

Summary of Medium-Term Plan

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NEC Networks & System Integration Corporation
(TSE: 1973, NESIC)

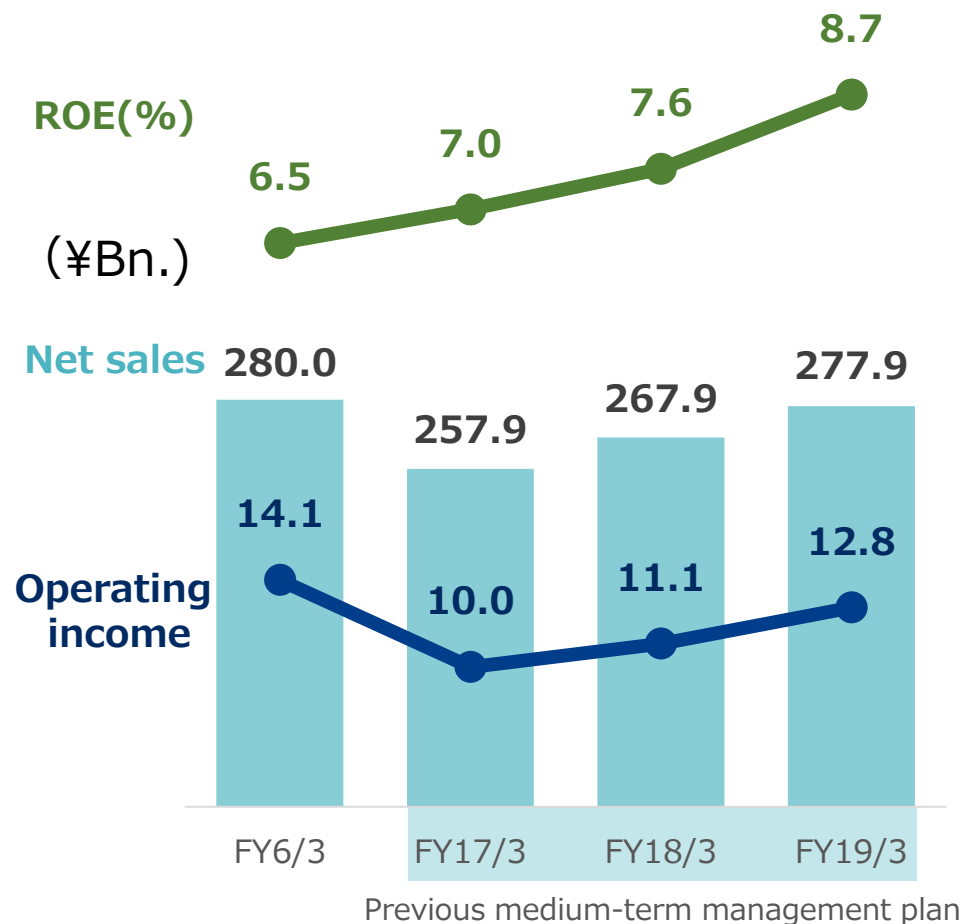
1. Review of the Previous Medium-Term Plan

Review of Previous Medium-Term Plan

Though the targets were not achieved due to a fall in first year of the plan, we got positive results in profitability improvement & strengthening of business bases

Targets (FY19/3)

- Sales: ¥300Bn.
- Operating income: ¥16.5Bn.
- Operating margin: 5.5%
- ROE: 10%



2. Basic Policy & Targets of the New Medium-Term Plan

Positioning of Medium-Term Plan toward Vision for 2030

Vision for 2030

Social
vision to
realize

More comfortable and convenient communications society

Our
future
vision

Communication Service Orchestrator

who produces a new value chain leveraging our strengths,
through collaboration with partners



Changes in
society
/technology

5G, digital, cloud first, SDGs, etc.

Positioning of the medium-term management plan to the FY22/3

Strengthen growth power and earnings power by strengthening the business structure and constitution in anticipation of environmental changes in five and ten years' time.

2019

- Strengthening of competitiveness in existing businesses
- Creation of new businesses and revenue sources
- Renewal of record-high performance

The business environment will change dramatically due to social issues and technological innovations

Opportunities

Threats

Diversification and leveling of earnings opportunities

Digitalization

Changes in the existing SI model

Creation of new business opportunities

5G

Contraction of the construction business

Higher productivity and outsourcing needs of operation at customers

Labor shortage

Securing of human resources and succession of technologies

Accelerating shift to a new business model and strengthening it to keep up with business opportunities provided by digital & 5G

Our Competence

Business creation capabilities

Pioneer of work-style innovation
Usage of technologies by our own practice
Collaboration with various partners

Nationwide business capabilities

Sales, SEs as well as on-site capabilities such as construction
Nationwide support services network (approx. 400 bases)

Technological capabilities & credibility

From social infra. to cutting edge services
Multi-vendor products & services

The “Only 1” position

to provide new technologies promptly as a total service
in the coming Digital & 5G age

Strengthen expertise and competitiveness by enhancing our competence.

Growth Strategies with “NESIC × Digital × 5G” (Overview)

**Digital
solutions**

Nationwide
business
capabilities

Technological
capabilities
& credibility

Business
creation
capabilities

**Business innovation
services**

DX platform

**Cloud shift and cloud SI
(Self practice and modeling)**

5G migration & network virtualization

Local 5G (5G of private networks)

**Automization and BPO
of operation**

**Toward “Communication services
Orchestrator”**

5G infrastructure

Beyond Borders

To go beyond every border and barrier such as market borders, technological barriers, competitive barriers, organizational borders, ability borders or performance borders.

**Move up to a next stage with
“Creation,” “Change” and “Challenge.”**

Management Targets (FY2022/3)

- Make a shift to the top line over the ¥300 bn
- Shift profitability to the industry level (FY22/3 is a check point).

(¥ Bn.)	FY2019/3 Results	FY2022/3 Targets	(Reference) Record-high
Net sales	277.9	310	292.2 (FY2015/3)
Operating income	12.8	20	16.2 (FY2015/3)
(Operating margin)	4.6%	6.5%	5.5% (FY2015/3)
ROE	8.7%	10% or more	9.6% (FY2014/3)

- Strengthening of competitiveness and growth power for the Digital & 5G age
- Strengthening of the base, schemes and structure to create advanced technologies and new businesses
- Acceleration of innovation through All-NESIC



Shifting to sustainable profit growth.

Strengthening of Growth Power

- Started-up DX business & launched advanced services
- Promoted new business schemes/partnership
- Created a foothold for establishing 5G technologies



Strengthening of Competence

- Three Business Units to exert expertise and competitiveness
~ Digital Solutions BU, Network Infra. BU, Engineering & Support Services BU
- Consolidated advanced technologies and business creation functions
~ Business Design Operations Unit

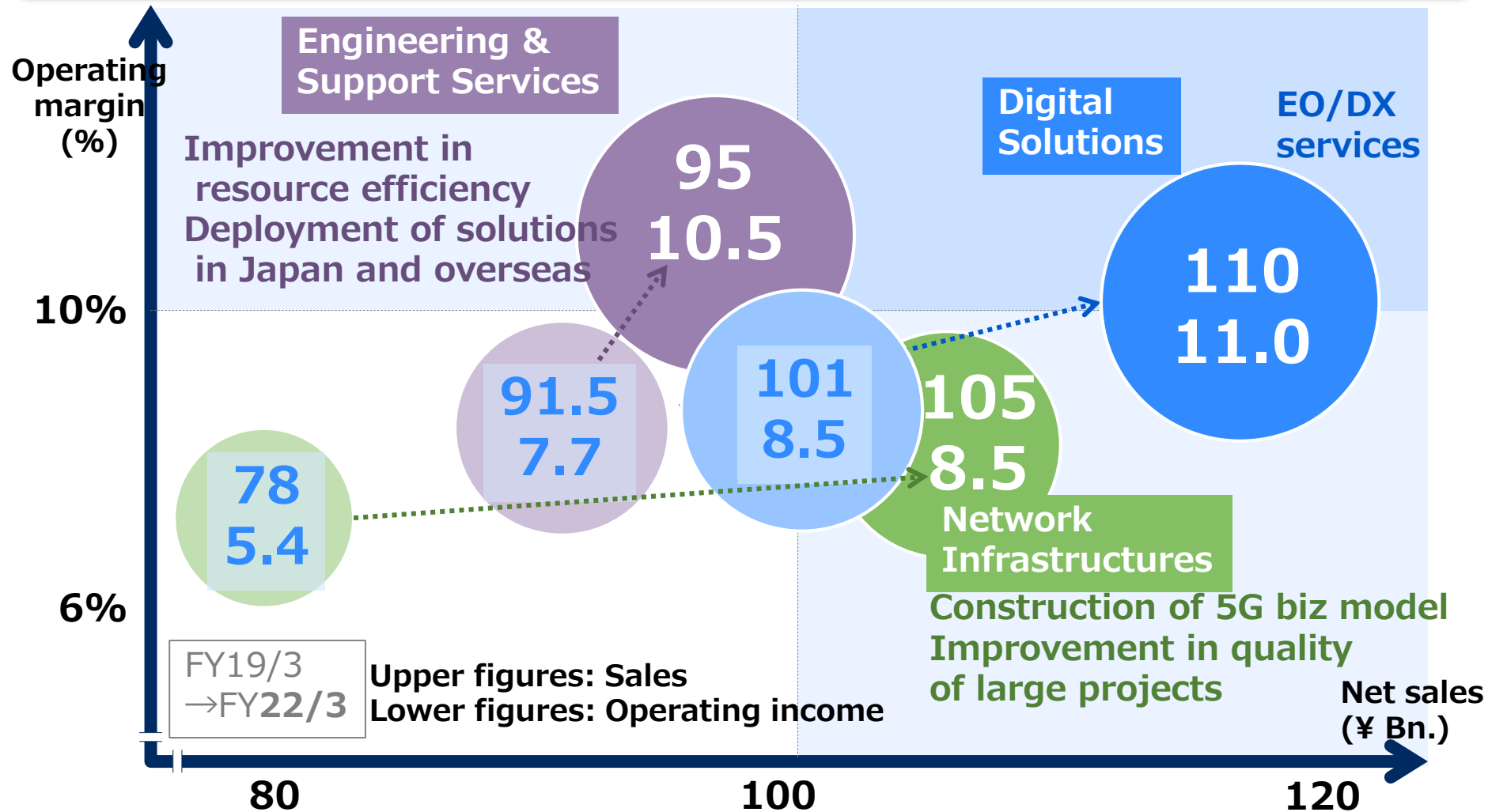
Acceleration of Collaboration with Partners

- Collaboration for business creation with startups
(Discovery of cutting-edge solution & services)
~ Established NESIC CVC (Jan.2018), invested in Sozo Ventures (Apr.2019)
participated in an accelerator in Silicon Valley (May.2019)

3. Strategy by Business Segment

Positioning of Each Segment

Realize profit growth by expanding the top line and improving management efficiency.



Evolution to work-style innovation that “**empowers business**” with EO x DX

Layer of past EO business

Office

Enhanced and empowered by ICT
(contribute to higher productivity
of organizations)

Communication tools

EmpoweredOffice



Empowering Business

NESIC's digital solutions that will
empower business
by taking one step further with DX.

Innovation

Business/process reforms

Communication tools

EmpoweredOffice

Activities
Utilization of DX tech.

Consulting

Cloud collaboration
Image recognition
Behavior analysis, etc.

Tools

Place

Deployment of 5G in All Our Businesses

Base stations

- ✓ Improvement in construction quality
- ✓ Expansion of business field from construction to BPO

Optical transmission

- ✓ Expansion of vendor alliance
- ✓ Response to 5G migration

NW services control platform

- ✓ Virtualization migration
- ✓ Service infrastructure operation business

① Further cultivation of telecom carrier infra.

(Differentiation with multi-layer SI)

5G technologies
& verification

③ Development and commercialization of 5G utilization services

- ✓ DX collaboration
- ✓ Public market (CATV/disaster prevention/smart city)
- ✓ Carrier collaboration business

② Local 5G

- ✓ Local governments
- ✓ Lifeline companies
- ✓ Factories, etc.

Reference 2019 Commencement of 5G pre-service
2020 Commercial service

Autumn 2019 Allocation of frequencies
for local 5G

Enhancement of Engineering and Maintenance Resources

**Further strengthening of basic technologies,
as source of our competitiveness**

**Establishment of a new core base to foster human resources
and strengthen project quality**

Basic Technology Development Center (tentative name)

2020
(planned)

Resource development

PM

SE

Field construction and maintenance engineers

Multi-skilled engineers

**System/technology verification
and evaluation**



Digital Solution

Network infra.

Strengthen project execution
capabilities of all NESIC

**Strengthen project
management resources.**

From 850 people to **1,000**

Further innovation of EmpoweredOffice

- ◆ Verification of DX and cutting-edge technologies
- ◆ Challenge for possibilities of brand new working style

Office realignment
Distributed offices
by function

DX-armed
practice, collaboration

Process &
institutional reforms



Office Realignment (Function Distribution, Multi-Location)

¥2 bn
(FY2020/3)

**Taking on the
challenge for
innovation**

Customers

Startups,
etc.

Innovation Base
(Nihonbashi)



**Creating new business
and promoting collaboration**

Carrying out business activities with new processes
Space for collaboration with customers

Strengthening
technological
and quality capabilities
and developing
human resources to
respond
to the needs of the
times

Service Base
(MSC, sDOC / Kansai sDOC)

Promoting support service businesses

Business promotion functions
Service platforms such as nTOC, SOC and sDOC

Technical Base
(Shin-Kawasaki R&D Center)



**Cultivating Engineers /
Evaluation and Verification**

Education / Training / Development / Evaluation

Business Base
(Tidabashi head office)



Deploying innovation in actual business

Head Office and admi. functions,
Company-wide hub functions

**Change working styles
reforming rules
and processes**

Activity Base
(Around 10 locations in the
Tokyo metropolitan area)

Telework / intensive work
expansion of zero-distance businesses
shared office business

Lastly

NESIC × Digital × 5G

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To the Next Stage of NESIC

Based on the technology and expertise cultivated over many years, we will continue to evolve into the NESIC of a new era.



Cautionary Statement

Forecasts and targets of results mentioned in this document are future estimates and are thus inclusive of risks and uncertain factors since they are not based on definite facts. Please be aware that a variety of factors could cause actual results to differ significantly from those projected. The major factors affecting actual results include the economic climate and social trends surrounding the business of this Company's group, consumer trends vis-a-vis systems and services provided by this Company's group, as well as pressure to lower prices and ability to cope with the market in response to intensified competition.

Factors affecting results are not limited to the ones mentioned above.

* From FY2020/3 business segments will be changed due to reorganization on April 1, 2019. The new segment figures shown in this presentation (FY2019/3 and FY2020/3 forecasts) are numbers for reference by rough reclassification

Re-designing your Communication

NEC Networks & System Integration Corporation is committed to increasing customer value by redesigning future communications from the user's perspective.





NEC Networks & System Integration Corporation

<https://www.nesic.co.jp/english/index.html>