24/3)" and "Defense Buildup Program"

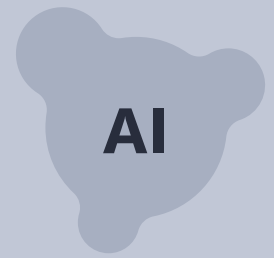
NEC's Security Business

Contributing to a safe society by providing highly reliable social infrastructure solutions that integrate, deep domain expertise in defense, aerospace, and communications with advanced technologies

Business Domain			Product Services (▮ = FY26/3 ANS (Aerospace and National Security) businesses)	Clients
Defense Business			IT, networks, sensor systems	Ministry of Defense, related agencies, foreign military organizations
Digital Infra-structure Business	**Aerospace**	**Space**	Satellites, related ground systems, satellite operation services	JAXA, Cabinet Office, Cabinet Secretariat, domestic/overseas space companies
		Aviation	Air traffic control systems, air traffic control radars	MLIT Japan Civil Aviation Bureau
	Communi-cations	**Terrestrial**	Telecommunication systems, Business/operation management systems	Domestic and overseas telecom operators
		Submarine Network	Submarine cable systems	Telecom operator consortium

Technology Assets

BluStellar



Business Reforms in the Existing Telecomm Services BU

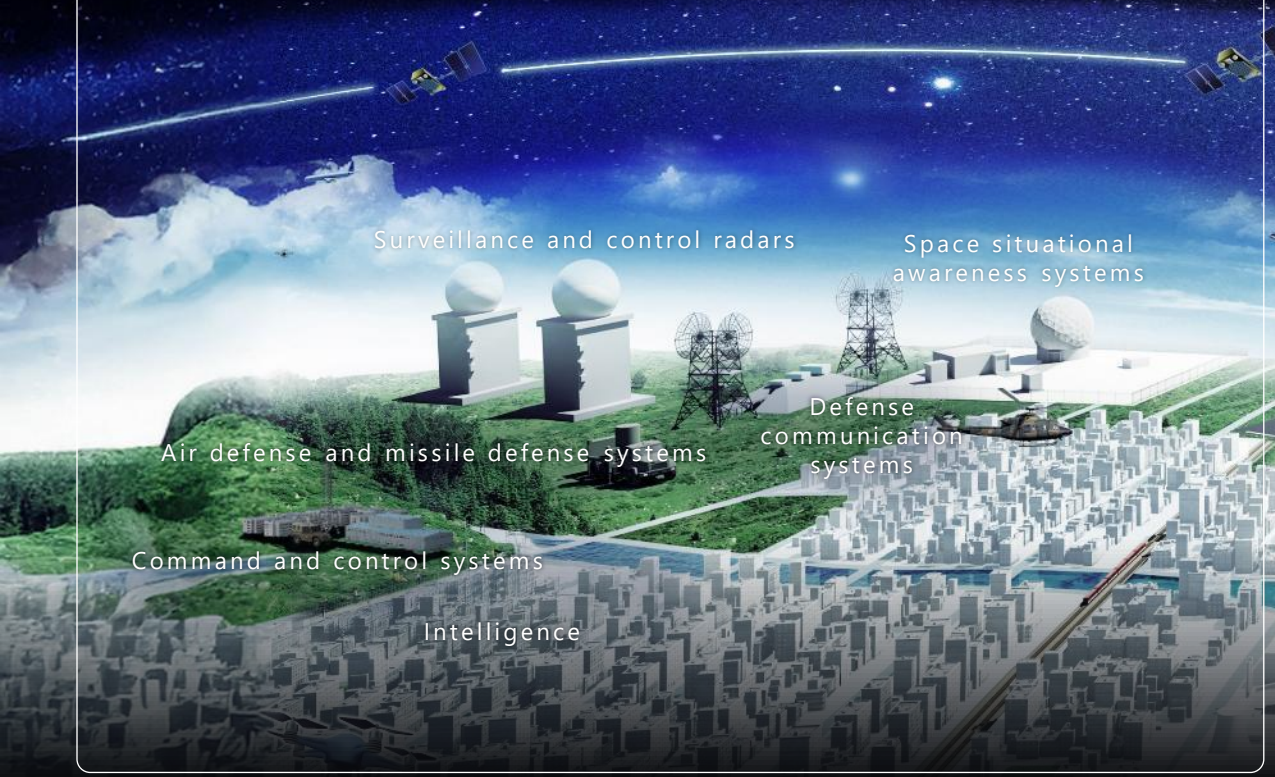
Positioning the network infrastructure business within the national security domain and improving profitability to sustain operations. Streamlining underperforming businesses and reallocating resources and assets to priority continuing operations and security-related areas

		FY25/3 Revenue (Adj. OP Margin)	FY26/3 Forecast (Adj. OP Margin)	Reform/Reorganization Strategy	Adj. OP Margin after reform/ reorganization
Telecom Services BU	Network Infra-structure Business	JPY190bn (6%)	JPY180bn (9%)	**Reform/reorganize as a part of the Economic security domain** New Base Stations (vRAN*1) related business Mobile Core Network *2 Fixed Network *3 *1 Virtual Radio Access Network *2 Systems authenticate and administrate communication connections to ensure secure and seamless transmission of data and voice traffic *3 Fixed-line voice and optical transport systems **Non-Core Businesses** Existing Base Stations / Overseas Optical IP	More than 10% (FY27/3-)
	Telecom IT Services Business	JPY220bn (12%)	JPY220bn (13%)	**Expand global footprint through M&A, etc.**	around 20% (-FY31/3)

* Figures exclude patent-related revenues and structural reform costs
* BU's disclosed FY26/3 figure for IR purposes is JPY360bn. The -JPY40bn gap is incorporated as a risk allowance of the segment

2. NEC's Security Business Overview

Defense Business



Digital Infrastructure Business

Aerospace | Communications

BluStellar

AI Cybersecurity

Scope of Today's Briefing —ANS Business—

Within NEC's security businesses —Defense Business and Digital Infrastructure Business— we will introduce ANS-led initiatives in defense, submarine network, and aerospace

Scope of Today's Briefing (starting on the next slide)

Defense Business

Digital Infrastructure Business

Aerospace

- Aviation
- Space

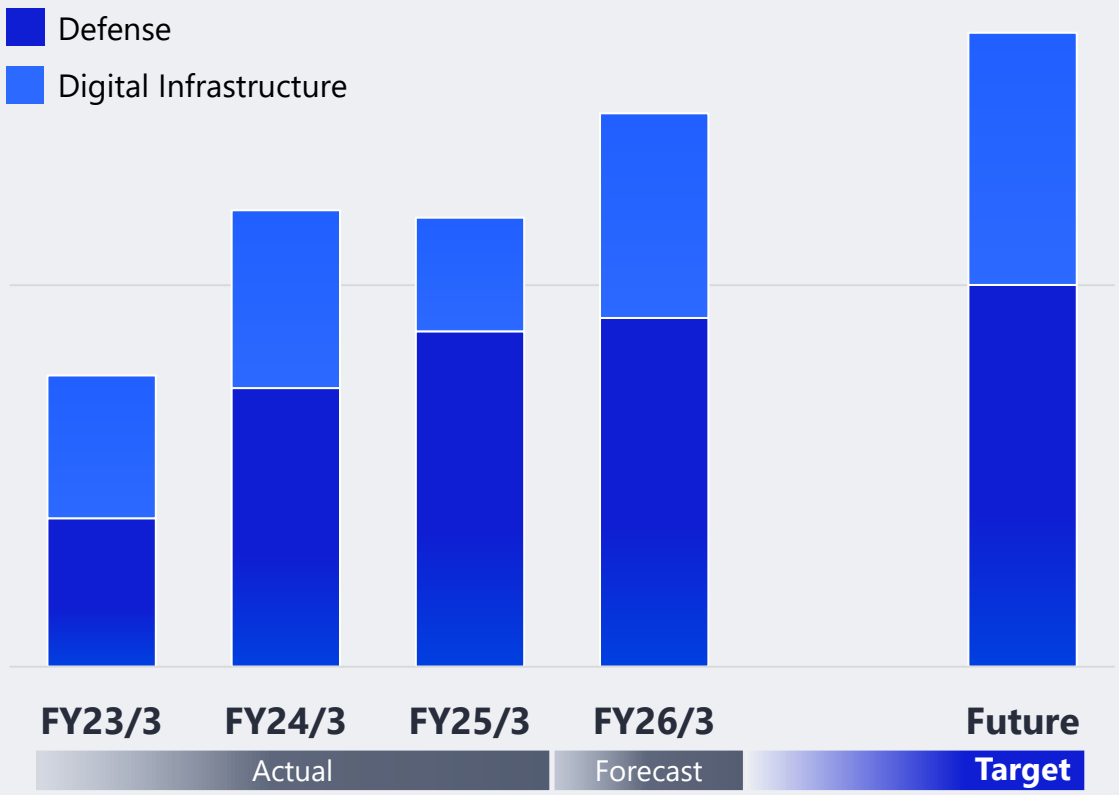
Communications

- Submarine Network

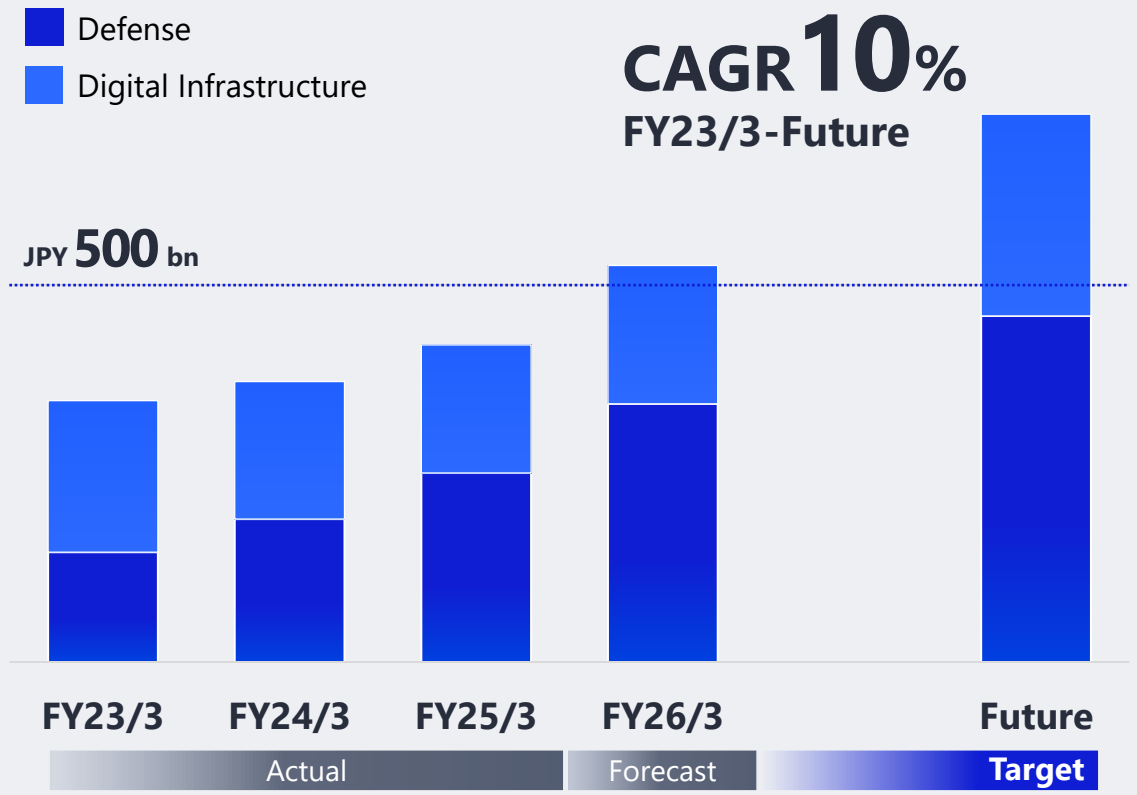
ANS Performance: Progress and Target

Orders increased on the back of favorable market tailwinds. Expecting steady defense-related orders and growing business opportunities in submarine network, etc.
Aiming to capture these opportunities to drive sustainable, long-term growth

Total Orders



Revenue



2-1. Defense Business

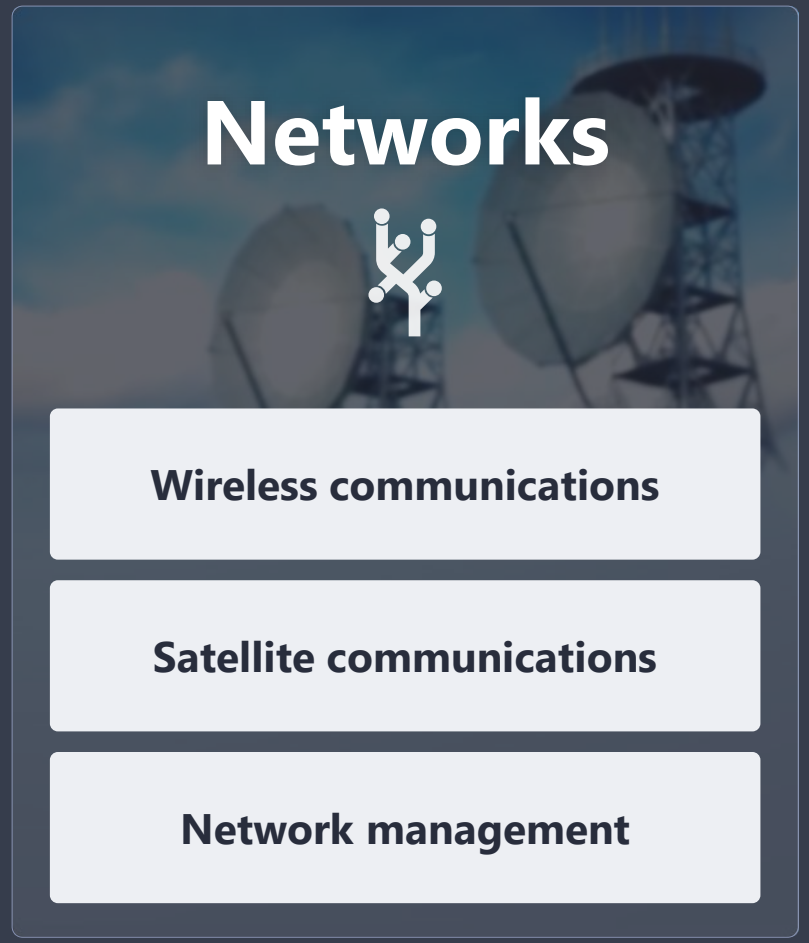
Defense Business

Delivering mission-critical systems* that leverage IT, networks, and sensors, ranging from traditional land, sea, and air domains to emerging fields such as space, cybersecurity, and electromagnetic spectrum domains

*Mission-critical systems: Systems indispensable for mission execution that must operate continuously, 24/7/365, without interruption

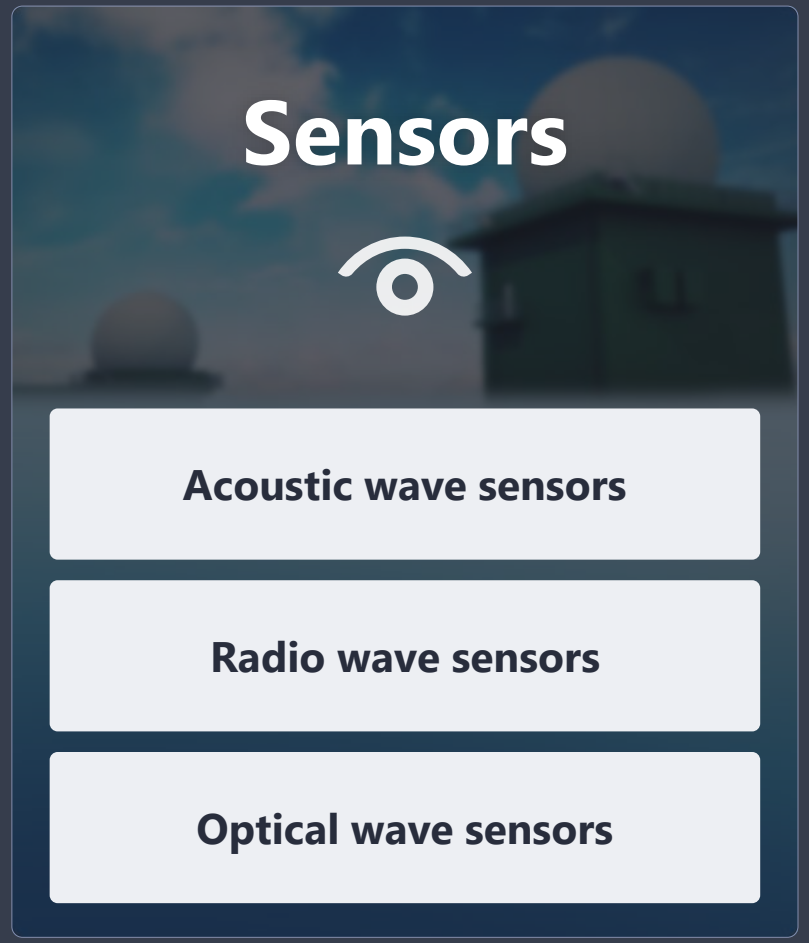
IT

- Air/missile defense systems
- Command and control systems
- Cloud systems



Networks

- Wireless communications
- Satellite communications
- Network management



Sensors

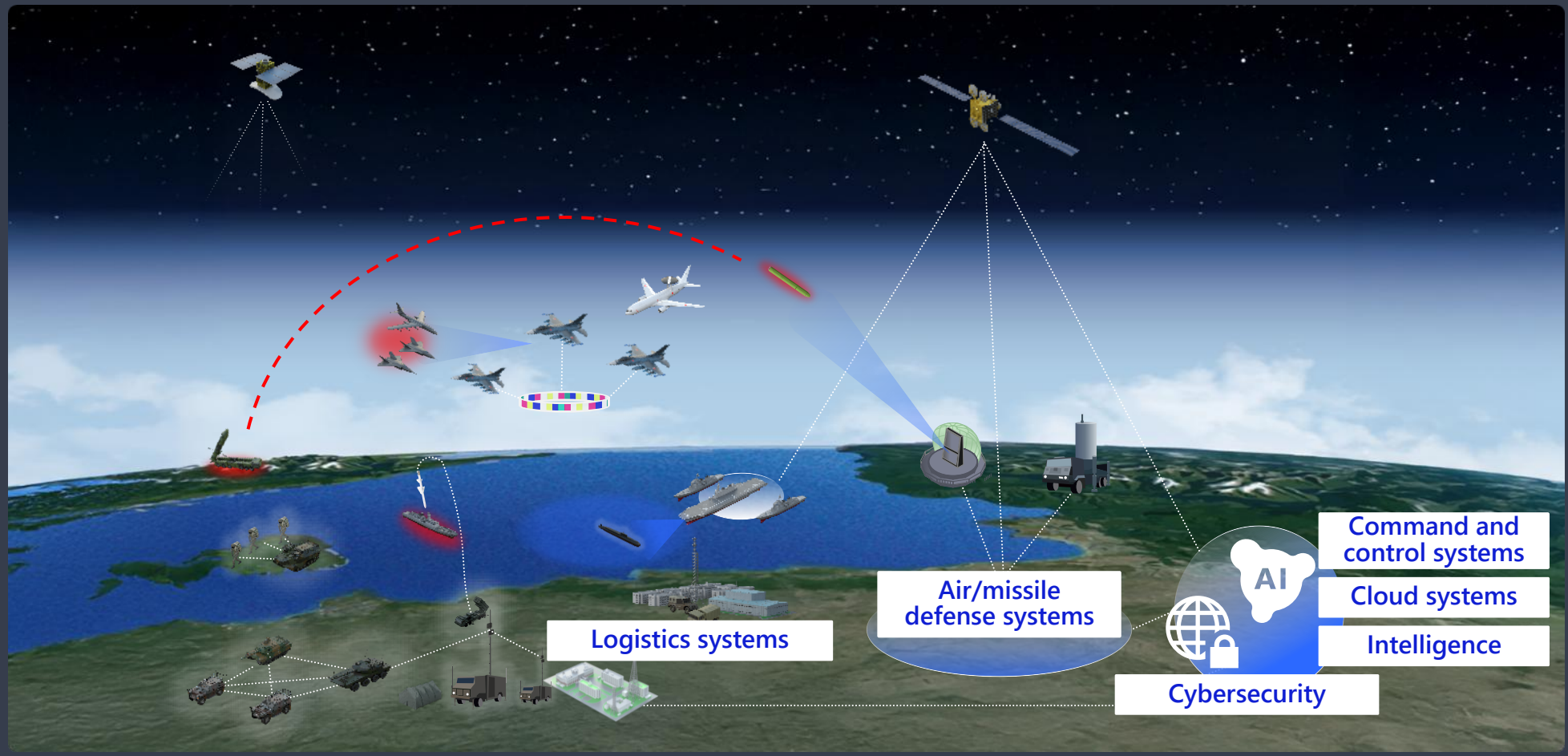
- Acoustic wave sensors
- Radio wave sensors
- Optical wave sensors

Track Record: IT-related Business

As a prime contractor, we have an extensive track record of contributions to Japan's Ministry of Defense and the Self-Defense Forces, covering surveillance of jet and missile threats and interception control, as well as systems that support decision-making and operational cycles

IT

- Air/missile defense systems
- Command and control systems
- Cloud systems



Track Record: Network-related Businesses

Providing systems and devices that ensure continuous communications essential to the operations of the Ministry of Defense and the Self-Defense Forces. Strengths such as anti-jamming capability, confidentiality, wide-area coverage, and environmental durability make them reliable even in large-scale disasters

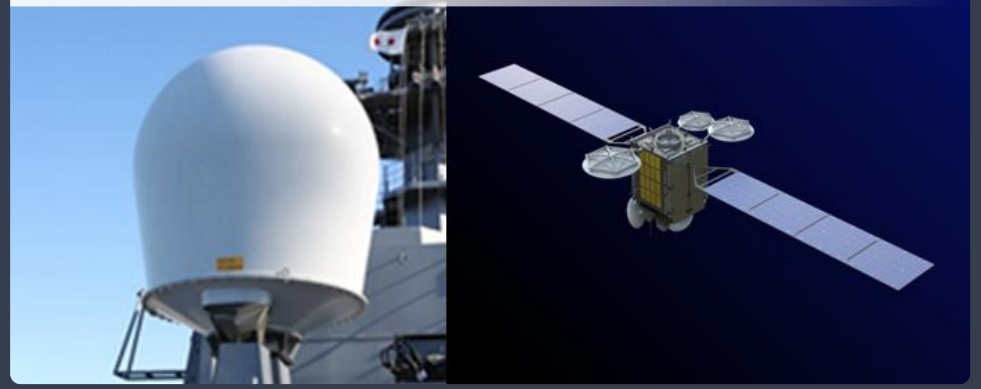
Networks

- Wireless communications
- Satellite communications
- Network management

| Wireless communications: Field communication systems

| Wireless communications: Operational network infrastructure

| Satellite communications



| Network management

Track Record: Sensor-related Businesses

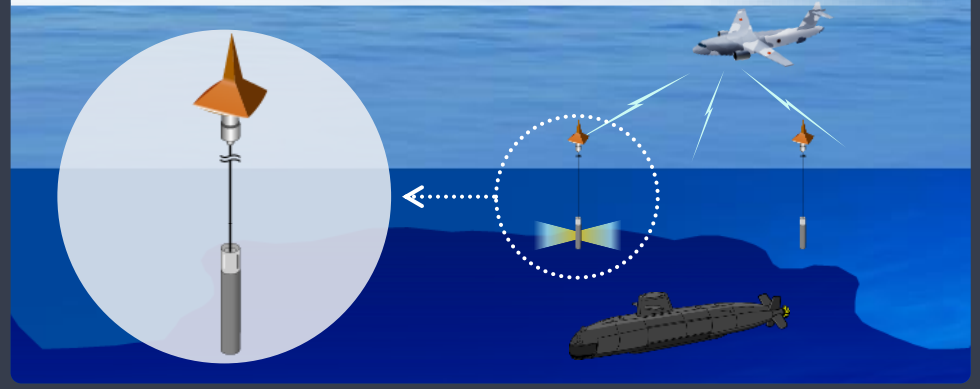
Proven track record in systems and devices for a wide range of sensors based on acoustic, radio, and optical wave technologies — contributing to information collection and situational awareness essential to Self-Defense Forces' operations, from the undersea domain to outer space

Sensors

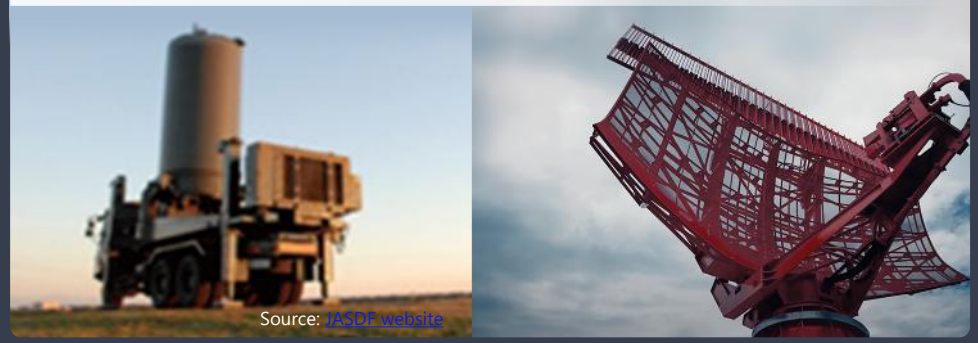
- Acoustic wave sensors
- Radio wave sensors
- Optical wave sensors

| Acoustic wave sensors: Sonar

| Acoustic wave sensors: Sonobuoys



| Radio wave sensors: Warning/air surveillance



Source: JASDF website

| Optical wave sensors: Night-vision devices

NEC's Market Position

Consistently ranks No. 3–4 overall in ATLA's central procurement contracts (ATLA: Acquisition, Technology & Logistics Agency, Ministry of Defense)

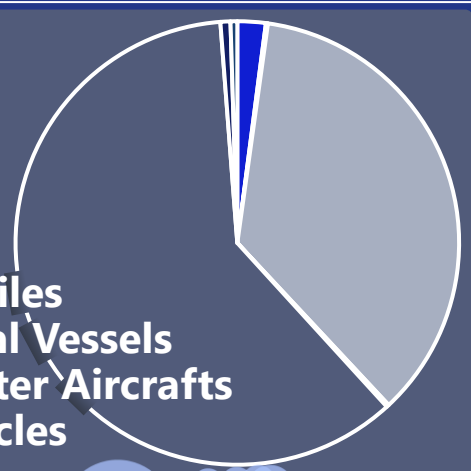
	FY22/3	FY23/3	FY24/3	FY25/3	Contract Value (after tax/JPY bn)	# Contract Count
#1	A	A	A	A	1,456.7	238
#2	B	B	B	B	638.3	133
#3	C	**NEC**	**NEC**	C	495.6	139
#4	**NEC**	C	C	**NEC**	**311.7**	**282**
#5	D	D	D	D	173.6	144

NEC's Market Position

A leading ICT provider, contributing to situational awareness, command, control and decision-making through information processing using IT/networks, and sensor systems—serving as the Ministry of Defense's brain, nerves, and eyes

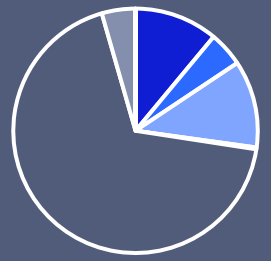
Example portfolios of defense companies (Calculated by NEC based on FY25/3 ATLA central contracts)

A

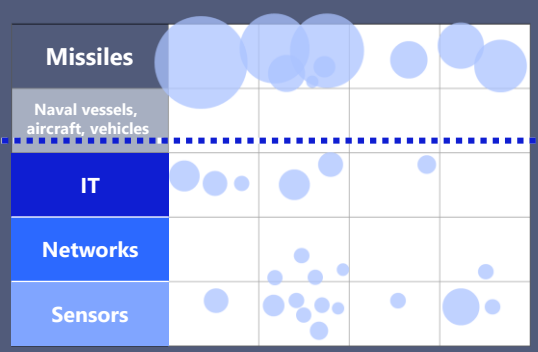


Missiles
Naval Vessels
Fighter Aircrafts
Vehicles

C

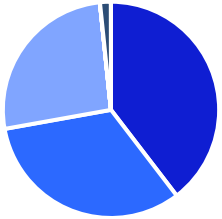


Missiles
Onboard Equipment

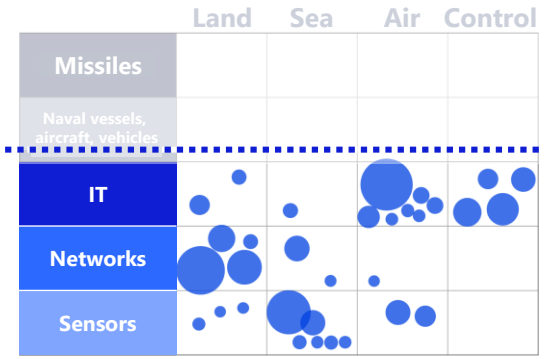


NEC

Track record of delivering command, control, communications, and information systems across all branches of the Self Defense Forces

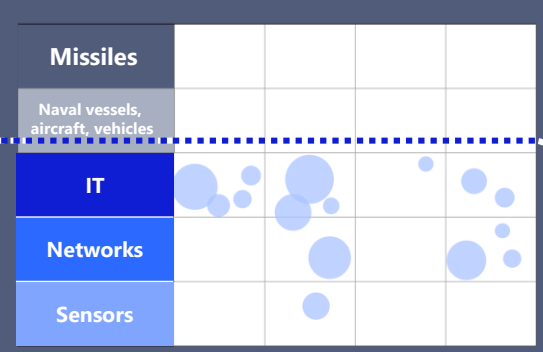


IT
Networks
Sensors



D

IT
Networks



ICT

*B not shown, as it is primarily focused on vehicles

NEC's Strengths

Proven track record of supporting the core of national defense with its expertise in IT, network, and sensor technologies and its strong system integration capabilities, as well as by integrating advanced fields such as space, AI, and cybersecurity

Case Study Contribution to Integrated air and missile defense (IAMD)

Sensors

Source: JASDF website

Surveillance and control radars
FPS-7, TPS-102

- Reliably detects stealth fighters and ballistic missiles that travel through outer space

Networks

Operational network infrastructure
TNCS*1, Beyond line-of-sight communications

*1 Tactical Network Control System

- Implements line control and encryption for communications
- Long-distance wireless technology possessed by only a few companies worldwide which allows for communication beyond the horizon

IT

Air and missile defense system
JADGE*2

*2 Japan Aerospace Defense Ground Environment

- World's first system to integrate air defense and missile defense, from surveillance to interception
- Operates 24/7/365 operations

AI

Cyber-security

Naval vessels, aircrafts, etc.	Fighter aircrafts, Aegis-equipped destroyers
Missiles	Interceptor missiles

Growth Strategy 1: Focus Areas

Expanding the business under favorable defense policy conditions, leveraging core strengths to focus on Integrated air and missile defense (IAMD) capabilities, cross-domain operational capabilities, and command, control, and information-related capabilities

Government

Defense Budget

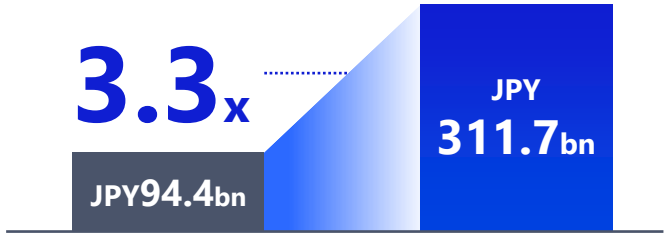
Medium Term Defense Program (FY20/3-FY24/3)

Defense Buildup Program (FY24/3-FY28/3)

* Contract value (costs) related to newly required projects

NEC

ATLA Central Procurement Contracts



Capabilities Emphasized in the 3 Defense Documents*1 and NEC's Focus Areas

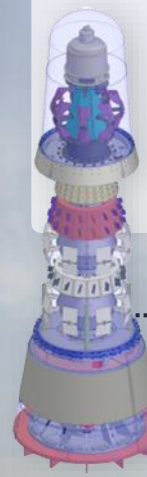
- Stand-off defense*2
- **Command/control, information**: Command/control systems | Ground communications
- **Integrated air and missile defense (IAMD)**: IAMD systems | Radars
- **Rapid deployment**: Logistics systems
- **Unmanned asset defense**: Autonomous cooperative control | Underwater acoustic communication
- **Sustainability/resilience**: Maintenance
- **Cross-domain operations**: Space surveillance | Cybersecurity

*1 The National Security Strategy, the National Defense Strategy, and the Defense Buildup Program Build-up Plan enacted in FY23/3.
*2 The ability to deter and eliminate invading forces at an early stage and at extended ranges before they reach Japan.

Growth Strategy 2: Global Expansion

Expanding global presence through assets that contribute to strengthening collaboration with allied nations, amid rising geopolitical tensions

Equipment transfers pursuant to government policy
(3 principles on defense equipment transfer)



Integrated airborne system "UNICORN" for the Indian Navy
(currently making proposal)

Transducers for Aegis-equipped destroyers
Orders received: FY19/3

Equipment installed on the next-generation general-purpose frigates for the Australian Navy
Orders planned in FY27/3
(currently preparing contract)

Source: JMSDF website

Expanding sales of dual use products

TACAN* antennas for US companies
Orders received: FY25/3

*Tactical Air Navigation

Components for Beyond line-of-sight communication equipment
(currently making proposal)

Air traffic control radar for the Malaysian Air Force
Orders received: FY25/3

Growth Strategy 3: Collaboration with Startups

Investing in U.S. and European venture capital funds focused on space and defense, and strategically incorporating startup innovations to create synergies with NEC's businesses and technologies

Seraphim:
Investment in FY25/3

Geodesic:
Investment in FY26/3

Adaptation to Change

Rapid solution development incorporating innovations from startups

Strengthening Competitiveness

Discovery and acquisition of innovative technologies that contribute to national security

Growth Strategy 4: Strengthening Resources

Planning to scale resources to drive business growth
Optimizing the supply chain by leveraging AI and strengthening cybersecurity

Expanding Headcount

+1,600 employees by FY26/3

*+400 compared to last fiscal year's announcement

+40% during the mid-term plan period

Planning further expansion in line with demand going forward

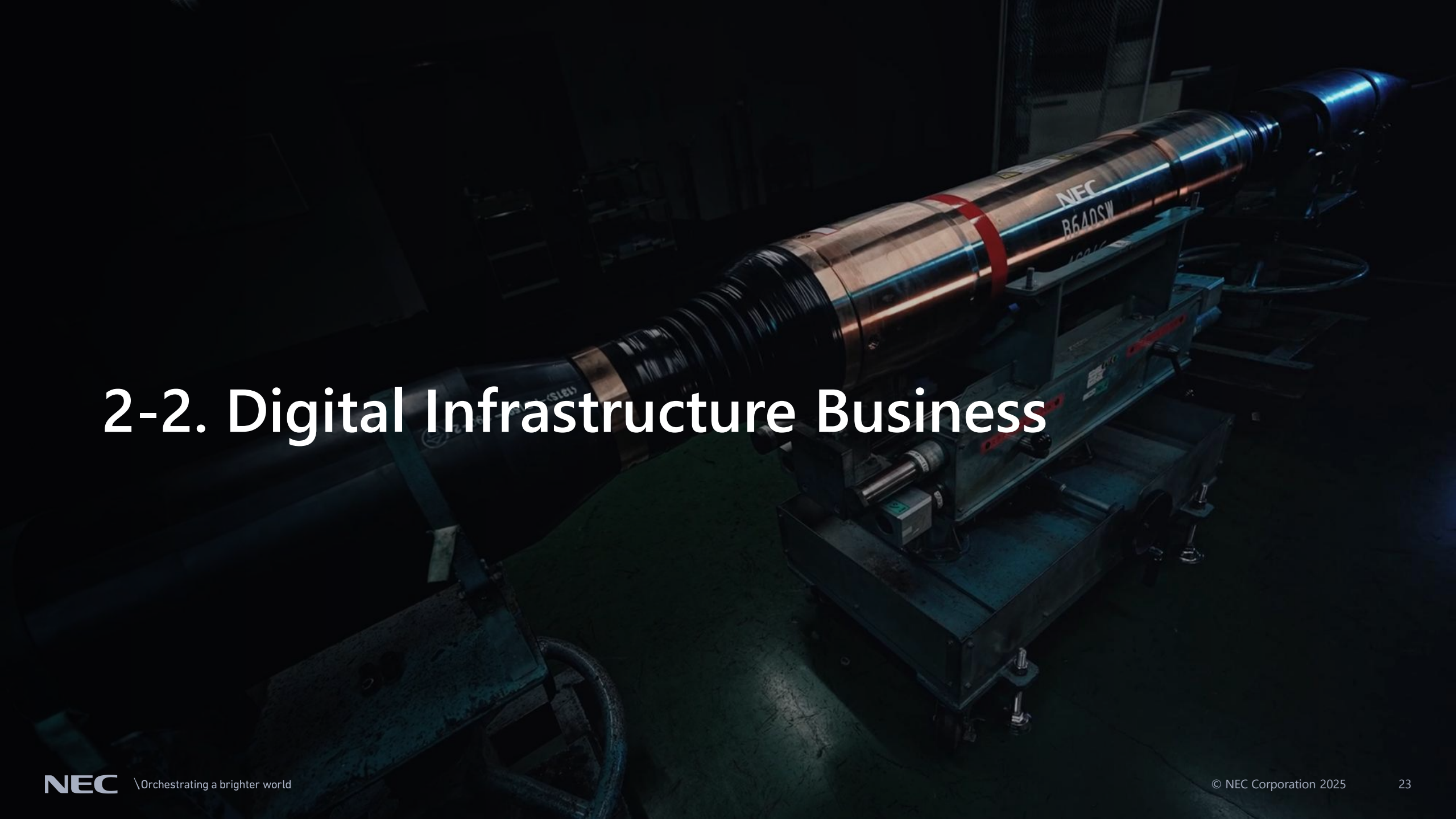
Scaling Production Capacity

+50,000㎡ by FY26/3

+30% during the mid-term plan period

Planning to add another 20,000㎡ going forward

A new building constructed in ANS's Fuchu production base (operations commenced in FY25/3)



2-2. Digital Infrastructure Business

(1) Submarine Network Business: Overview

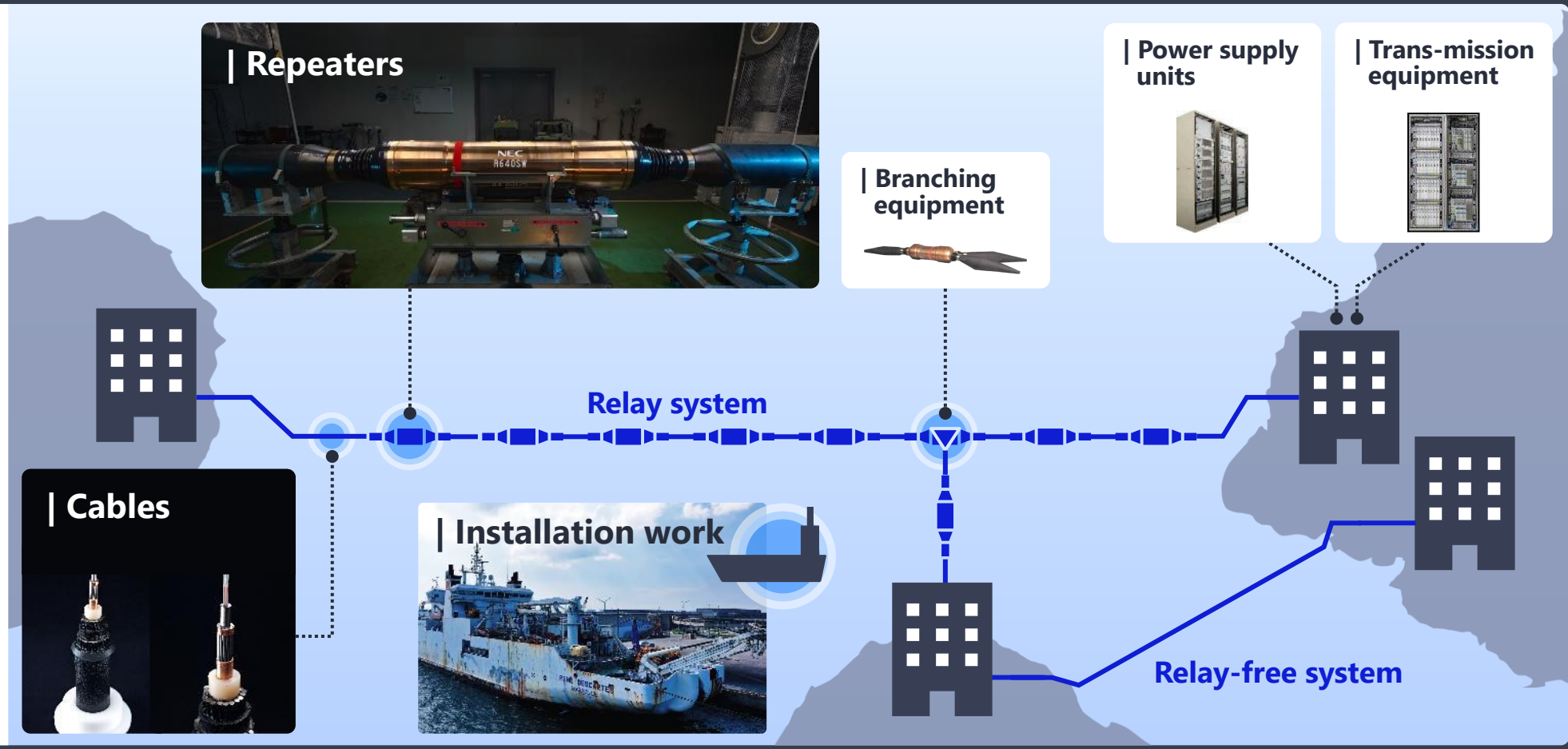
Submarine cables are critical infrastructure, supporting 99% of intercontinental communications. NEC manufactures key equipment in Japan and delivers end-to-end services—from design and development through to installation work

Characteristics of submarine cables

High-capacity

Long-service-life

High-reliability



(1) Submarine Network Business: NEC Strengths

NEC is one of the 3 leading global submarine cable providers, with extensive experience in cable installation across the Asia-Pacific region and strengths in high-capacity communications enabled by advanced optical technologies

Revenue share of submarine cables (FY12/3～FY25/3)

NEC research

Installed 400,000 km of cable over 60 years, equivalent to 10 times around the Earth

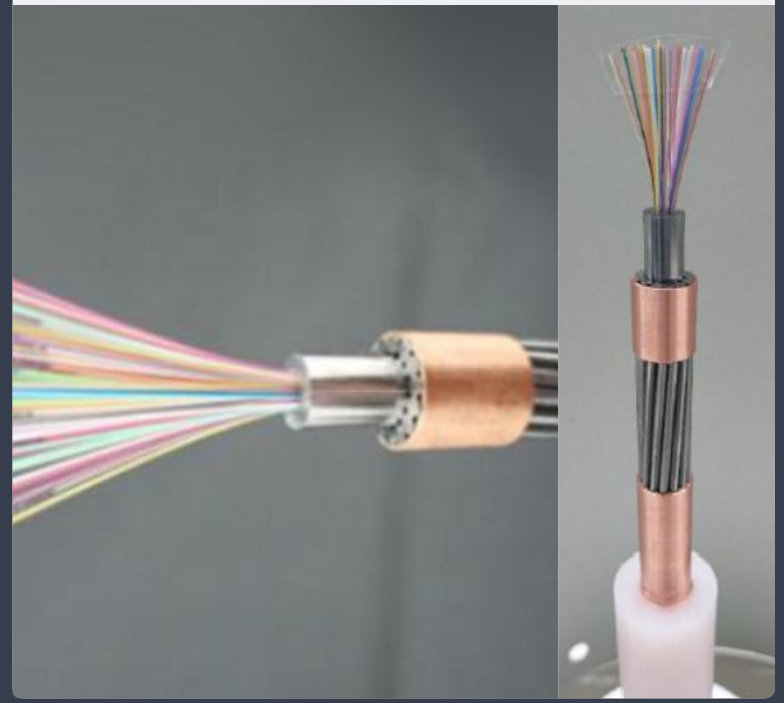
Particularly strong track record in the Asia-Pacific

Won orders from Candle in 2025

Asian optical submarine cable system that connects Japan and Singapore

Multi-core fiber

Commercialized the world's first multi-core fiber cable with high transmission capacity

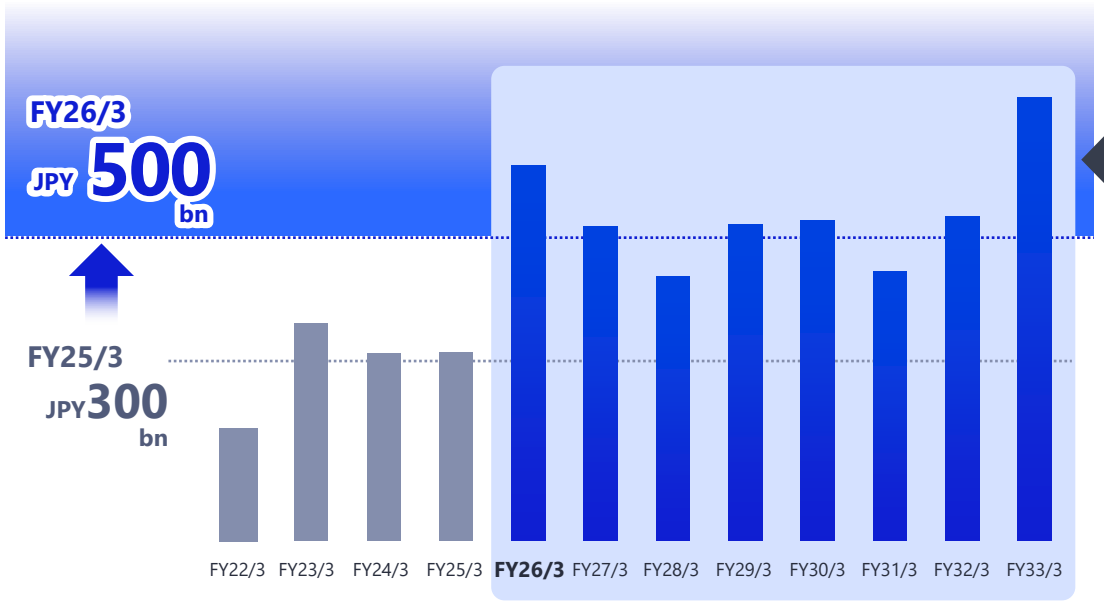


(1) Submarine Network Business: Growth Strategy

The submarine cable market is expanding, driven by the surge in social media and AI traffic and by the growing importance in national security. NEC aims for a 35% market share by leveraging Japan's geographic advantages and NEC's strengths in high-capacity communications

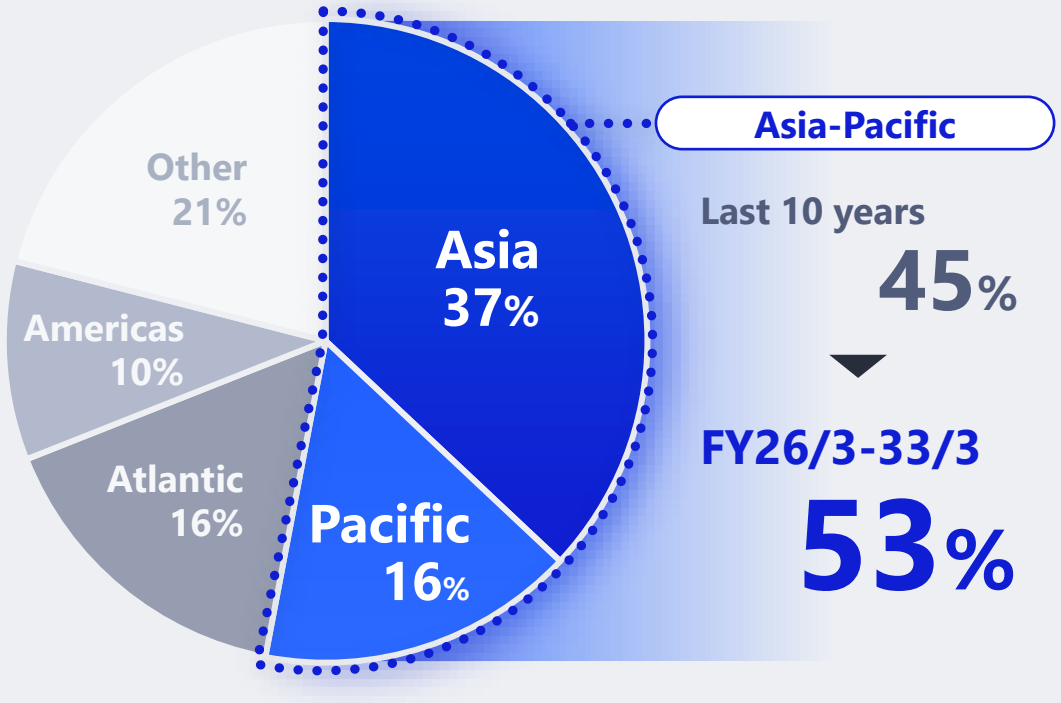
Submarine cable market size

Annual market size expected to grow to around JPY 500 billion, fueled by surging communications bandwidth demand from AI, cloud, etc.



Regional Breakdown (FY26/3-FY33/3)

Asia – Pacific is forecast to account for more than half of the global market



(2) Aerospace Business: Aviation Business Overview

From ground systems to space-based capabilities, we deliver high-precision air traffic control(ATC) solutions. Japan's market leader in ground sensors, NEC supports safe, punctual, and optimized flight operations 24/7/365 through advanced air traffic control

IT

MLIT Civil Aviation Bureau,
Ministry of Defense / Self-Defense Forces

Aviation traffic information exchange and processing systems

Integrated air traffic control information processing systems

ARTS[*1] Air traffic control information systems

Sensors

MLIT Civil Aviation Bureau,
overseas governments

Ground sensors

Airport surveillance radars

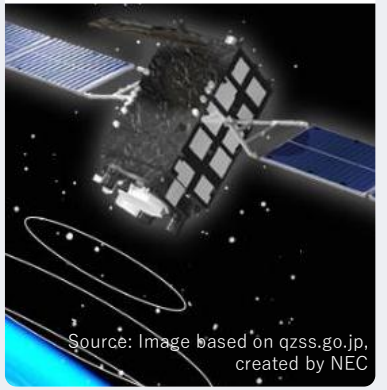
Precision measurement radars

ILS[*2]

VOR[*3]/DME[*4]

Satellite-based sensors

Satellite navigation augmentation systems



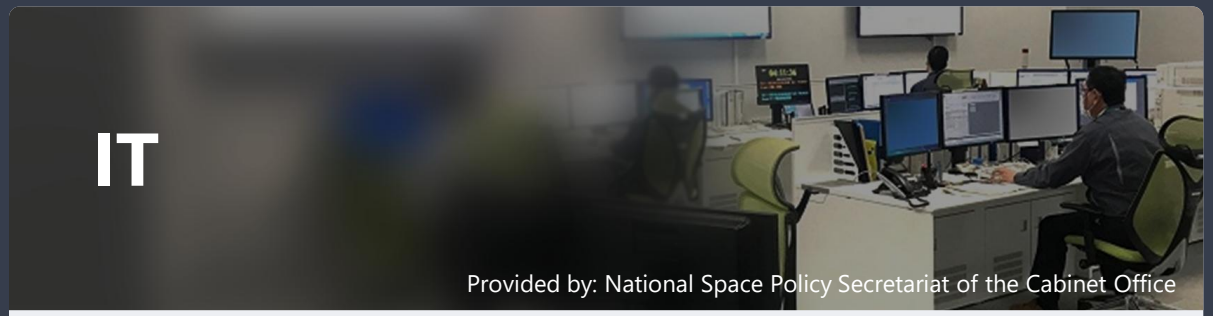
Source: MLIT

*1 Automated Radar Terminal System

*2 Instrument Landing System
*3 VHF Omnidirectional Radio Range
*4 Distance Measuring Equipment

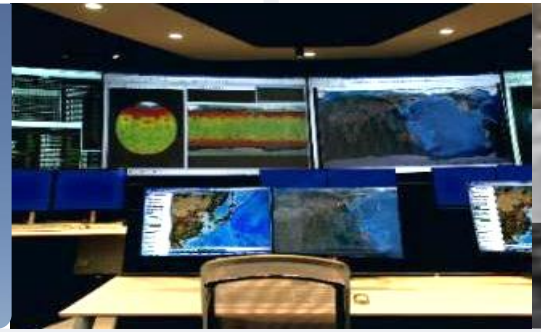
(2) Aerospace Business: Space Business Overview

Developed More than 80 satellites since Japan's first satellite developed over 50 years ago. Extensive experience across all space-related assets, developing not only various types of satellites but also ground systems and onboard equipment



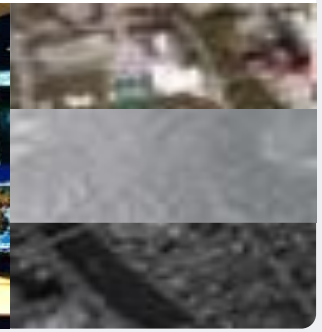
Ground systems

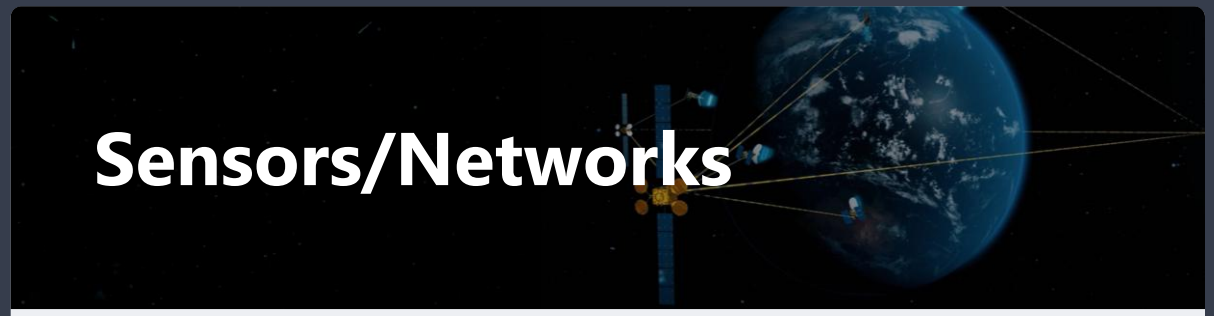
Satellite communication antennas
Tracking and control stations/ control rooms



Application systems & services

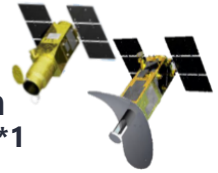
Utilization of satellite images (infrastructure maintenance/ management, disaster prevention/ mitigation)





Optical/radio sensors

Earth observation satellite ASNARO*1



Optical sensors

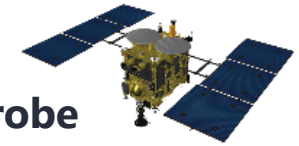
Climate change observation satellite Shikisai

Networks

Optical inter-satellite communication system LUCAS*2

Probe

Asteroid probe Hayabusa2



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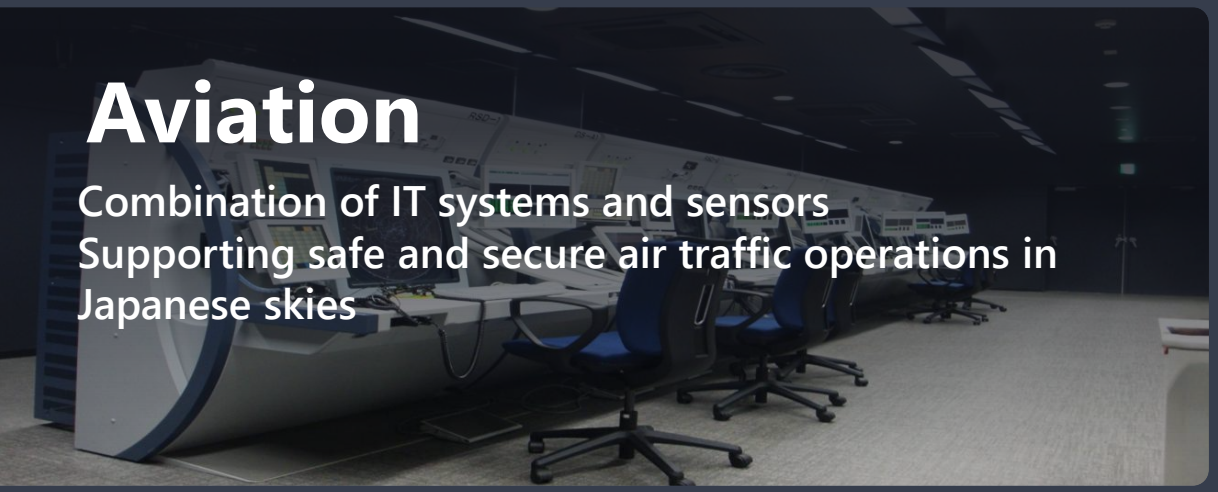
*1 Advanced Satellite with New system Architecture for Observation
*2 Laser Utilizing Communication System

(2) Aerospace Business: NEC's Strengths

IT, networks, and sensor technologies, with the capability to integrate them into complete systems Cross-domain integration across aviation, space and cutting-edge areas including AI and cybersecurity Extensive track record in the aerospace

Case Study: Contribution to a high-precision navigation system



Aviation

Combination of IT systems and sensors
Supporting safe and secure air traffic operations in Japanese skies

×

Space

Developed, manufactured, and implemented satellite-mounted positioning systems, ground stations, and antennas for Japan's satellite navigation system Michibiki. Providing world-leading, high-precision, stable services

Source: Image based on qzss.go.jp, created by NEC

Satellite navigation augmentation systems

Created a high-precision satellite navigation system that enhances GPS and other signals from the ground
Officially launched at Haneda Airport in 2025

Commenced proposals based on its **unique proprietary technology for monitoring and correcting ionospheric effects** to countries worldwide

(2) Aerospace Business: Growth Strategy

Aim to expand the digital infrastructure business by leveraging NEC's proprietary, world-unique technology for monitoring and correcting ionospheric effects and expanding sales in Southeast Asia and the Middle East, where strong demand is expected

Satellite navigation augmentation systems

Ground-Based Augmentation System (GBAS) equipment (Haneda Airport)

Heightened demand in Southeast Asia/ Middle East

Increased demand for more flights

Fuel efficiency

Pilot project in Thailand completed in FY25/3
Confirmed Verified feasibility in Southeast Asia's ionospheric conditions

Benefits of Using GBAS*

Shorter flight times

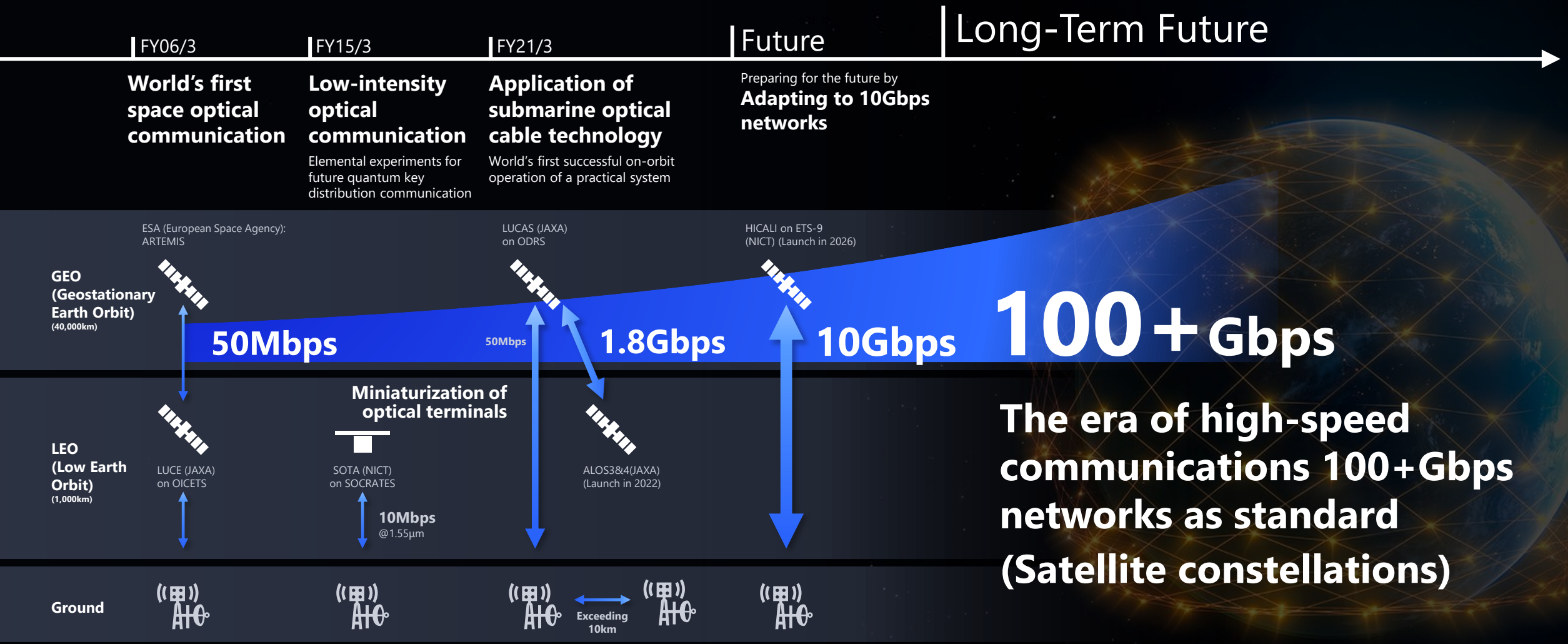
Less fuel consumption

Lower equipment costs

*Ground Based Augmentation System

(2) Aerospace Business: Toward the Future

Contributing to society by advancing optical communication technologies for the coming era of high-speed space connectivity.



The era of high-speed communications 100+Gbps networks as standard (Satellite constellations)

Visit the official website for videos on our business areas

Aerospace and National Security (ANS) movies | NEC

(A portion of) videos provided

\Orchestrating a brighter world

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.