Review of the Mid-term Management Plan 2020

Performance Results and Key Management Measures

Achieve the targets for operating profit and operating profit ratio set out in the Mid-term Management Plan 2020 by repositioning NEC on a growth trajectory by optimizing our business portfolio, growing our business, and strengthening our financial foundation.

Trends in Business Performance

- Revenue (Billions of yen)
- Operating profit (Billions of yen)
- Operating profit ratio (%)

Note: Financial results were reported under Japanese Generally Accepted Accounting Principles (JGAAP) until fiscal 2015. From fiscal 2016 onward, results have been reported under International Financial Reporting Standards (IFRS).

Main Initiatives and Core Objectives of the Mid-term Management Plan 2020

1. Reform of Profit Structure
   - Reduction of SG&A Expenses
   - Career transition support measures
   - Business Structure Reforms
   - Decision to stop receiving new orders in the energy business
   - Sale of electrode business
   - Joint venture for display business
   - Production Structure Reform
   - Optimization of NEC Platforms production structure, sale of Tsukuba Research Laboratories

2. Growth Achievement
   - Safer Cities
     - Acquisition of Northgate Public Services Limited (currently NEC Software Solutions UK Limited) in the United Kingdom, KMD Holding ApS in Denmark, and Avaloq Group AG in Switzerland
     - Strategic cooperation with NTT Corporation and Rakuten Mobile, Inc.
     - Launch of trial tests with the United Kingdom and Germany
     - Digital Transformation (DX)
     - Establishment of digital platforms and offerings

3. Restructuring of Execution Capabilities
   - Strengthening of Business Development Capabilities
     - Establishment of dotData and NEC X with aim of monetizing new technology
     - Entry into drug discovery business
     - Transformation of NEC’s Culture
     - Revision of the NEC Way
     - Revamp of the corporate officer system, one-year terms of office
     - Introduction of new evaluation system that encourages innovative actions and challenges
     - Hiring and appointment of diverse talent to executive and other positions

Initiatives for “Materiality”

---Priority Management Themes from an ESG Perspective

- Incorporate world-renowned Environmental, Social, and Governance (ESG) indices
- E: Contribute to decarbonization through business
- S: Minimize the impact of serious security incidents, promote businesses that prioritize respect for human rights, transform NEC’s culture, and promote inclusion and diversity
- G: Achieve zero cases of involvement with serious cartels and/or bid-rigging, reinforce Board of Directors system, revise remuneration system for directors and A&SBMs, and promote initiatives for collaborating with suppliers

For more details on ESG-related goals, achievements and progress, and degree of completion, please refer to page 11 of Sustainability Report 2021.