

Financial Results for Q3 Fiscal Year Ending March 31, 2022

January 31, 2022

NEC Corporation

(<https://www.nec.com/en/global/ir/>)

\Orchestrating a brighter world

NEC creates the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

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- Net profit/loss refers to net profit/loss attributable to owners of the parent for the same period.

Q3 Financial Announcement Points

■ Revised FY22/3 forecasts upward to reflect the progress through Q3

- Examined the impact of component shortages to reflect in the FY22/3 forecasts
- Revised adjusted operating profit from 155.0 billion Yen to 160.0 billion Yen

< FY22/3 Forecasts >

(Billions of Yen)

	Before	After	Change
Adjusted Operating Profit	155.0	160.0	(+5.0)
Adjusted Net Profit	90.0	93.0	(+3.0)

I. Financial Results for Q3, FY22/3

Summary of Financial Results for Q3, FY22/3

(Billions of Yen)

	1H <6 months>			Q3 <October to December>			9 months <April to December>		
	FY21/3 Actual	FY22/3 Actual	YoY	FY21/3 Actual	FY22/3 Actual	YoY	FY21/3 Actual	FY22/3 Actual	YoY
Revenue	1,315.0	1,382.8	+ 5.2%	729.4	713.6	- 2.2%	2,044.4	2,096.4	+ 2.5%
Operating Profit	20.0	23.2	+ 3.2	62.4	24.1	- 38.3	82.4	47.3	- 35.1
% to Revenue	1.5%	1.7%		8.6%	3.4%		4.0%	2.3%	
Adjusted Operating Profit	29.0	42.1	+ 13.1	68.0	33.8	- 34.1	97.0	76.0	- 21.1
% to Revenue	2.2%	3.0%		9.3%	4.7%		4.7%	3.6%	
Income before Income Taxes	19.4	25.8	+ 6.4	66.4	23.3	- 43.1	85.8	49.1	- 36.7
Net Profit	11.0	13.3	+ 2.3	43.5	11.6	- 31.9	54.5	24.9	- 29.6
% to Revenue	0.8%	1.0%		6.0%	1.6%		2.7%	1.2%	
Adjusted Net Profit	16.6	26.1	+ 9.5	47.1	18.2	- 28.9	63.7	44.3	- 19.4
% to Revenue	1.3%	1.9%		6.5%	2.6%		3.1%	2.1%	
EBITDA*	89.4	106.5	+ 17.1	82.6	70.6	- 12.0	172.0	177.1	+ 5.1
% to Revenue	6.8%	7.7%		11.3%	9.9%		8.4%	8.4%	
Free Cash Flows	29.7	1.1	- 28.6	- 137.9	- 28.5	+ 109.4	- 108.2	- 27.4	+ 80.7
Note:									
Average Exchange Rates (Yen)	USD / JPY	107.19	109.54	105.15	112.48	106.51	110.52		
	EUR / JPY	120.34	130.83	124.04	130.44	121.57	130.70		

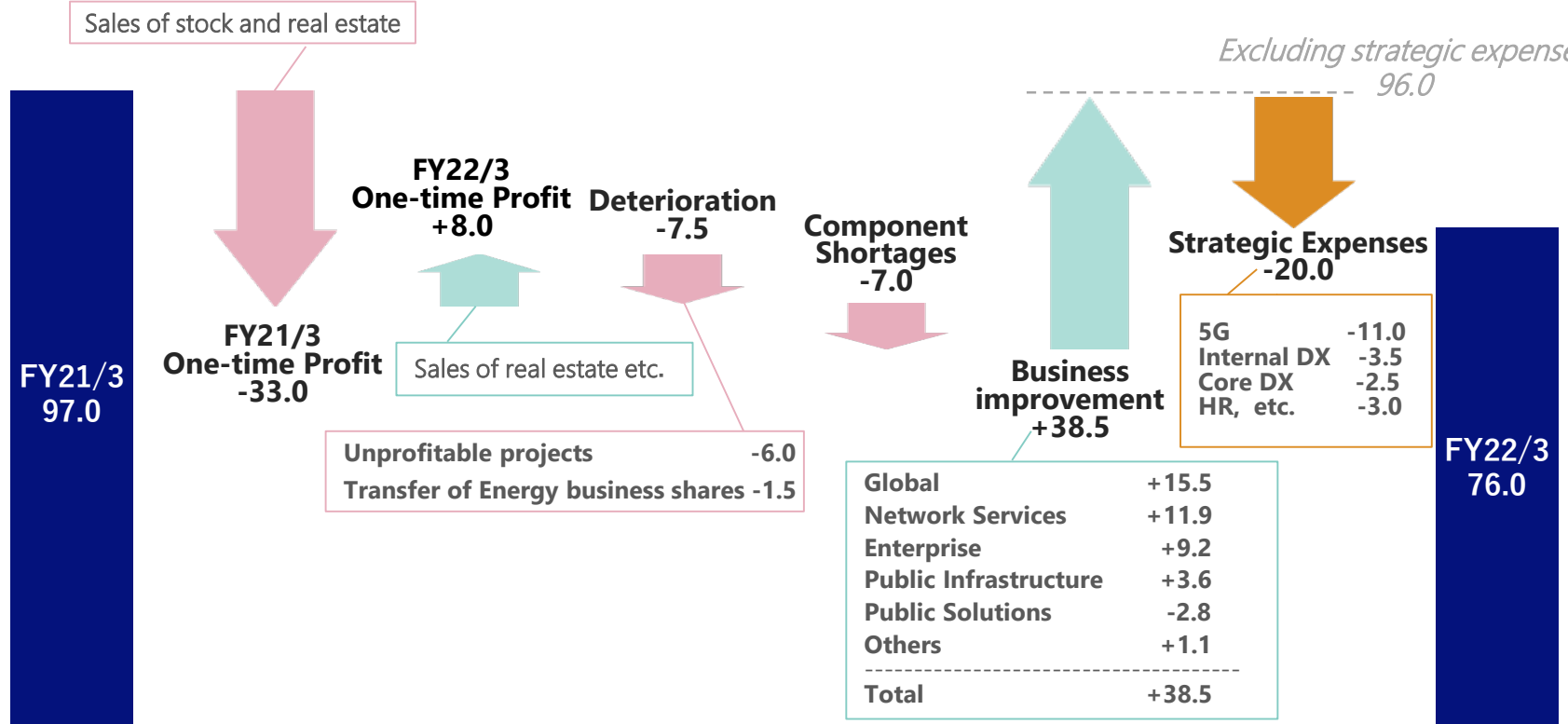
Financial Results by Segment

(Billions of Yen)

		1H <6 months >			Q3 <October to December>			9 months <April to December>		
		FY21/3 Actual	FY22/3 Actual	YoY	FY21/3 Actual	FY22/3 Actual	YoY	FY21/3 Actual	FY22/3 Actual	YoY
Public Solutions	Revenue	177.1	171.8	- 3.0%	97.1	87.7	- 9.7%	274.2	259.5	- 5.3%
	Adjusted Operating Profit	4.6	4.0	- 0.7	6.8	3.7	- 3.1	11.4	7.6	- 3.8
	% to Revenue	2.6%	2.3%		7.0%	4.2%		4.2%	2.9%	
Public Infrastructure	Revenue	281.6	290.8	+ 3.3%	178.9	154.4	- 13.7%	460.5	445.2	- 3.3%
	Adjusted Operating Profit	16.6	20.4	+3.8	18.7	14.5	- 4.2	35.3	34.9	- 0.4
	% to Revenue	5.9%	7.0%		10.5%	9.4%		7.7%	7.8%	
Enterprise	Revenue	238.1	282.2	+ 18.5%	116.3	131.6	+ 13.1%	354.4	413.8	+ 16.7%
	Adjusted Operating Profit	18.0	22.2	+4.2	8.2	12.2	+4.0	26.2	34.4	+8.2
	% to Revenue	7.5%	7.9%		7.1%	9.3%		7.4%	8.3%	
Network Services	Revenue	225.5	225.5	± 0.0%	140.3	124.6	- 11.2%	365.8	350.1	- 4.3%
	Adjusted Operating Profit	6.2	8.4	+2.2	13.7	7.4	- 6.3	19.9	15.8	- 4.1
	% to Revenue	2.7%	3.7%		9.8%	6.0%		5.4%	4.5%	
Global	Revenue	219.3	235.2	+ 7.3%	105.9	119.3	+ 12.7%	325.2	354.5	+ 9.0%
	Adjusted Operating Profit/Loss	- 3.3	12.4	+15.8	11.4	5.7	- 5.7	8.1	18.1	+10.0
	% to Revenue	-1.5%	5.3%		10.8%	4.8%		2.5%	5.1%	
Others	Revenue	173.4	177.3	+ 2.2%	91.0	96.0	+ 5.5%	264.4	273.2	+ 3.4%
	Adjusted Operating Profit/Loss	7.2	- 2.3	- 9.5	2.4	3.7	+1.3	9.6	1.4	- 8.2
	% to Revenue	4.1%	-1.3%		2.7%	3.9%		3.6%	0.5%	
Adjustment	Adjusted Operating Profit/Loss	- 20.2	- 22.9	- 2.8	6.7	- 13.3	- 20.0	- 13.5	- 36.3	- 22.8
Total	Revenue	1,315.0	1,382.8	+ 5.2%	729.4	713.6	- 2.2%	2,044.4	2,096.4	+ 2.5%
	Adjusted Operating Profit	29.0	42.1	+13.1	68.0	33.8	- 34.1	97.0	76.0	- 21.1
	% to Revenue	2.2%	3.0%		9.3%	4.7%		4.7%	3.6%	

Adjusted Operating Profit Change (Year on Year)


(Billions of Yen)



NEC Order Trends (Nine Month Results) YoY

- ◆ IT Services: Increased by 2% due to corporate demand increase
*Excluding GIGA School Project demand
- ◆ 5G Business: Maintained high level due to 5G base station demand

Public Solutions

YoY
-3%  : Decreased for firefighting and disaster prevention, despite an increase for public and healthcare

Public Infrastructure

*Excluding Japan Aviation
Electronics Industry (JAE)

+1%  : Steady for national defense
*excluding GIGA school project

Enterprise

*Excluding NEC Facilities Ltd.

+7%  : Steady for finance, manufacturing and retail and service industries

Network Services

-1%  : Demand expanded for 5G base stations, although passed its peak for large projects of fixed wired networks

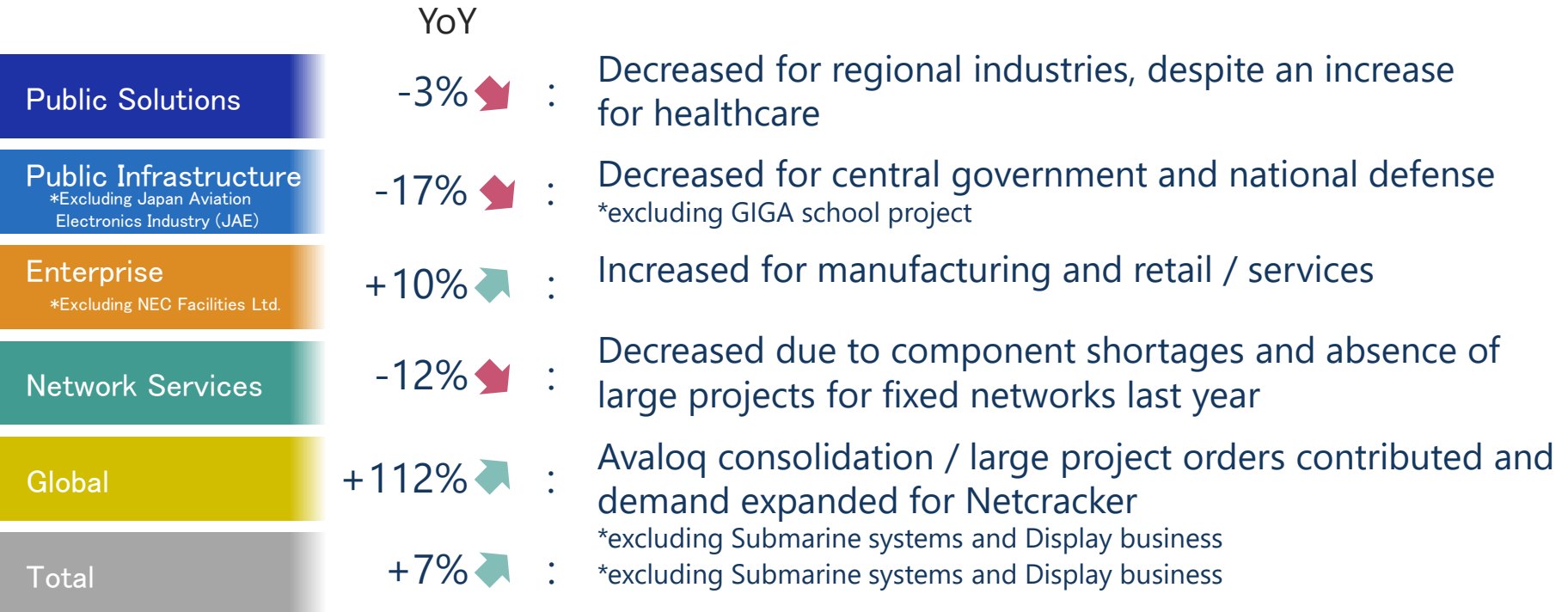
Global

+32%  : Avaloq consolidation contributed and demand expanded for Netcracker
*excluding Submarine systems and Display business

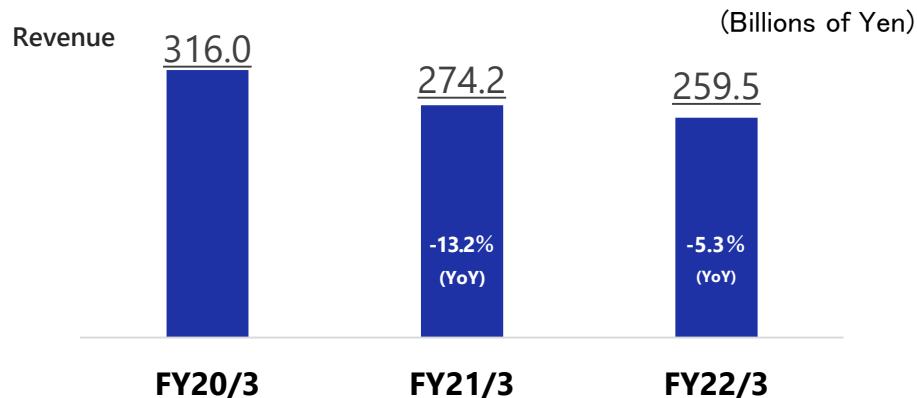
Total

+4%  : *excluding Submarine systems and Display business

NEC Order Trends (Q3) YoY

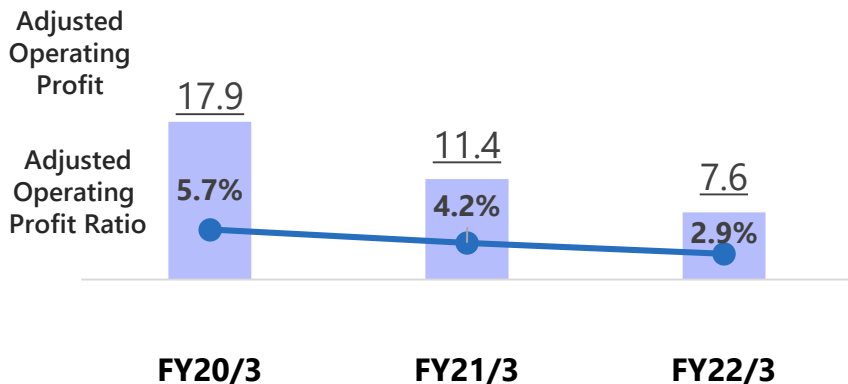


Public Solutions Business



Revenue 259.5 (-5.3%)

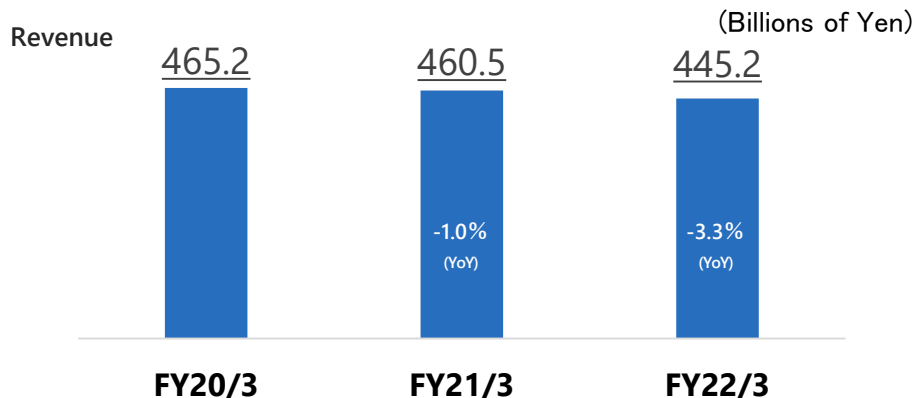
- Decreased in business for firefighting / disaster prevention and regional industries



Adjusted Operating Profit 7.6 (-3.8)

- Decreased due mainly to decreased revenue

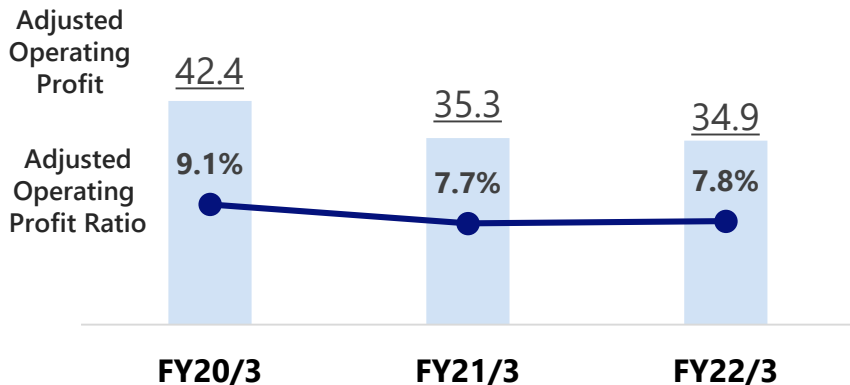
Public Infrastructure Business



Revenue 445.2 (-3.3%)

- Decreased due to reversal impact from special PC demand from GIGA school projects last year
- Sales in a consolidated subsidiary* increased

* Japan Aviation Electronics Industry (JAE)

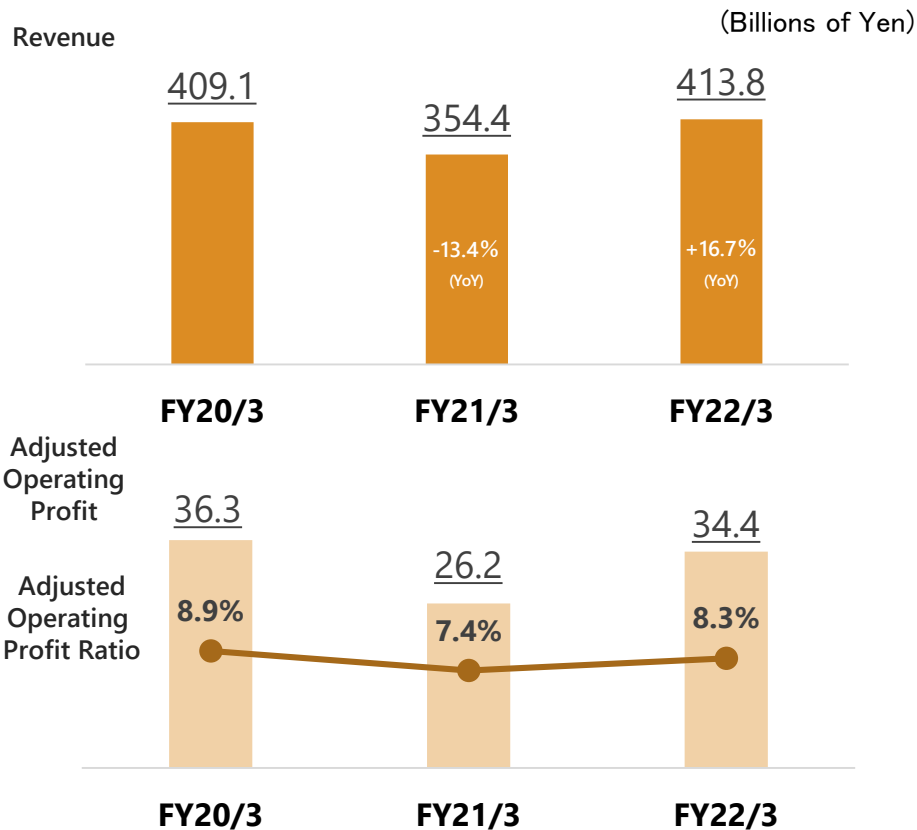


Adjusted Operating Profit 34.9 (-0.4)

- Same level as the previous year as unprofitable projects occurred although profit in a consolidated subsidiary* increased

* Japan Aviation Electronics Industry (JAE)

Enterprise Business



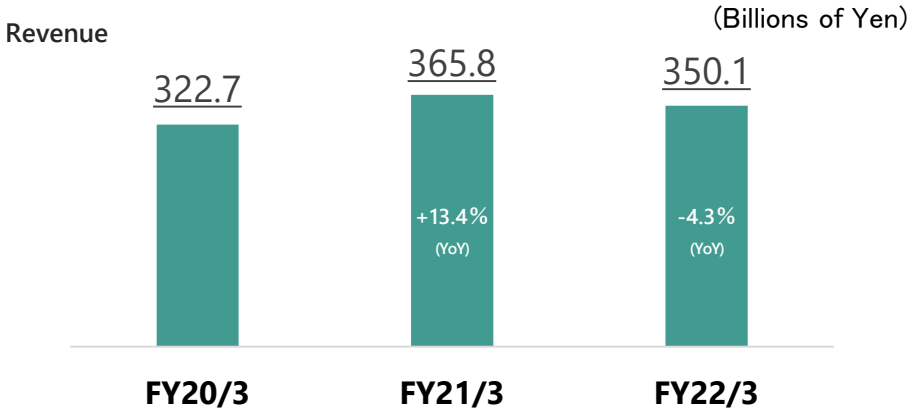
Revenue 413.8 (+16.7%)

- Increased sales for all domains

Adjusted Operating Profit 34.4 (+8.2)

- Increased due to revenue increase

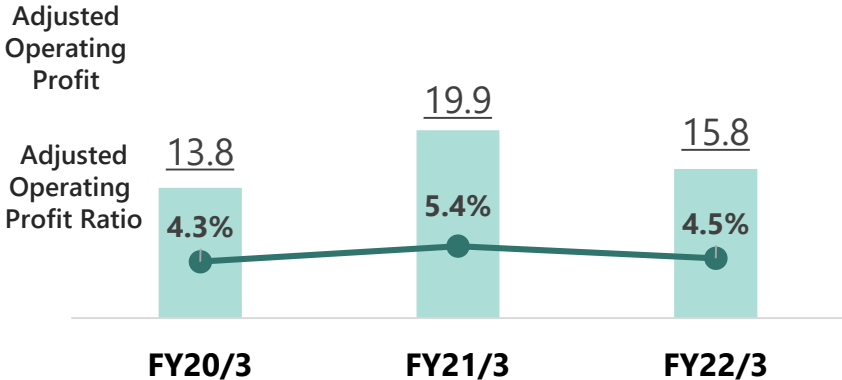
Network Services Business



Revenue 350.1 (-4.3%)

- Increased in domestic 5G business despite the impact of component shortages
- Sales in a consolidated subsidiary* decreased

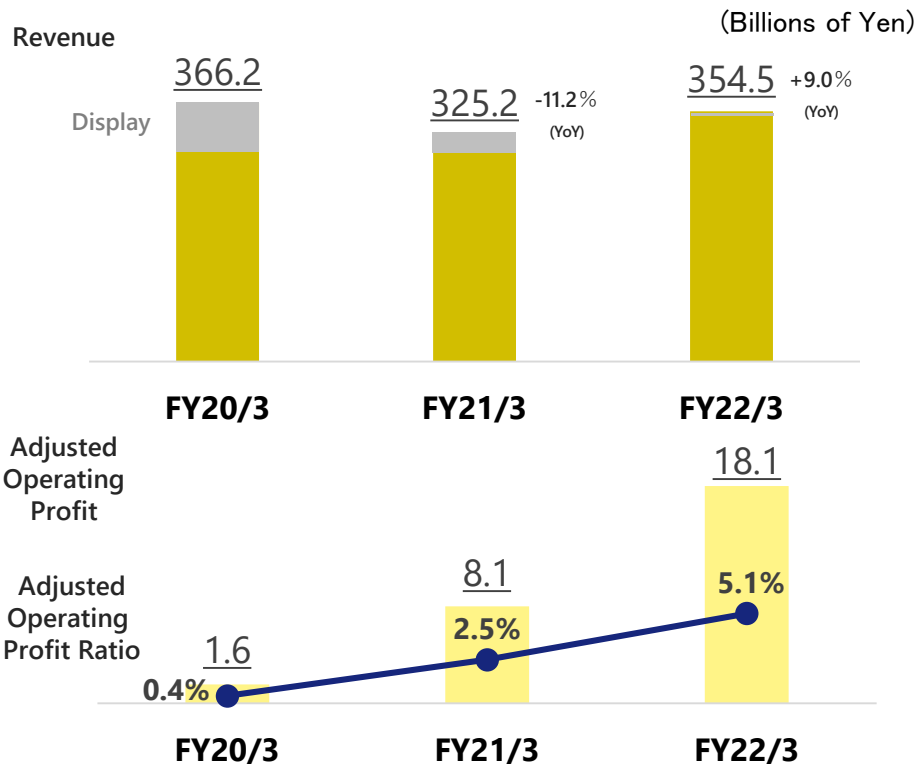
* NEC Networks & System Integration Corporation



Adjusted Operating Profit 15.8 (-4.1)

- Decreased due to an increase in strategic expenses for global 5G deployment

Global Business



Revenue 354.5 (+9.0%)

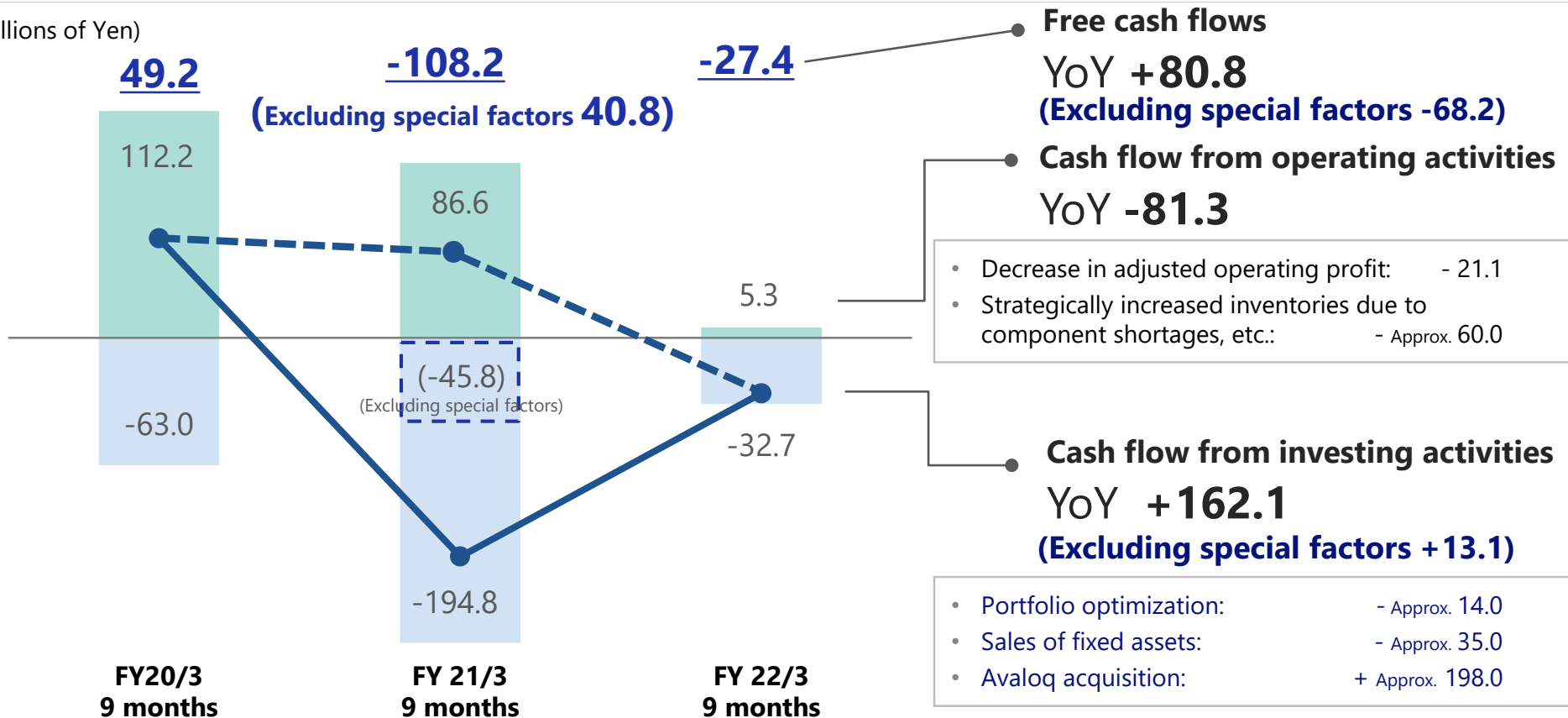
- Increased mainly in Digital Government / Digital Finance (DG/DF) areas

Adjusted Operating Profit 18.1 (+10.0)

- Increased as a result of portfolio optimization and revenue increase

Free Cash Flows

(Billions of Yen)



II. Financial Forecasts for FY22/3

Financial Forecasts Summary

■ FY22/3 forecasts revised upward

(Billions of Yen)

	Full Year			Change from Previous Forecasts
	FY21/3 Actual	FY22/3 Forecasts	YoY	
Revenue	2,994.0	3,000.0	+ 0.2%	-
Operating Profit	153.8	125.0	- 28.8	+ 5.0
% to Revenue	5.1%	4.2%		
Adjusted Operating Profit	178.2	160.0	- 18.2	+ 5.0
% to Revenue	6.0%	5.3%		
Net Profit	149.6	70.0	- 79.6	+ 3.0
% to Revenue	5.0%	2.3%		
Adjusted Net Profit	165.4	93.0	- 72.4	+ 3.0
% to Revenue	5.5%	3.1%		
EBITDA*	295.8	305.0	+ 9.2	+ 5.0
% to Revenue	9.9%	10.2%		
Free Cash Flows	152.4	100.0	- 52.4	- 30.0
Note: Average Exchange Rates (Yen)	USD / JPY	105.96	105.00	
	EUR / JPY	122.84	125.00	
Dividend per Share (Yen)	90	100	+ 10	-

		Full year			Change from Previous Forecasts
		FY21/3 Actual	FY22/3 Forecasts	YoY	
Public Solutions	Revenue	425.1	415.0	- 2.4%	-
	Adjusted Operating Profit	39.4	31.0	- 8.4	-
	% to Revenue	9.3%	7.5%		
Public Infrastructure	Revenue	692.9	660.0	- 4.7%	-
	Adjusted Operating Profit	59.4	62.0	+ 2.6	-
	% to Revenue	8.6%	9.4%		
Enterprise	Revenue	503.1	550.0	+ 9.3%	-
	Adjusted Operating Profit	48.2	53.0	+4.8	-
	% to Revenue	9.6%	9.6%		
Network Services	Revenue	538.8	555.0	+ 3.0%	-
	Adjusted Operating Profit	41.2	35.0	- 6.2	-
	% to Revenue	7.6%	6.3%		
Global	Revenue	450.0	460.0	+ 2.2%	-
	Adjusted Operating Profit	7.5	22.0	+14.5	-
	% to Revenue	1.7%	4.8%		
Others	Revenue	384.2	360.0	- 6.3%	-
	Adjusted Operating Profit	7.7	0.0	- 7.7	-
	% to Revenue	2.0%	0.0%		
Adjustment	Adjusted Operating Profit/Loss	- 25.1	- 43.0	- 17.9	+ 5.0
Total	Revenue	2,994.0	3,000.0	+ 0.2%	-
	Adjusted Operating Profit	178.2	160.0	- 18.2	+ 5.0
	% to Revenue	6.0%	5.3%		

* EBITDA = Gross Profit – SG&A + Depreciation and Amortization

* Forecasts as of January 31, 2022

Countermeasures for Component Procurement Risks

- The impact by component shortages mainly in semiconductors of 8.0 billion Yen has been reflected in adjusted operating profit in the FY22/3 forecast of 160.0 billion Yen
 - Aim to minimize impact of 27.0 billion Yen (*1) in adjusted operating profit in the FY22/3 forecast by implementing countermeasures such as cost controls / enhancing efficiencies, in addition to switching to alternative components, design changes suitable for alternative materials and optimizing sales prices (Adjusted operating profit: +19.0 billion Yen *2)

		Operating profit
Negative impact	(*1)	-27.0
Countermeasures	(*2)	+19.0
Net	(*1+*2)	-8.0

III. Progress of Growth Businesses

Global 5G

Japan

- Although shipment delays will occur in FY22/3 due to component shortage, there are no changes to mid- to long-term forecasts

International

- Demand is brisk from international customers
- Shipments of 5G equipment begin in FY23/3, contributes to margin increase along with increased sales

- Signed an agreement to acquire Blue Danube Systems, Inc., a U.S.-based provider of radio units of base stations and control software

Digital Government / Digital Finance, Core DX

DG/DF

- On track to annual target as planned
- Promoting to improve profitability by generating synergies and off-shore development
- Avaloq's order in good shape (in Europe and Asia)

Core DX

- On track to annual target as consulting businesses and common platforms are steadily expanding
- Enhancing to promote DX offerings and expand business by consolidating resources into Digital Business Platform Unit in April, 2022.

Organizational Changes to Achieve the Mid-term Management Plan 2025

Organization aims to be

- ◆ Business operations to be more agile and speedy based on decisions made close to market level
- ◆ Accelerate business growth by dynamic and flexible resource allocation
- ◆ Promote the enhanced performance and growth of diversified human resources
- ◆ Accelerate value creation with a system that respects professional human resources who perform to their fullest



Transformation in April 2022

1. Integration of departments
Reorganize to reduce the number of business divisions by two-thirds
2. Flatten the hierarchy
From current 8 levels to 6
3. Flexible organizational design
4. Empower, clarify and enhance responsibilities

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IV. Financial Results for the 9 Months ended December 2021 (Appendix)

NEC Order Trends (Including Hardware)

(YoY)	FY21/3				FY22/3				Comment
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	9 months	
Public Solutions	-31%	-12%	-5%	+16%	+4%	-9%	-3%	-3%	
Public Infrastructure *Excluding Japan Aviation Electronics Industry (JAE)	+9%	+41%	+20%	-12%	-4%	-7%	-28%	-11%	+1%, excluding GIGA school project
Enterprise *Excluding NEC Facilities Ltd.	-22%	-15%	-2%	+8%	+10%	+2%	+10%	+7%	
Network Services	+1%	+26%	+48%	-6%	+19%	-5%	-12%	-1%	
Global	+75%	+38%	-27%	-32%	-47%	-7%	+94%	-4%	+32%, excluding Submarine systems and Display business
Total	-5%	+10%	+5%	-2%	-2%	-5%	+6%	-1%	+4%, excluding Submarine systems and Display business
Ref.) Hardware*	-36%	-8%	-1%	-1%	+13%	-12%	-15%	-6%	

Adjustments to Operating Profit

(Billions of Yen)

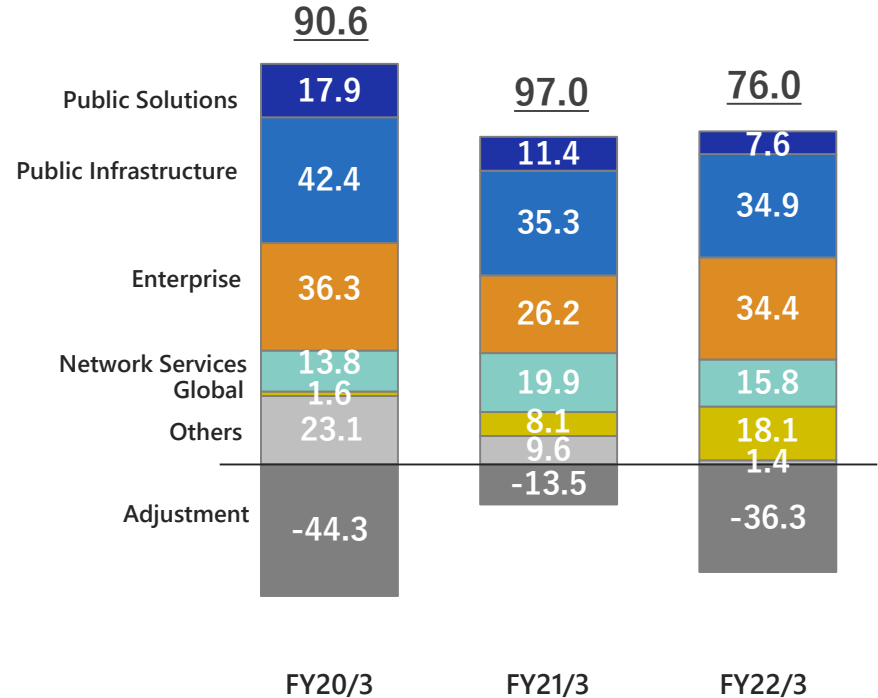
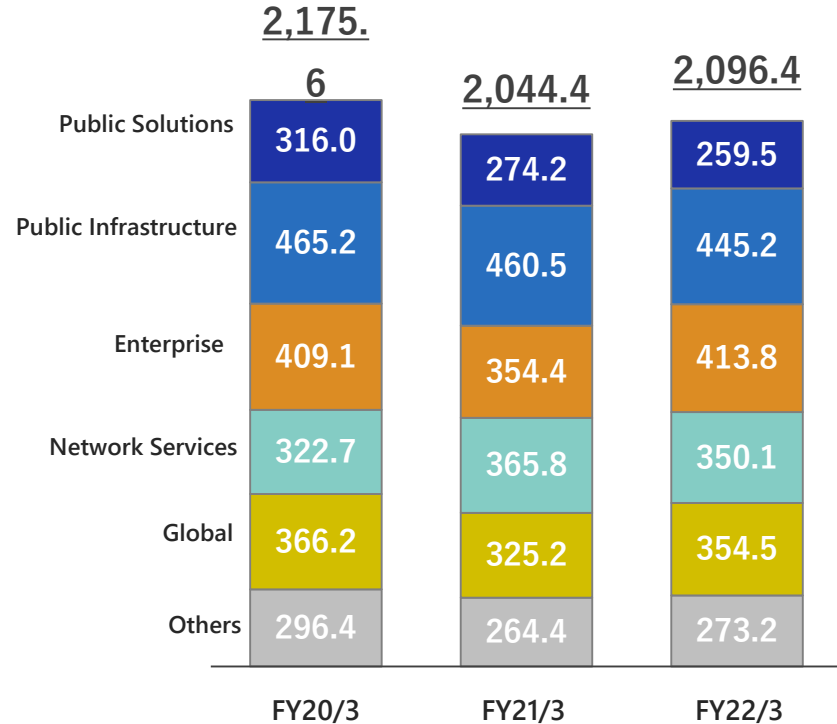
	FY20/3			FY21/3			FY22/3			YoY	YoY	YoY
	1H	Q3	9 months	1H	Q3	9 months	1H	Q3	9 months	1H	Q3	9 months
Operating Profit	46.9	31.1	77.9	20.0	62.4	82.4	23.2	24.1	47.3	+ 3.2	- 38.3	- 35.1
Adjusted items	8.5	4.2	12.7	9.1	5.6	14.6	18.9	9.8	28.7	+ 9.8	+ 4.2	+ 14.1
Amortization of intangible assets through acquisition	8.3	4.2	12.5	9.1	4.7	13.7	18.8	9.5	28.3			
M&A related expenses	0.2	0.0	0.2	0.0	0.9	0.9	0.1	0.2	0.4			
Adjusted Operating Profit	55.4	35.3	90.6	29.0	68.0	97.0	42.1	33.8	76.0	+ 13.1	- 34.1	- 21.1

Financial Results by Segment (three-year transition)

Revenue

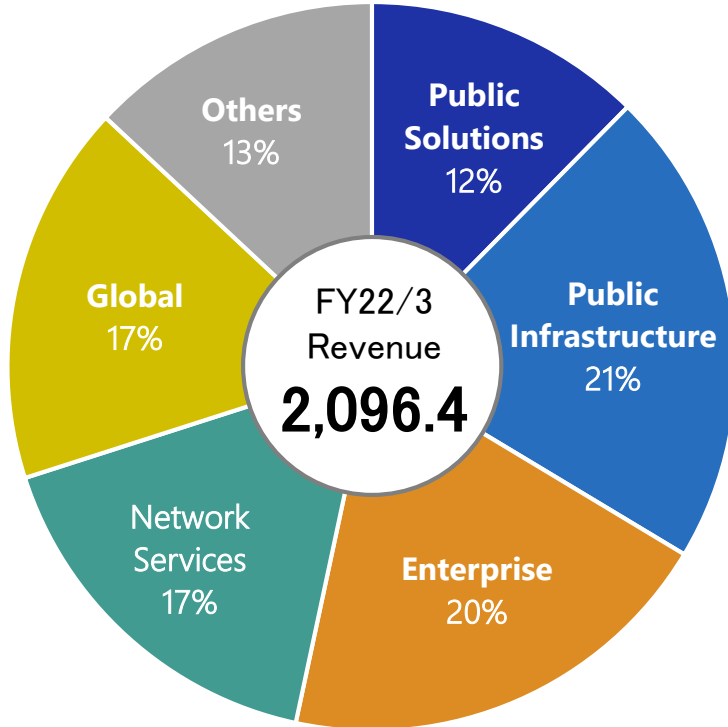
Adjusted Operating Profit / Loss

(Billions of Yen)



Financial Results by Segment

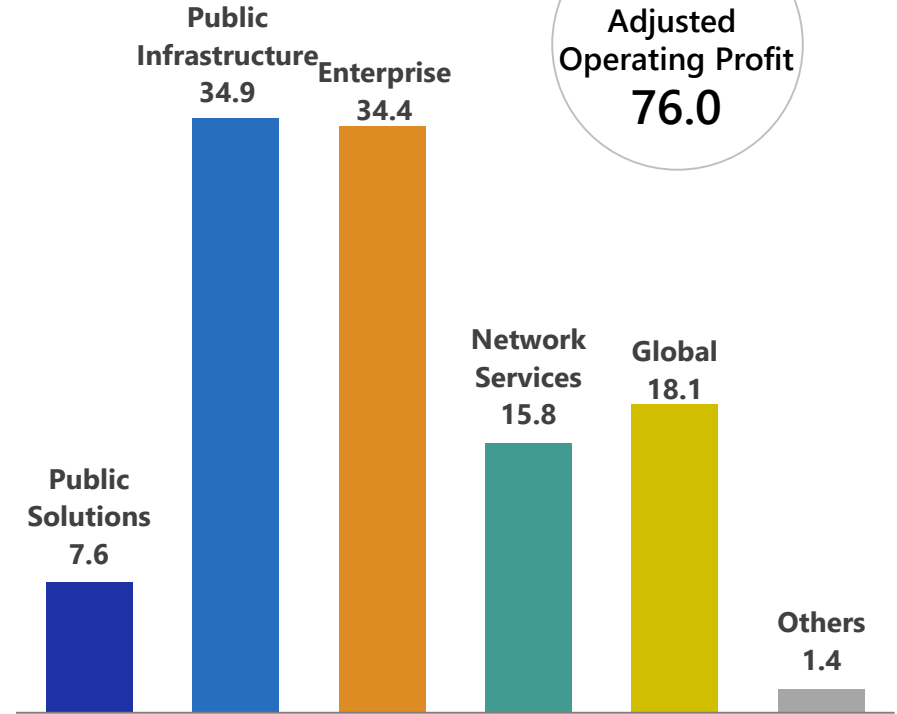
Revenue



Adjusted Operating Profit

(Billions of Yen)

FY22/3
Adjusted
Operating Profit
76.0



Global Business Status

Revenue

366.2

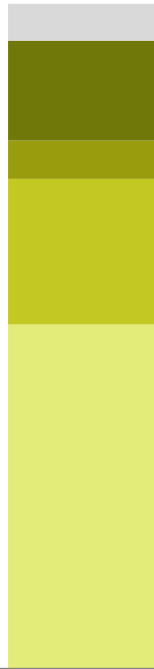


(Billions of Yen)

325.2



354.5



Display, Energy and Others
Submarine Systems
Wireless Backhaul
Service Provider
Digital Government/
Digital Finance

◆ Digital Government / Digital Finance

- Increased due to new consolidation of Avaloq
- Expansion of KMD's data utilization business

◆ Service Provider

Increased along with strong demand

◆ Wireless Backhaul

Increased along with market recovery in India, etc.

◆ Submarine Systems

Slight decrease of revenue due to project mix fluctuations

◆ Display, Energy and Others

Deconsolidation of Display business

FY20/3

FY21/3

FY22/3

International Revenue

(Billions of Yen)

International Revenue Ratio

25.6%

25.0%

26.2%

556.8

510.3

549.1

124.1

95.5

92.5

169.8

158.6

208.6

262.9

256.2

248.0

FY20/3
9 months

FY21/3
9 months

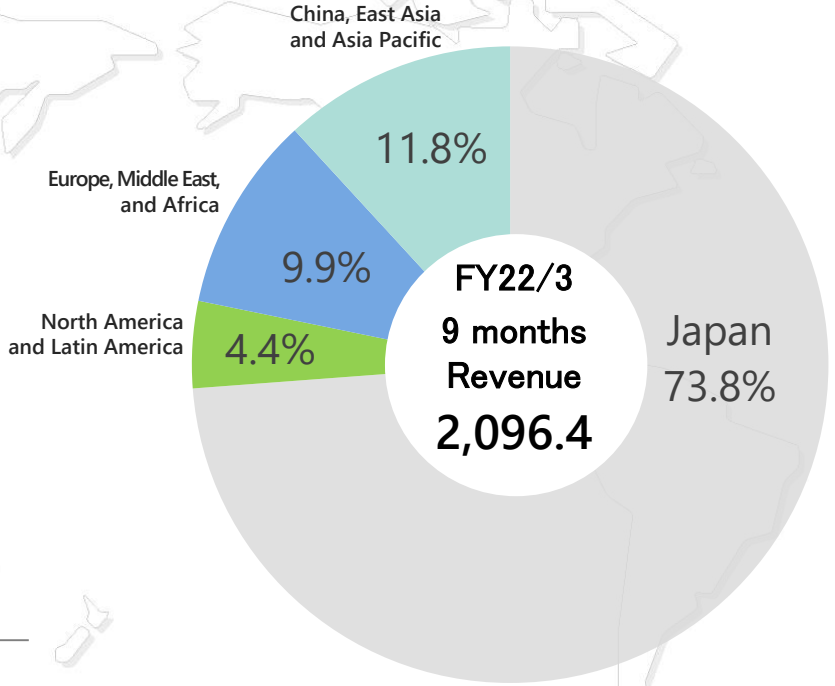
FY22/3
9 months

North America and Latin America

Europe, Middle East, and Africa

China, East Asia and Asia Pacific

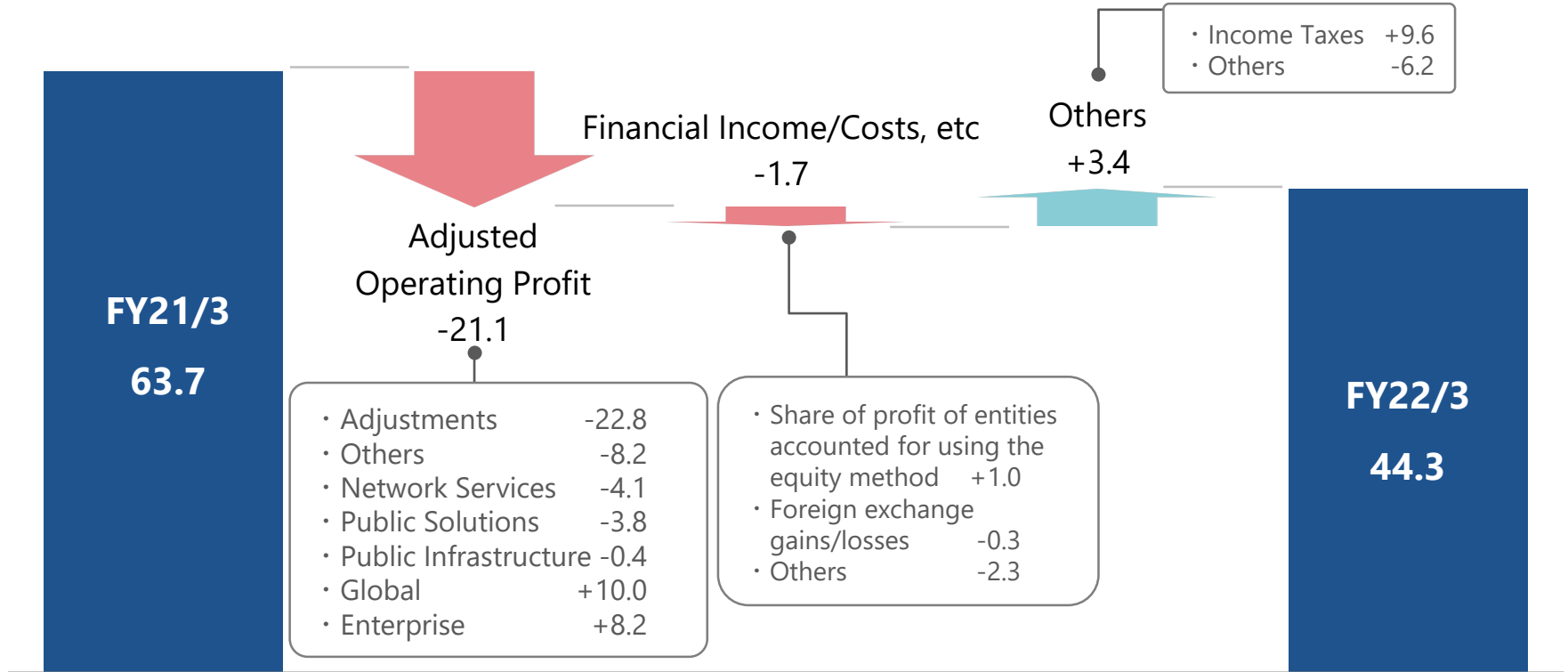
Revenue by Region (Billions of Yen)



* Revenue, based on the location of customers, are classified by country or region.

Adjusted Net Profit Change (Year on Year)

(Billions of Yen)



Statements of Financial Position (As of December 31, 2021)

(Billions of Yen)

Compared to end of March 2021

Current Assets
1,735.6

- Decreased due to the collection of trade and other receivables, etc.
- Strategically increased inventories due to component shortages, etc.

-125.2

- Decreased due to the depreciation

-14.6

Liabilities
1,937.8

- Decreased in trade and other payables
- Decrease in accruals from bonus payments

-169.0

- Increased due to the increase of Other components of equity

+29.1

Total Assets
3,528.7

(-139.8 compared to end of March 2021)

Equity
1,590.9

Non-current Assets
1,793.1

Financial Position Data

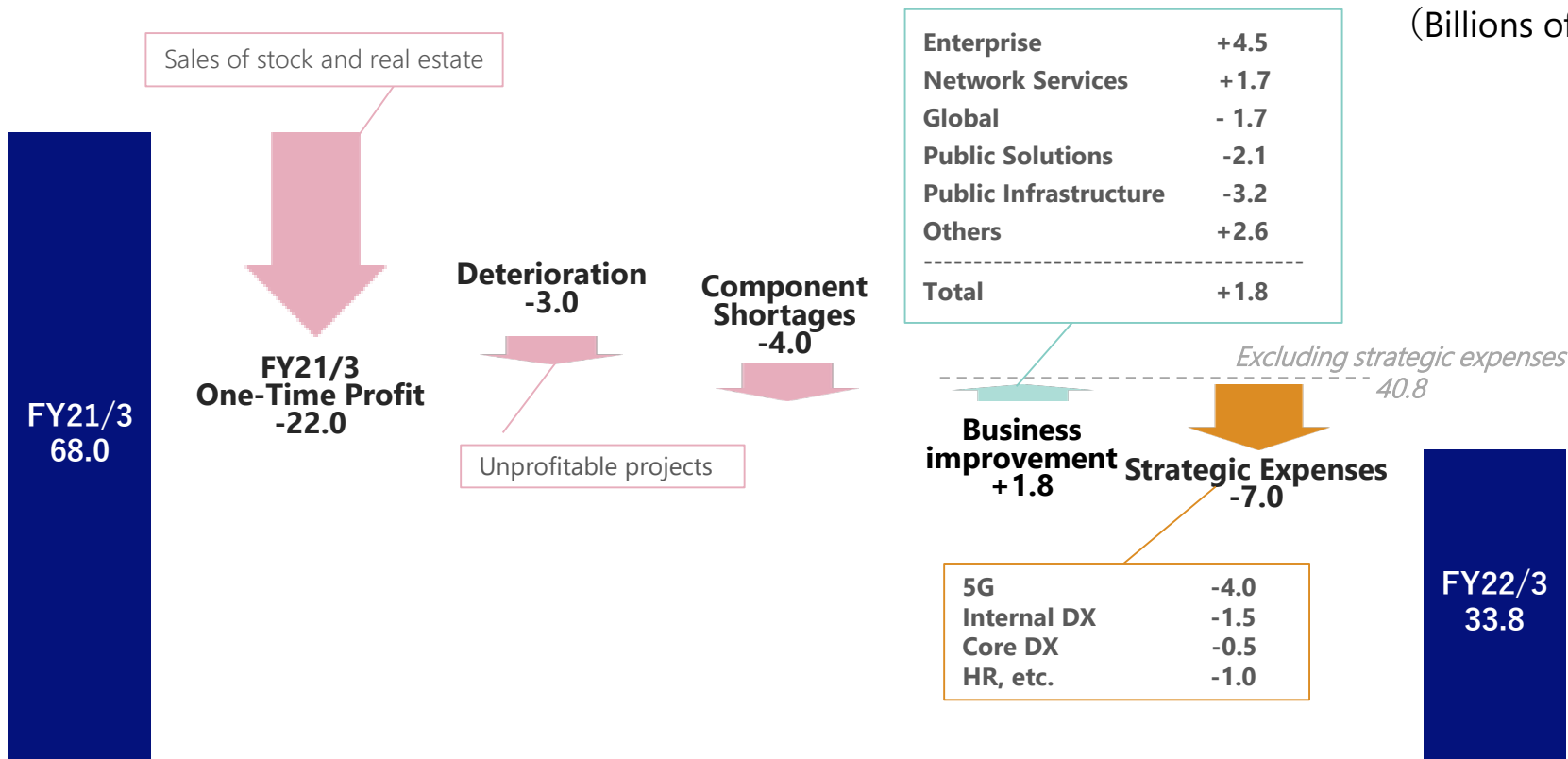
(Billions of Yen)

	End of March 2021	End of December 2021	Variance from end of March 2021
Total assets	3,668.6	3,528.7	- 139.8
Total equity	1,561.8	1,590.9	+ 29.1
Interest-bearing debt	702.9	688.9	- 14.0
Equity attributable to owners of the parent	1,308.2	1,331.2	+ 23.1
Ratio of equity attributable to owners of the parent (%)	35.7%	37.7%	+2.1%
D/E ratio (times)	0.54	0.52	+ 0.02pt
Net D/E ratio (times)	0.14	0.21	- 0.07pt
Cash and cash equivalents	523.3	413.9	- 109.5

V. Financial Results for Q3, FY22/3 (Appendix)

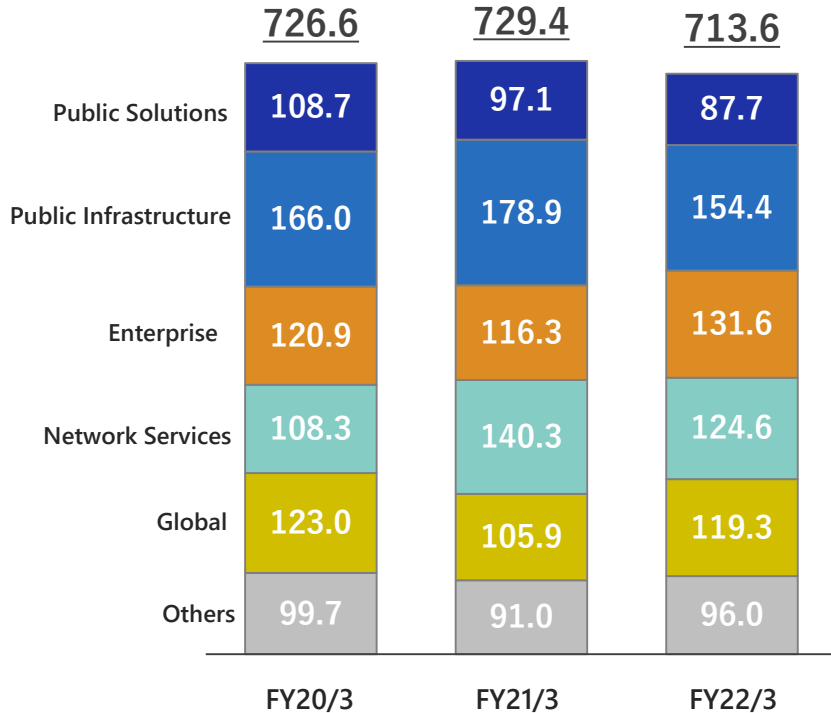
Adjusted Operating Profit Change (Year on Year)

(Billions of Yen)



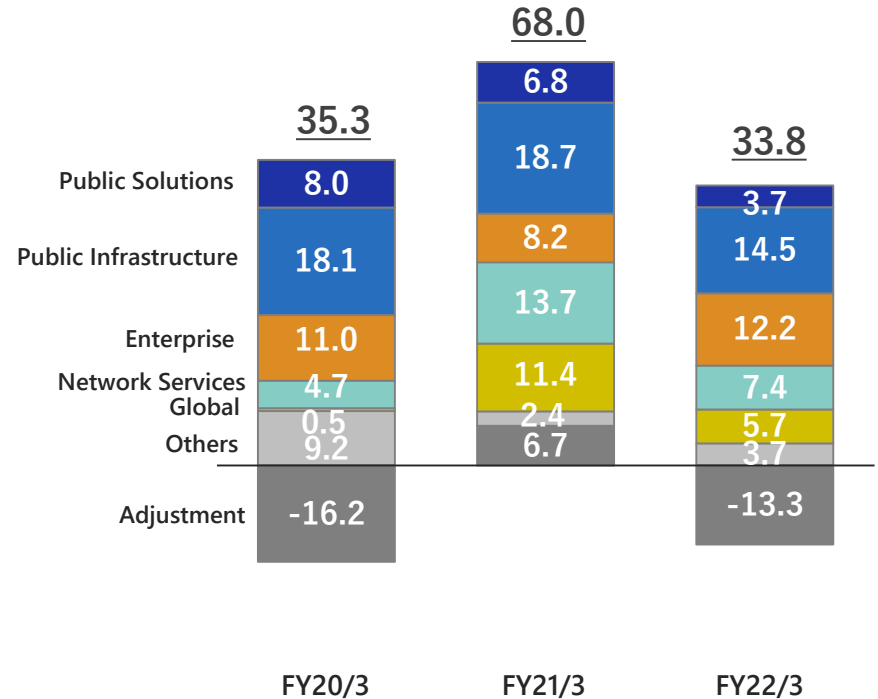
Financial Results by Segment (three-year transition)

Revenue



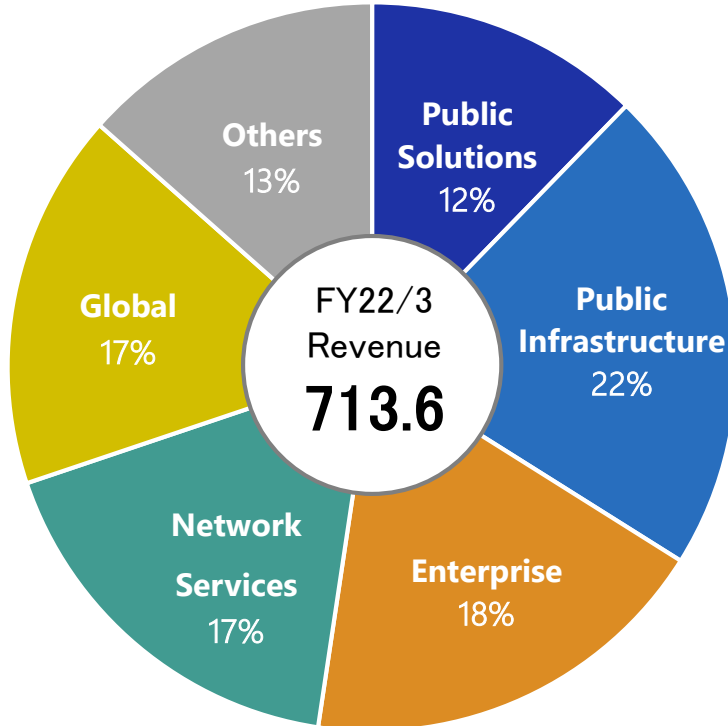
Adjusted Operating Profit / Loss

(Billions of Yen)



Financial Results by Segment

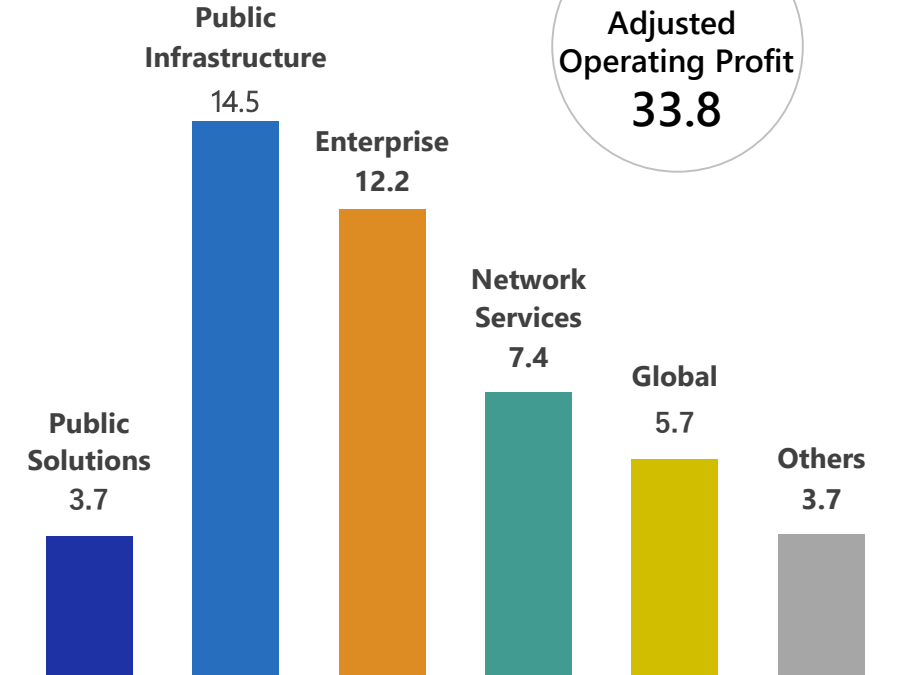
Revenue



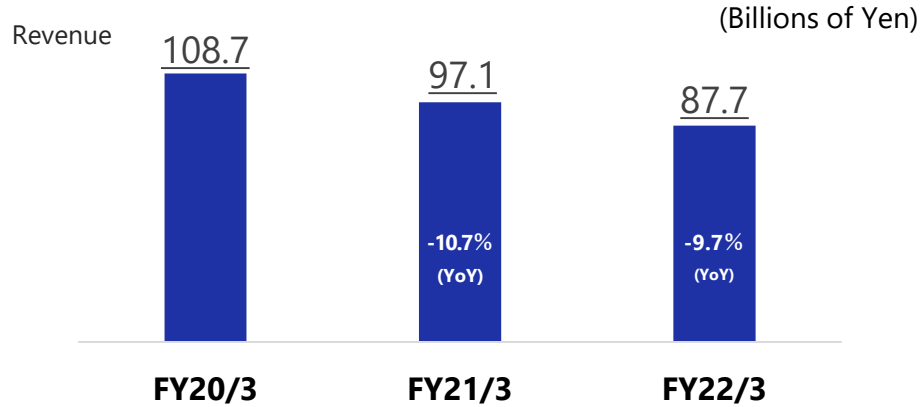
Adjusted Operating Profit

(Billions of Yen)

FY22/3
Adjusted
Operating Profit
33.8

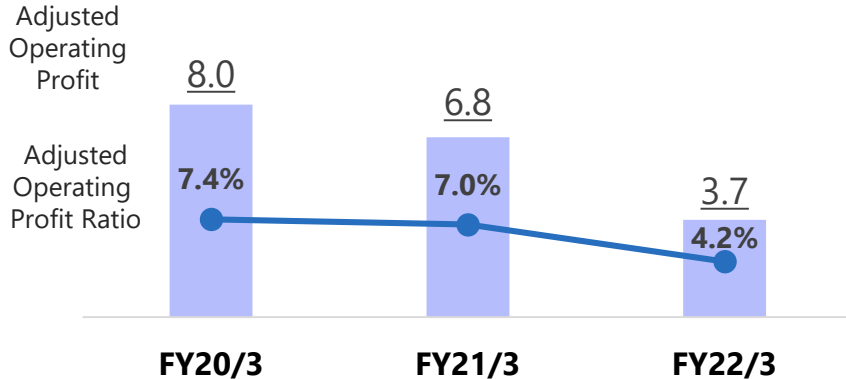


Public Solutions Business



Revenue 87.7 (-9.7%)

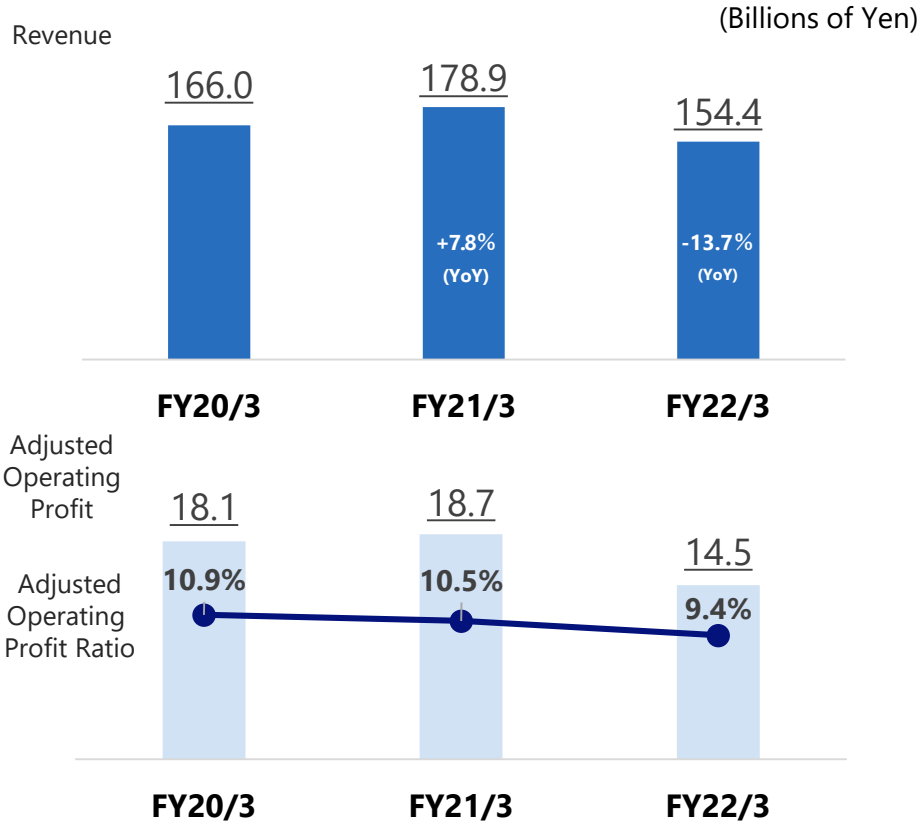
- Decreased in business for firefighting / disaster prevention and regional industries



Adjusted Operating Profit 3.7 (-3.1)

- Decreased due to decreased revenue

Public Infrastructure Business



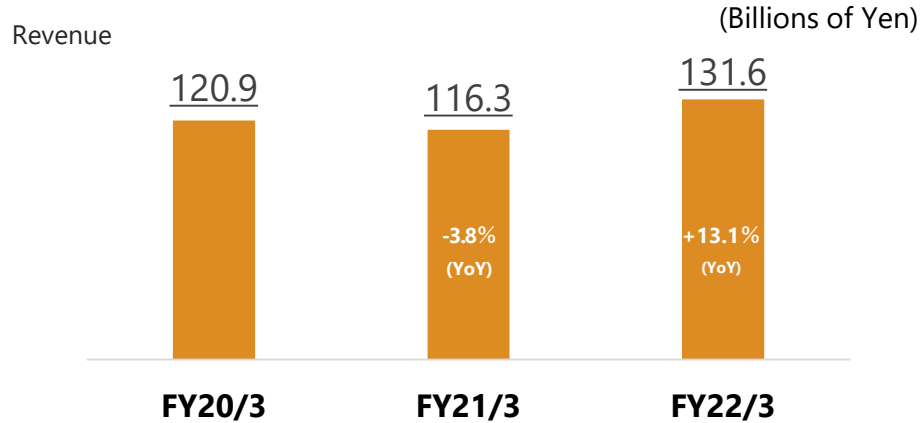
Revenue 154.4 (-13.7%)

- Decreased due to the reversal impact of special demand last year and a decrease of revenue for broadcasting and media

Adjusted Operating Profit 14.5 (-4.2)

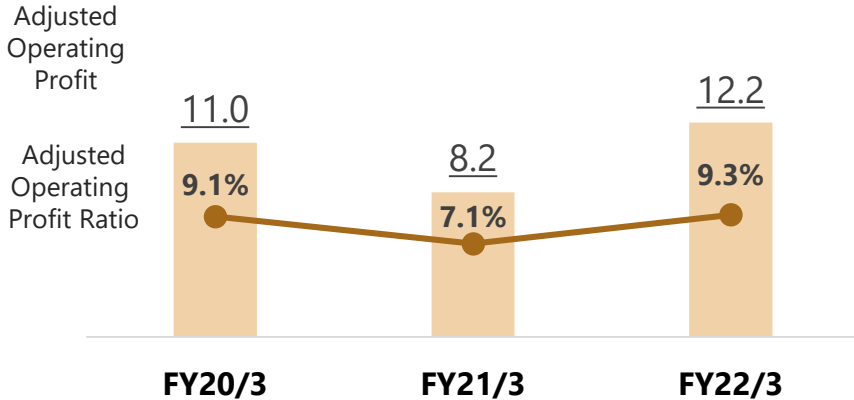
- Decreased due to decreased revenue

Enterprise Business



Revenue 131.6 (+13.1%)

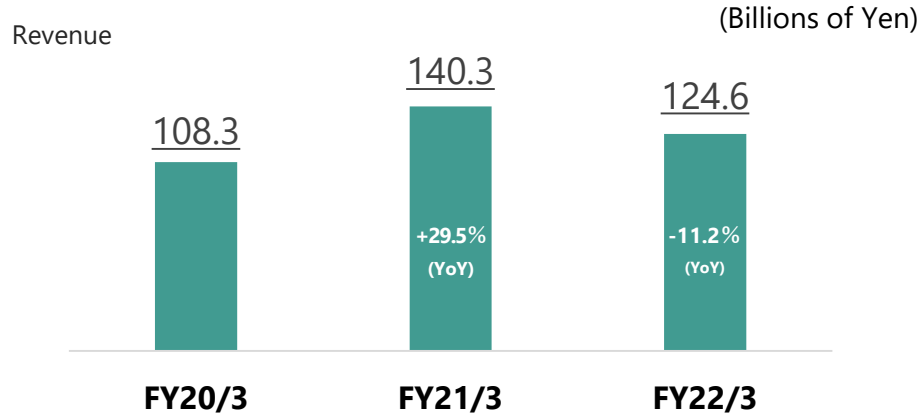
- Increased sales for manufacturing and retail / services



Adjusted Operating Profit 12.2 (+4.0)

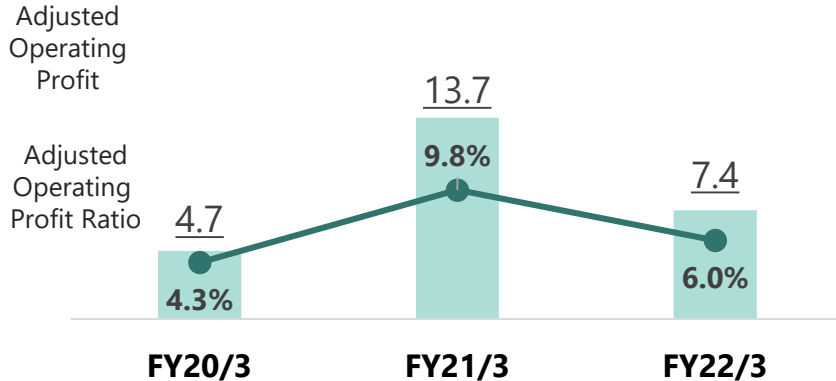
- Increased due to increased revenue

Network Services Business



Revenue 124.6 (-11.2%)

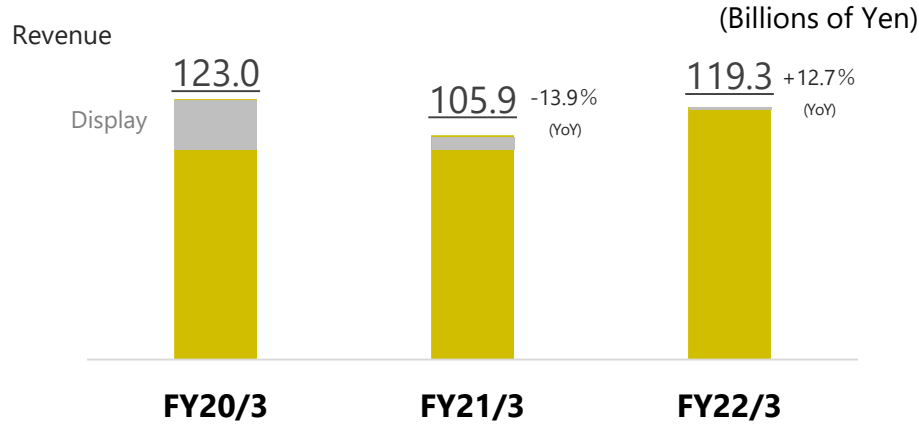
- 5G business remained same level as the previous year due to component shortages
- Fixed networks business decreased from a high level of last year, due partly to component shortages



Adjusted Operating Profit 7.4 (-6.3)

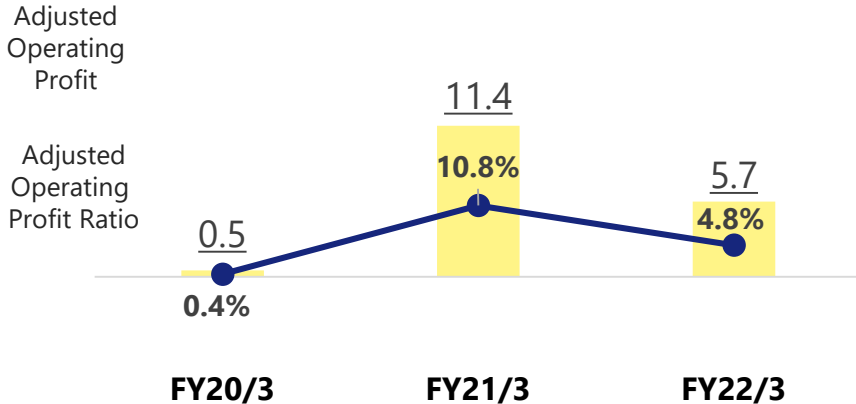
- Decreased due to an increase in strategic expenses for global 5G deployment and decreased revenue

Global Business



Revenue 119.3 (+12.7%)

- Increased mainly in Digital Government / Digital Finance (DG/DF) areas



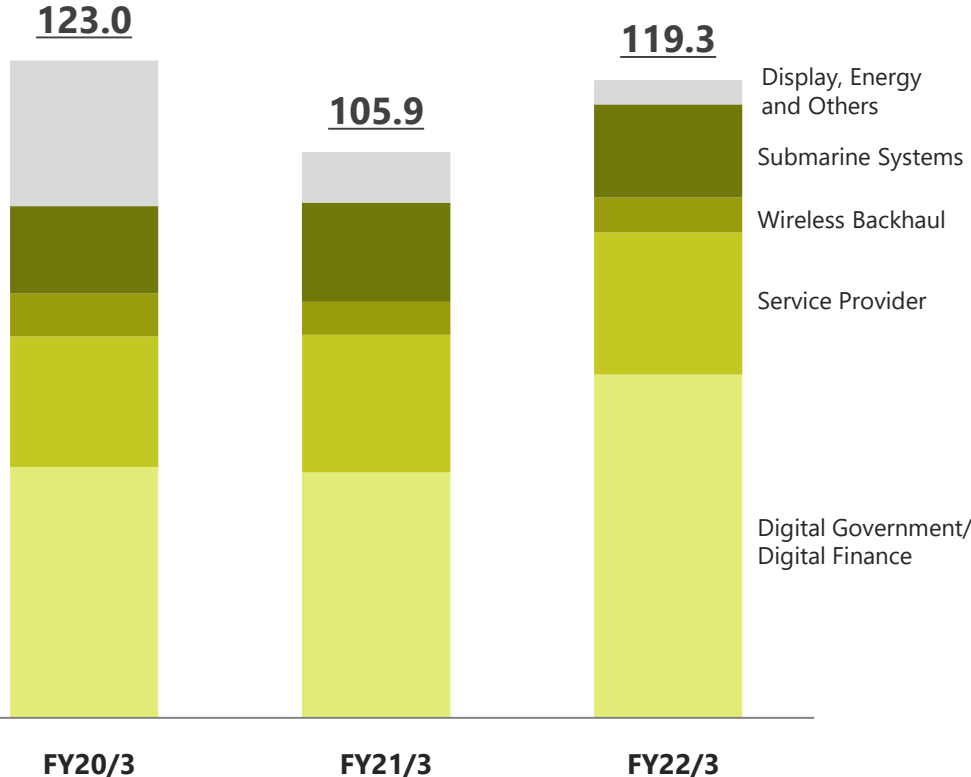
Adjusted Operating Profit 5.7 (-5.7)

- Decreased due to the reversal impact from the sale of subsidiary shares last year and an increase of human resources expenses due to a headcount increase

Global Business Status

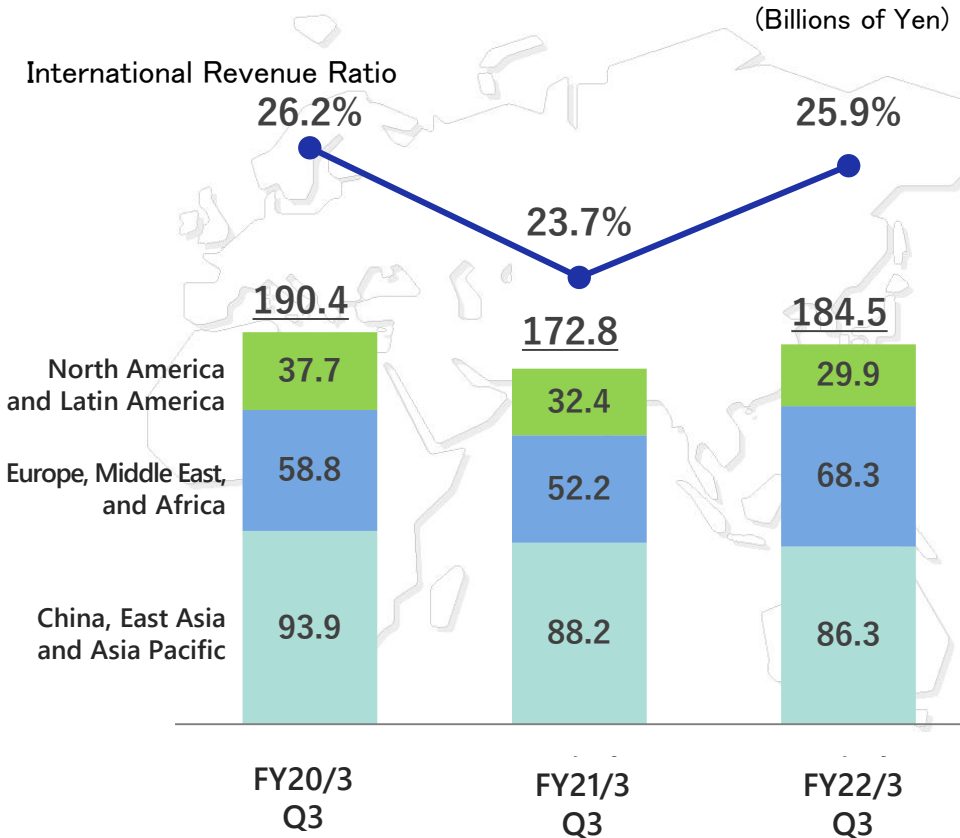
Revenue

(Billions of Yen)

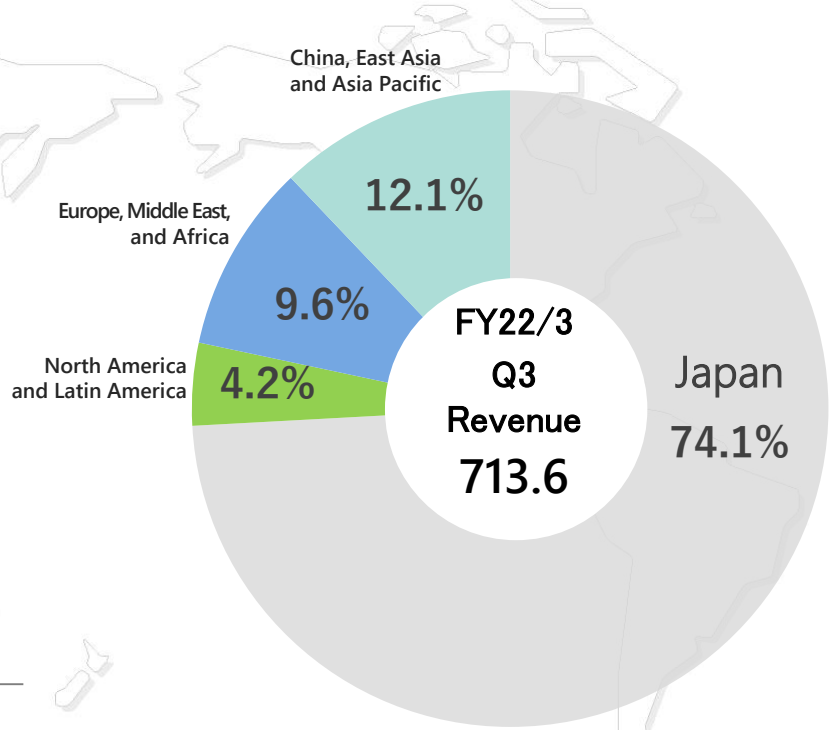


- ◆ **Digital Government / Digital Finance**
Increased due to new consolidation of Avaloq
- ◆ **Service Provider**
Increased along with strong demand
- ◆ **Wireless Backhaul**
Increased along with market recovery in India, etc.
- ◆ **Submarine Systems**
Slight decrease of revenue due to project mix fluctuations
- ◆ **Display, Energy and Others**
Deconsolidation of Display business

International Revenue



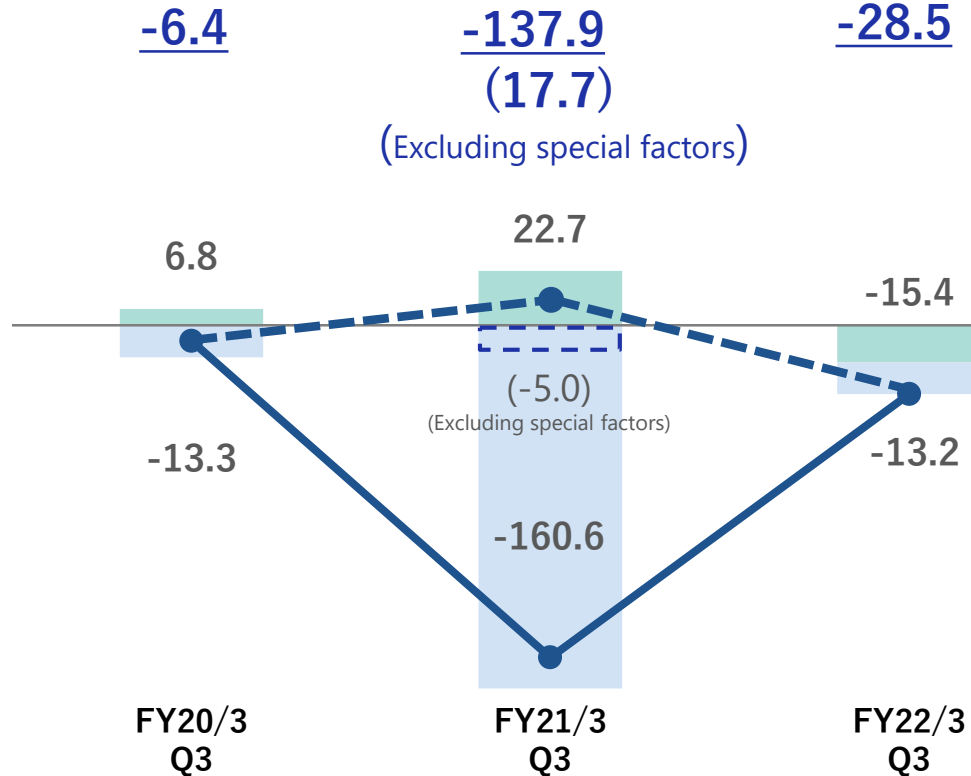
Revenue by Region



* Revenue, based on the location of customers, are classified by country or region.

Free Cash Flows

(Billions of Yen)



Free cash flows

YoY **+109.4**
(Excluding special factors -46.2)

Cash flow from operating activities
YoY **-38.1**

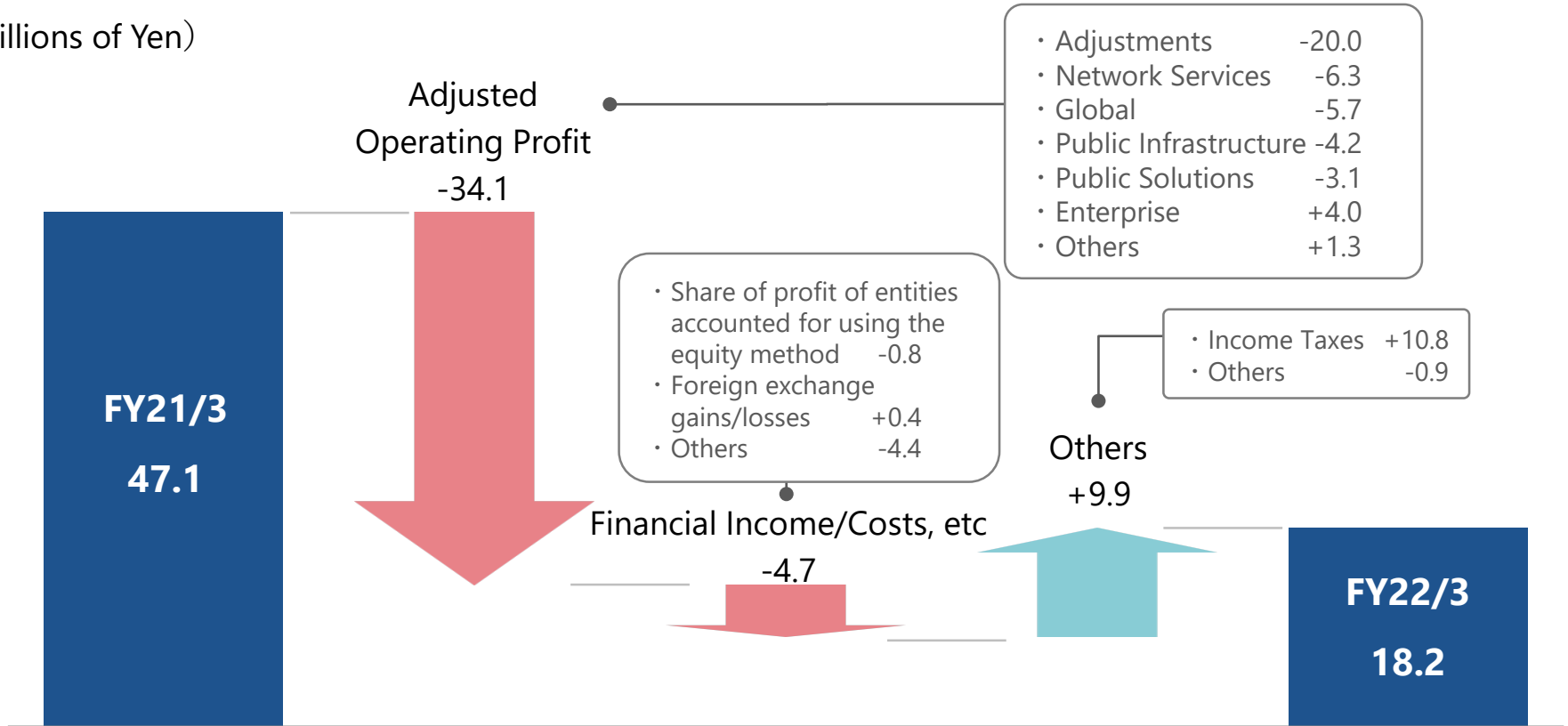
- Decrease in adjusted operating profit: - 34.2
- Strategically increased inventories due to component shortages, etc.: - Approx. 4.0

Cash flow from investing activities
YoY **+147.4**
(Excluding special factors -8.2)

- Portfolio optimization: - Approx. 7.4
- Sales of fixed assets: - Approx. 35.0
- Avaloq acquisition: + Approx. 198.0

Adjusted Net Profit Change (Year on Year)

(Billions of Yen)



VI. Financial Forecasts for FY22/3 (Appendix)

Adjustments to Operating Profit

(Billions of Yen)

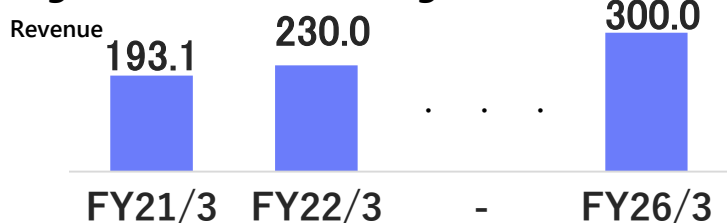
	FY20/3 Actual	FY21/3 Actual	FY22/3 Forecasts	YoY
Operating Profit	127.6	153.8	125.0	- 28.8
Adjusted items	18.2	24.5	35.0	+10.5
Amortization of intangible asset through acquisition	17.0	22.8	N.A.	N.A.
M&A related expenses	1.2	1.7		
Adjusted Operating Profit	145.8	178.2	160.0	- 18.2

* Forecasts as of January 31, 2022

Growth businesses: Initiatives in FY22/3

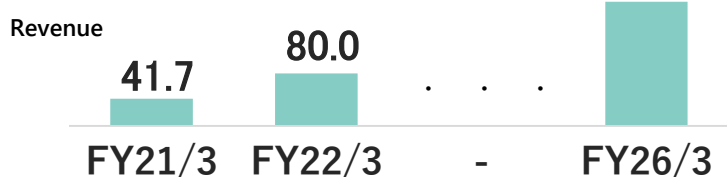
(Billions of Yen)

Digital Government / Digital Finance



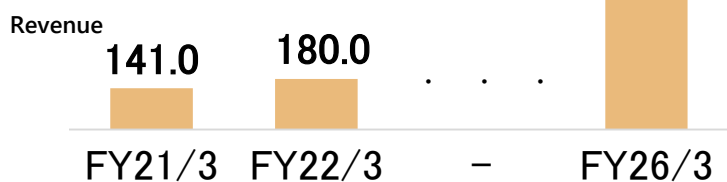
- Generate synergies in sales including APAC
- Generate cost synergies by utilizing off-shore resources
- Implement small sized bolt-on M&A

Global 5G



- Expand share in Japanese market
- Secure commercialized projects. Enhance manufacturing and sales structure.
- Enhance development of base stations, core networks, and operation managing software

Core DX

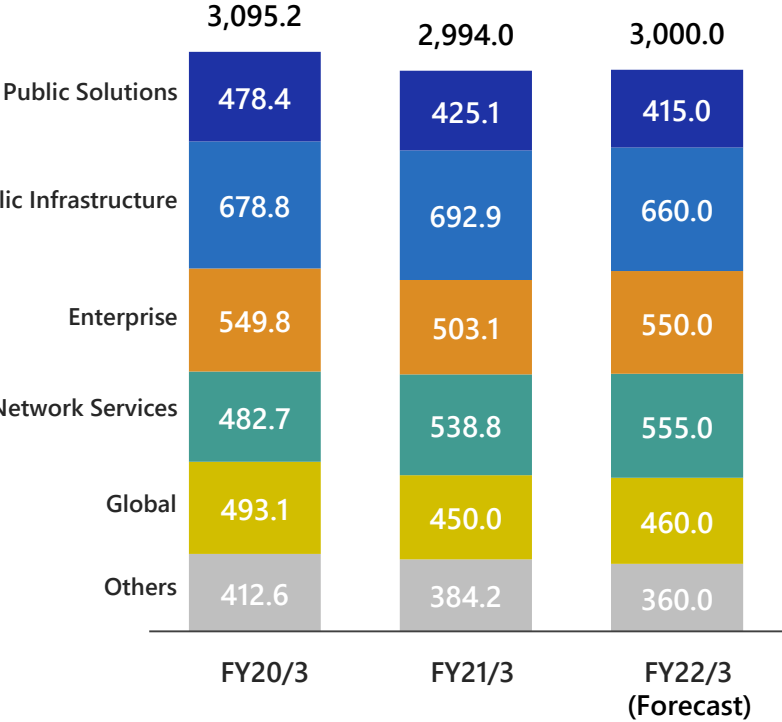


- Collaborate with ABeam to strengthen resource utilization and increase acquisition of projects
- Accelerate strategic proposals and promotion of DX in government agencies
- Enhance collaboration with "Hyper scalers"

Financial Results by Segment (three-year transition)

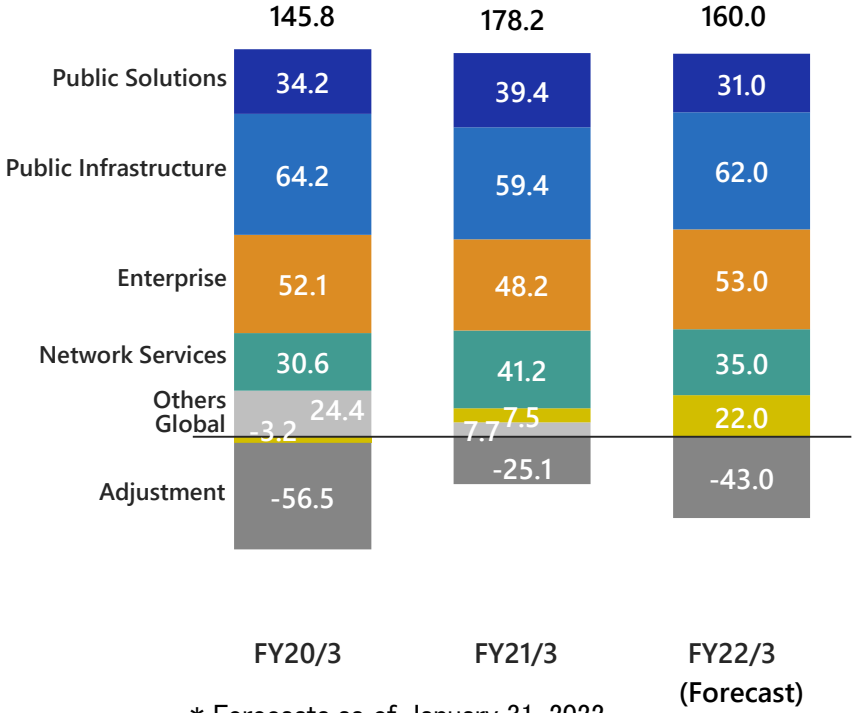
Revenue

(Billions of Yen)



Adjusted Operating Profit / Loss

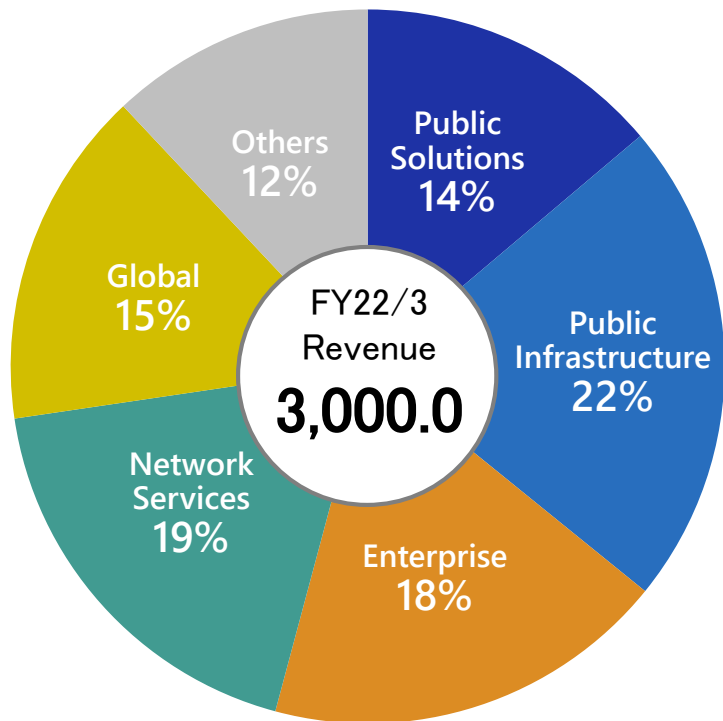
(Billions of Yen)



* Forecasts as of January 31, 2022

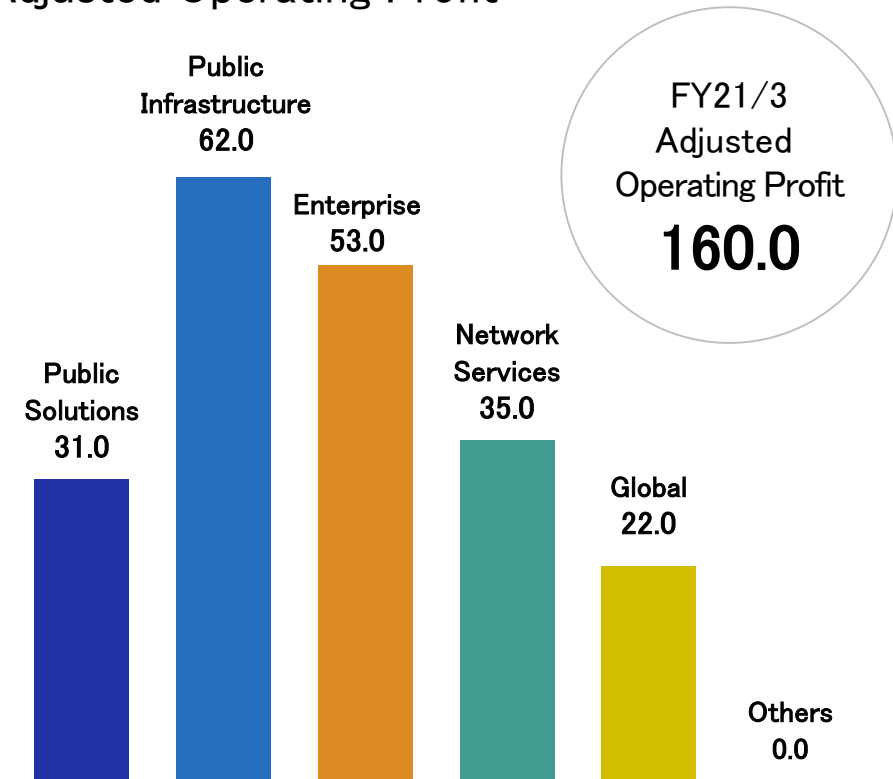
Financial Forecasts by Segment in FY22/3

Revenue



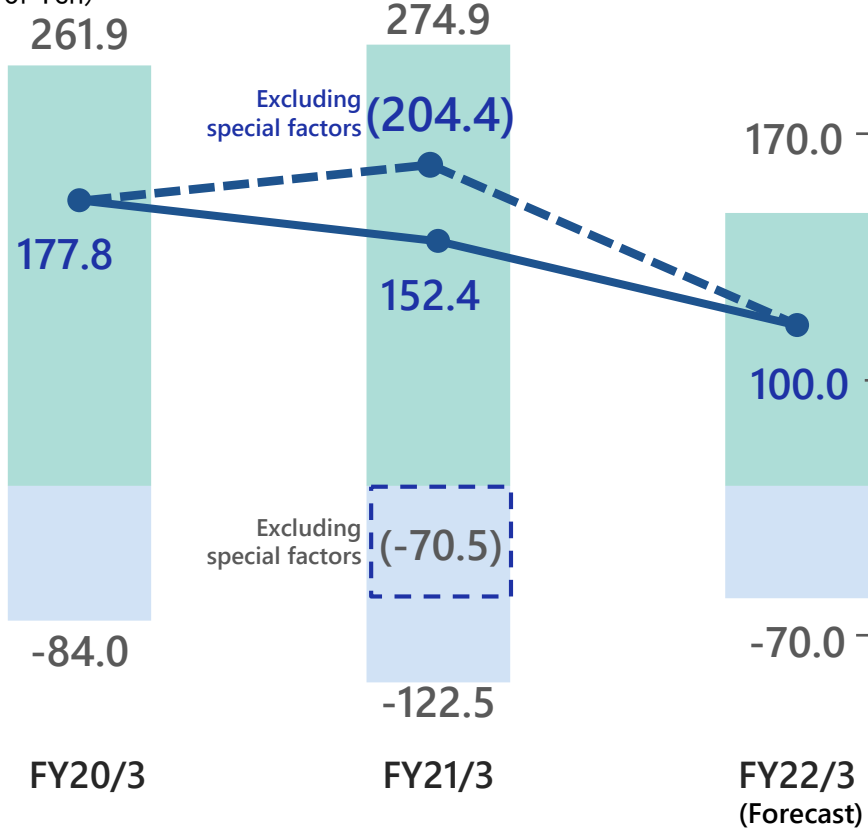
Adjusted Operating Profit

(Billions of Yen)



Free Cash Flows

(Billions of Yen)



Cash flow from operating activities

YoY -104.9

- Decrease in adjusted operating profit due to aggressively invested strategic expenses: - 18.2
- Diminished effect of CCC promotion activities (from 6 days to 2 days): - Approx. 32.0
- Strategically increased inventories due to components shortage, etc.: - Approx. 50.0

Free cash flows

YoY -52.4 (Excluding special factors -104.4)

Cash flow from investing activities

YoY +52.5 (Excluding special factors -0.5)

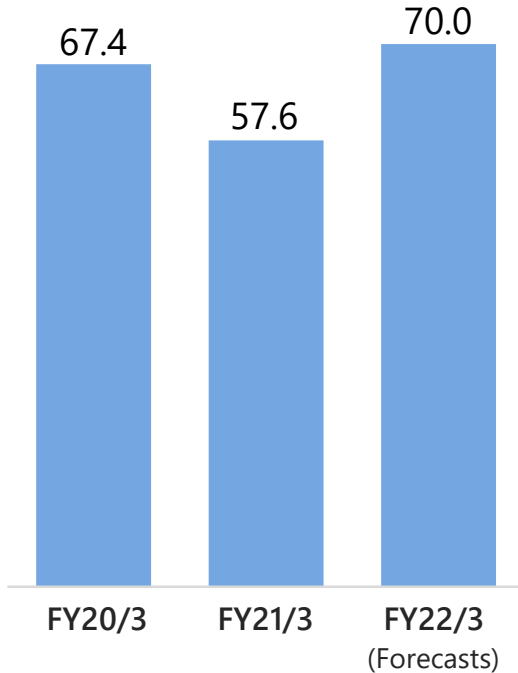
- Investment to realize Mid-term Management plan, etc. - Approx. 19.5
- Sales of assets: + Approx. 20.0
- Portfolio optimization: - Approx. 14.0
- Sales of fixed assets: - Approx. 35.0
- Sales of investment securities: - Approx. 97.0
- Avaloq acquisition: + Approx. 198.0

Capital Expenditures, Depreciation and R&D Expenses

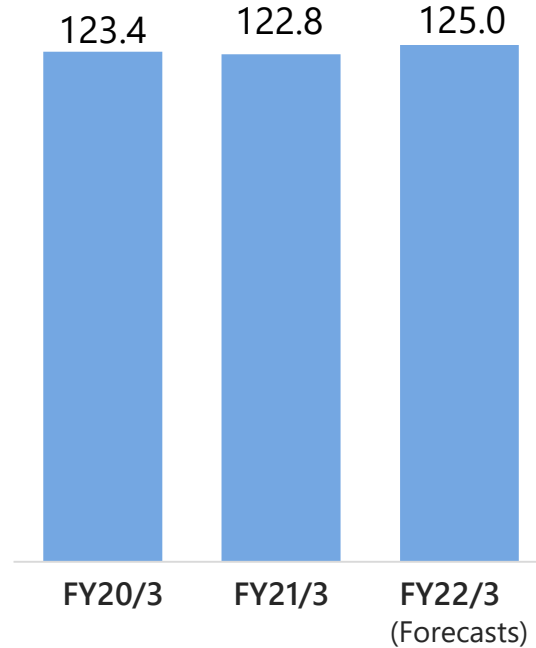
(Billions of Yen)

Capital Expenditure

(Property, Plant, and Equipment)

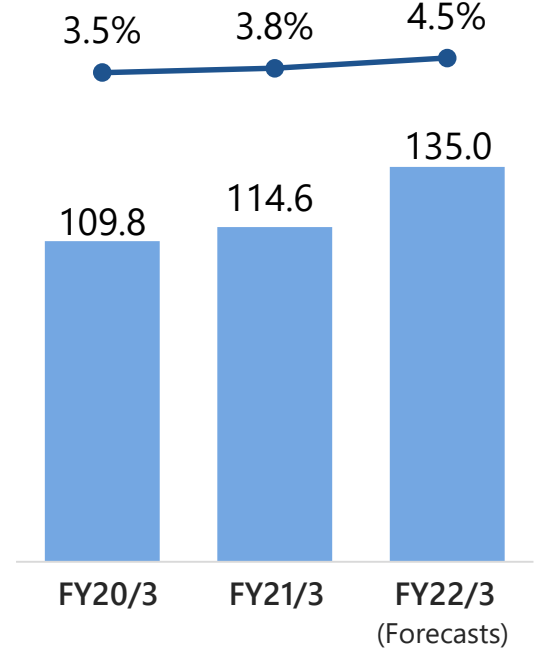


Depreciation



R&D Expenses

% to Revenue



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:

- adverse economic conditions in Japan or internationally;
- foreign currency exchange and interest rate risks;
- changes in the markets in which the NEC Group operates;
- the recent outbreak of the novel coronavirus;
- potential inability to achieve the goals in the NEC Group's medium-term management plan;
- fluctuations in the NEC Group's revenue and profitability from period to period;
- difficulty achieving the benefits expected from acquisitions, business combinations and reorganizations and business withdrawals;
- potential deterioration in the NEC Group's relationships with strategic partners or problems relating to their products or services;
- difficulty achieving the NEC Group's growth strategies outside Japan;
- potential inability to keep pace with rapid technological advancements in the NEC Group's industry and to commercialize new technologies;
- intense competition in the markets in which the NEC Group operates;
- risks relating to the NEC Group's concentrated customer base;
- difficulties with respect to new businesses;
- potential failures in the products and services the NEC Group provides;
- potential failure to procure components, equipment or other supplies;
- difficulties protecting the NEC Group's intellectual property rights;
- potential inability to obtain certain intellectual property licenses;
- the NEC Group's customers may encounter financial difficulties;
- difficulty attracting, hiring and retaining skilled personnel;
- difficulty obtaining additional financing to meet the NEC Group's funding needs;
- potential failure of internal controls;
- potentially costly and time-consuming legal proceedings;
- risks related to regulatory change and uncertainty;
- risks related to environmental laws and regulations;
- information security and data protection concerns and restrictions;
- potential changes in effective tax rates or deferred tax assets, or adverse tax examinations;
- risks related to corporate governance and social responsibility requirements;
- risks related to natural disasters, public health issues, armed hostilities and terrorism;
- risks related to the NEC Group's pension assets and defined benefit obligations; and
- risks related to impairment losses with regard to goodwill.

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

Note: In this presentation, the accounting periods of the fiscal years for March 31, 2021 and 2022 were referred as FY21/3 and FY22/3 respectively. Any other fiscal years would be referred similarly.