

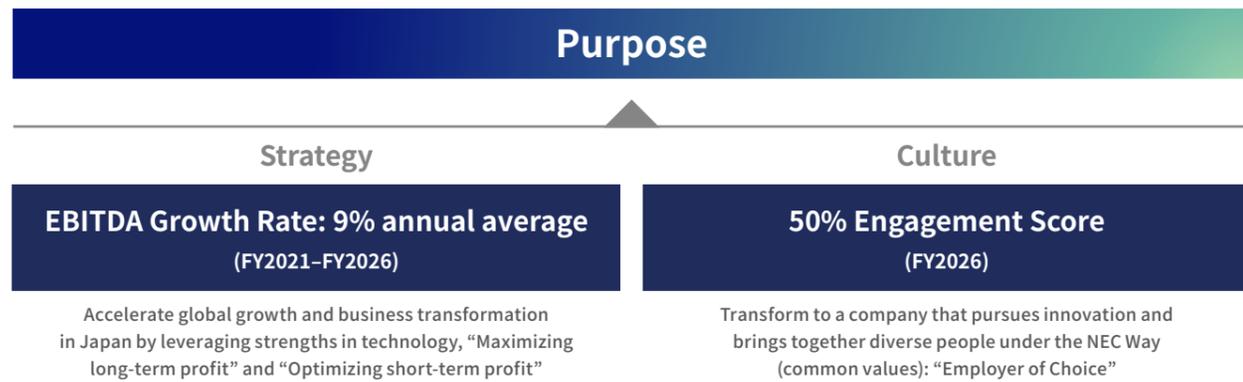
Mid-term Management Plan 2025

Achievement of NEC's "Purpose"—A Combination of Strategy and Culture

The NEC Group has formulated the Mid-term Management Plan 2025, which concludes in fiscal 2026, with the aim of realizing the NEC 2030VISION and NEC's "Purpose" set forth in the NEC Way. Under the Mid-term Management Plan 2025, we have set indices for strategic and cultural targets for promoting the management of NEC's Purpose.

Strategy: We will achieve growth through acceleration of global growth and transformation of domestic businesses by providing customer value through NEC technology. In financial terms, our financial strategy is integrated with our business strategy, with the first priority being to maximize long-term profit, followed by optimizing short-term profit.

Culture: We believe that our cultural strength is the strength of people to implement our strategies and realize our purpose. We will aim to be a company that pursues innovation and brings together diverse human resources under the NEC Way—the NEC Group's common set of values that form the basis for how the Group conducts itself.



Mid-term Management Targets

(Billions of yen)	FY2021 Results	FY2026 Targets
Revenue	2,994.0	3,500.0
	(Growth rate from FY2021)	3.2%
Adjusted operating profit	178.2	300.0
	(Revenue %)	8.6%
Adjusted net profit	165.4	185.0
	(Revenue %)	5.3%
EBITDA*1	295.8	450.0
	(Revenue %)	12.9%
ROIC*2	4.7%	6.5%

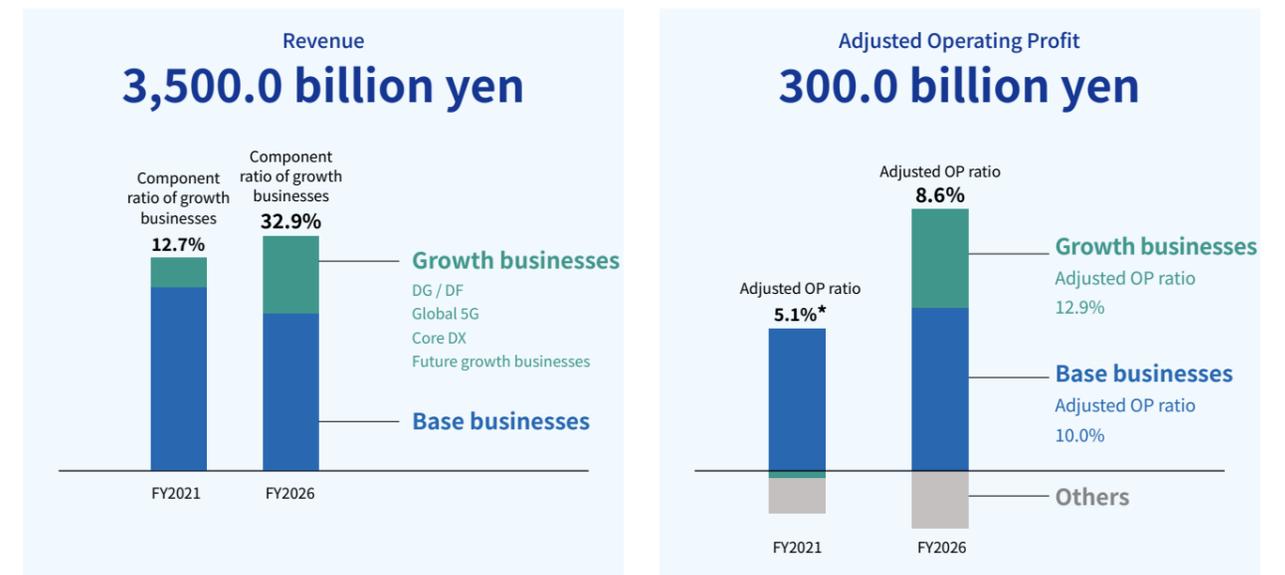
*1 EBITDA = Gross profit – SGA expenses + Depreciation/amortization

*2 ROIC = (Unadjusted operating income – Deemed corporate tax [30.5%]) ÷ (Term-end interest-bearing debt + Term-end net assets [Including minority interest])

Achieve Earnings Growth through Both Growth Businesses and Base Businesses

Growth businesses are classified as digital government/digital finance, global 5G, core DX, and future growth businesses, whereas base businesses are all other businesses.

In growth businesses, the NEC Group will prioritize the allocation of resources in order to acquire and strengthen its competitive advantage, with the aim of driving growth in revenue and profits. In base businesses, given the cautious business environment, the focus will be on improving profitability and aiming to steadily improve profit.



* Excluding "One-time profit/loss" in the statement of profit or loss

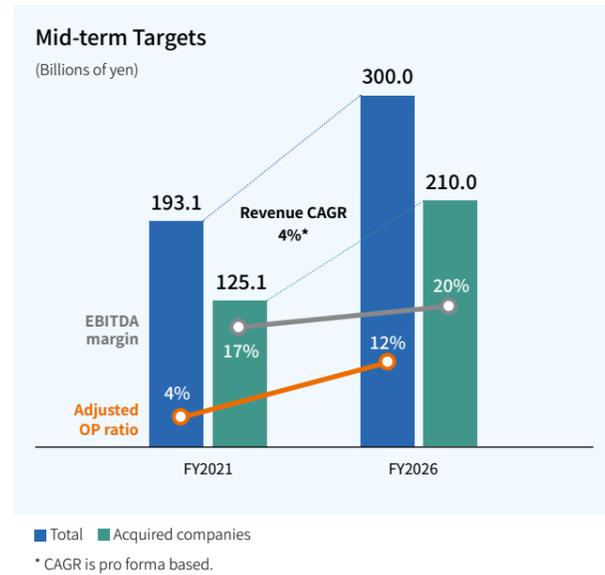
Strategy	Business Strategies	Digital government/Digital finance	<ul style="list-style-type: none"> Transform into a top-class vertical SaaS vendor in the global DG/DF market 	
		Global 5G business	<ul style="list-style-type: none"> Aim for 20% market share in the Open-RAN market in 2030, including expansion in the Japanese market from primarily a base station hardware provider to a full software and hardware solutions provider 	
Future growth businesses	Core DX business	Future growth businesses	<ul style="list-style-type: none"> Expand our value proposition through a comprehensive approach encompassing consulting to delivery Price strategy and gross profit improvement through common ICT platform technologies and offerings Strengthen competitiveness through hybrid IT (Cloud/DC/On-Premises) alliances and in-house optimization New business opportunities (social, enterprise transformation) Expand the DX domain by leveraging the implementation capabilities of technology/policy linkage/E2E 	
			Base businesses	<ul style="list-style-type: none"> Create growth businesses that will realize the NEC 2030VISION with strong technologies and inbound innovation
			Base businesses	<ul style="list-style-type: none"> Maintain profitability above our competitors for our high- and medium-profit base businesses Improve profitability by establishing a monitoring system for low-profit businesses
Culture	Financial Strategies	Maximizing long-term profit and Optimizing short-term profit	<ul style="list-style-type: none"> Use continuously generated cash flow to fund sustainable growth and enhance corporate value through optimal capital allocation and by building robust financial and non-financial measurement methodologies 	
		Transformation of culture and how we work	<ul style="list-style-type: none"> Transformation of people and culture Establishment of business infrastructure Creation of a shared vision for a brighter future 	

NEC's Business Model

Mid-term Management Plan 2025

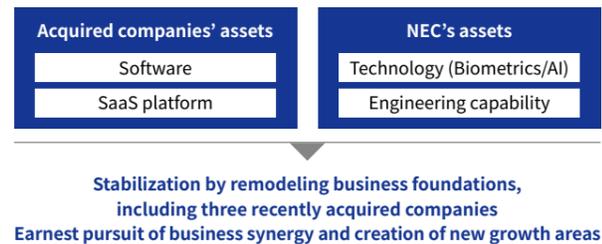
Business Strategy

Digital Government and Digital Finance Business

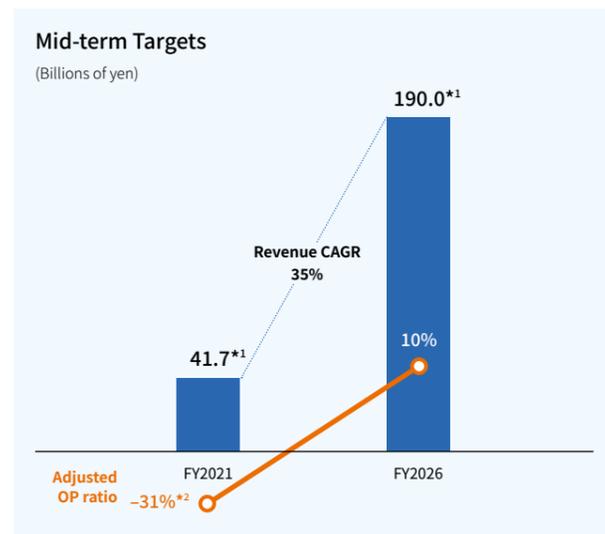


We intend to expand business in digital governments and digital finance by promoting organic growth in the European market and leveraging three European companies acquired during the Mid-term Management Plan 2020—NEC Software Solutions UK, KMD Holdings ApS (KMD), and Avaloq Group AG (Avaloq). We will also engage in cross-sales and bolt-on acquisitions toward the same goal. We are also taking steps to integrate and optimize our existing assets while restructuring our business foundation. Both of these actions will help stabilize our business foundation.

In addition, we will increase business synergies through deeper integration of government and finance and other domains, made possible by taking advantage of cost synergies, sales synergies, and greater usage of digital IDs. Another strategy we are planning to undertake is the creation of new growth areas, which involves finding new business opportunities from customers in different industries.



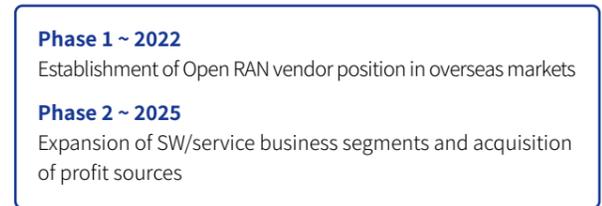
Global 5G Business



Phase 1 of our plan for the Global 5G business, which we aim to complete by fiscal 2023, aims to create a series of global firsts in terms of commercial achievements on the back of alliances with NTT Corporation and Rakuten Mobile, Inc. Based on this strategy, we intend to take a leading position in overseas markets as a vendor of Open RAN, taking advantage of differentiated technology and considerable performance in terms of TCO.*

For Phase 2, which is to be completed by fiscal 2026, we will shift our profit focus from hardware to software licensing by enhancing applications and other end-to-end capabilities.

* Total Cost of Ownership



*1 Netcracker is not included.
*2 Excluding strategic expenses; profit ratio above segment (Network Services) level

Core DX Business



We are ramping up investments in core digital transformation (DX) to spur transformation in our domestic IT business. Our goal is to improve operating profit ratio from 8% to 13% by moving from an individualized optimization model that is optimized for each industry and customer, to a model that utilizes DX to allow for optimization across the board. To this end, we will build a system more attuned toward providing value to customers by first creating a common platform to utilize NEC's strengths in R&D and engineering, and then incorporating inbound technology from external sources through M&As and venture capital.

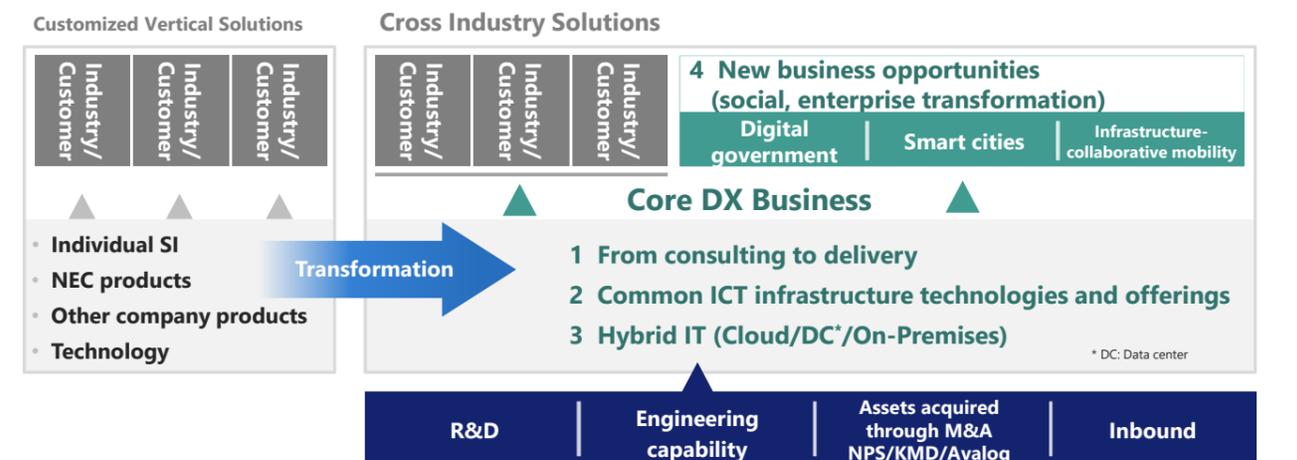
We have highlighted four strategies toward transforming the IT business in Japan. The first is to expand value provision

by adopting a consistent approach encompassing consulting to delivery. This strategy relies on a combination of the upstream consulting strength of ABeam Consulting Ltd., which operates on a domestic scale of 5,000 consultants, and the strength of NEC's delivery capabilities.

The second strategy is to improve profitability and price competitiveness through common ICT platform technologies and standardized offerings. Our plan is to create a platform using NEC technology that will effectively facilitate effective DX for both companies and society with the idea that repeated usage will reduce costs. We also aim to improve price competitiveness by standardizing our solution offerings and setting prices based on value provided.

Our third strategy is intended to increase competitiveness by creating a hybrid IT environment through an optimal combination of cloud, data center, and on-premises functions. This IT environment will be optimized to meet individual needs through the combination of NEC's own high-security, multi-cloud and global strategic collaborations with AWS (Amazon) and Azure (Microsoft).

As a fourth strategy, we will work to lead the shift in society with DX. To do this, we will coordinate with government policy and utilize our technologies, such as biometrics and AI, as well as our end-to-end implementation to back projects that will transform society. These projects involve the steady promotion of DX in domestic governments spurred on by the establishment of the Digital Agency, the construction of super cities, and infrastructure-collaborative mobility.



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Creation of Future Growth Businesses

Looking to the future, the Mid-term Management Plan 2025 also calls for the creation of future growth businesses, in addition to digital governments, digital finance, 5G, and core DX. NEC's disruptive technology stands to upend the mainstream technologies of the current day. It is the basis of our efforts to create new businesses, and we will work with forward-looking customers in Japan and overseas and research institutions in Japan and abroad to commercialize the technology, applying the business development know-how we have cultivated in recent years. Our target business areas align with the layers of the NEC 2030VISION: environment, society, and life.

We plan to create growth businesses that will help realize the NEC 2030VISION, using our highly capable technology, overseas business models abroad, industry know-how, and collaborations with research institutions and venture capitalists as starting points.

Accelerating commercialization by integrating R&D and business development

Disruptive technologies

Unique technologies that could disrupt current business models (privacy-preserving data-analytics)
Defense technologies (quantum cryptography, laser communication, etc.)

Inbound innovation

Overseas business models and industry-specific know-how
Collaboration with advanced customers, research institutions, and venture capitalists

New business development know-how

dotData, AI-based drug discovery, and other new business development achievements
Business development methods* utilizing internal and external capital

* Carve-out, M&A, spin-in/spin-out, crowdfunding

Specific examples of initiatives:

1) Healthcare and life-related businesses; FY2031 NEC healthcare business value: 500.0 billion yen*1

<p>Deliver healthcare tailored to people's health conditions</p> <p>AI-based analysis of endoscopic images; sales launch in Japan and Europe</p> <p>Electronic medical records and ordering system</p>	<p>Living life to the fullest</p> <ul style="list-style-type: none"> • Overcome diseases • Prevent illness • Lack of want • Mental and physical wellness <p>Healthcare industry 33.0 trillion yen*2</p>
<p>Electronic medical records and ordering system</p> <p>Monitoring and provision of advice based on gait conditions from insoles equipped with gait analysis</p> <p>Visualization of health conditions and disease risks from minimal blood protein</p>	
<p>Support personalized healthcare with science</p> <p>Start of clinical trials on personalized neoantigen vaccines in 2019</p> <p>Design of vaccines against the novel coronavirus</p>	

*1 Calculated using both the comparable company method and the DCF method based on a target for 2030 (sales revenue of 100.0 billion yen)

*2 Source: Future Direction of the Next Generation Healthcare Industry Council (published by the Ministry of Economy, Trade and Industry, 2018). Market size is an estimate of the Japanese market in 2025.

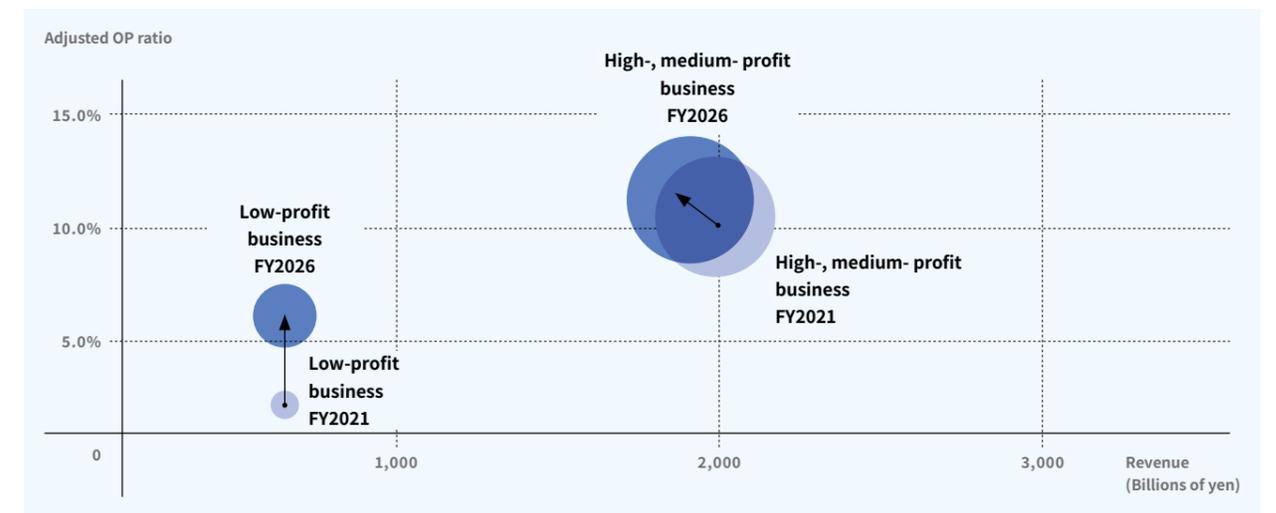
Specific examples of initiatives: 2) Businesses related to carbon neutrality

For more information on our businesses related to carbon neutrality, please refer to the section "Contributing to Decarbonization through Business."

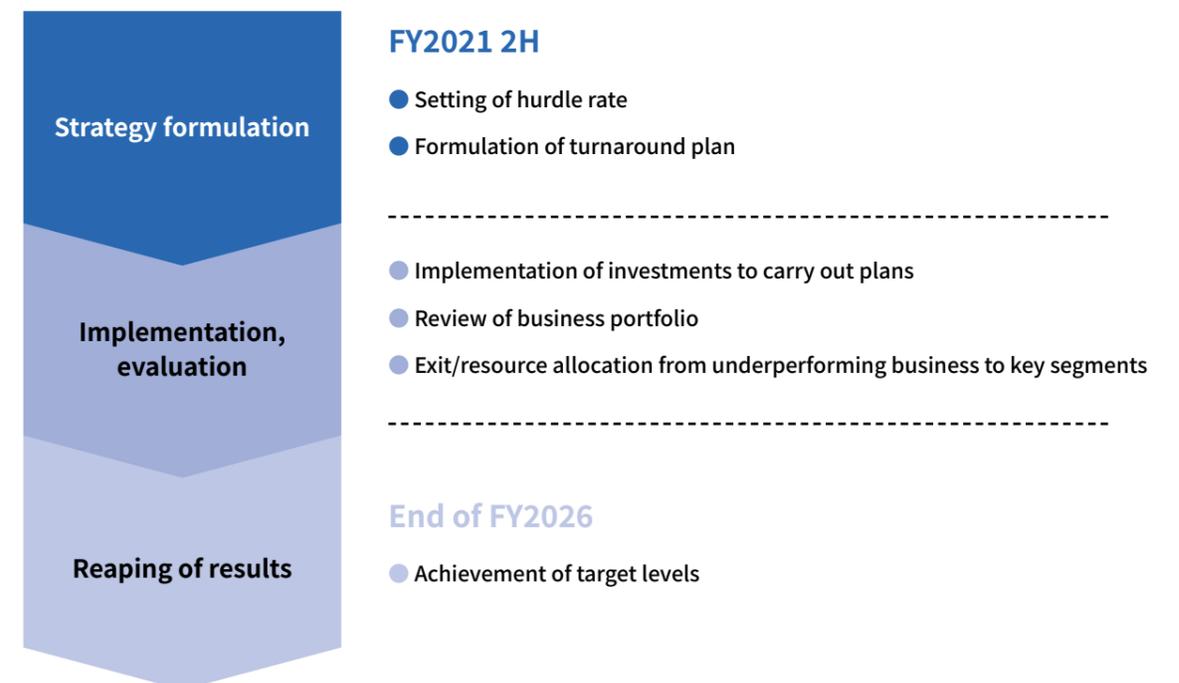
Base Businesses

To improve the profitability of our base businesses, we have set a hurdle rate for operating profit ratio and divided the businesses into categories, and are using this rate to conduct a Group analysis, after which we will clarify policies in response to the analysis and formulate individual plans accordingly. For medium- and high-profit businesses, we will select benchmark companies and strive to overtake them in terms of operating profit ratio. As for low-profit businesses, we will formulate

individual turnaround plans aimed at improving profitability. After this, we will monitor the progress of the plan, take resources from businesses that do not achieve their objective, allocate them to key areas, and take appropriate action. With these measures, we expect to reap the benefits of our improvement plan, complete our review of our business portfolio, and raise profitability up to our target level by fiscal 2026.



Low-profit business monitoring system



NEC's Business Model

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Financial Strategy

Enhancing Cash Generation Capabilities by Building Robust Financial and Non-Financial Measurement Methodologies

Under the Mid-term Management Plan 2025, NEC will shift to management that emphasizes capital efficiency and undertake capital allocation to secure investment funds, which will underpin its medium- to long-term growth. We will also continue to build on our robust financial and non-financial measurement methodologies in order to ensure sustainable growth while strengthening our ability to respond to changes in our business environment so that we do not miss out on key opportunities.

By means of growth strategies and management foundation reforms, we will continue to bolster our ability to create cash while pursuing a business structure conducive to constantly generating adjusted operating profit of ¥300.0 billion by fiscal 2026.

Please refer to the CFO Message on page 30 for more details on our financial strategy.

Augment growth strategies

Shift from P/L management to management that also emphasizes capital efficiency

- Achieve investment returns beyond the market expectations (capital cost)
- Continue activities to improve capital efficiency, such as CCC compression and reduction of cross-shareholdings

Capital allocation focusing on business growth

Respond to changing business environments without missing out on opportunities

Building of robust financial and non-financial measurement methodologies aimed at sustainable growth

- Maintain investment capability to respond to global competitors
- Reinforce non-financial measurement methodologies to underpin sustainable growth of the company and society

Reinforcing Non-Financial Measurement Methodologies to Underpin Sustainable Growth

“Materiality” in the Mid-term Management Plan 2025 (from fiscal 2022)

Key Themes (Materiality)	Main Initiatives	FY2026 KPIs
E Climate change (Decarbonization)	1. Acceleration of environmental management toward achievement of SBT*1 1.5 °C by 2030 2. Contribution to CO ₂ reduction through customer DX	1. 33.6% reduction*2 (compared with FY2018)
S Security AI & human rights Diverse human resources	1. Development of human resources in advanced security to handle social infrastructure 2. AI provision and utilization prioritizing respect for human rights	1. Doubling of internationally certified personnel 2. Incorporated initiatives based on the AI and Human Rights Principles
G Corporate governance Supply chain sustainability Compliance	1. Further improvement of transparency of corporate governance 2. Strengthening of collaboration with suppliers from a human rights/environmental perspective 3. Eradication of serious compliance incidents	2. Suppliers agreeing to procurement guidelines: 75%*3 3. No. of serious incidents: 0

*1 Science Based Targets (SBT): Corporate CO₂ emissions reduction targets that are in scientific agreement with the global target of the Paris Agreement
*2 Scope 1, 2
*3 Ratio based on procurement amount

Over the course of the Mid-term Management Plan 2025, we will reinforce our efforts in non-financial domains with a particular focus on materiality—priority management themes from an ESG perspective—and disclose information in a highly transparent manner with the aim of achieving continuous inclusion in ESG indices, which are used to determine ESG investments. We believe that this inclusion in ESG indices will lead to the fostering of employees' engagement in the Company and increase their motivation, in addition to earning the trust of society and capital markets.

Materiality under the Mid-term Management Plan 2025 was revised on the basis of material issues uncovered in fiscal 2019 under the Mid-term Management Plan 2020. We reviewed the materiality in light of changes to the demand from the business environment and society, through workshops held for managers of growth business under the Mid-term Management Plan 2025 and dialogues with external experts.

For more details, please refer to “Priority Management Themes from an ESG Perspective—Materiality” on page 8 of *Sustainability Report 2021*.

Transformation of Culture and How We Work

We will aim to become a company that pursues innovation and brings together diverse human resources under the NEC Way as well as a company that is the preferred choice of employees. To realize an engagement score of 50%, we will transform people and culture, establish a business infrastructure, and create a shared vision toward realizing a brighter future with customers.

1. Transformation of People and Culture

We will proceed with the transformation of people and culture by emphasizing our key initiatives of accelerating diversity, which serves as an inspiration for innovation, and advancing workstyle reforms in order to provide a better workplace environment to a diverse array of individuals.

To accelerate diversity, we will specifically focus on actively recruiting and systematically developing diverse talent, including female and non-Japanese employees. Our offices, which were previously used as our main work space, will now be utilized as a communication hub and setting for the joint creation of innovation through the further refinement of our NEC Digital Workplace and the realization of location-free productivity improvements. Through such measures, we will reform workstyles and mindsets with the aim of improving our engagement score.

We will also engage in job-based management, which aims to fill each position with the right person for the job at the right time and place, and human resource development that emphasizes the cultivation of digital talent.

2. Establishment of Business Infrastructure

Contrary to our previous structure through which various initiatives were carried out by our respective departments, our new Transformation Office has been established under the direct control of the CEO. The Transformation Office will be tasked with managing business process reforms, financial system reforms, and the Group-wide IT system, while serving as the nucleus for our promotion of reforms in the three domains of business processes, systems, and IT system.

In regard to our IT system, we will proceed with cloud transformation of the NEC Group's core system, redesign business processes and systems in unison with IT, and revamp our data-driven management.

3. Creation of a Shared Vision for a Brighter Future with Customers

As a market leader, we believe that it is our responsibility to create a shared vision for a brighter future with customers by actively communicating our future vision to customers and society as a whole. By doing so, we will look to create new value.

In addition, our Thought Leadership activities will proceed in full swing from fiscal 2022 toward the realization of an even better future by developing a common outlook toward the NEC 2030VISION based on our social/market insights and an in-depth awareness of our technology.

While strengthening our general research capabilities, which constitute the core of our dissemination/communication activities, we will establish an advisory board that draws on the insights of external experts and promote social change.

Engagement Score
FY2026 Target
50%*
(FY2021 25%)

* Based on the Kincentric Survey of a 50% score, which is a Tier 1 level and in the global top 25 percentile

Active Participation of Diverse Talent
FY2026 Target

Women/Non-Japanese Officers	Women managers
20%*	20%*

* Target values are for NEC HQ alone.

Initiatives under the new MTP

- Cloud transition of Companywide mission-critical systems (HR, procurement, etc.)
- Integrated redesign of processes, systems, and IT
- Enhancement of data-driven management (AI utilization, data structure optimization)

Full-scale launch of Thought Leadership activities

- Refine our future vision based on social/market insights
- Dissemination of social system innovations
- Strengthen general research capability and collaborate with other thought leaders