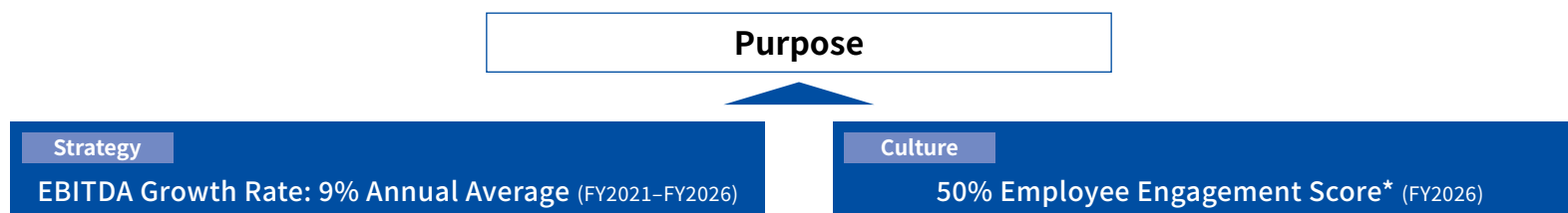


Mid-term Management Plan 2025

Basic Policy

In fiscal 2022, the NEC Group formulated Mid-term Management Plan 2025, which ends in fiscal 2026, to realize both the Purpose set forth in the NEC Way and the NEC 2030VISION. To promote Purpose-driven management under Mid-term Management Plan 2025, we have set target indicators from the perspectives of both strategy and culture.



Strategy

We will increase sales and profit margins to achieve EBITDA growth. We have designated the digital government / digital finance (DGDF) business, 5G business, and core DX business as growth businesses, and will prioritize investment in these businesses to gain and strengthen competitiveness, aiming to drive revenue and profit growth. We are working to develop and improve our system for monitoring low-profit businesses in particular.

In addition, we aim to always ensure that 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 aim to transform ourselves into a company that pursues innovation and brings together diverse people under the NEC Way—the NEC Group’s common set of values that form the basis for how the Group conducts itself.

We have set our employee engagement score as one of our target indicators, and are working to become an employer of choice through our efforts to achieve a transformation of people and culture, establish business infrastructure, and create a shared vision for a brighter future with our customers.

* In a survey conducted by global HR consulting company Kincentric, a score of 50% is roughly within the global top 25 percentile and is classed as Tier 1 level.

Mid-term Management Targets

(Billions of yen)	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecast	FY2026 Targets
Revenue	2,994.0	3,014.1	3,313.0	3,477.3	3,370.0	3,500.0
Adjusted operating profit	178.2	171.0	205.5	223.6	255.0	300.0
Ratio to net sales (%)	6.0%	5.7%	6.2%	6.4%	7.6%	8.6%
Non-GAAP ¹ operating profit	150.9	160.3	197.0	227.6	255.0	300.0
Ratio to net sales (%)	5.0%	5.3%	5.9%	6.5%	7.6%	8.6%
Non-GAAP ¹ net profit	144.6	159.5	132.8	177.8	165.0	185.0
Ratio to net sales (%)	4.8%	5.3%	4.0%	5.1%	4.9%	5.3%
EBITDA ²	295.8	304.0	347.8	379.5	380.0	425.0
Ratio to net sales (%)	9.9%	10.1%	10.5%	10.9%	11.3%	12.1%
ROIC ³	4.7%	3.9%	4.7%	5.0%	5.9%	6.5%

🌐 Please refer to [Mid-term Management Plan 2025 \(announced in May 2021\)](#) for further details.

🌐 For more details on progress made against the goals of Mid-term Management Plan 2025, please refer to [the NEC IR Day materials](#).

¹ Non-GAAP profit (loss) is an indicator for measuring underlying profitability. It is measured by deducting amortization of intangible assets recognized as a result of M&As, expenses for acquisition of companies (financial advisory fees and other fees), one-time structural reform expenses, impairment losses, stock compensation, and other one-time profits (losses) from operating profit (loss). Also, non-GAAP net profit (loss) attributable to owners of the parent (for the quarter) is an indicator for measuring underlying profitability attributable to owners of the parent. It is measured by deducting adjustment items of profit (loss) before income taxes (for the quarter) and corresponding amounts of tax and non-controlling interests from net profit (loss) attributable to owners of the parent (for the quarter).

² EBITDA = Gross profit – SG&A expenses + Depreciation/Amortization

³ ROIC = (Unadjusted operating income – Deemed corporate tax [30.5%]) ÷ (Term-end interest-bearing debt + Term-end net assets [including minority interest])