

**NEC Announces the Commencement of Tender Offer for Shares of NEC Networks & System Integration Corporation (Securities Code: 1973)**

**Tokyo, October 29, 2024** – NEC Corporation (“NEC”) hereby announces that it has resolved, at the meeting of its board of directors held today, to conduct a tender offer (the “Tender Offer”) for the shares of common stock of NEC Networks & System Integration Corporation (Securities Code: 1973, the Prime Market of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”); “NESIC”) (the “NESIC Shares”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”), as follows:

**1. Purposes of Tender Offer**

**(1) Overview of Tender Offer**

As of today, NEC directly owns 57,320,295 NESIC Shares (Ownership Ratio (Note 1): 38.47%) and, together with the 19,200,000 NESIC Shares contributed to the employee retirement benefit trust, the trustee of which is Sumitomo Mitsui Trust Bank, Limited (which shares have been further entrusted to Custody Bank of Japan, Ltd.) (the “NEC’s Employee Retirement Benefit Trust”) with the right to give voting instructions on such shares being controlled by NEC, (Ownership Ratio :12.89%), NEC beneficially owns 76,520,295 NESIC Shares (Ownership Ratio :51.36%). Further, NESIC is a consolidated subsidiary of NEC. NEC has resolved at the meeting of its board of directors held today to conduct the Tender Offer as a part of a transaction (the “Transaction”) in which NEC will acquire all of the NESIC Shares (including the restricted stock of NESIC granted to each director of NESIC as the restricted stock compensation (the “Restricted Stock”) but excluding the NESIC Shares held beneficially by NEC and the treasury stock held by NESIC; hereinafter the same shall apply) and take the NESIC Shares private.

(Note 1) The “Ownership Ratio” means the ratio (expressed as a percentage rounded to two decimal places; hereinafter the same in the calculation of the ownership ratio) of a number of shares owned to the number of NESIC shares (i.e., 148,981,450 shares)( the “Base Number of Shares”) obtained by (i) deducting the number of treasury stock held by NESIC as of September 30, 2024(i.e., 339,971 shares), as set forth in the “Consolidated Financial Statements for the Second Half of the Fiscal Year ending March 31, 2025 (JGAAP)” announced by NESIC on today (the “NESIC Financial Results for 2Q FY2025/3”) from the total number of issued shares of NESIC as of September 30, 2024 (i.e., 149,321,421), as set forth in the Financial Results for 2Q FY2025/3.

NEC sets the minimum number of shares to be acquired in the Tender Offer at 22,756,305 shares (Ownership Ratio:15.27%). If the total number of the shares tendered in the Tender Offer (the “Tendered Shares”) is less than the minimum number of shares to be acquired (22,756,305 shares), NEC will not acquire any of the Tendered Shares. On the other hand, NEC has not set the maximum number of shares to be acquired in the Tender Offer because NEC aims to acquire all of the NESIC Shares and take the NESIC Shares private as described above. Therefore, if the total number of the Tendered Shares is equal to or more than the minimum number of shares to be acquired (22,756,305 shares), NEC will acquire all of the Tendered Shares. The minimum number of shares to be acquired (22,756,305 shares) is obtained by (a) deducting the number of the NESIC Shares beneficially owned by NEC (76,520,295 shares) and the number of the Restricted Stock (44,400 shares) (Note 2) from (b) the number of shares (99,321,000 shares) obtained by multiplying the number of voting rights (1,489,814 voting rights) on the Base Number of Shares (148,981,450 shares) (i) by two-thirds (2/3), rounded up to the nearest whole number and then (ii) by the number of shares constituting one unit of shares (100 shares). The above number of shares has been set so that NEC will beneficially hold two-thirds (2/3) or more of the total number of voting rights of all shareholders of NESIC after the Tender

Offer in order for the Transaction to be surely implemented, given that (i) it is the purpose of NEC to take the NESIC Shares private and (ii) a special resolution at a shareholders' meeting, as provided for in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the "Companies Act"), is required for conducting proceedings for the share consolidation as described in "(4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)" below)

(Note 2) Although the Restricted Stock, which shall be subject to transfer restriction, cannot be tendered in the Tender Offer, NEC has, when considering the minimum number of shares to be acquired, deducted the number of shares of such Restricted Stock, because (i) NESIC has resolved at the meeting of its board of directors held today to express its opinion supporting the Tender Offer and to recommend that the shareholders of NESIC tender their shares in the Tender Offer and therefore (ii) NESIC's directors who hold the Restricted Stock are expected to support the Squeeze-Out Procedures (defined below) if the Tender Offer is completed.

In addition, since NEC conducts the Tender Offer in order to take the NESIC Shares private as described above, if the Tender Offer is completed but NEC does not acquire all of the NESIC Shares through the Tender Offer, NEC plans to implement a series of procedures to make NEC the only shareholder of NESIC and to take the NESIC Shares private (the "Squeeze-Out Procedures") as described in "(4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)" below. With respect to 19,200,000 NESIC Shares (Ownership Ratio:12.89%) contributed by NEC to the NEC's Employee Retirement Benefit Trust, NEC entered into the employee retirement benefit trust agreement with the trustee of the NEC's Employee Retirement Benefit Trust, which includes the provision to the effect that the trustee will not disposed of such NESIC Shares in any way (including tendering for the Tender Offer) without an instruction of the trust administrator, and NEC and the trust administrator have orally confirmed that the trust administrator will not give an instruction to tender the NESIC Shares for the Tender Offer. If the Tender Offer is completed, all of such shares will be delivered to NEC promptly without compensation, and it is expected that, at the time when the Squeeze-Out Procedures are conducted, NEC will be the holder of such NESIC Shares.

NEC plans to borrow funds up to 236,000,000 thousand yen from Sumitomo Mitsui Banking Corporation by the business day preceding the commencement date of settlement for the Tender Offer subject to the completion of the Tender Offer and the certain other conditions in order to cover the funds required for the Transactions, including the Tender Offer (provided, however, that, depending on the status of its cash flow and other factors up to the business day preceding the commencement date of settlement for the Tender Offer, NEC may not execute borrowings of a portion of the above limit amount and instead appropriate its own funds).

According to "Announcement of Opinion in Support of the Tender Offer by NEC Corporation, the Parent of NESIC for the Common Stock of NESIC and Recommendation to Tender" released by NESIC as of today ("NESIC's Announcement"), NESIC has resolved at the meeting of its board of directors held today to express its opinion supporting the Tender Offer and to recommend that the shareholders of NESIC tender their shares in the Tender Offer. For details on decision-making process of NESIC's board of directors, please refer to NESIC's Announcement, "(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer" of "(i) Background, Purpose, and Decision-making Process of Tender Offer" of "(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer" below, and "(VIII) Approval of all directors without an interest in NESIC and opinion stating there is no objection from corporate auditors without an interest in NESIC" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" below.

(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer

(i) Background, Purpose, and Decision-making Process of Tender Offer

(a) Background of Tender Offer

NEC was listed on the Tokyo Stock Exchange in May 1949 was designated on the First Section of the Tokyo Stock Exchange in October 1961, and then, due to the shift to a new market segment of the Tokyo Stock Exchange in April 2022, is currently listed on the Prime Market of the Tokyo Stock Exchange.

The NEC Group (collectively referring to NEC and its consolidated subsidiaries and affiliated companies accounted for by the equity method; hereinafter the same shall apply; as of September 30, 2024, the NEC Group is composed of NEC, 252 consolidated subsidiaries and 54 affiliated companies accounted for by the equity method) has developed three business segments comprised of "IT Services" and "Social

Infrastructure,” which are NEC’s two main businesses, as well as “Others,” which includes the healthcare and life science businesses, a key pillar for its future growth. The NEC Group thereby aims to realize creating the social value of safety, security, fairness and efficiency to ensure a sustainable world where everyone has the chance to reach their full potential.

Under the NEC Way, which aims at the above as its purpose, NEC developed in May 2021 its Mid-term Management Plan 2025 (the “Mid-term Management Plan 2025”), in which the fiscal year ending March 2026 is the final fiscal. In addition, with the objective of building the optimal organizational structure for achieving the goals of the Mid-term Management Plan 2025, NEC changed its segments to “IT Services” and “Social Infrastructure” in April 2023. In “IT Services”, by working with ABeam Consulting Ltd., an NEC Group company, which boasts some of the best consulting resources in Japan, NEC has expanded its business, in Japan, to provide support for strategic ideas ranging from the development to the implementation and operation in the form of End-to-End businesses (Note 4) in order to promote DX (Note 3) for corporations and public administrative, which has been accompanied by especially increased demand in recent years. Internationally, NEC is promoting the Digital Government business (Note 5) and Digital Finance business (Note 6), and develops software as a service (SaaS)-based business models (Note 7) primarily for governments, municipalities, and financial institutions. “Social Infrastructure” is comprised of the Telecom Services business, which promotes virtualization and open systems of telecom domains and DX of telecom carriers and software services, and the Aerospace and National Security business, which provides ICT (Note 8) solutions in relation to aerospace and national security domains primarily for government agencies. “Social Infrastructure” focuses on developing optical communications technology, wireless communication technology, encryption and security technology to meet an increased demand for solutions for national security and safety and security for the national public.

(Note 3) DX (Digital Transformation) means the creation of new business models and transformation of existing business by utilizing the data and digital technology.

(Note 4) End-to-End means to, by providing one-stop services for customers, respond to all business processes in the integrated manner, such as consulting, development, operation, and transition.

(Note 5) Digital Government business means business to provide governments and municipalities with software that supports digitalization of their administrative services.

(Note 6) Digital Finance business means business to provide financial institutions with software that supports digitalization of their financial services.

(Note 7) SaaS-based business models mean business models to provide the functions of software through the network as its services

(Note 8) ICT means Information and Communication Technology.

On the other hand, NESIC was established in November 1953 as Nippon Electric Installation Company, a spin-off from the construction department of sales division of NEC, with the aim of carrying out the design, construction and maintenance of telecommunications equipment. Subsequently, NESIC changed its corporate name to NEC System Integration & Construction, Ltd. in December 1980, and to its current corporate name, NEC Networks & System Integration Corporation, in October 2005. In addition, NESIC was listed on the Second Section of the Tokyo Stock Exchange in December 1983, and was designated on the First Section of the Tokyo Stock Exchange in September 1992. Then, due to the shift to a new market segment of the Tokyo Stock Exchange in April 2022, NESIC is currently listed on the Prime Market of the Tokyo Stock Exchange.

As system integrator that creates new forms of communication from the customer’s perspective, the NESIC Group (collectively referring to NESIC and its consolidated subsidiaries and affiliated companies accounted for by the equity method; hereinafter the same shall apply; as of September 30, 2024, the NESIC Group is composed of NESIC, 17 consolidated subsidiaries and 3 affiliated companies accounted for by the equity method) provides a wide range of customers, including corporations, telecom carriers, government agencies and municipalities and social infrastructure providers, with systems and services for ICT system centered on the communications, from planning and consulting to design, construction, operation and monitoring, outsourcing, and cloud systems, as well as engaging in manufacturing and sales of network and communications equipment.

The recent business environment surrounding the NESIC Group has been robustly transitioned, with the penetration of digital technologies and services in all industries, increased investment in the sophistication and high added value of business activities and services provided, as well as proactive investment in strategic use of digital and IT to improve operational efficiency, etc. against the backdrop of a shortage of human resources. Specifically, there has been a growing need within corporation customers for solutions that make use of DX and other cutting-edge technologies to provide new ways to work that are not constrained by location such as an office or home. There is also a growing demand for the development of smart factories in the manufacturing sector and related revisions to the security. Telecom carriers are expanding infrastructure development for further upgrading and streamlining of telecommunications

services, in addition to continuous investment to improve telecommunications quality in response to accelerating growth in telecommunications traffic due to the increased use of digital services. In the social and public sector, including government agencies and municipalities, there is a growing trend toward upgrading social infrastructure integrated with IT, such as digital technologies to cope with increasingly severe disasters, a shrinking workforce and an aging population.

In light of this situation, the NESIC Group has set out the goal of achieving a “Sustainable Symphonic Society” - a sustainable and prosperous society that resonates with others - as the ideal society the NESIC Group aims to achieve by 2030. In May 2022, in order to achieve this goal, the NESIC Group has formulated its “Shift up 2024” medium-term management plan, in which the fiscal year ending March 2025 is the final fiscal year, in May 2022. During the three (3) fiscal years of the medium-term management plan, the NESIC Group has been focusing, and will focus, on the shift to a new business model involving consultation from customer perspectives leveraging its expertise in self-implementation and familiarity with customer sites, and spiral growth in step with customers, by focusing on DX and next-generation networks. For the purpose of implementation of the strategies and measures that will increase the value provided to society toward the realization of a Sustainable Symphonic Society, the NESIC Group is also working to strengthen its management base, including various investments and human resource development.

The capital relationship between NEC and NESIC began in November 1953, when NEC established NESIC (at that time, as the NESIC’s corporate name was Nippon Electric Installation Company) as a wholly-owned subsidiary, and NESIC continued to be a wholly-owned subsidiary until December 1983, when NESIC was listed on the Second Section of the Tokyo Stock Exchange, while there was increases in the number of the NESIC Shares held by NEC due to subscriptions for new shares though capital increases by NESIC, etc. As NEC sold a portion of the NESIC Shares it held when the NESIC Shares was listed in December 1983, the number of the NESIC Shares held by NEC at the time of the listing of the NESIC Shares decreased to 9,000,000 (Ownership Ratio at that time (Note 9): 69.23%), but NESIC remained a consolidated subsidiary of NEC. Thereafter, the number of the NESIC Shares held by NEC increased and decreased repeatedly due to reasons such as market sales by NEC, gratis allotment of shares by NESIC and NEC’s acquisition of convertible bonds of NESIC and conversion into shares. In February 2001, because NEC contributed 6,400,000 NESIC Shares (Ownership Ratio at that time: 14.88%) out of the 21,341,465 NESIC Shares held by NEC at that time (Ownership Ratio at that time: 49.60%) to the NEC’s Employee Retirement Benefit Trust, the number of the NESIC Shares held by NEC became 14,941,465 shares (Ownership Ratio at that time: 34.73%). However, as the right to give voting instructions on the NESIC Shares contributed to the NEC’s Employee Retirement Benefit Trust was reserved by NEC, NESIC had been consistently a consolidated subsidiary of NEC, throughout this period. Furthermore, thereafter, due to the off-market sales and the additional acquisitions through reorganization with consideration of the NESIC Shares, the number of the NESIC Shares held by NEC had become 19,106,765 shares (Ownership Ratio at that time: 38.39%) as of April 1, 2006. Thereafter, there was no sale, etc. of the NESIC Shares by NEC, but due to the stock split conducted by NESIC in June 2020, whereby each share of NESIC was split into three (3) shares, the number of the NESIC Shares held by NEC became 57,320,295 shares (Ownership Ratio: 38.47%), and the number of the NESIC Shares contributed to the NEC’s Employee Retirement Benefit Trust is 19,200,000 shares (Ownership Ratio: 12.89%).

(Note 9) The “Ownership Ratio at that time” means the ratio to the total number of issued shares of NESIC at that time (rounded to the second decimal place).

Since the establishment of NESIC in November 1953, NEC has strengthened and maintained its business alignment with NESIC, through the supply of products to the NESIC Group, outsourcing of businesses such as the system building and maintenance services, in the course of the establishment of the foundation of the current business. In April 2006, NEC transferred to NESIC all of NEC’s shares in NEC Telenetworks Co., Ltd., a wholly-owned subsidiary of NEC, main business of which was the maintenance of carrier network and public network, operation monitoring services and on-site coordination by way of the share exchange between NEC Telenetworks Co., Ltd. and NESIC. As such, NEC positioned NESIC as a core company to the NEC Group in the network solutions domain (Note 10) and has strengthened responsiveness to not only large corporations but also small and medium-sized corporations and local markets as well as promoting the project management skills and enhancement of technological capabilities to provide advanced solutions. In addition, considering that it is expected that the investments in DX would be expanded by not only large corporations and central governments but also small and medium-sized corporations and local governments in the future, NESIC focuses on the development of services that meet the market’s needs, such as workstyle DX services and next-generation networks security services, and the realization of DX-Native in all of the companies within the NEC Group. Therefore,

NESIC is expected to strengthen its competitiveness in the business that targets all areas and local governments that are in the process of full implementation of the open of systems and the digitalization, and in the digital social infrastructure domain.

(Note 10) Network solutions domain means the business domain that provides customers with telecommunications solutions for building and operating wireless and wired network systems.

In the context of such historical background between NEC and NESIC as mentioned above, the business relationship between both companies has also expanded. NEC and NESIC have established a stable business relationship. For example, NEC supplies, as a main supplier, telecommunication equipment for network systems provided by the NEC Group to its customers and NESIC provide the services for building systems related to the network provided by NEC to its customers and the maintenance services for such systems.

As such, NESIC has been a consistent strategic partner of NEC from the past to the present and one of the key subsidiaries of NEC.

(b) Decision-making Process and Purpose of Tender Offer

As stated above, NEC has positioned NESIC as a core company in the network solutions domain and has also positioned, due to its unique position as an SIer (Note 11) with implementation capabilities, as a partner that will promote the DX transformation, for which demand is accelerating among domestic regions and local governments. NEC has aimed to continuously enjoy the merits of NESIC being a listed company by maintaining the NESIC Shares listing, such as enhancing the visibility of NESIC in the industry and securing excellent human resources. On the other hand, NEC has also aimed to achieve NESIC's sustainable growth in the network solutions industry and IT industry, where competition is intensifying, by strengthening the alignment between each of the NEC Group companies other than NESIC and NESIC, through the provision of human support from NEC and the utilization of the corporate network, as well as through the provision of management know-how and networks held by the NEC Group.

(Note 11) SIer means a company (system integrator) that undertakes the design, development, operation and maintenance of IT systems to solve customers' issues.

However, while the current domestic network solutions market and IT services market are expected to continue to grow, NEC recognizes that the market environment is changing rapidly. For example, NEC recognizes that network demand and IT demand are accelerating due to the digitization of society and business, backed by changes in the business environment, such as new entrants from different industries and active reorganizations across industries and technological advancement including AI (Note 12), IoT (Note 13) and 5G networks. In addition, with regard to next-generation networks, which form the infrastructure that supports corporate growth, although NEC considers that the realization of a local 5G market is lagging, currently, various utilization methods are becoming more concrete, and NEC believes that IT investments by companies are shifting from traditional IT services to the cloud-based versions of existing systems and support for digitization of operations, not just in large corporations but also in small and medium-sized corporations, and in the future, increasing the introduction of cloud-based services utilizing digital technologies is expected to be seen as a way to expand business. In addition, in the social infrastructure domain, the acceleration of the vision for a Digital Garden City Nation and the promotion of DX transformation among local governments have led to an increase in demand for technological advancement for building and operating integrated environments for IT and networks, and NEC believes that the digitalization of society as a whole has become imperative.

(Note 12) AI is an abbreviation for Artificial Intelligence and means technology that allows computers to learn and analyze stored data, and to make inferences and judgements and solve problems.

(Note 13) IoT stands for "Internet of things" and means a mechanism that allows mutual exchanges of information by connecting various things to the Internet.

In the said environment, NEC recognizes that not only the identification and resolution by NESIC of its management issues and implementation of growth strategies based on the assumption of its organic growth as an independent listed company to date but also the rapid and flexible mutual utilization of management resources (various human resources, financial base, information, know-how, etc.) within the NEC Group, including BluStellar (Note 15), beyond the existing organic growth strategy, is becoming increasingly important for NESIC to grow sustainably and maintain the competitive advantage gained to date by overcoming the rapidly changing market environment, the competitive environment due to technological advancement and the competition for IT talent in Japan for the expansion of IT/DX capabilities (Note 14).

(Note 14) IT/DX capabilities means the capabilities to create new value through promotion of transformation in business models and services as a whole as well as improvement of operational efficiency by utilizing IT and digital technology.

(Note 15) BluStellar means a value creation model, announced by NEC on May 30, 2024, that leads to successful customer transformation based on the advanced technologies that NEC is proud of and its accumulated knowledge.

However, under the current situation where NEC and NESIC operate independently as listed companies, when mutually utilizing the management resources of the NEC Group including NESIC, the companies providing the management resources and companies generating profits are not always the same. Accordingly, under the circumstances where NESIC, as a listed company, has general shareholders (which has the same meaning as the term “minority shareholders” provided in Article 441-2 of the Securities Listing Regulations of the Tokyo Stock Exchange; hereinafter the same shall apply), even if NEC provides NESIC with NEC’s management resources that contribute to improving their corporate value, there is a possibility that a portion of the profits will flow out to NESIC’s general shareholders and NEC may have difficulty recognizing the economic rationality in providing such management resources. Therefore, NEC considered that the current capital relationship would be certain limitations on implementing flexible and proactive measures and maximizing the corporate value of the NEC Group including NESIC. In addition, with respect to the business relationship between NEC and NESIC, as long as NESIC is a listed subsidiary of NEC, it is necessary to consider not harming the interests of NESIC’s general shareholders. Although no specific inconvenience arises at present, NEC believes that maintaining the current capital relationship, which may cause a conflict of interest between NEC and NESIC’s general shareholders, would be a certain constraint from the viewpoint of the business relationship between NEC and NESIC, due to, among other things, the possibility that the circumstances faced by NEC and NESIC may become more complex and it may become more difficult to take measures in order to protect the interests of the NESIC’s general shareholders, depending on changes in the competitive and market environments in the future. With this awareness of the issues in mind, by late May 2024, NEC reached the conclusion that, based on the belief that it is imperative to comprehensively and proactively utilize the NEC Group’s management resources in order to maintain NESIC’s competitive advantage and ensure its sustainable growth, it would be necessary to resolve structural conflicts of interest between NEC and NESIC’s shareholders other than NEC and to establish a system that enables rapid and flexible mutual utilization of management resources of the NEC Group including NESIC, by taking the NESIC Shares private, and thereafter commenced preliminary discussions regarding the Transaction.

Furthermore, in the course of considering the Transaction as stated above, NEC also considered the positioning of NESIC’s business within the NEC Group after taking the NESIC Shares private through the Transaction, from the perspective of maximizing the synergies through the Transaction. As result, by late May 2024, NEC reached the conclusion that it would be reasonable to strengthen the business foundation in the DX domain and the social and public infrastructure domain in the domestic regions of the NEC Group and to enhance competitiveness and management efficiency in these domains through mutual utilization of management resources, by having NESIC succeed to the fire and disaster prevention business (Note 16) operated by NEC and having NEC Nexsolutions, Ltd. (“NEC Nexsolutions”), which is a wholly-owned subsidiary of NEC and responsible for the IT services business for SMEs in the NEC Group, succeed to the SME business (Note 17) operated by NEC, respectively (collectively the “Business Successions”), and further, by transferring all of the shares of NEC Nexsolutions held by NEC and all of the NESIC shares that NEC will own after the completion of the Transaction to an intermediate holding company (the “Intermediate Holding Company”) that NEC plans to establish as its wholly owned subsidiary in the future (together with the Business Successions, the “Intragroup Reorganization”). By implementing the Intragroup Reorganization, NEC intends to realize the strengthening of the business foundation in the DX domain and the social and public infrastructure domain in the domestic regions of the NEC Group under the Intermediate Holding Company.

(Note 16) Fire and disaster prevention business means any business of providing systems that support the streamlining and upgrading of firefighting and disaster prevention operations by local governments, national government and prefectures.

(Note 17) SME business means any business for small- and medium-sized enterprises, business supporting employees in small and medium-sized municipalities, and business providing services for residents.

NEC intends to pursue the following initiatives and synergies with a stronger capital relationship and group organizational structure by implementing the Intragroup Reorganization after taking the NESIC Shares private through the Transaction.

- 1) Strengthening of the business foundation in the DX domain and the social and public infrastructure domain in the domestic regions

NESIC has been focusing on building social and public infrastructure in domestic regions with, among other things, its multi-vendor SI capabilities (Note 18), network technology capabilities, construction work implementation capabilities and nationwide responsiveness to a wide range of customer segments, including local governments nationwide. NEC believes that it will be able to enhance the competitiveness of the DX business and the social and public infrastructure business for nationwide regions and local governments including SMEs through the integration of NESIC's business foundation with the business foundation of NEC Nexsolutions, which is responsible for the IT services business for SMEs in the NEC Group.

Specifically, NEC believes that NESIC will be able to strengthen its position as a differentiated DX partner that can solve social issues in the domestic regions using digital infrastructure by reorganizing and restructuring certain relevant organizations and functions within the NEC Group through the Transaction and the Intragroup Reorganization, and establishing a business structure that can provide customers with a full-stack and full line-up of digital functions such as an ICT domain and physical functions such as network integration (Note 19) and construction work.

(Note 18) Multi-vendor SI capabilities means capabilities to build optimal IT and network systems by combining products from multiple product vendors.

(Note 19) Network integration means undertakings of design, construction, operation and maintenance of customers' communication network systems.

2) Enhancement of competitiveness and management efficiency through mutual utilization of management resources

NEC believes that it will be able to establish systems that can proactively provide its management resources, such as the NEC Group's products, intellectual properties and human resources related to consulting, security, network, AI, DX, to NESIC, to an unprecedented extent, by resolving the risk of potential conflicts of interest between NEC and NESIC's general shareholders through implementation of the Transaction and the Intragroup Reorganization, thereby enabling the realization of further value creation for NESIC's business.

Specifically, the NEC Group has more than 49,000 system engineers and skills professionals and possesses high system implementation capabilities and technical design capabilities, as well as industry and business know-how, and NEC believes that NESIC's DX solutions business and network solutions business will be capable of being expanded and enhanced by allowing NESIC to utilize these management resources to an unprecedented extent.

In addition, NEC believes that it will be able to realize an improvement of its management efficiency and optimization of its cost structure by sharing IT system investments and administrative tasks, etc. within the NEC Group.

3) Establishment of structure for rapid decision-making through privatization and implementation of medium- to long-term investments/business reforms

NEC believes that, through the establishment of a structure that enables rapid decision-making in the NEC group as a single entity, in the course of the implementation of the Transaction and the Intragroup Reorganization, as well as the implementation of medium- to long-term investments and business reforms not driven by short-term gains, the NEC Group will be able to expand into high-value-added growth areas to an unprecedented extent, improve its competitiveness, and expand its client base, thereby contributing to the maximization of its corporate value.

As stated above, after commencing the preliminary discussions concerning the Transaction in late May 2024, in late July 2024, NEC established a structure for conducting specific discussions concerning the Transaction and the Intragroup Reorganization, and consultation and negotiation with NESIC, by appointing Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") as its financial advisor and third-party valuation agency independent of the NEC Group and the NESIC Group, SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as the tender offer agent and Nagashima Ohno & Tsunematsu as its legal advisor. On July 25, 2024, NEC informed NESIC of its preliminary intention to commence specific discussions concerning the Transaction and the Intragroup Reorganization. In response, NEC received a response from NESIC stating that NESIC acknowledged NEC's intention and would await a formal proposal, and consequently, NEC conducted further discussions concerning the synergies that could be expected, and on August 6, 2024, submitted to NESIC a letter of intent that described, among others, the background of NEC's proposal for the Transaction and its growth strategy after the implementation of the Transaction.

In response to this, as described in “(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” below, in order to ensure the fairness of the purchase price in the Tender Offer (the “Tender Offer Price”) and the fairness of the Transaction, including the Tender Offer, in early August 2024, NESIC retained Daiwa Securities Co. Ltd. (“Daiwa Securities”) as its financial advisor and as a third-party valuation agency independent of both the NEC Group and the NESIC Group and retained Nishimura & Asahi (Gaikokuho Kyodo Jigyo) (“Nishimura & Asahi”) as its legal advisor, and requested that Daiwa Securities submit a share valuation report regarding the valuation of the NESIC Shares.

In addition, NESIC established a special committee (the “Special Committee”) on August 8, 2024, in order to establish a structure to consider and make decisions concerning the Transaction with the objective of enhancing NESIC’s corporate value and protecting the interests of its general shareholders. For details of the establishment of the Special Committee, please refer to “(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee” of “(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” below)

Thereafter, NEC received letter of inquiries as of August 13, 2024 and, September 3, 2024 and September 5, 2024 from NESIC and the Special Committee regarding the significance and objectives of the Transaction, and it responded to these inquiries on August 20, 2024 and August 22, 2024 and September 11, 2024, respectively. Furthermore, NEC continued discussions with NESIC and the Special Committee concerning the significance and objectives of the Transaction. For example, NEC explained the significance and objectives of the Transaction to the Special Committee, and additionally, conducted a question and answer session at the meeting of the Special Committee held on September 12, 2024 and on October 10, 2024 responded to the additional inquiries received from the Special Committee as of September 26, 2024. In addition, NEC conducted due diligence on the NESIC Group during the period from late August 2024 to the middle of October 2024 to examine the feasibility of the Transaction, and in parallel therewith, continued to examine the feasibility of the Intragroup Reorganization and consider internally the significance and objectives of the Transaction and the Intragroup Reorganization and the synergies expected to be realized, etc.

As a result of such discussions, NEC reached the conclusion that the above synergies through the Transaction and the Intragroup Reorganization could be realized, and therefore, on October 2, 2024, submitted a written price proposal (the “First Proposal”) to NESIC that the Tender Offer Price shall, as the price based on NESIC’s intrinsic value, be 2,815 yen (constituting a premium of 1.00 % (rounded to the second decimal place; the same applies for each calculation of the premium) over 2,787 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 1, 2024, the business day immediately preceding the proposal implementation date, 4.72 % over 2,688 yen (rounded to the nearest whole number; the same applies for each calculation of simple average of closing prices), which was the simple average of closing prices for the latest one-month period until the same day, 8.52 % over 2,594 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 12.83 % over 2,495 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 7, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price on the grounds that the Tender Offer Price was assessed to be significantly below NESIC’s intrinsic value and was an inadequate price in comparison with the current level of the stock market price and the premium levels in past cases similar to this case. In response to this, on October 9, 2024, based on NEC’s belief that since the premium rates in past cases may have been affected by various individual circumstances, including the background to the formation of the stock price of the target companies, it is not always appropriate to consider whether or not the Tender Offer Price is adequate by simply comparing it to the said premium rates in past cases, and that the Tender Offer Price should be determined based on NESIC’s intrinsic value, NEC submitted a written price proposal (the “Second Proposal”) to NESIC and the Special Committee that the Tender Offer Price shall be 3,000 yen (constituting a premium of 9.05 % over 2,751 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 8, 2024, the business day immediately preceding the proposal implementation date, 10.78 % over 2,708 yen, which was the simple average of closing prices for the latest one-month period until the same day, 14.68 % over 2,616 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 19.71 % over 2,506 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 10, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price was still significantly below NESIC’s intrinsic value and cannot be deemed to be an amount that fully takes into



account the interests of NESIC's general shareholders. Then, on October 15, 2024, NEC submitted a written price proposal (the "Third Proposal") to NESIC and the Special Committee that the Tender Offer Price shall be 3,100 yen (constituting a premium of 13.22 % over 2,738 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 11, 2024, the business day immediately preceding the proposal implementation date, 13.76 % over 2,725 yen, which was the simple average of closing prices for the latest one-month period until the same day, 17.83 % over 2,631 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 23.46 % over 2,511 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 16, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price did not reflect NESIC's intrinsic value and cannot be deemed to be an amount that fully takes into account the interests of NESIC's general shareholders. Then, on October 22, 2024, NEC submitted a written price proposal (the "Fourth Proposal") to NESIC and the Special Committee that the Tender Offer Price shall be 3,180 yen (constituting a premium of 18.52 % over 2,683 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 21, 2024, the business day immediately preceding the proposal implementation date, 16.23 % over 2,736 yen, which was the simple average of closing prices for the latest one-month period until the same day, 20.09 % over 2,648 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 26.44 % over 2,515 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 22, 2024, as well, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price still cannot be deemed to be an amount that fully takes into account the interests of NESIC's general shareholders. In response to this, on October 24, 2024, NEC submitted a written price proposal (the "Fifth Proposal") to NESIC and the Special Committee that the Tender Offer Price shall be 3,200 yen (constituting a premium of 21.95 % over 2,624 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 23, 2024, the business day immediately preceding the proposal implementation date, 17.39 % over 2,726 yen, which was the simple average of closing prices for the latest one-month period until the same day, 20.66 % over 2,652 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 27.14 % over 2,517 yen, which was the simple average of closing prices for the latest six-month period until the same day). However, on October 25, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price was still lower than the premium levels in past cases similar to this case. In response to this, on the same day, October 25, 2024, NEC submitted a written price proposal (the "Sixth Proposal") to NESIC and the Special Committee, stating that NEC could not accept any further request for raising the price and requesting NESIC to again give positive consideration to the Tender Offer Price (3,200 yen) presented in the Fifth Proposal. Thereafter, on October 26, 2024, NEC received a written price proposal from NESIC and the Special Committee (the "NESIC's Price Proposal"), whereby NESIC proposed that, comprehensively considering various factors, among other things, the current level of the stock market price, NESIC's business plan, the premium levels in past cases similar to this case (the cases where the stock price immediately prior to announcement was relatively high) and the details of the proposals from NEC, in order to recommend that the shareholders of NESIC tender their shares in the Tender Offer, the Tender Offer Price shall be 3,250 yen (constituting a premium of 22.64 % over 2,650 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 25, 2024, the business day immediately preceding the proposal implementation date, 19.44 % over 2,721 yen, which was the simple average of closing prices for the latest one-month period until the same day, 22.36 % over 2,656 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 29.02 % over 2,519 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, NEC decided to accept to set the Tender Offer Price at 3,250 yen and notified NESIC and the Special Committee to that effect on October 28, 2024.

After the above discussions and negotiations, NEC and NESIC agreed to set the Tender Offer Price at 3,250 yen on the assumption that NESIC will not pay year-end dividends for the fiscal year ending March 31, 2025. Therefore, NEC resolved to implement the Tender Offer as part of the Transaction at the meeting of its board of directors held today.

(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer

a Process of the Establishment of a Structure for Evaluation

According to NESIC's Announcement, NESIC received notice from NEC on July 25, 2024 to the effect that NEC had commenced consideration of execution of the Transaction. In response to this, in preparation for consideration of the Transaction and discussions and negotiations with NEC regarding

the Transaction, considering that the NEC holds a 51.36% stake in NESIC (including the NESIC Shares contributed to the NEC's Employee Retirement Benefit Trust) and is a controlling shareholder of NESIC (parent company) and that the Transaction including the Tender Offer constitutes a material transaction with a controlling shareholder and the Transaction is of a kind in which structural conflicts of interest and asymmetry of information problems are typically present, NESIC appointed Daiwa Securities as NESIC's financial advisor and third-party valuation agency independent of the NEC Group and the NESIC Group and appointed Nishimura & Asahi as NESIC's legal advisor in early August 2024 to address these issues and ensure the fairness of the Transaction. Subsequently, NESIC received a letter of intent from NEC on August 6, 2024 regarding the Transaction. In response to this proposal and to ensure the fairness of the Transaction, NESIC, with advice from Nishimura & Asahi, immediately began establishing a structure to consider, negotiate, and make decisions concerning the transaction from a position independent of NEC with the objective of enhancing NESIC's corporate value and protecting the interests of its general shareholders. Specifically, as described below in "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" NESIC commenced preparations for the establishment of a Special Committee, and pursuant to a resolution of the board of directors at a meeting held on August 8, 2024, immediately after receipt of the letter of intent from NEC on August 6, 2024, NESIC established a Special Committee comprising three members: Michiko Ashizawa (independent outside director of NESIC), Mamoru Yoshida (independent outside director of NESIC), and Mikiko Morimoto (independent outside director of NESIC) (for the circumstances of the consideration process and the decisions of the Special Committee, refer to "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" below). NESIC consulted with the Special Committee on the following matters:

(1) The reasonableness of the purpose of the Transaction (including whether the Transaction contributes to enhancing the NESIC's corporate value), (2) the fairness and appropriateness of the terms and conditions of the Transaction, (3) the fairness of the Transaction procedures, (4) whether it is appropriate for the board of directors to express an opinion in support of the Tender Offer and recommend that NESIC's shareholders tender their shares in the Tender Offer, and (5) whether the Transaction is detrimental to the interests of NESIC's general shareholders (collectively, the "Consultation Matters"). In addition, when establishing the Special Committee, the board of directors adopted a resolution to the effect that (i) it will give maximum consideration to the opinions of the Special Committee when making decisions concerning the Transaction and (ii) if the Special Committee determines that execution of the Transaction or the terms and conditions of the Transaction are not appropriate, the board of directors will not agree to the Transaction. The board of directors further resolved that (i) the Special Committee shall be able to participate substantively in the negotiation process concerning the terms and conditions of the Transaction by confirming in advance policies on negotiations regarding the terms and conditions, receiving timely reports on the status of the negotiations, and expressing opinions on material matters, (ii) if the Special Committee deems it necessary when considering the Consultation Matters, the Special Committee may, at NESIC's expense, engage advisors and the like, and (iii) the Special Committee shall have the authority to gather and request from NESIC or NESIC's advisors and the like any and all information necessary for providing its report (for information on the manner in which the board of directors adopted these resolutions, refer to "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" below).

As discussed below in "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" on August 23, 2024, the Special Committee, pursuant to the authorization specified above, retained Plutus Consulting Co., Ltd. ("Plutus Consulting") as its financial advisor and third-party valuation agency independent of the NEC Group and the NESIC Group and retained Nakamura, Tsunoda & Matsumoto as its independent legal advisor.

Furthermore, as discussed below in "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" of "(Measures to Ensure Fairness of Tender Offer

Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” NESIC obtained the Special Committee’s approval for NESIC’s retention of Daiwa Securities as its financial advisor and third-party valuation agency and of Nishimura & Asahi as its legal advisor, following confirmation that there are no issues regarding Daiwa Securities’ and Nishimura & Asahi’s independence from the NEC Group and the NESIC Group or their expertise, track record, and so on. Moreover, as described below in “(VII) Construction of a framework for independent consideration by the Company” of “(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” NESIC built an internal framework to consider, negotiate, and make decisions concerning the Transaction (including the scope of NESIC’s officers and employees that will be involved in the consideration, negotiation, and decision-making concerning the Transaction and their roles) independent of NEC and obtained the Special Committee’s acknowledgement that there are no issues with such framework for consideration in terms of its independence and fairness.

b Process of Consideration and Negotiations

NESIC received from Daiwa Securities a report on the results of valuation of the NESIC Shares, advice relating to strategies for negotiating with NEC, and other advice from a financial perspective and received from Nishimura & Asahi advice on measures to ensure the fairness of procedures in the Transaction and other legal advice. Based on such report and advice, NESIC conducted careful consideration and discussion of the merits of the Transaction and the appropriateness of its terms and conditions while giving maximum consideration to the opinions of the Special Committee.

Also, following receipt of the letter of intent concerning the Transaction from NEC on August 6, 2024, NESIC continuously held discussions and negotiations with NEC regarding the terms and conditions of the Transaction including the Tender Offer Price.

Specifically, in light of the receipt of the letter of intent regarding the Transaction on August 6, 2024, NESIC and the Special Committee conducted internal consideration and discussions, and on August 13, 2024, NESIC submitted written questions to NEC regarding the significance and objectives of the Transaction and received a written response to these questions from NEC on August 20, 2024, and on August 22, 2024. Furthermore, based on that response, the Special Committee submitted additional written questions on September 3 and September 5, 2024 and received written responses to those questions from NEC on September 11, 2024. At a meeting of the Special Committee held on September 12, 2024, explanations of NEC’s responses to the questions and of the significance and objectives of the Transaction were received from NEC, a question and answer session was conducted, and discussions were conducted on the significance and objectives of the Transaction. Later, the Special Committee submitted further written questions on September 26, 2024 and received written responses to those questions from NEC on October 10, 2024.

Starting on October 2, 2024, NESIC conducted repeated negotiations over multiple rounds with NEC regarding the Tender Offer Price. Specifically, based on comprehensive consideration of the information obtained through due diligence conducted by NEC on the NESIC Group, the initial valuation analysis of the NESIC Shares premised on that information performed by Mitsubishi UFJ Morgan Stanley Securities, a financial advisor, etc., on October 2, 2024 NESIC received from NEC a proposal regarding the Transaction that included a Tender Offer Price in the Tender Offer of 2,815 yen (which represented a premium of 1.00% over the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange of 2,787 yen on October 1, the business day before the day the proposal was made, a premium of 4.72% over the simple average closing price during the past one month up to such date of 2,688 yen, a premium of 8.52% over the simple average closing price during the past three months up to such date of 2,594 yen, and a premium of 12.83% over the simple average closing price during the past six months up to such date of 2,495 yen). However, in response to this, on October 7, 2024, NESIC and the Special Committee requested that NEC consider raising the price, on the grounds that the Tender Offer Price was significantly below the intrinsic value of NESIC and was inadequate when compared with recent share price levels and the premium levels of similar deals in the past. On October 9, 2024, NESIC and the Special Committee received from NEC a proposal regarding the Transaction that included a Tender Offer Price of 3,000 yen (which represented a premium of 9.05% over the closing price per share of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange of 2,751 yen on October 8, the business day before the day the proposal was made, a premium of 10.78% over the simple average closing price during the past one month up to such date of 2,708 yen, a premium of 14.68% over the simple average closing price during the past three months up to such date of 2,616 yen, and a premium of 19.71% over the simple average closing price during the past six months up to such date of 2,506

yen). However, in response to this, on October 10, 2024, NESIC and the Special Committee again requested that NEC consider raising the price, as the Tender Offer Price still was significantly below the intrinsic value of NESIC and could not be called an amount that sufficiently took into account the interests of NESIC's general shareholders. On October 15, 2024, NESIC and the Special Committee received from NEC a proposal regarding the Transaction that included a Tender Offer Price of 3,100 yen (which represented a premium of 13.22% over the closing price per share of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange of 2,738 yen on October 11, the business day before the day the proposal was made, a premium of 13.76% over the simple average closing price during the past one month up to such date of 2,725 yen, a premium of 17.83% over the simple average closing price during the past three months up to such date of 2,631 yen, and a premium of 23.46% over the simple average closing price during the past six months up to such date of 2,511 yen). However, in response to this, on October 16, 2024, NESIC and the Special Committee again requested that NEC consider raising the price, as the Tender Offer Price did not reflect the intrinsic value of NESIC and could not be called an amount that sufficiently took into account the interests of NESIC's general shareholders. On October 22, 2024, NESIC and the Special Committee received from NEC a proposal regarding the Transaction that included a Tender Offer Price in the Tender Offer of 3,180 yen (which represented a premium of 18.52% over the closing price per share of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange of 2,683 yen on October 21, the business day before the day the proposal was made, a premium of 16.23% over the simple average closing price during the past month up to such date of 2,736 yen, a premium of 20.09% over the simple average closing price during the past three months up to such date of 2,648 yen, and a premium of 26.44% over the simple average closing price during the past six months up to such date of 2,515 yen). However, in response to this, on October 22, 2024, NESIC and the Special Committee again requested that NEC consider raising the price, as the Tender Offer Price did not reflect the intrinsic value of NESIC and could not be called an amount that sufficiently took into account the interests of general shareholders. On October 24, 2024, NESIC and the Special Committee received from NEC a proposal regarding the Transaction that included a Tender Offer Price in the Tender Offer of 3,200 yen (which represented a premium of 21.95% over the closing price per share of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange of 2,624 yen on October 23, the business day before the day the proposal was made, a premium of 17.39% over the simple average closing price during the past month up to such date of 2,726 yen, a premium of 20.66% over the simple average closing price during the past three months up to such date of 2,652 yen, and a premium of 27.14% over the simple average closing price during the past six months up to such date of 2,517 yen). However, on October 25, 2024, NESIC and the Special Committee again requested that NEC consider raising the price, as it was still lower than the premium levels in past deals similar to the Transaction. On October 25, 2024, NESIC and the Special Committee received a proposal from NEC stating that NEC could not accept the request for a further price increase and that NEC would like NESIC to positively consider the Tender Offer Price (3,200 yen) presented in the previous proposal. In response to this, on October 26, 2024, NESIC and the Special Committee submitted a proposal that included a Tender Offer Price in the Tender Offer of 3,250 yen (which represented a premium of 22.64% over the closing price per share of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange of 2,650 yen on October 25, the business day before the day the proposal was made, a premium of 19.44% over the simple average closing price during the past month up to such date of 2,721 yen, a premium of 22.36% over the simple average closing price during the past three months up to such date of 2,656 yen, and a premium of 29.02% over the simple average closing price during the past six months up to such date of 2,519 yen) to recommend its shareholders tender their shares, taking into account recent share price levels, NESIC's business plan, the premium levels in past deals similar to the Transaction (deals in which the share price was relatively high immediately before the announcement), the content of the proposal from NEC, etc. In response to this, NESIC and the Special Committee received notice from NEC on October 28, 2024, that NEC accepted the Tender Offer Price of 3,250 yen.

In the consideration and negotiation process described above, when engaging in discussions and negotiations with NEC concerning the Tender Offer Price, NESIC conducted investigations while taking into consideration the opinions received from the Special Committee as well as the advice received from Daiwa Securities and Nishimura & Asahi, and the Special Committee received advice from time to time from Plutus Consulting and Nakamura, Tsunoda & Matsumoto, the Special Committee's advisors, exchange opinions with NESIC and NESIC's advisors, and made confirmations and issued approvals as appropriate. Specifically, NESIC first confirmed in advance with the Special Committee and obtained the Special Committee's approval regarding the reasonableness of the details, material assumed conditions, background to preparation, and so on concerning NESIC's business plan that was presented to NEC and that served as the basis for the valuation calculation of the NESIC Shares performed by Daiwa Securities and Plutus Consulting. Also, when negotiating with NEC, Daiwa Securities, which is

NESIC's financial advisor, responded in accordance with the negotiating policy determined through discussions conducted in advance by the Special Committee, and whenever a proposal concerning the Tender Offer Price was received from NEC, a report was immediately made to the Special Committee and a response was made in accordance with opinions, instructions, requests, and so on concerning the policy on negotiations with Tender Offer received from the Special Committee.

Furthermore, on October 28, 2024, NESIC received from the Special Committee a report (the "Report") to the effect that the Special Committee believes that (i) it would be appropriate for the board of directors to adopt a resolution expressing an opinion in support of the Tender Offer and recommending that NESIC's shareholders tender their shares in the Tender Offer and (ii) the decision by NESIC's board of directors concerning the Transaction (i.e., (A) the decision to express an opinion in support of the Tender Offer and to recommend to NESIC's shareholders that they tender their shares in the Tender Offer and (B) the decision regarding procedures to take the NESIC Shares private by means of the Request for Share Transfers to be implemented after the Tender Offer as a part of the Transaction (here and hereafter, as defined in "(i) Request for Share Transfers" of "(4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)") or the Share Consolidation (here and hereafter, as defined in "(ii) Consolidation of Shares" of "(4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)") are not detrimental to NESIC's general shareholders (refer to "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" below for a summary of the Report.) Along with the Report, on October 28, 2024, NESIC received from the Special Committee a share valuation report regarding valuation of the NESIC Shares (the "Share Valuation Report (Plutus Consulting)") and a fairness opinion (the "Fairness Opinion") stating that the Tender Offer Price of 3,250 yen per share is a fair price for general shareholders from a financial perspective that the Special Committee received from Plutus Consulting (for summaries of the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, refer to "(IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer").

c Details of the Decision

Based on the circumstances described below, NESIC carefully discussed and considered at a meeting of the board of directors held today whether the Transaction including the Tender Offer will contribute to enhancing NESIC's corporate value and whether the terms and conditions of the Transaction including the Tender Offer Price are appropriate, taking into consideration legal advice received from Nishimura & Asahi, advice received from Daiwa Securities from a financial perspective, the content of the share valuation report dated October 28, 2024 regarding the NESIC Shares received from Daiwa Securities (the "Share Valuation Report (Daiwa Securities)"), and as well as the Share Valuation Report (Plutus Consulting) and the Fairness Opinion received through the Special Commission, and giving maximum consideration to the determinations of the Special Committee presented in the Report.

As a result, NESIC also concluded that taking the NESIC Shares private through the Transaction including the Tender Offer by NEC would contribute to improving NESIC's corporate value.

The NESIC Group's business domain is communications, and the NESIC Group has expanded business from communications infrastructure construction to solutions and services, such as corporate network system integration and work style innovation, and has contributed to meeting the needs of wide-ranging customers, including companies, telecommunications carriers, government agencies, municipalities, and social infrastructure operators, and to solving social issues.

The NESIC Group's business environment is changing at a rapid pace including labor shortages in conjunction with a declining birthrate and aging population in Japan and preparing for natural disasters as well as penetration of various working ways precipitated by the COVID-19 pandemic and the advancement of a borderless society. At the same time, changes relating to technological aspects are also accelerating including the advancement of digital technologies, higher speed and more advanced network technologies, and cloud computing.

In this way, the NESIC Group's business environment is undergoing major structural changes, and the business environment is expected to continue changing into the future. Responding accurately to these long-term changes in the business environment and increasing NESIC's corporate value even further will require leveraging the technologies, know-how, and resources of the NEC group, increasing the value provided to customers, and increasing management efficiency through optimal allocation of the

NEC Group resources to pursue sustainable growth.

Within the current capital relationship between NEC and NESIC, even if NEC provided NESIC with management resources that would enhance NESIC's corporate value, since a portion of the profits gained from the management resources introduced by NEC into the NESIC Group would flow to NESIC's general shareholders, there was a possibility that circumstances would arise where it would be difficult for NEC to find it economically reasonable to provide such management resources; thus, NEC explained, under the current capital relationship, that there were limits in terms of executing flexible and pro-active strategies and maximizing the corporate value of the NEC Group, including NESIC. In addition, NECIS believes that, with the possibility that measures to protect the interests of NESIC's general shareholders will become more difficult, maintaining a capital relationship in a state where conflicts of interest will arise between NEC and NESIC's general shareholders may impose certain constraints when moving ahead with the transactional relationship of the two companies, including the mutual utilization of management resources.

In light of the NESIC's Group's business environment described above, NESIC reached the conclusion that by taking the NESIC Shares private through the Transaction, eliminating the structural conflicts of interest between NEC and NESIC's general shareholders, and enabling NEC to invest additional management resources into the NESIC Group, the dynamic and steady execution of management measures and the synergy effects described below are expected, contributing to further improvement in NESIC's corporate value.

I. Accelerate growth strategies and strengthen competitiveness by leveraging and coordinating the NEC Group management resources

NESIC is focusing on shifting to a new business model to achieve spiral growth (Note20) centered on digital transformation integrated with next-generation networks that leverages its know-how gained through self-implementation and its deep familiarity with customer sites, which are its strengths, to provide consultations from the customer's perspective and work closely with customers. In a time of rapid evolution of technology and by diversification of customer needs, however, NESIC believes that it will be even more difficult in the future to organically (Note 21) reinforce and expand business assets including the human resources that will be necessary to keep up with these changes and continue to provide services that exceed customer expectations. NESIC has long engaged in collaboration with the NEC Group as necessary, but believes that through the Transaction, it will be possible to closely and flexibly use the NEC Group's business assets, including cutting-edge technologies in areas such as AI and intellectual property, know-how, and consulting capabilities as well as its abundant technological resources, and to reinforce collaboration, and that this will further accelerate the realization of NESIC's growth strategies, thereby leading to stronger competitiveness and enhanced corporate value.

(Note 20) "Spiral growth" from working closely with customers refers to a circulating, spiral-type growth that begins with "consultations," moving forward with sustainable improvement proposals for challenges existing customers are facing and with the development of new clients for those customers, and through a greater accumulation of experience and data, further heightening the ability to create social and customer value, and that in turn leads to the attainment of customer success and sustainability.

(Note 21) "Organic" growth refers to the method of organically tying together and utilizing the personnel, products, technology, and other management resources that a company has accumulated so that a company through its own efforts helps itself to grow and develop.

II. Reinforce overall capabilities and business foundations

[1] Reinforce overall capabilities, including the ICT platform, industry and business IT, and software fields

As a system integrator with strengths in multi-vendor systems integration capabilities, network technology capabilities, construction execution capabilities, nationwide responsiveness, and more, NESIC provides diverse ICT systems and services to a wide range of customers in Japan and overseas. Through the Intragroup Reorganization being implemented at this time, which involves a business integration with NEC Nexsolutions, which has strengths in the industry and business IT and software fields, and with the small and medium-sized enterprises (SME) business that will be assumed by NEC Nexsolutions, it will be possible to develop business with a full stack and full lineup of services ranging from ICT platforms to industry and business IT and software, and NESIC believes that this will further reinforce its overall capabilities. NESIC believes that in a business environment where digitalization and the integration of IT and networks are accelerating, this will enable it to provide solutions from all angles to address the issues of customers, including businesses and government agencies, substantially strengthening NESIC's competitive advantage over other companies.

[2] Reinforce business foundations in the social and public infrastructures field

In the social and public domain, the introduction of more resilient (Note 22) and efficient systems and the integration of IT and networks are advancing with the objective of achieving a resilient, safe, and secure society. As NESIC bolsters its business ability to respond to these needs, securing human resources to comply with the Construction Business Act, including managing engineers, has become an issue. As a result of the Intragroup Reorganization, fire and disaster preparedness and response business will be assumed by and consolidated within NESIC, and NESIC believes this will enable it to reinforce structures for the seamless provision of services ranging from marketing business strategies to system integration and operation, and to further strengthen business foundations. As a result, NESIC will be able to provide services with higher added value to customers, maximize profits through higher business efficiency, and reinforce competitiveness. Also, by strengthening collaboration with the NEC Group in the social and public domain, including the fire and disaster preparedness and response business, NESIC will be able to expand business to other social infrastructure domains and reinforce its mission-critical (Note 23) system integration capabilities, one of NESIC's features.

(Note 22) "Resilience", when referring to systems, means having high resistance to disasters, etc. and being able to maintain stable functions or to the function, through system redundancy, etc., of minimizing impacts from system breakdowns.

(Note 23) "Mission critical" means the extremely high reliability, technology, and quality essential for a system having a strong public nature where, for example, a delay in operations would inflict damage on society or corporations

[3] Enhanced presence and position in the industry through business consolidation and management integration to achieve scale and capture market share.

As a result of the Transaction and the Intragroup Reorganization, NESIC projects that net sales of the Intermediate Holding Company Group, including NESIC, will surpass 500 billion yen, the number of employees will exceed 10,000, and the number of transacting customers will reach 20,000 or more, making the NESIC Group one of the largest business groups in the system integrator industry. In a competitive environment that includes global companies, startups, and others entering the market in succession, achieving a certain corporate scale and enhancing its position have become important management strategy issues, and NESIC believes that the acquisition of scale through the Transaction will be beneficial for the NESIC Group from the perspective of increasing competitiveness. NESIC further believes that reorganization through the establishment of the Intermediate Holding Company will be an effective system for accurately and flexibly utilizing the management resources of each company and maximizing the value provided as a group at a stage when human resource systems, corporate cultures, and so on differ. Implementation of the Transaction will have no direct impact on NESIC's sales, number of employees, or number of transacting customers, but NESIC is aware that implementation of the Transaction is essential for the Intragroup Reorganization.

III. Increasing management efficiency through business alignment and consolidation of functions with the NEC Group

Through the Transaction, NESIC and the NEC Group will further strengthen their collaboration and quickly establish a system that enables flexible mutual use of management resources, such as research and development resources, to expand NESIC's integrated and high-value-added service provision functions, including consulting capabilities and advanced industry solutions, enabling NESIC to achieve rapid and effective collaboration with customers. NESIC believes that this will strengthen business foundations and increase profitability. In addition, NESIC expects that the delisting of NESIC's shares will reduce costs associated with maintaining its listing (including expenses for continuous information disclosures, such as for financial statements, costs for operation of general shareholders meetings, and expenses necessary for outsourcing operations to a shareholder registry management agent) and costs arising from the risks of being a listed company. NESIC further believes that delisting will increase the efficiency of administrative operations, IT platforms, and the like.

NESIC believes that increasing management efficiency through business alignment and consolidation of functions with the NEC Group will contribute to enhancing NESIC's corporate value.

NESIC has carefully considered the possibility of impacts on business partners and other stakeholders in conjunction with the decline in brand strength as a listed company, as well as lower employee motivation resulting from delisting the NESIC Shares through the Transaction. However, as described below in "(ii) Management Policy after Tender Offer" even after the execution of the Transaction, the NEC Group plans to continue discussions between NEC and NESIC regarding the composition of NESIC's management structure with the objectives of establishing appropriate governance that respects

NESIC's uniqueness and creating a structure that can maximize synergy effects with the NEC Group, including NESIC. At this time, no decisions have been made concerning changes to NESIC's policy on the continued employment of employees, their treatment, or transfers to other NEC Group Companies after the execution of the Transaction (however, if in the future a determination is made that changes are strategically and reasonably necessary, following discussions with NESIC, changes to policies or treatment and transfers may be implemented). Furthermore, as the growth and structural changes advance in the domestic IT market and securing engineering resources becomes a key issue, the NEC Group's policy is to carefully consider measures that will enhance NESIC's branding while taking its intentions into account, in order to maintain the motivation of its employees. In light of these factors, NESIC believes that delisting the NESIC Shares through the Transaction will be accepted by the NESIC Group's business partners, employees, and other stakeholders.

Furthermore, based on the following points and other factors, NESIC has determined that the Tender Offer Price and the other terms and conditions relating to the Tender Offer are appropriate and that the Tender Offer provides NESIC's shareholders with an opportunity to sell NESIC Shares with a reasonable premium and under reasonable terms and conditions.

- i. The results of the share calculation relating to the NESIC Shares performed by Daiwa Securities described below in "(IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" are above the upper limit of the calculation results based on the market share price method and comparable companies method and within the range of the valuation results based on the DCF method.
- ii. As discussed below in "(IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" the calculation results of the value of the NESIC Shares by Plutus Consulting is considered to be above the upper limit of the calculation results based on the market share price method and comparable companies method and within the range of the valuation results based on the DCF method. In addition, the Special Committee obtained the Fairness Opinion from Plutus Consulting, which states that the Tender Offer Price of 3,250 yen per share is fair to NESIC's general shareholders from a financial perspective.
- iii. The Tender Offer Price represents a premium of 21.50% over the closing price of 2,675 yen for the NESIC Shares on the Tokyo Stock Exchange Prime Market on October 28, 2024, the business day preceding the announcement of the Tender Offer; a premium of 19.88% over the simple average closing price of 2,711 yen during the preceding month (from September 30, 2024 to October 28, 2024) (here and hereafter with respect to simple averages of closing prices, rounded to the nearest whole yen); a premium of 22.23% over the simple average closing price of 2,659 yen during the preceding three months (from July 29, 2024 to October 28, 2024); and a premium of 28.97% over the simple average closing price of 2,520 yen during the preceding six months (from April 30, 2024 to October 28, 2024). Generally, when issues have high price-to-book value ratios (PBR), this indicates that their corporate value is highly valued on the stock market; therefore, in tender offers and M&A transactions, there is a tendency for premiums over market prices to be lower; as of September 30, 2024, NESIC's PBR was approximately 2.6. Of the 16 tender offer and MBO deals for listed subsidiaries undertaken for the purpose of delisting, for which a tender offer was successfully completed in the period from June 28, 2019, when the Ministry of Economy, Trade and Industry released the "Fair M&A Guidelines", until July 31, 2024, where the PBR of the Target Company was greater than 2, the most common premium level over the past one-month share price average was between 20 and 30% with five such deals; the most common premium level over the past three-month share price average was between 20 and 30% with five such deals; and the most common premium level over the past six-month share price average was between 20 and 30% with five such deals. In light of this, NESIC believes that the Tender Offer Price is at a level where a commensurate premium is provided over the past one-month, past three-month, and past six-month share prices.
- iv. In light of the long-term movement of NESIC's share price, the Tender Offer Price exceeds the highest closing price for the NESIC Shares in the past 20 years of 2,804 yen (closing price on October 9, 2024).
- v. Measures to ensure the fairness of the Tender Offer described in "(Measures to Ensure Fairness



of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” have been taken, and the interests of general shareholders have been protected.

- vi. Following such measures, the Tender Offer Price was increased from NEC’s initial proposed price of 2,815 yen, after repeated negotiations with NEC with substantive involvement by the Special Committee, which is independent of the NESIC Group and the NEC Group.
- vii. As set forth below in “(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee” of “(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” the Report received from the Special Committee, which is independent from NESIC, determined that the terms and conditions of the Transaction, including the Tender Offer Price, are appropriate.

Based on the foregoing, NESIC determined that the Transaction will contribute to the improvement of NESIC’s corporate value and that the terms of the Transaction, including the Tender Offer Price, are appropriate, and accordingly resolved at a meeting of board of directors of NESIC held today to express its opinion in support of the Tender Offer and recommend that the holders of the NESIC Shares tender their shares in the Tender Offer.

For information on the manner in which the resolution was adopted at the board of directors meeting, please refer to “(VIII) Approval of all directors without an interest in NESIC and opinion stating there is no objection from corporate auditors without an interest in NESIC” of “(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” below.

#### (ii) Management Policy after Tender Offer

From the perspective of maximizing the synergies through the Transaction, NEC plans to implement the Intragroup Reorganization after taking the NESIC Shares private through the Transaction and thereby to strengthen the business foundation in the DX domain and the social and public infrastructure domain in the domestic regions of the NEC Group and to enhance competitiveness and management efficiency through mutual utilization of management resources. Furthermore, by implementing the Intragroup Reorganization, NEC intends to realize the strengthening of the business foundation in the DX domain and the social and public infrastructure domain in the domestic regions of the NEC Group under the Intermediate Holding Company. Although NEC intends to implement the Intragroup Reorganization as soon as practicable after taking the NESIC Shares private through the Transaction, the specific completion timing and the terms and conditions thereof have not yet been determined as of today. NEC will proceed with it in consultation with NESIC going forward.

Other than the above, as of today, NEC has not yet determined any specific matters in relation to NESIC’s management structure after the Transaction. In the future, NEC intends to consider the establishment of an optimum structure after consultation with NESIC, while respecting NESIC’s autonomy and current management structure to the greatest extent possible, and also consider measures that will lead to the improvement of the treatment of NESIC’s employees and the improvement of NESIC’s branding, taking into consideration NESIC’s intention, in order to maintain and improve the motivation of NESIC’s employees amid the growing necessity of securing IT talent. As of today, NEC has not considered any personnel related measures, such as changing the working conditions of NESIC’s employees or effecting personnel reductions after the Transaction.

#### (3) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest

In light of the facts that NESIC is a consolidated subsidiary of NEC as of today, and the Transaction, including the Tender Offer, constitutes a material transaction, etc. with a controlling shareholder of NESIC and that the Transaction falls under a category of the transactions in which there typically exists the structural conflicts of interest issue and asymmetric information issue between NEC and the shareholders of NESIC other than NEC, NEC and NESIC have taken the following measures to ensure fairness of the Transaction including the Tender Offer, in light of ensuring fairness of the Tender Offer Price and eliminating the arbitrariness in the process of decision-making leading to the decision to implement the Tender Offer as well as avoiding conflicts of interest.

Further, as described in “(1) Overview of Tender Offer” above, as of today, NEC owns 57,320,295 NESIC

Shares (Ownership Ratio: 38.47%) and, together with the 19,200,000 NESIC Shares (Ownership Ratio: 12.89%) contributed to the NEC's Employee Retirement Benefit Trust, NEC beneficially owns 76,520,295 NESIC Shares (Ownership Ratio: 51.36%), so NEC believe that, if a minimum number of shares to be acquired in the Tender Offer constituting the so-called "Majority of Minority" is set, it would make a successful completion of the Tender Offer uncertain, and, as a result, would not contribute to the interests of general shareholders of NESIC who wish to tender their shares in the Tender Offer. Therefore, NEC has not set a minimum number of shares to be acquired in the Tender Offer constituting the Majority of Minority. However, NEC and NESIC believe that since the following measures have been taken as the measures to ensure the fairness of the Tender Offer Price and to avoid the conflicts of interest, the interests of general shareholders of NESIC have been fully considered. The Special Committee has concluded in the Report that, in light of the fact that other measures to ensure fairness are considered to be sufficiently in place, the Special Committee considered that just because the Majority of Minority condition has not been set, it should not be regarded as a failure to take appropriate measures to ensure fairness, and NESIC has made a same judgment.

The descriptions of the following measures that have been taken by NESIC are based on the NESIC's Announcement and explanations by NESIC.

- (I) Procurement by NEC of the share valuation report from the independent third-party valuation agency
- (II) Procurement by NESIC of share valuation report from independent third-party valuation agency
- (III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee
- (IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency
- (V) Procurement by the Special Committee of advice from an independent legal advisor
- (VI) Procurement by the Company of advice from an independent legal advisor
- (VII) Construction of a framework for independent consideration by the Company
- (VIII) Approval of all directors without an interest in NESIC and opinion stating there is no objection from corporate auditors without an interest in NESIC
- (IX) Non existence of deal protection provisions
- (X) Measures to ensure that the shareholders of NESIC have the opportunity to make appropriate decisions on whether or not to tender their shares in the Tender Offer

For details of the above, see "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)" of "(ii) Process of Calculation" of "(4) Basis of Calculation of Tender Offer Price" of "2. Outline of Tender Offer" below.

- (4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)  
As described in "(1) Overview of Tender Offer" above, if NEC does not acquire all of the NESIC Shares through the Tender Offer, NEC plans to implement, after the completion of the Tender Offer, the Squeeze-Out Procedures, which are intended to make NEC the only shareholder of NESIC, in the following manner.

(i) Request for Share Transfers

If the total number of voting rights represented by NESIC Shares held by NEC and the trustee of the NEC's Employee Retirement Benefit Trust is equal to or exceeds 90% of the total number of voting rights of all shareholders of NESIC as a result of the completion of the Tender Offer, promptly after the settlement of the Tender Offer NEC will demand that all of the shareholders of NESIC (excluding NEC and NESIC) (the "Shareholders Subject to Demand") sell all of their NESIC Shares to NEC (the "Request for Share Transfers"), in accordance with the provisions of Part 2, Chapter 2, Section 4-2 of the Companies Act, after NEC has become a special controlling shareholder as provided in Article 179, Paragraph 1 of the Companies Act by receiving without compensation the NESIC Shares contributed to the NEC's Employee Retirement Benefit Trust. In making the Request for Share Transfers, each of the NESIC Shares held by the Shareholders Subject to Demand will be exchanged for cash consideration equal to the Tender Offer Price. In such case, NEC will notify NESIC of the Request for Share Transfers and seek the NESIC's approval thereof. If NESIC approves the Request for Share Transfers by resolution of the board of directors, then, in accordance with the procedures provided for in applicable laws and regulations and without requiring the consent of the individual shareholders of NESIC, on the day stipulated by the Request for Share Transfers, NEC will acquire all of the NESIC Shares held by all of the Shareholders Subject to Demand in exchange for cash consideration equal to the Tender Offer Price. According to the NESIC's Announcement, if NESIC receives a notice from NEC that describes its intention to make the Request for Share Transfers and the matters set out in each item of Article 179-2, Paragraph 1 of the Companies Act, NESIC intends to approve such Request for Share Transfers at its board of directors meeting.

In the interest of protecting the rights of general shareholders, the Companies Act provides that if the

Request for Share Transfers is made, then in accordance with Article 179-8 of the Companies Act and other applicable laws and regulations, the Shareholders Subject to Demand may file a petition with a court to determine the sale price of their NESIC Shares. In the event that such petition is filed, the sale price of the NESIC Shares will be finally determined by the court.

(ii) Consolidation of Shares

If the total number of voting rights represented by NESIC Shares held by NEC and the trustee of the NEC's Employee Retirement Benefit Trust is less than 90% of the total number of voting rights of all shareholders of NESIC after the completion of the Tender Offer, NEC, promptly after the settlement for the Tender Offer, intends to request NESIC to hold an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") for which agenda items include the following proposals: (i) to conduct a consolidation of the NESIC Shares (the "Share Consolidation") pursuant to Article 180 of the Companies Act, and (ii) to make a partial amendment to the NESIC's Articles of Incorporation that would abolish the provision regarding the number of shares constituting one unit of shares subject to the Share Consolidation taking effect. According to the NESIC's Announcement, as of today, NESIC plans to hold the Extraordinary Shareholders' Meeting in response to the request by NEC and the Extraordinary Shareholders' Meeting is scheduled to be held in the middle of February 2025. NEC and (in the event that the delivery without compensation of the NESIC Shares contributed to the NEC's Employee Retirement Benefit Trust to NEC has not been completed by the record date of the Extraordinary Shareholders' Meeting) the trustee of the NEC's Employee Retirement Benefit Trust, for which NEC has the right to give voting instructions, intends to approve each of said proposals at the Extraordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, on the effective date of the Share Consolidation, the shareholders of NESIC will hold the number of NESIC Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If, as a result of the Share Consolidation, any fraction constituting less than one share arises, shareholders with fractional shares of NESIC will be delivered an amount of cash which is to be obtained by selling the NESIC Shares, number of which is equivalent to the total number of such fractions (if any fraction constituting less than one share arises with respect to such total number, such fraction shall be rounded down to the nearest whole number; hereinafter the same shall apply), to NESIC or NEC or the Intermediate Holding Company in accordance with the procedures provided for in Article 235 of the Companies Act and other applicable laws and regulations. The sale price of such NESIC Shares, number of which is equivalent to the total number of such fractions, will be calculated such that, as a result of the sale, the amount of cash delivered to each of the shareholders who do not tender their shares in the Tender Offer (excluding NEC) will be equal to the price obtained by multiplying the Tender Offer Price by the number of NESIC Shares held by each of such shareholders. Upon conducting such calculation, NEC will request NESIC to file a petition with a court for permission with respect to voluntary sale of such NESIC Shares. Although the ratio of the consolidation of the NESIC Shares has not been determined as of today, NEC intends to request NESIC to determine the ratio of the Share Consolidation which will make the number of the NESIC Shares to be held, as a result of the Share Consolidation, by any of shareholders (excluding NEC) who do not tender their shares in the Tender Offer fractions constituting less than one share so that NEC will hold all of the NESIC Shares. According to the NESIC's Announcement, NESIC intends to comply with these requests by NEC, if the Tender Offer is completed.

In the interest of protecting the rights of general shareholders, the Companies Act provides that if the Share Consolidation is conducted and any fraction constituting less than one share arises, the shareholders of NESIC (excluding NEC and NESIC) may request NESIC to acquire at a fair price all of their shares in fraction constituting less than one share and may file a petition with the court for determination of the price of the NESIC Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or ordinances.

As stated above, as a result of the Share Consolidation, the number of the NESIC Shares held by the shareholders of NESIC who do not tender their shares in the Tender Offer (excluding NEC) will be fractions constituting less than one share, and therefore, shareholders of NESIC who are against the Share Consolidation will be able to file the above-mentioned petition. In the event that such petition is filed, the sale price of the NESIC Shares will be finally determined by the court.

For each of the above-mentioned procedures for the Request for Share Transfers and the Share Consolidation, the method or time of the implementation therefor may be changed due to the amendment to, or enforcement of the relevant laws and regulations, the status of interpretation by the authorities of the relevant laws and regulations, etc. However, even in such cases, NEC intends to take any measures to eventually pay cash to each of shareholders of NESIC who do not tender their shares in the Tender Offer (excluding NEC) and cause the amount of cash to be paid to each of the shareholders to be equal to the amount obtained by multiplying the Tender Offer Price by the number of the NESIC Shares held by such shareholder. Specific procedures and schedule thereof in the above cases will be announced by NESIC once

they are determined after mutual discussions between NEC and NESIC. However, the Tender Offer is not in any way intended to solicit the shareholders of NESIC to approve the proposals at the Extraordinary Shareholders' Meeting. With regard to the tax consequences of tendering their shares into the Tender Offer or participating in the procedures outlined above, shareholders of NESIC need to take sole responsibility for seeking advice from their own tax accountants.

(5) Prospects of and Reasons for Delisting

As of today, the NESIC Shares are listed on the Prime Market of the Tokyo Stock Exchange. However, NEC has not set a maximum number of shares to be acquired in the Tender Offer, and therefore, the NESIC Shares may be delisted in accordance with the Tokyo Stock Exchanges' delisting criteria through prescribed procedures, depending on results of the Tender Offer. Even in the case where those criteria are not met at the time of completion of the Tender Offer, if the Squeeze-Out Procedures, as described in "(4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)" above is conducted following the completion of the Tender Offer, the NESIC Shares will be delisted through prescribed procedures in accordance with the Tokyo Stock Exchanges' delisting criteria. Following delisting, the NESIC Shares will no longer be traded on the Prime Market of the Tokyo Stock Exchange.

(6) Matters concerning Material Agreements in Relation to Tender Offer

NEC entered into an employee retirement benefit trust agreement with the trustee of the NEC's Employee Retirement Benefit Trust, with respect to the 19,200,000 NESIC Shares (Ownership Ratio: 12.89%) contributed by NEC to the NEC's Employee Retirement Benefit Trust to the effect that such NESIC Shares shall not be disposed of in any way (including tendering for the Tender Offer) without an instruction of the trust administrator, and NEC and the trust administrator have orally confirmed that the trust administrator will not give an instruction to tender NESIC Shares for the Tender Offer. If the Tender Offer is completed, all of 19,200,000 NESIC Shares contributed to the NEC's Employee Retirement Benefit Trust (Ownership Ratio: 12.89%) will be delivered to NEC promptly without compensation.

## 2. Outline of Tender Offer

### (1) Profile of NESIC

(i)	Name	NEC Networks & System Integration Corporation
(ii)	Location	9-14, Shibaura 3-chome, Minato-ku, Tokyo
(iii)	Name and Title of Representative	Yushi Ushijima, Chairman of the Board (Representative Director) and CEO
(iv)	Type of Business	Provision of planning, consulting, design and construction services related to ICT systems, focused mainly on the field of communications, and maintenance, operation, monitoring and outsourcing services that are available for 24 hours - 365 days through support service bases throughout Japan.
(v)	Stated Capital	JPY 13,122 million
(vi)	Date of Incorporation	November 26, 1953
(vii)	Major Shareholders and Shareholding Ratio (as of March 31, 2024) (Note)	NEC Corporation 38.48%
		Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited beneficiary trust account, NEC Corporation retirement benefit trust account) 12.89%
		The Master Trust Bank of Japan, Ltd. (Trust account) 8.63%
		Custody Bank of Japan, Ltd. (Trust account) 3.91%
		Sumitomo Realty & Development Co., Ltd. 2.42%
		GOVERNMENT OF NORWAY (Standing Proxy: Citibank, N.A., Tokyo Branch) 1.54%
		Employees' Stock Ownership Plan of NEC Networks & System Integration Corporation 1.20%
		BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing Proxy: MUFG Bank, Ltd.) 1.16%
		STATE STREET BANK AND TRUST COMPANY 510312 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) 1.09%
		JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.) 0.85%
(viii)	Relationship between NEC and NESIC	
	Capital Relationship	NEC directly owns 57,320,295 shares (Ownership Ratio: 38.47%) and, together with the 19,200,000 shares (Ownership Ratio: 12.89%) contributed to the NEC's Employee Retirement Benefit Trust with the right to give voting instructions on such shares being controlled by NEC, NEC beneficially owns 76,520,295 shares (Ownership Ratio: 51.36%).
	Personnel Relationship	As of today, two employees of NEC (Mr. Hiroto Sugahara and Ms. Noriko Ito) and one employee who formerly belonged to NEC (Mr. Junji Ashida) has been appointed as a director of NESIC. One employee who formerly belonged to NEC (Mr. Yohei Otani) has been appointed as a corporate auditor of NESIC. In addition, as of September 30, 2024, 90 employees of NEC have been seconded to NESIC, and 123 employees of NESIC have been seconded to NEC.
	Business Relationship	There is a business relationship between NEC and NESIC, with respect to which NESIC undertakes construction and maintenance of network systems, etc., for NEC, and NEC purchases from NESIC telecommunication equipment, etc.

Status as a Related Party	NESIC is a consolidated subsidiary of NEC and falls under the category of a related party of NEC.
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(Note) “(vii) Major Shareholders and Shareholding Ratio (as of March 31, 2024)” is based on the “Status of Major Shareholders” described in the Annual Securities Report for the 92nd Fiscal Year filed by NESIC on June 24, 2024 (the “NESIC Annual Securities Report”).

(2) Schedule

(i) Schedule

Date of Board of Directors Resolution	October 29, 2024 (Tuesday)
Date of Public Notice of Commencement of Tender Offer	October 30, 2024 (Wednesday)  Public notice will be made electronically and a notice thereof will be published in The Nihon Keizai Shimbun.  (URL of electronic disclosure: <a href="https://disclosure.edinet-fsa.go.jp/">https://disclosure.edinet-fsa.go.jp/</a> )
Filing Date of Tender Offer Registration Statement	October 30, 2024 (Wednesday)

(ii) Tender Offer Period as of Filing Date

From October 30, 2024 (Wednesday) through December 11, 2024 (Wednesday) (30 business days)

(iii) Possibility of Extension Pursuant to Request by NESIC

Not applicable.

(3) Tender Offer Price

JPY 3,250 per common stock

(4) Basis of Calculation of Tender Offer Price

(i) Basis of Calculation

Upon determining the Tender Offer Price, NEC requested MUMSS, which is a third-party valuation agency independent from the NEC Group and the NESIC Group and is also a financial advisor of NEC, to evaluate the value of the NESIC Shares. MUMSS is not a related party to NEC or NESIC, and has no material interest in the Tender Offer.

As a result of consideration of the calculation methods for the Tender Offer, MUMSS analyzed the value of the NESIC Shares using the methods of (i) market price analysis, (ii) comparable companies analysis\_ and (iii) discounted cash flow analysis (the “DCF Analysis”), and NEC obtained a share valuation report from MUMSS on October 28, 2024 (the “NEC Share Valuation Report”) (Note). NEC has not obtained an opinion concerning the fairness of the Tender Offer Price (a fairness opinion) from MUMSS.

The results of the evaluation by MUMSS of the value per share of the NESIC Shares are as follows:

Market price analysis:	2,520 yen to 2,711 yen
Comparable companies analysis	1,813 yen to 2,526 yen
DCF Analysis:	2,750 yen to 3,373 yen

The market price analysis, with the reference date of October 28, 2024, resulted in a value per share of the NESIC Shares ranging from 2,520 yen to 2,711 yen, based on the following prices of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange: the closing price on the reference date (2,675 yen); the simple average of closing prices for the latest one (1)-month period (from September 30, 2024 to October 28, 2024) (2,711 yen); the simple average of closing prices for the latest three (3)-month period (from July 29, 2024 to October 28, 2024) (2,659 yen); and the simple average of closing prices for the latest six (6)-month period (from April 30, 2024 to October 28, 2024) (2,520 yen).

The comparable companies analysis resulted in a value per share of the NESIC Shares ranging from 1,813 yen to 2,526 yen, by analysis of value of the NESIC Shares through comparing market share prices and financial indicators such as earnings of listed companies engaged in businesses relatively similar to those of NESIC.

For the DCF Analysis, the value of the NESIC Shares was evaluated by discounting the amount of free cash flow that NESIC is expected to generate in the future to the present value at a certain discount rate, based on the forecasts in respect of NESIC's future earnings and the financial forecasts related to NESIC's investment plan for the period after the Third Quarter ending December 31, 2024, which were made by NEC taking into consideration various factors, such as the NESIC's business plan covering the fiscal years from the fiscal year ending March 31, 2025 through the fiscal year ending March 31, 2029, the results of due diligence conducted on NESIC, the latest business performance and publicly available information. This analysis resulted in a value per share of the NESIC Shares ranging from 2,750 yen to 3,373 yen. The financial forecasts of NESIC that MUMSS used for the calculation of the DCF Analysis do not include fiscal years in which significant increases or decreases of profit and significant increases or decreases of free cash flow are expected. In addition, the expected synergies to be realized through the Transaction are not reflected in the relevant financial forecasts, because it was difficult to make specific numerical estimations of such expected synergies at present.

NEC comprehensively considered, in addition to the results of the calculation in the NEC Share Valuation Report, the results of the due diligence conducted on NESIC Group, the possibility of the NESIC's board of directors' approval or disapproval of the Tender Offer and recommendation to tender, the market trend of the share price of the NESIC Shares and the prospects for tenders in response to the Tender Offer, etc., and, taking into account the results of consultations and negotiations with NESIC and the Special Committee, NEC resolved at the meeting of its board of directors held on October 29, 2024, to set the Tender Offer Price at 3,250 yen.

The Tender Offer Price (3,250 yen) represents (a) a premium of 21.50% on 2,675 yen, which is the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 28, 2024, the business day immediately preceding the date of announcement by NEC regarding the Tender Offer; (b) a premium of 19.88% on 2,711 yen, which is the simple average of the closing prices for the latest one (1)-month period (from September 30, 2024 to October 28, 2024); (c) a premium of 22.23% on 2,659 yen, which is the simple average of the closing prices for the latest three (3)-month period (from July 29, 2024 to October 28, 2024); and (d) a premium of 28.97% on 2,520 yen, which is the simple average of the closing prices for the latest six (6)-month period (from April 30, 2024 to October 28, 2024).

(Note) In evaluating the value of the NESIC Shares, in principle, MUMSS adopted, without any change, the information provided from NEC and NESIC, publicly available information and other relevant materials, and, assuming that all of such information and materials were accurate and complete, did not independently verify the accuracy and completeness of such information and materials. With respect to the assets and liabilities (including off-balance-sheet assets and liabilities, and other contingent liabilities) of NESIC and its affiliated companies, MUMSS did not independently conduct an evaluation or assessment of such assets or liabilities, nor did it make any request to a third party institution for appraisal or assessment of such assets and liabilities. In addition, MUMSS assumed that the information related to the financial forecasts of NESIC was reasonably prepared by NEC and NESIC, based on best forecasts and judgments available to them as of October 28, 2024. The evaluation by MUMSS reflects the afore-mentioned information up to October 28, 2024.

## (ii) Process of Calculation

### (Decision-making Process Concerning Tender Offer Price)

As described in “(i) Background, Purpose, and Decision-making Process of Tender Offer” of “(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer” in “1. Purposes of Tender Offer” above, after commencing the preliminary discussions concerning the Transaction in late May 2024, in late July 2024, NEC established a structure for conducting specific discussions concerning the Transaction and the Intragroup Reorganization, and consultation and negotiation with NESIC, by appointing MUMSS as its financial advisor and third-party valuation agency independent of the NEC Group and the NESIC Group, SMBC Nikko Securities as the tender offer agent, and Nagashima Ohno & Tsunematsu as its legal advisor. On July 25, 2024, NEC informed NESIC of its preliminary intention to commence specific discussions concerning the Transaction and the Intragroup Reorganization. In response, NEC received a response from NESIC stating that NESIC acknowledged NEC's intention and would await a formal proposal, and consequently, NEC conducted further discussions concerning the synergies that could be expected, and on August 6, 2024, submitted to NESIC a letter of intent that described, among others, the background of NEC's proposal for the Transaction and its growth strategy after the implementation of the Transaction.

In response to this, in order to ensure the fairness of the Tender Offer Price and the fairness of the Transaction, including the Tender Offer, in early August 2024, NESIC retained Daiwa Securities as its financial advisor and as a third-party valuation agency independent of both the NEC Group and the NESIC

Group and retained Nishimura & Asahi as its legal advisor, and requested that Daiwa Securities submit a share valuation report regarding the valuation of the NESIC Shares.

In addition, NESIC established the Special Committee on August 8, 2024, in order to establish a structure to consider and make decisions concerning the Transaction with the objective of enhancing NESIC's corporate value and protecting the interests of its general shareholders. For details of the establishment of the Special Committee, please refer to "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" of "(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)"

Thereafter, NEC received letter of inquiries as of August 13, 2024 and, September 3, 2024 and September 5, 2024 from NESIC and the Special Committee regarding the significance and objectives of the Transaction, and it responded to these inquiries on August 20, 2024 and August 22, 2024 and September 11, 2024, respectively. Furthermore, NEC continued discussions with NESIC and the Special Committee concerning the significance and objectives of the Transaction. For example, NEC explained the significance and objectives of the Transaction to the Special Committee, and additionally, conducted a question and answer session at the meeting of the Special Committee held on September 12, 2024 and on October 10, 2024 responded to the additional inquiries received from the Special Committee as of September 26, 2024. In addition, NEC conducted due diligence on the NESIC Group during the period from late August 2024 to the middle of October 2024 to examine the feasibility of the Transaction, and in parallel therewith, continued to examine the feasibility of the Intragroup Reorganization and consider internally the significance and objectives of the Transaction and the Intragroup Reorganization and the synergies expected to be realized, etc.

As a result of such discussions, NEC reached the conclusion that the above synergies through the Transaction and the Intragroup Reorganization could be realized, and therefore, on October 2, 2024, submitted the First Proposal to NESIC that the Tender Offer Price shall, as the price based on NESIC's intrinsic value, be 2,815 yen (constituting a premium of 1.00 % over 2,787 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 1, 2024, the business day immediately preceding the proposal implementation date, 4.72 % over 2,688 yen, which was the simple average of closing prices for the latest one-month period until the same day, 8.52 % over 2,594 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 12.83 % over 2,495 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 7, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price on the grounds that the Tender Offer Price was assessed to be significantly below NESIC's intrinsic value and was an inadequate price in comparison with the current level of the stock market price and the premium levels in past cases similar to this case. In response to this, on October 9, 2024, based on NEC's belief that since the premium rates in past cases may have been affected by various individual circumstances, including the background to the formation of the stock price of the target companies, it is not always appropriate to consider whether or not the Tender Offer Price is adequate by simply comparing it to the said premium rates in past cases, and that the Tender Offer Price should be determined based on NESIC's intrinsic value, NEC submitted the Second Proposal to NESIC and the Special Committee that the Tender Offer Price shall be 3,000 yen (constituting a premium of 9.05 % over 2,751 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 8, 2024, the business day immediately preceding the proposal implementation date, 10.78 % over 2,708 yen, which was the simple average of closing prices for the latest one-month period until the same day, 14.68 % over 2,616 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 19.71 % over 2,506 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 10, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price was still significantly below NESIC's intrinsic value and cannot be deemed to be an amount that fully takes into account the interests of NESIC's general shareholders. Then, on October 15, 2024, NEC submitted the Third Proposal to NESIC and the Special Committee that the Tender Offer Price shall be 3,100 yen (constituting a premium of 13.22 % over 2,738 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 11, 2024, the business day immediately preceding the proposal implementation date, 13.76 % over 2,725 yen, which was the simple average of closing prices for the latest one-month period until the same day, 17.83 % over 2,631 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 23.46 % over 2,511 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 16, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price did not reflect NESIC's intrinsic value and cannot be deemed to be an amount that fully takes into account



the interests of NESIC's general shareholders. Then, on October 22, 2024, NEC submitted the Fourth Proposal to NESIC and the Special Committee that the Tender Offer Price shall be 3,180 yen (constituting a premium of 18.52 % over 2,683 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 21, 2024, the business day immediately preceding the proposal implementation date, 16.23 % over 2,736 yen, which was the simple average of closing prices for the latest one-month period until the same day, 20.09 % over 2,648 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 26.44 % over 2,515 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, on October 22, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price still cannot be deemed to be an amount that fully takes into account the interests of NESIC's general shareholders. In response to this, on October 24, 2024, NEC submitted the Fifth Proposal to NESIC and the Special Committee that the Tender Offer Price shall be 3,200 yen (constituting a premium of 21.95 % over 2,624 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 23, 2024, the business day immediately preceding the proposal implementation date, 17.39 % over 2,726 yen, which was the simple average of closing prices for the latest one-month period until the same day, 20.66 % over 2,652 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 27.14 % over 2,517 yen, which was the simple average of closing prices for the latest six-month period until the same day). However, on October 25, 2024, NESIC and the Special Committee requested NEC to consider raising the Tender Offer Price again on the grounds that the Tender Offer Price was still lower than the premium levels in past cases similar to this case. In response to this, on the same day, October 25, 2024, NEC submitted the Sixth Proposal to NESIC and the Special Committee, stating that NEC could not accept any further request for raising the price and requesting NESIC to again give positive consideration to the Tender Offer Price (3,200 yen) presented in the Fifth Proposal. Thereafter, on October 26, 2024, NEC received the NESIC's Price Proposal from NESIC and the Special Committee, whereby NESIC proposed that, comprehensively considering various factors, among other things, the current level of the stock market price, NESIC's business plan, the premium levels in past cases similar to this case (the cases where the stock price immediately prior to announcement was relatively high) and the details of the proposals from NEC, in order to recommend that the shareholders of NESIC tender their shares in the Tender Offer, the Tender Offer Price shall be 3,250 yen (constituting a premium of 22.64 % over 2,650 yen, which was the closing price of the NESIC Shares on the Prime Market of the Tokyo Stock Exchange on October 25, 2024, the business day immediately preceding the proposal implementation date, 19.44 % over 2,721 yen, which was the simple average of closing prices for the latest one-month period until the same day, 22.36 % over 2,656 yen, which was the simple average of closing prices for the latest three-month period until the same day, and 29.02 % over 2,519 yen, which was the simple average of closing prices for the latest six-month period until the same day). In response to this, NEC decided to accept to set the Tender Offer Price at 3,250 yen and notified NESIC and the Special Committee to that effect on October 28, 2024. After the above discussions and negotiations, on the assumption that NESIC will not pay year-end dividends for the fiscal year ending March 31, 2025, NEC and NESIC agreed to set the Tender Offer Price at 3,250 yen. Therefore, NEC resolved to implement the Tender Offer as part of the Transaction at the meeting of its board of directors held today.

(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)

In light of the facts that NESIC is a consolidated subsidiary of NEC as of today, and the Transaction, including the Tender Offer, constitutes a material transactions, etc. with a controlling shareholder of NESIC and that the Transaction falls under a category of the transactions in which there typically exists the structural conflicts of interest issue and asymmetric information issue between NEC and the shareholders of NESIC other than NEC, NEC and NESIC have taken the following measures to ensure fairness of the Transaction including the Tender Offer, in light of ensuring fairness of the Tender Offer Price and eliminating the arbitrariness in the process of decision-making leading to the decision to implement the Tender Offer as well as avoiding conflicts of interest.

Further, as described in “(1) Overview of Tender Offer” in “1. Purposes of Tender Offer” above, as of today, NEC owns 57,320,295 NESIC Shares (Ownership Ratio: 38.47%) and, together with the 19,200,000 NESIC Shares contributed to the NEC's Employee Retirement Benefit Trust (Ownership Ratio: 12.89%), NEC beneficially owns 76,520,295 NESIC Shares (Ownership Ratio: 51.36%), so NEC believe that, if a minimum number of shares to be purchased in the Tender Offer constituting the so-called “Majority of Minority” is set, it would make a successful completion of the Tender Offer uncertain, and, as a result, would not contribute to the interests of general shareholders of NESIC who wish to tender their shares in the Tender Offer. Therefore, the NEC has not set a minimum number of shares to be purchased in the

Tender Offer constituting the Majority of Minority. However, the NEC and NESIC believe that since the following measures have been taken as the measures to ensure the fairness of the Tender Offer Price and to avoid the conflicts of interest, the interests of general shareholders of the Target Company have been fully considered. The Special Committee has concluded in the Report that, in light of the fact that other measures to ensure fairness are considered to be sufficiently in place, the Special Committee considered that just because the Majority of Minority condition has not been set, it should not be regarded as a failure to take appropriate measures to ensure fairness, and NESIC has made a same judgment.

The descriptions of the following measures that have been taken by NESIC are based on the NESIC's Announcement and explanations by NESIC.

(I) Procurement by NEC of the share valuation report from the independent third-party valuation agency  
For the purpose of ensuring the fairness of the Tender Offer Price, upon determining the Tender Offer Price, NEC has obtained the NEC Share Valuation Report from MUMSS, dated October 28, 2024, regarding the results of the evaluation of the value of the shares of NESIC. For details, please refer to "(i) Basis of Calculation."

(II) Procurement by NESIC of share valuation report from independent third-party valuation agency

(a) Name of the valuation agency and its relationship with NESIC and NEC

According to NESIC's Announcement, in announcing NESIC's opinion on the Tender Offer Price, to ensure fairness in decision-making regarding the Tender Offer Price presented by NEC, NESIC asked Daiwa Securities, a financial advisor and third-party valuation agency independent from the NEC Group and the NESIC Group, to calculate the value of NESIC Shares and obtained the Share Valuation Report (Daiwa Securities) dated October 28, 2024. NESIC did not obtain Daiwa Securities' opinion on the fairness of the Tender Offer Price (a fairness opinion).

Daiwa Securities is not a related party of NESIC or NEC and does not have a material interest in the Transaction, including the Tender Offer. The compensation to be paid to Daiwa Securities in relation to the Transaction includes fees to be paid contingent upon the consummation, etc. of the Transaction. NESIC gave consideration to general business customs in similar transactions as well as the advisability of a fee structure where, if the Transaction is not consummated, NESIC will have a commensurate financial burden, and in light of Daiwa Securities' track record of giving advice in similar transactions and its social reputation, NESIC, determining that including a fee to be paid contingent upon the consummation of the Transaction would not jeopardize the independence of Daiwa Securities, appointed Daiwa Securities as its financial advisor and third-party valuation agency, under the above fee structure.

(b) Summary of valuation of NESIC Shares

According to NESIC's Announcement, Daiwa Securities adopted the thinking that, for the Tender Offer, it is appropriate to consider the valuation methods to be used in valuing the NESIC Shares from among several valuation methods, and value the NESIC Shares from multiple perspectives with the assumption that NESIC is a going concern; based on this philosophy, Daiwa Securities used the following valuation methods and performed valuation of NESIC Shares: the market price method, as NESIC Shares are listed on the Prime Market of the Tokyo Stock Exchange; the comparable companies method, as multiple public companies are comparable to NESIC and it is possible to infer the value of the NESIC Shares through such comparison; and the discounted cash flow method ("DCF Method"), in order to reflect NESIC's future business activities in the valuation. NESIC obtained the Share Valuation Report (Daiwa Securities) dated October 28, 2024.

According to the Share Valuation Report (Daiwa Securities), the range of the per-share value of the NESIC Shares calculated using each of the methods above is as follows.

Market Price Method:	2,520 yen to 2,711 yen
Comparable Companies Method:	2,143 yen to 2,668 yen
DCF Method:	3,073 yen to 4,688 yen

For the valuation using the market price method, October 28, 2024 was set as the base date, and based on the NESIC Shares's closing price of 2,675 yen on the Tokyo Stock Exchange Prime Market on the base date, the simple average closing price of 2,711 yen during the preceding month (from September 30, 2024 to October 28, 2024), the simple average closing price of 2,659 yen during the preceding three months (from July 29, 2024 to October 28, 2024), and the simple average closing price of 2,520 yen during the preceding six months (from April 30, 2024 to October 28, 2024), the per-share value of the NESIC Shares was calculated to be in the range between 2,520 yen and 2,711 yen.

For the valuation using the comparable companies method, Daiwa Securities selected TIS, SCSK, BIPROGY, Nittetsu Solutions, Internet Initiative Japan, Net One Systems, Exeo Group, Comsys Holdings, and Mirait One, as listed companies, whose businesses are considered relatively similar to that of NESIC. Then, Daiwa Securities calculated the per share value range of the NESIC Shares to be 2,143 yen to 2,668 yen by employing the multiples of EBITDA against the corporate value of those companies.

For the valuation using the DCF Method, based on the business forecast prepared by NESIC and taking into account factors such as the earnings forecast and investment plans set out in the business forecast for 5 fiscal years (from the fiscal year ending March 2025 to fiscal year ended March 2029) as well as publicly available information, Daiwa Securities analyzed NESIC's enterprise value and share value by discounting the free cash flow NESIC is expected to generate during and after the third quarter of the fiscal year ending March 2025 to the present value, at a certain discount rate and making certain financial adjustments, including the addition of the value of all cash equivalents NESIC holds. This calculation led to a range of between 3,073 yen and 4,688 yen as the per-share value of the NESIC Shares. In evaluating the per-share value of the NESIC Shares, Daiwa Securities applied the discount rate of 5.48% to 7.26%, and used the perpetual growth rate model with a perpetual growth rate of 0.0% to 1.0% for calculation of the terminal value.

The business forecast prepared by NESIC that was used by Daiwa Securities for valuation using the DCF Method does not include information relating to a fiscal year for which a significant increase or decrease and a significant increase or decrease in free cash flow are projected. Further, the financial forecast below does not take into account the anticipated synergy effects from the implementation of the Transaction due to the difficulty of forecasting specific effects at this point in time.

The financial forecast used as the basis for the analysis under the DCF Method is as follows.

(JPY 100 million)

	FY ending March 2025 (six months)	FY ending March 2026	FY ending March 2027	FY ending March 2028	FY ending March 2029
Revenue	1,930	3,806	4,009	4,252	4,524
Operating Profit	212	326	379	435	493
EBITDA	228	362	415	469	527
Free Cash Flow	(40)	191	219	242	272

(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee

(a) Circumstances leading to the establishment of the special committee, etc.

According to NESIC's Announcement, as described in "(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer" of "(i) Background, Purpose, and Decision-making Process of Tender Offer" of "(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer" of "1. Purposes of Tender Offer" above, NESIC formed the Special Committee, pursuant to a resolution at the meeting of the board of directors held on August 8, 2024. However, prior to forming the Special Committee, in order to construct a framework for the consideration, negotiations, and determinations regarding the Transaction from the perspective of enhancing NESIC's corporate value and protecting the interests of NESIC's general shareholders, NESIC, with the advice from Nishimura & Asahi, provided all the then-incumbent officers, including independent outside directors of NESIC with the explanation that NESIC had received an initial opinion regarding the Transaction and the Intragroup Reorganization and that it was necessary to implement sufficient measures to ensure the fairness of the terms pertaining to the Transaction, such as the formation of the Special Committee, given that the Transaction is of a kind in which issues of structural conflicts of interest and information asymmetry are typically present. At the same time, and with advice from Nishimura & Asahi, NESIC confirmed the independence, qualifications, etc. of NESIC's independent outside directors, who would become candidates for the member of the Special Committee. After confirming they were independent of the NEC Group and the NESIC Group (NESIC has confirmed that none of Ms. Michiko Ashizawa, Mr. Mamoru Yoshida or Ms. Mikiko Morimoto has any material interest in NEC or NESIC) and that they did not have material interest in the consummation of the Transaction that was not aligned with the interests of general shareholders, NESIC selected, with advice from Nishimura & Asahi, three individuals, Ms. Michiko Ashizawa

(Independent Outside Director of NESIC, Associate Professor at Graduate School of Business Administration, Keio University), who has abundant experience such as work as a certified public accountant at an audit firm and experience in revitalization projects of big corporations at the Industrial Revitalization Corporation of Japan; Mr. Mamoru Yoshida (Independent Outside Director of NESIC, former full-time corporate auditor of Panasonic Corporation), who served as an officer at a major electronics manufacturer, has strong management skills and strategy formulation ability, and has wide knowledge and experience regarding technology management and governance in corporate management etc.; and Ms. Mikiko Morimoto (Independent Outside Director of NESIC, Representative Director of karna Ltd.), who established a consulting firm that comprehensively supports sustainability management and serves as its representative director, as candidates to be the Special Committee members, to ensure there is a balance of knowledge, experience and ability within the Special Committee and to ensure that the Special Committee has the appropriate size. (The membership of the Special Committee has not changed since its formation.)

On top of this, NESIC, as described in “(c) Decision-Making Process Leading to and Reasons for NESIC’s Support of the Tender Offer” of “(i) Background, Purpose, and Decision-making Process of Tender Offer” of “(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer” of “1. Purposes of Tender Offer” above, formed the Special Committee pursuant to a resolution of the board of directors at a meeting held on August 8, 2024, and consulted with the Special Committee on the Consultation Matters. Additionally, in forming the Special Committee, the board of directors resolved that the Special Committee would be positioned as a body independent of the board of directors, and when making decisions regarding the Transaction, the board of directors would respect to the maximum extent the opinion of the Special Committee, and if the Special Committee decides that the implementation of Transaction or the terms of the Transaction is not appropriate, the board of directors should resolve to express an opinion not supporting the Transaction; that with respect to negotiations regarding the terms of the Transaction, the Special Committee would confirm policy in advance, receive reports on the situation in a timely manner, state its opinion, give instructions, and make requests at important junctures, and would otherwise be substantially involved in the negotiation process regarding the terms of the Transaction; that the Special Committee be entitled to retain, if the Special Committee decides it to be necessary when considering etc. the Consultation Matters, advisors etc. at NESIC’s expense; and that the Special Committee be entitled to ask the NESIC or its advisors etc. to collect any information necessary for it to make its report.

Regardless of the content of the Report, a fixed amount is to be paid to the members of the Special Committee, as consideration for their work.

(b) Consideration process

The Special Committee was convened a total of 18 times between August 8, 2024, and October 28, 2024, totaling approximately 28 hours. The Special Committee also carried out its duties in connection with the Consultation Matters decisions between meetings, as needed, by way of sharing reports and information through email and online meetings and deliberating and decision-making.

Specifically, the Special Committee, after first examining the firm’s independence expertise and experience, on August 23, 2024, decided to appoint Nakamura, Tsunoda & Matsumoto as its legal advisor, independent from the NEC Group and the NESIC Group, and Plutus Consulting as its own financial advisor and third-party valuation agency, independent from the NEC Group and the NESIC Group.

In addition, the Special Committee approved NESIC’s appointment of Daiwa Securities as its financial advisor and third-party valuation agency and of Nishimura & Asahi as its legal advisor, after confirming their independence expertise and experience.

Further, the Special Committee confirmed that there were no problems from the perspective of independence and fairness of the internal framework that NESIC built for considering the Transaction (including the scope of Company officers and employees involved in the consideration of, negotiations for, and determinations regarding the Transaction, and their duties), and gave its approval. Based on the above, the Special Committee considered measures to ensure fairness in the Transaction process while taking into consideration opinions and legal advice from Nakamura, Tsunoda & Matsumoto and opinions received from Nishimura & Asahi.

The Special Committee submitted written questions to NEC regarding synergy and dyssynergy, the state of its consideration of the Transaction, its envisioned Transaction structure and operation of the Intermediate Holding Company after the Transaction, the management policy of the Intermediate Holding Company by NEC after the Transaction and Intragroup Reorganization, treatment of employees, and other terms and conditions etc. of the Tender Offer, and received written responses to

these matters, received direct explanations by NEC, and conducted a question and answer session at a meeting of the Special Committee. Further, the Special Committee considered the results etc. of the written responses and the question and answer session, submitted written questions to NEC regarding the profitability and assets for succession of the Business Successions, the specifics of any synergy effects, the management systems and management resources of the Intermediate Holding Company, de-listing method, etc., and received written responses to these matters.

The Special Committee received explanations from NESIC's executive officers regarding the background, purpose and synergy of the Transaction, and conducted question and answer sessions.

In addition, the Special Committee received explanations from NESIC regarding the details of NESIC's business plan that served as the basis for the valuation of the NESIC Shares performed by Daiwa Securities and Plutus Consulting, and important preconditions and drafting history, and following a question and answer session, confirmed the reasonableness of the foregoing and gave its approval. Moreover, as described above in "(II) Procurement by NESIC of share valuation report from independent third-party valuation agency" and below in "(IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency" Daiwa Securities and Plutus Consulting performed valuation calculations of NESIC Shares on the assumption of the business plan, and the Special Committee received explanations from Daiwa Securities and Plutus Consulting regarding the calculation methods used in the valuation calculation of NESIC Shares, the reasons for adopting these calculation methods, and details of the calculation and important preconditions according to each calculation method, and conducted a question and answer session, and confirmed their reasonableness.

Further, as described in "(IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency", the Special Committee received from Plutus Consulting the Fairness Opinion and the Special Committee received explanations from Plutus Consulting regarding the issuance procedures etc. of the Fairness Opinion and conducted a question and answer session.

Following receipt of an initial proposal of tender offer price from NEC on October 2, 2024, whenever NESIC received a proposal concerning the Tender Offer Price from NEC, the Special Committee would receive a report on its details, progress of negotiations, etc. from Daiwa Securities, NESIC's financial advisor, deliberate and consider its details while taking into consideration the advice received from Plutus Consulting as well as the opinions received from Daiwa Securities, receive explanations in advance from Daiwa Securities regarding the policy proposal on negotiations with NEC and response proposals to NEC, state opinions as needed, issue approvals after conducting a question and answer session, and give instructions and make requests to Daiwa Securities, which is in charge of negotiations with NEC.

The Special Committee, with advice from Nakamura, Tsunoda & Matsumoto, the Special Committee's legal advisor, received explanations on the draft of NESIC's Announcement etc. from Daiwa Securities, NESIC's financial advisor, conducted question and answer sessions, and confirmed that sufficient information disclosure was planned.

(c) Details of the decision

In accordance with the process described above, the Special Committee carefully, on multiple occasions, discussed and considered the Consultation Matters, while taking into consideration the legal advice from Nakamura, Tsunoda & Matsumoto and advice from Plutus Consulting from a financial perspective, as well as the Share Valuation Report (Plutus Consulting) and the Fairness Opinion it received on October 28, 2024, and on the same day, submitted to NESIC's board of directors, based on unanimous consent, the Report, the content of which is summarized below.

a) Content of the Report

- a. The Transaction contributes to enhancing the corporate value of NESIC and the purpose of the Transaction is reasonable.
- b. The terms and conditions of the Transaction are fair and appropriate.
- c. The Transaction procedures are fair.
- d. It is appropriate for the board of directors of NESIC to express an opinion in support of the Tender Offer and recommend that NESIC's shareholders tender their shares in the Tender Offer.
- e. The decision on the Transaction (the decision to express an opinion supporting the Tender Offer and recommend that NESIC's shareholders tender their shares in the Tender Offer, as well as the decision to implement the Squeeze-Out Procedures) is not detrimental to the interests of NESIC's general shareholders.

b) Reasons for the Report

- a. For the following reasons, the Transaction contributes to enhancing the corporate value of NESIC and the purpose of the Transaction is reasonable.
  - Responding accurately to the long-term changes in the business environment and increasing NESIC's corporate value even further will require leveraging the technologies, know-how and resources of the NEC group, increasing the value provided to customers, and increasing management efficiency through optimal allocation of the NEC Group resources to pursue sustainable growth. Within the existing capital relationship between NEC and NESIC, however, structural conflicts of interest arise between NEC and NESIC's general shareholders, and NEC has explained to NESIC that there are certain limits to the extent which the corporate value of the NEC Group, including NESIC, can be maximized by implementing flexible and proactive measures. Additionally, NESIC also believes that maintaining the existing capital relationships would be a certain restrictions on promoting business relationships including mutual utilization of management resources between the NEC and the NESIC. For this reason, by delisting NESIC's shares through the Transaction, eliminating the structural conflict of interest with NESIC's general shareholders and enabling NEC to invest additional management resources into the NESIC Group, the synergy effects described below can be generated through the dynamic and steady execution of managerial measures, contributing to further enhancement of the NESIC's corporate value.
    - (i) Accelerate growth strategies and strengthen competitiveness by leveraging and coordinating the NEC Group management resources
    - (ii) Reinforce overall capabilities and business foundations (reinforce overall capabilities including ICT platform to industry and business IT and software fields; reinforce business foundations in the social and public infrastructures field; and enhanced presence and position in the industry through business consolidation and management integration to achieve scale and capture market share)
    - (iii) Increasing management efficiency through business collaboration with and consolidation of functions within the NEC Group
  - It is expected that with the delisting of shares through the Transaction, there is the possibility of impact on business partners and other stakeholders and loss of motivation of the part of employees through the loss in brand strength. However, even after execution of the Transaction, the NEC Group plans to continue discussions between NEC and NESIC regarding NESIC's management systems with the objective of establishing an appropriate governance system that respects NESIC's distinctiveness and creating a framework for maximizing synergy effects within the NEC Group including NESIC. At this time, no decisions have been made concerning changes to the NESIC's policy on the continued employment of employees or their treatment, or transfers to other NEC Group Companies after execution of the Transaction (however, if in the future a determination is made that changes are strategically and reasonably necessary, following discussions with NESIC, changes to policies or treatment and transfers may be implemented). Furthermore, as the domestic IT market undergoes growth and structural changes, and securing engineering resources becomes a key issue, the NEC Group's policy is to carefully consider measures that will enhance NESIC's branding, while taking NESIC's intentions into account, in order to maintain the motivation of its employees. In light of these factors, it is expected that the delisting of shares through the Transaction will be accepted by NESIC's business partners, employees and other stakeholders.
- b. For the reasons given below, the terms and conditions of the Transaction are fair and appropriate.
  - Regarding the acquisition method of the Transaction, a squeeze-out method in which the Tender Offer is implemented as a first step and the Request for Share Transfers or share consolidation is implemented as a second step is one of the methods commonly adopted in transactions such as the Transaction, where a company is made an unlisted subsidiary. Regarding types of consideration, considering that NEC and NESIC have different description of business etc. and some NESIC shareholders may not want to acquire NEC shares, it is reasonable to adopt a method of delivering money as consideration.
  - In NESIC's business plan that served as the basis for the calculation using the DCF Method in the Share Valuation Report (Daiwa Securities) and Share Valuation Report (Plutus Consulting), the level of CAGR will exceed the levels of CAGR from the fiscal year ended in March 2020 to the fiscal year ended March 2024 and profitability will improve through changes in sales composition. Nothing unreasonable is recognized in its formulation procedures and details.

- Nothing unreasonable is recognized in the calculation methods and details (including the selection of the comparable companies in the comparable companies method and calculation of the discount rate and terminal value using the DCF Method) in the Share Valuation Report (Plutus Consulting) and it is considered to be reliable, and the Tender Offer Price is considered to be above the upper limit of the calculation results by Plutus Consulting based on the market share price method and comparable companies method and within the range of the valuation results based on the DCF method.
  - Nothing unreasonable is recognized in the calculation methods and details (including the selection of the comparable companies in the comparable companies method and calculation of the discount rate and terminal value using the DCF Method) in the Share Valuation Report (Daiwa Securities) and it is considered to be reliable, and the Tender Offer Price is considered to be above the upper limit of the calculation results by Daiwa Securities based on the market price method and comparable companies method and within the range of the valuation results based on the DCF method.
  - The Tender Offer Price is recognized to include a commensurate premium when compared to past cases similar to this case (16 tender offer and MBO deals for listed subsidiaries undertaken for the purpose of privatization, for which a tender offer was successfully completed in the period from June 28, 2019, where the Ministry of Economy, Trade and Industry released the “Fair M&A Guidelines”, until July 31, 2024, where the PBR of the Target Company was greater than 2).
  - The Special Committee has been substantially involved in the process of discussions and negotiations between NESIC and NEC regarding the terms and conditions of the Transaction, such as the Tender Offer Price, and it is found that it was first ensured that there were circumstances where reasonable efforts could be made to carry out the Transaction under transaction terms and conditions that are advantageous for general shareholders to the extent possible, that is, circumstances that can be considered the same as an arm's-length transaction, and after that earnest negotiations were conducted.
  - The Special Committee obtained the Fairness Opinion from Plutus Consulting, which states that the Tender Offer Price is a fair price for general shareholders from a financial perspective. Nothing unreasonable is recognized in the procedures and details in the Fairness Opinion, which also supports the reasonableness of the Tender Offer Price.
  - Based on the reasons above, the Tender Offer Price is fair and reasonable. Also, in the Transaction, as described in subsection iii below, given that fair procedures were conducted from the perspective of promoting the interests of general shareholders, that the consideration that will be delivered to NESIC shareholders in the Squeeze-Out Procedures, which is to be based on the same per-share amount as the Tender Offer Price, is also fair and reasonable.
- c. Based on the reasons below, the Transaction procedures are fair from the perspective of promoting the interests of general shareholders.
- In NESIC, the Special Committee has been independent of the NEC Group and the NESIC Group and is found to have functioned effectively.
  - The Special Committee received expert advice from Nakamura, Tsunoda & Matsumoto as its own legal advisor and Plutus Consulting as its own financial advisor and third-party valuation agency after confirming their independence, expertise and experience, etc.
  - NESIC received expert advice from Nishimura & Asahi, which was approved as its legal advisor by the Special Committee, and Daiwa Securities, which was approved as financial advisor and third-party valuation agency by the Special Committee after confirmation of their independence, expertise and experience, etc.
  - The Special Committee obtained the Share Valuation Report (Plutus Consulting) and Fairness Opinion from Plutus Consulting, its third-party valuation agency.
  - NESIC obtained the Share Valuation Report (Daiwa Securities) from Daiwa Securities, its third-party valuation agency.
  - NESIC built an internal framework to consider, negotiate etc. concerning the Transaction, independent of the NEC Group other than the NESIC Group and obtained confirmation and approval by the Special Committee. Also, directors Mr. Hiroto Sugawara and Ms. Noriko Ito, who are concurrently employees of NEC, and director Mr. Junji Ashida, who worked at NEC in the past, have not participated in any board of directors deliberations or resolutions regarding the Transaction (as for Mr. Ashida, excluding the board of directors meeting concerning the establishment of the Special Committee) and have not participated on behalf of NESIC in any discussions and negotiations with the NEC. Further, corporate

auditor Mr. Yohei Otani, who worked at NEC until seven years ago, has not participated in any of the deliberations or resolutions regarding the Transaction at board of directors meetings held since the meeting regarding establishment of the Special Committee and he has not expressed an opinion during these board of directors resolutions.

- In the Transaction, the Tender Offer Period of the Tender Offer is set at 30 business days, which is longer than the statutory minimum, and because NESIC has not made agreements, etc. with NEC restricting NESIC from contacting competing offerors, etc., an opportunity for a competing offer by other offerors is ensured.
  - In the Tender Offer, no majority of minority condition is planned to be set, but because NEC owns a majority of the NESIC Shares, if a majority of minority condition is set in the Transaction, this would enable a shareholder to impede the successful conclusion of the Tender Offer with a relatively small number of shares and make the successful completion of the Tender Offer uncertain and rather may not be in the interests of general shareholders who wish to tender their shares in the Tender Offer, and NESIC has put in place sufficient other measures to ensure the fairness of the Transaction; thus, not setting a majority of minority condition does not impair the fairness of the Tender Offer procedures.
  - It is found that under the Tender Offer, it is planned to ensure that general shareholders have an opportunity to make an appropriate decision on the Tender Offer based on sufficient information.
  - In the Transaction, during the Squeeze-Out Procedures, no scheme will be employed under which the right to request purchase of shares or right to file a petition for determination of the price of shares for shareholders who do not tender their shares is not ensured; the Squeeze-out Procedure will be implemented promptly after the completion of the Tender Offer, and, further, it is expected that in the Squeeze-Out Procedures, the amount of money to be delivered to shareholders who do not tender shares in the Tender Offer will be determined based on a per-share price that is the same as the Tender Offer Price; and it is planned to make disclosure to that effect. For these reasons, it is found that practical measures that are desirable for the purpose of eliminating coercion have been implemented and coercion has been eliminated.
- d. As described in subsection i above, the Transaction contributes to enhancing the corporate value of NESIC and the purpose of the Transaction is reasonable; as described in subsection ii above, the reasonableness of the Tender Offer Price and other terms and conditions for the Transaction has been ensured; and as described in subsection iii above, the Transaction procedures are fair from the perspective of promoting the interests of general shareholders; thus, it is appropriate for the board of directors to express an opinion supporting the Tender Offer and recommending NESIC shareholders tender their shares in the Tender Offer.
- e. As described in subsection i above, the Transaction contributes to enhancing the corporate value of NESIC and the purpose of the Transaction is reasonable; as described in subsection ii above, the reasonableness of the Tender Offer Price and other terms and conditions for the Transaction has been ensured, and as described in subsection iii above, the Transaction procedures are fair from the perspective of promoting the interests of general shareholders; thus, it is appropriate for the board of directors to express an opinion supporting the Tender Offer and recommending NESIC's shareholders tender their shares in the Tender Offer, and if after the successful completion of the Tender Offer, the board of directors decides to implement the Squeeze-Out Procedures Offer in order to make NEC the sole shareholder of NESIC, this will not be detrimental to the general shareholders of NESIC.

(IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency

(a) Name of the Valuation Agency and its Relationship with NESIC and NEC

According to NESIC's Announcement, as the Special Committee prepared to examine the Consultation Matters, to ensure the fairness of the conditions of the Transaction, including the Tender Offer Price, the Special Committee asked Plutus Consulting, a financial advisor and third-party valuation agency independent from the NEC Group and the NESIC Group, to calculate the value of the NESIC Shares, perform an accompanying analysis of finances, and express an opinion on the fairness of the Tender Offer Price (Fairness Opinion), and obtained the Share Valuation Report (Plutus Consulting) dated October 28, 2024.

As set forth in "(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer" of "(i) Background, Purpose, and Decision-making Process of Tender Offer" of "(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer" of "1. Purposes of Tender Offer" above when NESIC's Board of Directors received the



Report from the Special Committee as of October 28, 2024, it also received the Share Valuation Report (Plutus Consulting) and the Fairness Opinion, and the content of the foregoing was taken into consideration when the Board of Directors passed the resolution as set forth below in “(VIII) Approval of all directors without an interest in NESIC and opinion stating there is no objection from corporate auditors without an interest in NESIC”

Plutus Consulting is not a related party of NEC or NESIC and does not have a material interest in the Transaction, including the Tender Offer. As discussed in “(IV) Procurement by the Special Committee of Share Valuation Report and Fairness Opinion from independent third-party valuation agency”, the Special Committee examined the independence, expertise, and experience, etc. of multiple candidates to serve as its financial advisor and third-party valuation agency before appointing Plutus Consulting as its own financial advisor and third-party valuation agency. Further, the compensation to be paid to Plutus Consulting in relation to the Transaction is a flat fee that will be paid regardless of whether the Transaction is consummated, and does not include a contingent fee.

(b) Summary of Valuation of the NESIC Shares

Plutus Consulting adopted the thinking that, for the Tender Offer, it is appropriate to consider valuation methods to be used in valuing the NESIC Shares from among several valuation methods, and value the NESIC Shares from multiple perspectives with the assumption that NESIC is a going concern; based on this philosophy, Plutus Consulting used the following as its valuation methods: the market price method, as the NESIC Shares Common Stock is listed on the Tokyo Stock Exchange Prime Market; the comparable companies method, as there are multiple public companies comparable to NESIC and it is possible to infer the value of NESIC Shares through such comparison; and the DCF Method, in order to reflect NESIC’s future business activities in the valuation.

According to the Share Valuation Report (Plutus Consulting), the range of the per-share value of the NESIC Shares calculated using each of the methods above is as follows.

Market Price Method:	2,520 yen to 2,711 yen
Comparable Companies Method:	2,252 yen to 3,060 yen
DCF Method:	2,540 yen to 4,297 yen

For the valuation using the market price method, October 28, 2024 was set as the base date, and based on the NESIC Shares’s closing price of 2,675 yen on the Tokyo Stock Exchange Prime Market on the base date, the simple average closing price of 2,711 yen during the preceding month (from September 30, 2024 to October 28, 2024), the simple average closing price of 2,659 yen during the preceding three months (from July 29, 2024 to October 28, 2024), and the simple average closing price of 2,520 yen during the preceding six months (from April 30, 2024 to October 28, 2024), the per-share value of the NESIC Shares was calculated to be in the range between 2,520 yen and 2,711 yen.

For the valuation using the comparable companies method, Plutus Consulting selected EXIO Group, COMSYS Holdings, MIRAIT One, SCSK, BIPROGY, Nittetsu Solutions, and Net One Systems, as listed companies, whose businesses are considered relatively similar to that of NESIC. Then, Plutus Consulting calculated the per share value range of the NESIC Shares to be 2,252 yen to 3,060 yen by employing the multiples of EBIT and EBITDA against the corporate value of those companies.

For the valuation using the DCF Method, based on the business forecast prepared by NESIC and taking into account factors such as the earnings forecast and investment plans set out in the business plan for 5 fiscal years (from the fiscal year ending March 2025 to the fiscal year ended March 2029), as well as publicly available information, Plutus Consulting analyzed NESIC’s enterprise value and share value by discounting the free cash flow NESIC is expected to generate during and after the third quarter of the fiscal year ending March 2025 to present value at a certain discount rate; this calculation led to a range of between 2,540 yen and 4,297 yen as the per-share value of the NESIC Shares. Plutus Consulting applied a discount rate of 6.72% to 9.44% and used the perpetual growth rate model and the multiple model for calculation of the terminal value. The perpetual growth rate was set at 0%, the multiple rates are EBIT and EBITDA and each of the multiple rate used to value the NESIC Shares were 11.4x to 13.7x and 8.5x to 10.3x.

The financial forecast used as the basis for the analysis under the DCF Method is as set forth below, and no significant increase or decrease in profit or significant increase or decrease in free cash flow is projected. Further, the financial forecast below does not take into account the anticipated synergy effects from the implementation of the Transaction, other than the effect of reducing costs associated with maintaining its listing, due to the difficulty of forecasting specific effects at this point in time. The figures for NESIC’s financial forecasts that were the basis for calculation under the DCF method are as follows.

(JPY 100 million)

	FY ending March 2025 (six months)	FY ending March 2026	FY ending March 2027	FY ending March 2028	FY ending March 2029
Revenue	1,930	3,806	4,009	4,252	4,524
Operating Profit	212	326	379	435	493
EBITDA	228	363	415	470	528
Free Cash Flow	(36)	197	220	249	282

When calculating the value of the NESIC Shares, Plutus Consulting, as a rule, used the information provided by NESIC and publicly available information, etc. as is, assuming all such materials and information, etc. to be accurate and complete, and did not make an independent verification of their accuracy or completeness. Further, Plutus Consulting did not independently evaluate or assess NESIC's assets or liabilities (including off-balance sheet assets and liabilities and other contingent liabilities) or request that a third-party agency appraise or assess such assets or liabilities. In addition, Plutus Consulting assumes that the information relating to NESIC's financial forecasts were reasonably prepared based on the best estimates and judgments available to NESIC's management team as of the time of calculation. However, regarding NESIC's business plan, which forms the basis for the calculation, Plutus Consulting has analyzed and studied the content of such plan through multiple interview sessions with NESIC. Further, as described above in "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" the Special Committee has verified the reasonableness of its content, the material assumptions, and the drafting process.

(c) Summary of the Fairness Opinion

The Special Committee received from Plutus Consulting on October 28, 2024 a Fairness Opinion to the effect that the Tender Offer Price of 3,250 yen per share is fair to the holders of the NESIC Shares (other than NEC) from a financial perspective (Note). The Fairness Opinion thus expresses that, in light of the valuation, etc. of the NESIC Shares based on the business plan prepared by NESIC, the Tender Offer Price of 3,250 yen per share is fair to NESIC's general shareholders from a financial perspective. Plutus Consulting issued the Fairness Opinion following valuation of the NESIC Shares after NESIC disclosed and explained to Plutus Consulting the current status of the NESIC Group's businesses and the business forecast, etc. and after undergoing a process consisting of question-and-answer sessions with NESIC regarding the overview, background, and purpose of the Tender Offer, analysis of the NESIC Group's business environment, and the economic, market and financial situation to the extent it deemed necessary, and a review by an examination board at Plutus Consulting independent of the engagement team.

(Note) In preparing and submitting the Fairness Opinion and performing the share valuation underlying it, Plutus Consulting relied on information and basic materials provided by or discussed with NESIC, as well as publicly available materials, on the assumption that they were accurate and complete and that any and all facts that could materially affect the analysis and evaluation of the value of the NESIC Shares were disclosed to Plutus Consulting. Plutus Consulting did not independently investigate or verify the information and materials, nor is it obligated to do so.

Plutus Consulting assumed that NESIC's business forecast and other materials used as the basis for the Fairness Opinion had been reasonably prepared by NESIC's management based on the best estimates and judgments available as of such point in time, and Plutus Consulting does not guarantee their feasibility. Further, Plutus Consulting expresses no view on the analysis or forecasts on which its preparation is based, or the premises that served as the grounds therefor.

Plutus Consulting did not independently evaluate or assess NESIC and its affiliated companies' assets or liabilities (including off-balance sheet assets and liabilities and other contingent liabilities) or request that a third-party agency appraise or assess such assets or

liabilities. Therefore, Plutus Consulting makes no evaluation of the payment ability of NESIC and its related companies.

Plutus Consulting is not a professional agency for law, accounting, or tax matters. Therefore, Plutus Consulting states no opinion regarding any issues of law, accounting, or tax, and bears no duty to do so.

The Fairness Opinion was prepared for the purpose of consideration by the Special Committee when making a report regarding the matters commissioned by NESIC, and it expresses an opinion from a financial perspective regarding the fairness of the Tender Offer Price. Therefore, the Fairness Opinion states no opinion regarding the superiority or inferiority of the Tender Offer to alternative options, any benefits the Tender Offer might bring about, or the advisability of executing the Tender Offer.

The Fairness Opinion expresses Plutus Consulting's opinion as of the preparation date as to whether the Tender Offer Price is fair to NESIC's general shareholders from a financial point of view, based on financial and capital markets, economic conditions, and other circumstances as of the preparation date, as well as the information available to Plutus Consulting up to the preparation date; and even if the content of the Fairness Opinion may be affected by any subsequent changes in these conditions, Plutus Consulting has no obligation to amend, change, or supplement the Fairness Opinion. Moreover, the Fairness Opinion does not suggest or imply any opinion other than the matters expressly stated therein, or with respect to any matter on or after the date of submission of the Fairness Opinion.

Plutus Consulting makes no solicitation for investment, etc. in NESIC, nor is it authorized to do so. The Fairness Opinion merely expresses the opinion that the Tender Offer Price is fair, and not disadvantageous, to NESIC's general shareholders from a financial point of view, and does not express any opinion or make recommendations regarding the propriety of implementation of the Tender Offer or the tendering or other actions with respect to the Tender Offer, nor state any opinion to the holders of NESIC's securities, creditors or other related parties. Therefore, Plutus Consulting owes no liability to any shareholder or third party that may rely on this Fairness Opinion.

The Fairness Opinion was provided by Plutus Consulting to be used as a basis for decisions to be made by NESIC's Board of Directors and the Special Committee regarding the Tender Offer Price, and is not to be relied upon by any other party.

- (V) Procurement by the Special Committee of advice from an independent legal advisor  
According to NESIC's Announcement, as discussed in "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" the Special Committee retained Nakamura, Tsunoda & Matsumoto as its legal advisor independent of the NEC Group and the NESIC Group, and received legal advice on such matters as measures to ensure fairness in the Transaction processes and on the deliberation methods and processes, etc. for the Special Committee on the Transaction.  
Nakamura, Tsunoda & Matsumoto is not a related party of NEC or NESIC and has no material interest in the Transaction, including the Tender Offer. Please refer to "(b) Consideration process" of "(III) Establishment of a Special Committee independent of NESIC and procurement of report from Special Committee" above for further information on Nakamura, Tsunoda & Matsumoto's independence.
- (VI) Procurement by the Company of advice from an independent legal advisor  
According to NESIC's Announcement, as discussed in "(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer" of "(i) Background, Purpose, and Decision-making Process of Tender Offer" of "(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer" of "1. Purposes of Tender Offer" NESIC retained Nishimura & Asahi as its legal advisor independent of the NEC Group and the NESIC Group, and received legal advice on such matters as the measures to ensure fairness in the Transaction process, the various processes relating to the Transaction, and the method and process of decision-making by NESIC in regards to the Transaction.  
Nishimura & Asahi is not a related party of NEC or NESIC and has no material interest in the Transaction, including the Tender Offer.
- (VII) Construction of a framework for independent consideration by the Company  
According to NESIC's Announcement, as discussed in "(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer" of "(i) Background, Purpose, and Decision-making Process of Tender Offer" of "(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer" of "1. Purposes of Tender Offer" NESIC

constructed an internal framework for considering, negotiating, and making determinations regarding the Transaction independently of the NEC Group other than the NESIC Group. Since the time NESIC received from NEC an initial opinion regarding the Transaction and the Intragroup Reorganization on July 25, 2024, except for the involvement of two secondees from NEC and three individuals who used to work at NEC (including Mr. Junji Ashida, a director) (limited to those who worked at NEC within the past ten years; hereinafter the same), NESIC has excluded both Company officers and employees who now concurrently hold a position as officer or employee of a company in the NEC Group other than the NESIC Group, as well as any who held such a position any time in the past 10 years held, from the process of negotiating the terms of the Transaction between NESIC and NEC, including the Tender Offer Price, and the process of drafting of the business plan, which is used as a basis for the valuation of the NESIC Shares, in order to eliminate any structural conflicts of interest. Specifically, Yushi Ushijima, the NESIC's Chairman of the Board and CEO, was made project leader, and under his leadership, two internal working groups were formed: a working group for considering the significance of implementing the Transaction, the method of implementation, the Tender Offer Price and other transaction conditions and for considering the negotiation stance vis-à-vis NEC ("Capital Policy Working Group") and a working group for considering business expansion utilizing NEC Group assets in the event the Transaction is executed and qualitative synergies anticipated from the Transaction, as well as both internal and external announcements ("Vision Consideration Working Group"); and under this framework NESIC has considered the Transaction.

No Company officers who currently concurrently serve as an officer of an NEC Group Company other than the NESIC Group is involved in either working group, and except for one person in the Capital Policy Working Group who left NEC seven years ago and whose involvement was necessary from the perspective of drafting a business plan, no person who in the past 10 years was an officer of an NEC Group Company other than the NESIC Group is involved in either working group.

Meanwhile, Junji Ashida, an NESIC director, is involved in the Vision Consideration Working Group. Mr. Ashida in the past worked at NEC, but given that (i) currently he is not an officer or employee of NEC and is not in a position to take instructions from NEC; (ii) he has no plans to return to NEC and otherwise has no interests in NEC that would cause suspicions regarding his independence from NEC; (iii) he is essential, and irreplaceable, for the consideration of the business expansion utilizing NEC Group assets and qualitative synergies anticipated from the Transaction; and (iv) the matters that the Vision Consideration Working Group is charged with considering are matters where, given their nature, the issue of structural conflicts of interests is less likely to impact the interests of general shareholders, it was decided that Mr. Ashida would not be involved in the negotiation process concerning transactional terms of the Transaction, but would be involved in the Vision Consideration Working Group.

Further, the two secondees from NEC and one person who used to work at NEC are not involved in the Capital Policy Working Group or the Vision Consideration Working Group, but, as instructed by the relevant groups, assist to the minimum extent necessary. None of them is involved with negotiations relating to the terms of the Transaction and drafting of the business plan.

The internal framework that NESIC built for considering the Transaction (including the scope of NESIC officers and employees involved in consideration of, negotiations for, and determinations regarding the Transaction, and their duties), including the handling described above, was built on the advice of Nishimura & Asahi, and the Committee has given its approval that there are no problems from the perspective of independence and fairness.

(VIII) Approval of all directors without an interest in NESIC and opinion stating there is no objection from corporate auditors without an interest in NESIC

According to NESIC's Announcement, as discussed above in "(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer" of "(i) Background, Purpose, and Decision-making Process of Tender Offer" of "(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer" of "1. Purposes of Tender Offer", NESIC's board of directors, taking into account the legal advice received from Nishimura & Asahi, the advice from a financial perspective received from Daiwa Securities and the Share Valuation Report (Daiwa Securities), as well as the Share Valuation Report (Plutus Consulting) and Fairness Opinion, submitted through the Special Committee, and respecting to the maximum extent the judgment of the Special Committee indicated in the Report, seriously deliberated and considered whether the Transaction, including the Tender Offer, would contribute to the enhancement of NESIC's corporate value and whether the Tender Offer Price and the transactional terms of the Transaction were reasonable.

As a result, as discussed above in "(c) Decision-Making Process Leading to and Reasons for NESIC's Support of the Tender Offer" of "(i) Background, Purpose, and Decision-making Process of Tender

Offer” of “(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer” of “1. Purposes of Tender Offer”, NESIC determined that the Transaction would contribute to enhancing NESIC’s corporate value and that the Tender Offer Price and other transaction conditions were reasonable, and at the board of directors meeting held today, all NESIC directors participating in the deliberations and resolutions unanimously adopted a resolution to express an opinion in support of the Tender Offer and to recommend that all shareholders of NESIC tender their shares in the Tender Offer.

At the above board of directors meeting held on this day, the six directors other than Mr. Hiroto Sugawara, Ms. Noriko Ito, and Mr. Junji Ashida passed the above resolution unanimously. Mr. Sugawara and Ms. Ito are concurrently employees of NEC and Mr. Ashida used to work at NEC in the past; in light of this, from the perspective of eliminating the danger of any impact on deliberations and resolutions at the board of directors from the issue of the structural conflicts of interest inherent in the Transaction and the issue of information asymmetry, these three have not participated in any board of directors deliberations or resolutions regarding the Transaction, including the board of directors meeting held today, and have not participated on behalf of NESIC in any discussions and negotiations with the NEC. While Mr. Ashida did participate in the board of directors meeting concerning the establishment of the Special Committee, in light of the deliberations at the Special Committee and from the perspective of taking a more conservative approach, he has not participated in any of the deliberations or resolutions regarding the Transaction at board of directors meetings held since the meeting regarding establishment of the Special Committee (including the above board of directors meeting held today) and has not participated on behalf of NESIC in any discussions and negotiations with NEC.

Further, at the above board of directors meeting held today, all three corporate auditors other than Mr. Yohei Otani expressed their opinion that they had no objection to the above resolution. While Mr. Otani did participate in the board of directors meeting concerning the establishment of the Special Committee, in light of the fact that until seven years ago he worked at NEC, the deliberations at the Special Committee and from the perspective of taking a more conservative approach, he has not participated in any of the deliberations or resolutions regarding the Transaction at board of directors meetings held since the meeting regarding establishment of the Special Committee (including the above board of directors meeting held today) and he has not expressed an opinion during these board of directors resolutions.

(IX) Non existence of deal protection provisions

NESIC and NEC have entered into no agreements to restrict bidders other than NEC (the “Competing Bidders”) from contacting NESIC, such as deal protection provisions prohibiting NESIC from contacting the Competing Bidders, and NEC and NESIC have been mindful of not preventing any opportunities for a competing offer, and as such, considered ensuring the fairness of the Tender Offer.

(X) Measures to ensure that the shareholders of NESIC have the opportunity to make appropriate decisions on whether or not to tender their shares in the Tender Offer

As described in “(4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)” in “1. Purposes of Tender Offer” above, (A) NEC intends to, promptly after the completion of the settlement of the Tender Offer, depending on the number of shares to be acquired by NEC through completion of the Tender Offer, make a Request for Share Transfers for all of the NESIC Shares, or request NESIC to hold the Extraordinary Shareholders’ Meeting for which agenda items include the following proposals: (i) to conduct the Share Consolidation, and (ii) to make a partial amendment to the NESIC’s Articles of Incorporation that would abolish the provision regarding the number of shares constituting one unit of shares subject to the Share Consolidation taking effect. NEC will not adopt a method that does not secure the right to request the purchase of shares or the right to petition for the determination of price of the shares for the shareholders of NESIC; and (B) NEC has made it clear that, in the event of the Request for Share Transfers or the Share Consolidation, the amount of money to be delivered to the shareholders of NESIC as consideration will be calculated to be equal to the Tender Offer Price multiplied by the number of the NESIC shares held by each such shareholder (excluding NEC). As such, NEC is ensuring that the shareholders of NESIC have the opportunity to make an appropriate decision as to whether or not to tender their shares in the Tender Offer, and is taking care to ensure that no coercion is involved.

In addition, NEC set the Tender Offer Period to 30 business days, while the minimum period required for a tender offer under the relevant laws is 20 business days. By setting the Tender Offer Period longer than the shortest period under the relevant laws, NEC ensured opportunities for the shareholders of NESIC to make proper decisions whether to tender their shares. At the same time, NEC intended to ensure the fairness of the Tender Offer Price by ensuring opportunities for bidders

other than NEC to conduct counter offers in respect of the NESIC Shares.

(iii) Relations to the Third-Party Valuation Agency

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (MUMSS), which is a financial advisor (valuation agency) of NEC, is not a related party to NEC or NESIC, and has no material interest in the Tender Offer.

(5) Number of Shares to Be Acquired

Class of Shares	Number of Shares to Be Acquired	Minimum Number of Shares to Be Acquired	Maximum Number of Shares to Be Acquired
Common stock	72,461,155 (shares)	22,756,305 (shares)	- (shares)
Total	72,461,155 (shares)	22,756,305 (shares)	- (shares)

(Note 1) If the total number of the Tendered Shares is less than the minimum number of shares to be acquired (22,756,305 shares), NEC will not acquire any of the Tendered Shares. If the total number of the Tendered Shares is not less than the minimum number of shares to be acquired (22,756,305 shares), NEC will acquire all of the Tendered Shares.

(Note 2) As the maximum number of shares to be acquired has not been set in the Tender Offer, the number of shares to be acquired is stated as 72,461,155 shares, which is the maximum number of the NESIC Shares that NEC may acquire through the Tender Offer. Such maximum number (72,461,155 shares) is the number of shares calculated by deducting the number of NESIC Shares held by NEC as of today (57,320,295 shares) and the number of the shares of the NESIC Shares contributed by NEC to the NEC's Employee Retirement Benefit Trust (19,200,000 shares), which will not be tendered in the Tender Offer, from the Base Number of Shares (148,981,450 shares).

(Note 3) The Tender Offer also targets shares less than one unit. If the right to request purchase of shares less than one unit is exercised by a shareholder pursuant to the Companies Act, NESIC will purchase such NESIC shares during the Tender Offer Period in accordance with the statutory procedures.

(Note 4) NEC will not acquire, through the Tender Offer, the treasury stock held by NESIC.

(6) Change in Ownership Ratio of Shares due to Tender Offer

Number of Voting Rights Represented by Shares Held by NEC Before Tender Offer	765,202 voting rights	(Ownership Ratio of Shares Before Tender Offer: 51.36%)
Number of Voting Rights Represented by Shares Held by Special Related Parties Before Tender Offer	0 voting rights	(Ownership Ratio of Shares Before Tender Offer: 0%)
Number of Voting Rights Represented by Shares to Be Acquired	724,611 voting rights	(Ownership Ratio of Shares After Tender Offer: 48.64%)
Number of Voting Rights Represented by Shares Held by Special Related Parties After Tender Offer	0	(Ownership Ratio of Shares After Tender Offer: 0.00%)
Number of Voting Rights of All Shareholders of NESIC	1,488,465 voting rights	

(Note 1) "Number of Voting Rights Represented by Shares Held by NEC Before Tender Offer" indicates the number of voting rights (i.e., 573,202) represented by the shares held by NEC as of today (i.e., 57,320,295 shares) and the number of voting rights (i.e., 192,000) represented by the shares contributed to the NEC's Employee Retirement Benefit Trust, which shall be deemed as the shares held by NEC pursuant to Article 7, Paragraph 1, Item 3 of the Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the "Enforcement Order") (i.e., 19,200,000 shares).

(Note 2) "Number of Voting Rights Represented by Shares Held by Special Related Parties Before Tender Offer" indicates the total number of voting rights represented by the shares held by each special related party except for those excluded from the special related parties in relation to the calculation of the ownership ratio in each item of Article 27-2, Paragraph 1 of the Act in accordance with Article 3, Paragraph 2, Item 1 of the Cabinet Ordinance Concerning the Disclosure of Tender Offers for Shares, Etc., by Persons Other Than Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended; the "Ordinance"). Because the shares held by each special related party

(excluding the treasury stock held by NESIC) are also subject to the Tender Offer, “Number of Voting Rights Represented by Shares Held by Special Related Parties After Tender Offer” indicates 0. In addition, NEC will confirm the number of shares of NESIC held by the special related parties in the future, and, if any amendments are required, promptly disclose the amended number of shares.

(Note 3) “Number of Voting Rights Represented by Shares to Be Acquired” indicates the number of voting rights represented by the shares to be acquired in the Tender Offer (i.e., 72,461,155 shares).

(Note 4) “Number of Voting Rights of All Shareholders of NESIC” is the number of voting rights of all shareholders of NESIC as of March 31, 2024, as set forth in the NESIC Annual Securities Report (with the number of shares of one unit being 100). However, since the Tender Offer targets the shares less than one unit, in order to calculate “Ownership Ratio of Shares Before Tender Offer” and “Ownership Ratio of Shares After Tender Offer”, the number of voting rights (i.e., 1,489,814) represented by the Base Number of Shares (i.e., 148,981,450 shares) is used as the denominator.

(Note 5) “Ownership Ratio of Shares Before Tender Offer” and “Ownership Ratio of Shares After Tender Offer” are rounded to the nearest hundredth.

(7) Purchase Price 235,498,753,750 yen

(Note) “Purchase Price” is the amount calculated by multiplying the number of shares to be acquired through the Tender Offer (72,461,155 shares) by the Tender Offer Price (3,250 yen).

(8) Method of Settlement

(i) Name and Address of Head Office of Financial Instruments Business Operators and Banks in Charge of Settlement

SMBC Nikko Securities Inc.  
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

(ii) Commencement Date of Settlement

December 18, 2024 (Wednesday)

(iii) Method of Settlement

After the expiration of the Tender Offer Period, the Tender Offer Agent will promptly mail a notification concerning the purchase of shares through the tender offer to addresses of the shareholders who wish to approve the tender of the shares or wish to tender the shares in the Tender Offer (the “Tendering Shareholders”) (or the Standing Proxy in the case of the Non-Resident Shareholder). For applications through the online trading service (at <https://trade.smbcnikko.co.jp/>) (“Nikko Easy Trade”), the delivery of such notification will be made via electromagnetic methods.

Purchases will be settled promptly in cash. Following the instructions of the Tendering Shareholders (or the Standing Proxy in the case of the Non-Resident Shareholder), the proceeds from the sale of the shares will be remitted by the Tender Offer Agent promptly after the commencement date of settlement to the place designated by the Tendering Shareholders (or the Standing Proxy in the case of the Non-Resident Shareholder).

(iv) Method of Returning Shares

If all of the Tendered Shares are not purchased pursuant to the terms and conditions set forth below in “(i) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act” or “(ii) Conditions for Withdrawal of Tender Offer, Details Thereof and Method of Disclosure for Withdrawal” under “(9) Other Conditions and Methods of Tender Offer”, the shares will be returned two business days after the last day of the Tender Offer Period (or the date of withdrawal in the case of withdrawal of the tender offer). The shares will be returned by reverting shareholder records to their state immediately before the shares were tendered (i.e., the status where the execution of the tender has been cancelled).

(9) Other Conditions and Methods of Tender Offer

(i) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act

If the total number of the Tendered Shares is less than the minimum number of shares to be acquired (22,756,305 shares), NEC will not acquire any of the Tendered Shares. If the total number of the Tendered Shares is not less than the minimum number of shares to be acquired (22,756,305 shares), NEC will acquire all of the Tendered Shares.

- (ii) Conditions for Withdrawal of Tender Offer, Details Thereof and Method of Disclosure for Withdrawal  
NEC may withdraw the Tender Offer if any of the matters listed in Article 14, Paragraph 1, Items 1.1 through 1.10, Items 1.13 through 1.19, Items 3.1 through 3.8 and Items 3.10, and Article 14, Paragraph 2, Items 3 through 6, of the Enforcement Order, occurs. For the avoidance of doubt, the “events equivalent to the events set forth in Items 3.1 through 3.9” prescribed in Article 14, Paragraph 1, Item 3.10 of the Enforcement Order means any event where (i) it is found that there is a misstatement regarding, or an omission of, a material matter stated, in the statutory disclosure documents which NESIC submitted in the past, and NEC was not aware of such misstatement or omission and, despite using due care, NEC was unable to be aware of such misstatement or omission or (ii) any of the facts listed in Items 3.1 through 3.7 has occurred to the material subsidiaries of NESIC.

If NEC intends to withdraw the Tender Offer, NEC will give an electronic public notice and provide notice thereof in The Nihon Keizai Shimbun. However, if it is difficult to give such public notice by the last day of the Tender Offer Period, NEC will make a public announcement by the method set out in Article 20 of the Ordinance and give public notice immediately after making the announcement.

- (iii) Conditions of Reduction of Tender Offer Price and Method of Disclosure of Reduction

Under the provisions of Article 27-6, Paragraph 1, Item 1 of the Act, if NESIC conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, NEC may reduce the tender offer price in accordance with the standards prescribed in Article 19, Paragraph 1 of the Ordinance. If NEC intends to reduce the tender offer price, NEC will give an electronic public notice and provide notice thereof in The Nihon Keizai Shimbun. However, if it is difficult to give such public notice by the last day of the Tender Offer Period, NEC will make a public announcement by the method set out in Article 20 of the Ordinance and give public notice immediately after making the announcement.

If the tender offer price is reduced, NEC will also acquire at the reduced tender offer price the Tendered Shares prior to the date on which the public notice is issued.

- (iv) Matters Concerning Right of Tendering Shareholders to Cancel Tender

The Tendering Shareholders may, at any time during the Tender Offer Period, cancel the contract. Tendering Shareholders may cancel the contract concerning the Tender Offer at any time during the Tender Offer Period. Tendering Shareholders who wish to cancel the contract must comply with the necessary procedures by, for example, sending, by personal delivery or mail, to a person specified below, cancellation documents stating that such Tendering Shareholder requests to cancel the contract concerning the Tender Offer (the “Cancellation Documents”) by 15:30 on the last day of the Tender Offer Period (provided, however, that business hours differ between branch offices, therefore, please confirm beforehand the business hours of the branch office that the Tendering Shareholder wishes to use to take and complete the necessary procedures). If the Cancellation Documents are sent by mail, they must be received by the person specified below by 15:30 on the last day of the Tender Offer Period (provided, however, that business hours differ between branch offices, therefore, please confirm beforehand the business hours of the branch office that the Tendering Shareholder wishes to use to take and complete the necessary procedures).

For the cancellation of the contract concerning the tender made through Nikko Easy Trade, please log in to Nikko Easy Trade and complete the cancellation procedures in accordance with the description on the screen by 15:30 on the last day of the Tender Offer Period.

Persons authorized to receive the Cancellation Documents:

SMBC Nikko Securities Inc.  
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo  
(or any other branch office of SMBC Nikko Securities Inc. in Japan)

No claims for payment of compensation for damages or penalties shall be made against the Tendering Shareholders by NEC in the event that the contract concerning the Tender Offer is cancelled by the Tendering Shareholders. The cost of returning the Tendered Shares will be borne by NEC. If the Tendering Shareholders request cancellation, the Tendered Shares will be returned without delay after the completion of the relevant cancellation procedures in accordance with the method indicated in “(iv) Method of Returning Shares” of “(8). Method of Settlement” above.

- (v) Method of Disclosure of Change in Conditions of Tender Offer (if any)

Unless otherwise prohibited under the provisions of Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order, NEC may change any of the terms and conditions concerning the acquisition, etc. during the Tender Offer Period.



If any changes are made to any of the terms and conditions concerning the acquisition, etc., NEC will give an electronic public notice and provide notice thereof in The Nihon Keizai Shimbun. However, if it is difficult to give such notice by the last day of the Tender Offer Period, NEC will make a public announcement by the method set out in Article 20 of the Ordinance and give public notice immediately after making the announcement.

If the terms and conditions of the acquisition, etc. are changed, NEC will also acquire the Tendered Shares prior to the date on which the public notice is issued in accordance with the changed conditions of the acquisition.

(vi) Method of Disclosure of Amendment Statement

If NEC files an amendment statement with the Director of the Kanto Local Finance Bureau (except for the cases set forth in the proviso of Article 27-8, Paragraph 11 of the Act), NEC will immediately announce the content thereof that is relevant to the content of the public notice of the commencement of the Tender Offer, in accordance with the manner set out in Article 20 of the Ordinance. NEC will also immediately amend the Tender Offer Explanation Statement and distribute the amendment to the Tender Offer Explanation Statement to the Tendering Shareholders who have received the Tender Offer Explanation Statement. However, if NEC amends only small parts of the Tender Offer Explanation Statement, it may instead distribute to the Tendering Shareholders a document stating the reason for the amendments, the matters having been amended, and the details thereof.

(vii) Method of Disclosure of Results of Tender Offer

The results of the Tender Offer will be made public by the method set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Ordinance on the day after the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of Tender Offer

October 30, 2024 (Wednesday)

(11) Tender Offer Agent

SMBC Nikko Securities Inc.

3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

3. Policies after Tender Offer and Future Prospects

Please refer to “(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer”, “(4) Policy for organizational restructuring after Tender Offer (matters relating to two-step acquisition)”, and “(5) Prospects of and Reasons for Delisting” of “1. Purposes of Tender Offer” above.

4. Others

(1) Agreements Between Tender Offeror and Target or Its Officers; Terms Thereof

(i) Agreements Between Tender Offeror and Target and Terms Thereof

According to NESIC’s Announcement, NESIC has resolved at the meeting of its board of directors held today to express its opinion supporting the Tender Offer and to recommend that the shareholders of NESIC tender their shares in the Tender Offer.

For details of the resolution at the meeting of the board of directors of NESIC, please refer to NESIC’s Announcement and “(VIII) Approval of all directors without an interest in NESIC and opinion stating there is no objection from corporate auditors without an interest in NESIC ” of “(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price ” of “2. Outline of Tender Offer” above.

(ii) Agreements Between Tender Offeror and Officers of Target and Terms Thereof

Not applicable.

(iii) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer

Please refer to “(2) Background, Purpose, and Decision-making Process of Tender Offer, and Management Policy after Tender Offer” of “1. Purposes of Tender Offer” above.

(vi) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest

Please refer to “(Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest)” of “(ii) Process of Calculation” of “(4) Basis of Calculation of Tender Offer Price” of “2. Outline of Tender Offer” above.

- (2) Other Information Deemed Necessary for Decision-making by Investors Concerning Tender Their Shares  
NESIC, at its meeting of the board of directors held today, resolved to revise the dividend forecast for the fiscal year ending March 31, 2025 announced on April 26, 2024 and not to pay year-end dividends for the said fiscal year, on the premises that the Tender Offer is successfully completed. For details, please refer to the “Notice Concerning Revision of Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2025 (No Dividend)” announced by NESIC today.

End of Announcement

### *Soliciting Regulations*

This material is a statement to announce the Tender Offer to the public and were not prepared for the purpose of soliciting an offer to sell the NESIC shares. If shareholders wish to make an offer to sell their NESIC shares, they should first read the Tender Offer Explanation Statement for the Tender Offer and offer their NESIC shares for sale at their own discretion. This material shall neither be, nor constitute a part of, an offer to sell or purchase any securities, or solicitation of such sale or purchase thereof, and neither this material (or any parts thereof) nor the distribution thereof shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and may not be relied on at the time of entering into any such agreement.

### *Regulations related to the U.S.*

The Tender Offer targets the shares of the common stock of NESIC, which is a company established in Japan. The Tender Offer shall be implemented in accordance with the procedures and information disclosure standards prescribed under Japanese law, and such procedures and standards may not be the same as comparable procedures and information disclosure standards found in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended (hereinafter the same shall apply), as well as the regulations thereunder, do not apply to the Tender Offer, and the Tender Offer will not be conducted in accordance with the procedures and standards prescribed thereby. The financial information contained in this material and documents incorporated by reference herein is based on Japanese accounting standards or International Financial Reporting Standards, which may significantly differ from generally accepted accounting principles in the United States and other countries. In addition, since NEC is a corporation incorporated outside the United States and all or some of its directors and officers are not residents of the United States, it may be difficult to exercise any rights or claims that can be asserted on the basis of U.S. securities-related laws. In addition, it may not be possible to commence legal proceedings against a non-U.S. corporation as well as its directors and officers in a non-U.S. court on the basis of a violation of the U.S. securities-related laws. Furthermore, U.S. courts may not assert jurisdiction over a non-U.S. corporation and its affiliates. Unless otherwise specified, all procedures relating to the Tender Offer will be conducted in Japanese. All or a portion of the documents relating to the Tender Offer will be prepared in English, but in the case of any discrepancy between a document in English and that in Japanese, the Japanese document shall prevail. During the Tender Offer Period, NEC, the financial advisors of each of NEC and NESIC and the tender offer agent (including their affiliates), in the ordinary course of their business or otherwise to the extent permitted by Japanese regulations related to financial instruments transactions and other applicable laws and regulations, as well as in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934, may acquire NESIC Shares and stock acquisition rights by means other than the Tender Offer, or conduct acts towards such acquisitions, for their own account or the account of their clients. Such acquisitions may be made at market prices through market transactions or at prices determined through off-market negotiations. If information regarding such acquisitions is disclosed in Japan, that information will also be disclosed in the English language on the websites (or other method of disclosure) of the persons that conducted such purchases.

### *Other Countries*

The announcement, issuance, or distribution of this material may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such restriction. The announcement, issuance, or distribution of this material shall be interpreted not to be a solicitation of an offer to purchase or sell the NESIC shares with respect to the Tender Offer, but simply to be a distribution of information.

### *Forward-Looking Statements*

This material and documents incorporated by reference herein contain forward-looking statements pertaining to the strategies, financial targets, technology, products and services and business performance of the NEC Group consisting of NEC and its subsidiaries and affiliated companies. Written forward-looking statements may appear in other documents that NEC files with stock exchanges or regulatory authorities, such as the Director of the Kanto Local Finance Bureau, and in reports to shareholders and other communications. Forward-looking statements necessarily depend on currently available assumptions, data, or methods that may be incorrect or imprecise and NEC may not be able to realize the results expected by them. You should not place undue reliance on forward-looking statements, which reflect NEC's analysis and expectations only. Forward-looking statements are not guarantees of future performance and involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Among the factors that could cause actual results to differ materially from such statements include (i) adverse economic conditions, foreign currency exchange and interest rate risks, and changes in the markets in which the NEC Group operates, (ii) impact from the outbreak of infections, (iii) potential inability to achieve the goals in

the NEC Group's medium-term management plan, (iv) fluctuations in the NEC Group's revenue and profitability from period to period, (v) difficulty achieving the benefits expected from acquisitions, business combinations, reorganizations and business withdrawals, (vi) potential deterioration in the NEC Group's relationships with strategic partners or problems relating to their products or services, (vii) difficulty achieving the NEC Group's growth strategies outside Japan, (viii) potential inability to keep pace with rapid technological advancements in the NEC Group's industry and to commercialize new technologies, (ix) intense competition in the markets in which the NEC Group operates, (x) risks relating to the NEC Group's concentrated customer base, (xi) difficulties with respect to new businesses, (xii) potential failures in the products and services the NEC Group provides, (xiii) potential failure to procure components, equipment or other supplies, as well as potential increases in procurement costs, (xiv) difficulties protecting the NEC Group's intellectual property rights, (xv) potential inability to obtain certain intellectual property licenses, (xvi) the NEC Group's customers may encounter financial difficulties, (xvii) difficulty attracting, hiring and retaining skilled personnel, (xviii) difficulty obtaining additional financing to meet the NEC Group's funding needs, (xix) 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, and information security and data protection concerns and restrictions, (xx) potential changes in effective tax rates or deferred tax assets, or adverse tax examinations, (xxi) risks related to corporate governance and social responsibility requirements, (xxii) risks related to natural disasters, public health issues, armed hostilities and terrorism, (xxiii), risks related to the NEC Group's pension assets and defined benefit obligations, (xxiv) risks related to impairment losses with regard to goodwill, (xxv) the possibility that the transactions contemplated in this material are not successfully completed, and (xxvi) the possibility that the expected benefits from the transactions in this material may not be realized. 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. Furthermore, the forward-looking statements in this material were prepared based on the information held by NEC as of today and unless required by law, NEC does not undertake any obligation to update or revise any of the forward-looking statements to reflect any future events or circumstances.

The management targets of NEC included in this material and documents incorporated by reference herein are not projections, and do not represent management's current estimates of future performance. Rather, they represent targets that management will strive to achieve through the successful implementation of NEC's business strategies. NEC cautions you that the statements made in this material and documents incorporated by reference herein are not an offer of securities for sale. Securities may not be offered or sold in any jurisdiction in which any required registration has not been conducted or an exemption from registration under the applicable securities laws is not unavailable.