

October 29, 2025

To whom it may concern:

Company name	NEC Corporation
Name of Representative	Takayuki Morita
	President and CEO
	(Representative Executive Officer)
Securities Code	(TSE: 6701; Prime Market)
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**Notice Regarding the Acquisition of CSG Systems International, Inc.,
A U.S.-based Software Company Serving Telecom and Broadband Businesses**

At a Board of Directors meeting held today, NEC Corporation (the “Company”) resolved to acquire CSG Systems International, Inc. (“CSG”) through its wholly owned North American subsidiary, NEC Corporation of America (“NECAM”) (the “Transaction”) and the Company has executed a merger agreement providing for the Transaction with CSG. CSG is a U.S.-based software company serving telecom and broadband businesses and listed on the Nasdaq Stock Exchange. The Transaction values CSG at approximately US\$2,887 million (approximately JPY441.7 billion) based on the fully diluted shares outstanding, and is anticipated to be completed within the 2026 calendar year, subject to approval at a stockholders’ meeting convened by CSG, receipt of customary approvals and other permissions required from relevant authorities and fulfillment of other necessary procedures.

1. Objectives of the Transaction

In recent years, driven by the rapid evolution of digital technologies such as generative AI, telecommunications and broadband businesses are increasingly undertaking Digital Transformation (DX) initiatives to offer new revenue-generating services, strengthen customer engagement and enhance their business operations.

In response to this market environment, the Company is focused on expanding its high-value-added software and services business within the telecom services sector, where telecommunications companies are key customers. As part of this strategy, one of the Company’s U.S. subsidiaries, Netcracker Technology Corporation (“Netcracker”), provides solutions that support the realization of DX for over 250 companies worldwide, primarily centered on BSS and OSS (Note).

Headquartered in Colorado, U.S.A., CSG has a strong customer base built through the provision of BSS to U.S.-based telecom and broadband businesses, and also provides software for areas such as customer experience and payments to customers in a wide range of industries, including financial services and healthcare, ensuring stable revenue.

CSG and Netcracker are highly complementary in terms of geography and customer segments, and the acquisition of CSG will further strengthen their business foundation for telecom and broadband businesses, enabling those businesses to provide optimal solutions for their customers. In addition, the two companies will promote mutual sales to each other’s customers and aim to expand their business by providing DX-related solutions that utilize the assets of both companies to customers in a wide range of industries, including telecom and broadband operators.

Takayuki Morita, President and CEO of NEC Corporation, commented:

“The acquisition of CSG marks a significant milestone for the NEC Group in strengthening our business foundation in the United States and expanding our software and services business globally.

We are confident that by utilizing CSG's strong presence in the U.S., Netcracker's extensive global track record, and the technologies and DX capabilities of both companies, we can provide solutions with even greater customer value. Moreover, the NEC Group will provide full support to both companies with its management resources, including its technologies, customer base, and capital."

(Note)

BSS (Business Support System): Systems that support customer-facing operations such as customer management, service subscription, billing, and charging.

OSS (Operation Support System): Systems that support network operation tasks such as network device management, monitoring, and fault detection.

2. Method of the Transaction

The Transaction will be implemented by way of "reverse triangular merger". A special purpose company to be established in the U.S. by NECAM for the purpose of the Transaction will merge with and into CSG, with CSG surviving such merger as a wholly owned subsidiary of NECAM. In connection with the merger, CSG stockholders will receive a cash consideration of US\$80.70 per share.

The Transaction will be financed through a combination of cash on hand and external debt financing. The Company does not plan to raise funds through the issuance of new shares (equity financing).

3. Overview of CSG

(1) Name	CSG Systems International, Inc.		
(2) Location	169 Inverness Dr W, Suite 300, Englewood, Colorado 80112		
(3) Representative	Brian Shepherd, CEO, President, and Director		
(4) Business	Software company serving telecom/broadband operators		
(5) Capital	US\$ 722 thousand		
(6) Year of establishment	1994		
(7) Major shareholders and shareholding ratios	BlackRock, Inc.: (17.68%) The Vanguard Group.: 3,849,258 (13.38%)		
(8) Relationship with the Company	Capital relationships	Not applicable	
	Personnel relationships	Not applicable	
	Business relationships	Not applicable	
(9) Operating results and financial position over the last three years (Thousands of US\$ (excluding per share figures); figures below US\$ 1,000 are truncated)			
Fiscal year end	December 31, 2022	December 31, 2023	December 31, 2024
Consolidated net assets	355,249	273,326	282,569
Consolidated total assets	1,348,553	1,443,046	1,500,687

Net assets per share	11.36	9.28	9.80
Consolidated net sales	1,089,752	1,169,258	1,197,248
Consolidated operating profit	78,747	123,877	131,333
Adjusted consolidated operating profit	168,830	185,727	199,432
Net income	44,060	66,246	86,852
Earnings per share	1.42	2.21	3.06
Dividend per share	1.06	1.12	1.20

4. Number, Acquisition Value and Status of Share Ownership Before and After the Transaction

(1) Number of shares held before transfer	0 (Number of voting rights: 0) (Percentage of voting rights held: 0%)
(2) Number of shares acquired (<i>Note 1</i>)	27,428,510 shares (Number of voting rights: 27,428,510)
(3) Acquisition value	Compensation for the Transaction (<i>Note 2</i>) US\$ 2,887 million (approximately JPY 441.7 billion, converted at the exchange rate of US\$ 1 = JPY 153) Advisory-related fees Approximate JPY 3.0 billion In total JPY 444.7 billion
(4) Number of shares held after transfer (<i>Note 1</i>)	27,428,510 shares (Number of voting rights: 27,428,510) (Percentage of voting rights held: 100%)

Note 1: This represents the total number of shares of common stock outstanding as of October 27, 2025.

Note 2: Compensation for the Transaction includes compensation for all outstanding equity incentive awards and notes in a manner consistent with the merger agreement. The compensation for the Transaction may be subject to change depending on fluctuations in the number of shares and other relevant factors.

5. Schedule

(1) Resolution date	October 29, 2025
(2) Date of contract	October 29, 2025
(3) Date of CSG stockholder meeting	Second half of the fiscal year ending March 31, 2026 (planned)
(4) Date of acquisition	Within the 2026 calendar year (planned)

6. Forecast

The impact of this Transaction on the Company's consolidated results is currently being analyzed and a notice of any matters that require disclosure will be swiftly issued should they arise.

Cautionary Statement with Respect to Forward-Looking Statements

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

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

- occurrence of quality and safety problems concerning products and services;
- risks related to cybersecurity;
- difficulty attracting, hiring and retaining skilled personnel;
- failure to appropriately respond to human rights issues in the value chain, including employees;
- occurrence of serious misconduct such as bribery, fraudulent accounting, and violations of personal data protection laws and regulations;
- impact of climate change, natural disasters, and environmental issues;
- adverse changes in foreign currency exchange rates or interest rates, and other economic conditions;
- difficulty achieving acquisitions and business alliances;
- political and social environment in countries and regions in which the NEC Group operates;
- impact of technological innovation and risks related to Intellectual Property Rights;
- natural disasters, pandemics and other hazard risks; and
- occurrence of compliance issues related to violations of competition laws and export control laws.

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