

This is a translation of the Notice of the 185th Ordinary General Meeting of Shareholders of NEC Corporation, and is provided for reference purposes only without any warranty as to its accuracy, completeness of the information, or otherwise. Please note that this translation does not include the translation of the information on exercising voting rights, Notes to Non-consolidated Financial Statements and some other information contained in the Japanese original. In the event of any discrepancy between the Japanese original and this translation, the original shall prevail.

NEC Corporation

Securities Code 6701

7-1, Shiba 5-chome,
Minato-ku, Tokyo

Takayuki Morita
President
(Representative Director)

May 31, 2023

To Our Shareholders:

NOTICE OF
THE 185TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

This is to inform you that the 185th Ordinary General Meeting of Shareholders (the “Meeting”) of NEC Corporation (the “Company”) will be held as follows:

1. **DATE:** June 22, 2023 (Thursday) at 10:00 a.m. (Japan Standard Time)
(entry begins at 9:00 a.m. (Japan Standard Time))
2. **PLACE:** NEC Tamagawa Renaissance City Hall, Tamagawa Plant, NEC Corporation
at 1753 Shimonumabe, Nakahara-ku, Kawasaki, Kanagawa
3. **AGENDA OF THE MEETING:**

MATTERS TO BE REPORTED UPON:

Report on the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements of the 185th business period from April 1, 2022 to March 31, 2023 (“Business Period”), and report on the results of the audit on the Consolidated Financial Statements conducted by the Accounting Auditors and the Audit & Supervisory Board (KANSAYAKU-KAI).

MATTERS TO BE VOTED UPON:

- Proposal No. 1: Partial Amendment to the Articles of Incorporation
Proposal No. 2: Election of Twelve (12) Directors

- We kindly ask you to decide whether or not to attend the Meeting, considering the situation of the novel coronavirus (“COVID-19”) and your own health condition on the day of the Meeting.
- In the event that the Company finds any correction(s) that should be made in the reference documents for the Meeting, the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements (including Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements), such correction(s) will be specified through the Company's website, Website with Materials for the Meeting and Tokyo Stock Exchange Website.

Note 1: Company's website (<https://www.nec.com/en/global/ir/events/stock/meeting.html>)

- 2: Website with Materials for the Meeting (Japanese only)
- 3: Tokyo Stock Exchange Website (Japanese only)

REFERENCE DOCUMENTS FOR THE MEETING

Proposed Matters for Voting and reference matters thereof:

Proposal No. 1: Partial Amendment to the Articles of Incorporation

The Articles of Incorporation of the Company are proposed to be amended, in part, as follows:

1. Reasons for the amendments

The Company plans to transition its structure to a Company with a Nominating Committee, etc., where the oversight function is separated from execution by management and substantial authority is delegated to executive officers, in the aim of further strengthening corporate governance and boosting management speed. Accordingly, necessary amendments are proposed to be made, including the establishment of new provisions related to the Nominating Committee, Audit Committee, Compensation Committee and Executive Officers, as well as the removal of provisions related to Audit & Supervisory Board Members (KANSAYAKU) and the Audit & Supervisory Board (KANSAYAKU-KAI).

Furthermore, the Company proposes to make amendments to reduce the maximum number of Directors stipulated in the Articles of Incorporation in light of the changes to the roles of the Board of Directors, etc. due to the transition to a Company with a Nominating Committee, etc. In addition, the Company proposes to make amendments to enable the execution of the contracts limiting Directors' liability as stipulated in Article 427 (1) of the Company Law, with Directors who are not Executive Directors etc., aiming to make it possible to recruit appropriate human resources and establish an environment where such Directors can fully fulfill their roles.

Of the proposed amendments to the Articles of Incorporation, the Company has already obtained the consent of each Audit & Supervisory Board Member (KANSAYAKU) with respect to the amendment of Article 24 of the current Articles of Incorporation.

In addition to the above, the renumbering of articles and other necessary changes are proposed to be made in accordance with the amendments stated above.

The amendments to the Articles of Incorporation in this proposal will become effective upon the close of the Meeting

2. Proposed amendment

Contents of the amendment are as follows:

(Underlined are the amended parts)

Current Text	Proposed Amendment
Article 1. to Article 3. (Omitted)	Article 1. to Article 3. (Unchanged)
Article 4. (Corporate Organization) In addition to general meetings of shareholders and Directors, the Company shall have the Board of Directors, <u>Audit & Supervisory Board Members (KANSAYAKU), the Audit & Supervisory Board (KANSAYAKU-KAI)</u> and Accounting Auditors.	Article 4. (Corporate Organization) <u>As a Company with a Nominating Committee, etc.,</u> in addition to general meetings of shareholders and Directors, the Company shall have the Board of Directors, <u>the Nominating Committee, Audit Committee, Compensation Committee, Executive Officers</u> and Accounting Auditors.
Article 5. to Article 9. (Omitted)	Article 5. to Article 9. (Unchanged)
Article 10. (Share Handling Regulations, etc.) 1. Requests and notices by shareholders pursuant to the relevant laws and regulations, and procedures relating to shares as well as fees therefor, shall be governed by the Share Handling Regulations established by the Board of Directors, as well as the relevant laws and regulations or these Articles of Incorporation. 2. The procedures for inspection and transcription of the Company's documents and delivery of a certified copy or an extract copy thereof as well as fees therefor shall be governed by handling regulations established by the Board of Directors.	Article 10. (Share Handling Regulations, etc.) 1. Requests and notices by shareholders pursuant to the relevant laws and regulations, and procedures relating to shares as well as fees therefor, shall be governed by the Share Handling Regulations established by the Board of Directors <u>or by the Executive Officer to whom the Board of Directors has delegated authority by resolution</u> , as well as the relevant laws and regulations or these Articles of Incorporation. 2. The procedures for inspection and transcription of the Company's documents and delivery of a certified copy or an extract copy thereof as well as fees therefor shall be governed by handling regulations established by the Board of Directors

	<u>or by the Executive Officer to whom the Board of Directors has delegated authority by resolution.</u>
<p>Article 11. (Administrator of Shareholders' Register)</p> <ol style="list-style-type: none"> (Omitted) The Administrator of Shareholders' Register and its office shall be designated by a resolution of the Board of Directors, and a public notice shall be given with regard thereto. (Omitted) 	<p>Article 11. (Administrator of Shareholders' Register)</p> <ol style="list-style-type: none"> (Unchanged) The Administrator of Shareholders' Register and its office shall be designated by a resolution of the Board of Directors <u>or by a decision of the Executive Officer to whom the Board of Directors has delegated authority by resolution</u>, and a public notice shall be given with regard thereto. (Unchanged)
Article 12. to Article 15. (Omitted)	Article 12. to Article 15. (Unchanged)
<p>Article 16. (Requirements for Resolution)</p> <ol style="list-style-type: none"> The ordinary resolutions of general meetings of shareholders shall be adopted by a majority of votes of shareholders present. (Omitted) 	<p>Article 16. (Requirements for Resolution)</p> <ol style="list-style-type: none"> The ordinary resolutions of general meetings of shareholders shall be adopted by a majority of votes of shareholders present <u>who are entitled to exercise their voting rights</u>. (Unchanged)
<p>Article 17. (Exercise of Voting Rights by Proxy)</p> <p>A shareholder may exercise his/her voting rights by one proxy, who shall be a shareholder of the Company with the right to vote, provided that such proxy must file with the Company a document establishing his/her power of representation in each case <u>and in advance of the relevant general meeting of shareholders</u>.</p>	<p>Article 17. (Exercise of Voting Rights by Proxy)</p> <p>A shareholder may exercise his/her voting rights by one proxy, who shall be a shareholder of the Company with the right to vote, provided that such proxy must file with the Company a document establishing his/her power of representation in each case.</p>
CHAPTER IV DIRECTORS <u>AND</u> BOARD OF DIRECTORS	CHAPTER IV <u>DIRECTORS, BOARD OF DIRECTORS AND COMMITTEES</u>
<p>Article 18. (Number)</p> <p>The Company shall have Directors not exceeding <u>twenty</u> in number.</p>	<p>Article 18. (Number)</p> <p>The Company shall have Directors not exceeding <u>fifteen</u> in number.</p>
Article 19. to Article 20. (Omitted)	Article 19. to Article 20. (Unchanged)
<p><u>Article 21. (Representative Director)</u></p> <p><u>The Director(s) who represent the Company shall be nominated by a resolution of the Board of Directors.</u></p>	(Deleted)
<p>Article <u>22</u>. (Board of Directors)</p> <ol style="list-style-type: none"> <u>The Board of Directors shall make decision on the management of the affairs of the Company in accordance with the relevant laws and regulations and these Articles of Incorporation.</u> In addition to the provisions of the relevant laws and regulations and of these Articles of Incorporation, the Rules of the Board of Directors established by the Board of Directors shall apply to matters relating to the Board of Directors. In convening a meeting of the Board of Directors, notice shall be issued to each Director <u>and each Audit & Supervisory Board Member (KANSAYAKU)</u> at least three days before the meeting date. Provided, however, in case of an urgency, this period may be shortened. In cases where a Director proposes a matter to be resolved by the Board of Directors, it shall be deemed that such matter is adopted by a resolution of the Board of Directors if all Directors who may participate in such resolution express their consent to such matter in writing or by electronic means 	<p>Article <u>21</u>. (Board of Directors)</p> <p>(Deleted)</p> <ol style="list-style-type: none"> In addition to the provisions of the relevant laws and regulations and of these Articles of Incorporation, the Rules of the Board of Directors established by the Board of Directors shall apply to matters relating to the Board of Directors. In convening a meeting of the Board of Directors, notice shall be issued to each Director at least three days before the meeting date. Provided, however, in case of an urgency, this period may be shortened. In cases where a Director proposes a matter to be resolved by the Board of Directors, it shall be deemed that such matter is adopted by a resolution of the Board of Directors if all Directors who may participate in such resolution express their consent

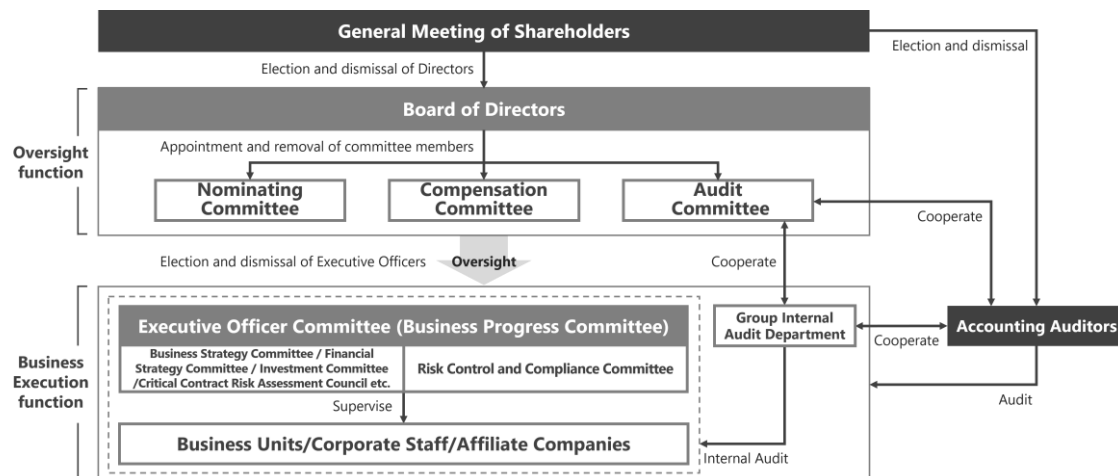
<u>and no Audit & Supervisory Board Members (KANSAYAKU) express objections thereto.</u>	to such matter in writing or by electronic means.
Article 23. (Remuneration, Etc.) <u>Remuneration, bonuses and other financial benefits given by the Company in consideration of the performance of duties (hereinafter referred to as the "Remuneration, Etc.") to Directors shall be fixed by a resolution of a general meeting of shareholders.</u>	(Deleted)
Article 24. (Liability Limitation Contract with <u>Outside Directors</u>) The Company may enter into a contract with its <u>outside Directors</u> to limit their liabilities to the Company for the damages referred to in Article 423, Paragraph 1 of the Company Law to the higher of either (i) the amount to be fixed which is not less than twenty million yen (20,000,000 yen) or (ii) the amount stipulated by the relevant laws and regulations, provided that they shall act in good faith and without gross negligence.	Article 22. (Liability Limitation Contract with <u>Directors</u>) The Company may enter into a contract with its <u>Directors (excluding those who are Executive Directors etc.)</u> to limit their liabilities to the Company for the damages referred to in Article 423, Paragraph 1 of the Company Law to the higher of either (i) the amount to be fixed which is not less than twenty million yen (20,000,000 yen) or (ii) the amount stipulated by the relevant laws and regulations, provided that they shall act in good faith and without gross negligence.
(New Article)	<u>Article 23. (Committee Members)</u> <u>The members of the Nominating Committee, Audit Committee and Compensation Committee of the Company shall be selected by resolution of the Board of Directors from among Directors.</u>
CHAPTER V <u>AUDIT & SUPERVISORY BOARD MEMBERS (KANSAYAKU) AND THE AUDIT & SUPERVISORY BOARD (KANSAYAKU-KAI)</u>	(Deleted)
<u>Article 25. to Article 31. (Omitted)</u>	(Deleted)
(New Article)	CHAPTER V <u>EXECUTIVE OFFICERS</u>
(New Article)	<u>Article 24. (Election)</u> <u>Executive Officers shall be elected by resolution of the Board of Directors.</u>
(New Article)	<u>Article 25. (Term of Office)</u> <u>The term of office of an Executive Officer shall expire at the end of the business year ending within one year following his/her election.</u>
(New Article)	<u>Article 26. (Representative Executive Officer)</u> <u>The Company shall select a Representative Executive Officer from among Executive Officers by resolution of the Board of Directors.</u>
Article 32. to Article 35. (Omitted)	Article 27. to Article 30. (Unchanged)

(Topics: "Transition to a Company with a Nominating Committee, etc.):

Under its Purpose-driven management, the Company is promoting initiatives that combine strategy and culture in order to achieve the Mid-term Management Plan 2025 and to increase the Company's medium- to long-term corporate value as a global technology company. In this globally intensifying competitive environment, the Company will transition its structure to a Company with a Nominating Committee, etc., in the aim of further strengthening corporate governance and boosting management speed.

The Company will separate the oversight function from execution by management in order to strengthen the oversight function of the Board of Directors. The Board of Directors is responsible for overseeing the execution of duties by executive officers as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy. In addition, the majority of the Board of Directors shall be comprised of independent outside directors, and the Nominating Committee, Compensation Committee, and Audit Committee shall each be chaired by an independent outside director to promote the transparency and objectivity of management.

By delegating substantial authority to executive officers with respect to business execution, the Company will accelerate timely decision-making and implementation. In line with this, the Company is taking a number of actions to enhance governance on the execution side. These include strengthening the Group-wide risk management system under the leadership of the newly established Chief Risk Officer (CRO), improving decision-making quality by reorganizing the executive meeting bodies centered on the Executive Committee, and strengthening the internal audit function.



The following have been put on the agenda of the Meeting: Proposal No. 1 "Partial Amendment to the Articles of Incorporation" to amend the Articles of Incorporation in connection with the transition to a Company with a Nominating Committee, etc., and Proposal No. 2 "Election of Twelve (12) Directors" to appoint Directors to fulfill the role of the Board of Directors as described above.

Proposal No. 2: Election of Twelve (12) Directors

Subject to the approval of Proposal No. 1, “Partial Amendment to the Articles of Incorporation,” the Company will transition its structure from a Company with the Audit & Supervisory Board (KANSAYAKU-KAI) to a Company with a Nominating Committee, etc. Accordingly, upon the close of the Meeting, the terms of office of all five (5) Audit & Supervisory Board Members (KANSAYAKU) as Audit & Supervisory Board Member (KANSAYAKU) in addition to ten (10) Directors as Director will expire. It is proposed that twelve (12) Directors, including seven (7) Outside Directors, be elected subject to the approval and becoming effective of Proposal No. 1.

No	Name	Position and Responsibility at the Company	Attendance at Meeting of the Board of Directors
1	Takashi Niino	Chairman of the Board	14 out of 14 meetings
2	Takayuki Morita	President (Representative Director) CEO (Chief Executive Officer)	14 out of 14 meetings
3	Osamu Fujikawa	Corporate Executive Vice President and Member of the Board (Representative Director) CFO (Chief Financial Officer)	11 out of 11 meetings
4	Hajime Matsukura	Corporate Secretary and Member of the Board	14 out of 14 meetings
5	Shinobu Obata *New candidate	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	11 out of 11 meetings
8	Kuniharu Nakamura *Candidate for Outside Director	Member of the Board	14 out of 14 meetings
9	Christina Ahmadjian *Candidate for Outside Director	Member of the Board	14 out of 14 meetings
10	Masashi Oka *Candidate for Outside Director	Member of the Board	11 out of 11 meetings
9	Kyoko Okada *New candidate *Candidate for Outside Director	Audit & Supervisory Board Member (KANSAYAKU)	11 out of 11 meetings
10	Harufumi Mochizuki *New candidate *Candidate for Outside Director	-	-
11	Joji Okada *New candidate *Candidate for Outside Director	-	
12	Yoshihito Yamada *New candidate *Candidate for Outside Director	-	

Note 1: The current members of the Nominating Committee are above three (3) members, Messrs. Kuniharu Nakamura, Masashi Oka and Takashi Niino, and Mr. Masatoshi Ito who is an Outside Director. The chairman of the committee is Mr. Kuniharu Nakamura. The current members of the Compensation Committee are above four (4) members, Messrs. Kuniharu Nakamura, Masashi Oka and Takayuki Morita and Ms. Christina Ahmadjian. The chairman of the committee is Mr. Masashi Oka. Mr.

Masatoshi Ito will retire upon the close of the Meeting.

- 2: Attendance at Meeting of the Board of Directors above shows the number of attendance at the Board of Directors meetings out of the number of meetings held in the fiscal year ended March 31, 2023. As for Messrs. Osamu Fujikawa and Masashi Oka, attendance is for the Board of Directors meetings held after the assumption of office as Director on June 22, 2022. As for Mr. Shinobu Obata and Ms. Kyoko Okada, attendance is for the Board of Directors meetings held after the assumption of office as Audit & Supervisory Board Members (KANSAYAKU) on June 22, 2022

No.	Name	The attributes of the candidates for Directors			Particular area that Corporate expects for the candidates for Directors to have for Directors								Planned appointments as members of committees		
		Independent director	Non-executive	Gender/ Nationality	Corporate management	Global business	Technology/ Innovation	Sustainability/ ESG	Marketing	Financial accounting/ Investment	Audit/ Legal/ Risk management	Corporate governance	Nominating Committee	Compensation Committee	Audit Committee
1	Takashi Niino		●		●			●				●	●		
2	Takayuki Morita				●	●			●	●		●		●	
3	Osamu Fujikawa						●	●	●	●					
4	Hajime Matsukura							●		●	●	●			
5	Shinobu Obata		●								●	●			●
8	Kuniharu Nakamura	●	●		●	●		●	●			●	●		
9	Christina Ahmadjian	●	●	● (Female, Foreign nationality)		●		●			●	●		●	
10	Masashi Oka	●	●		●	●				●	●	●	●	● (Chairman)	
9	Kyoko Okada	●	●	● (Female)				●			●				●
10	Harufumi Mochizuki	●	●		●	●					●	●	● (Chairman)		●
11	Joji Okada	●	●			●				●	●	●			● (Chairman)
12	Yoshihito Yamada	●	●		●	●	●		●			●		●	

Notes: 1. In the Particular area that Corporate expects for the candidates for Directors to have for Directors above, ● indicates that the respective candidates have extensive experience and deep insight given the Company's criteria, described in Reference: "Policy and Process for Selecting Candidates for Director". This Career Skill Matrix does not cover all the experience and insight possessed by the candidates for Director.

2. Appointments as members or chairpersons of the above committees are to be decided at the Board of Directors meeting to be held after the close of the Meeting.

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
1. Takashi Niino (September 8, 1954) *Male	April 1977	Joined the Company	14,400
	April 2004	Executive General Manager, 2nd Solutions Sales Operations Unit	
	April 2005	Senior General Manager, 3rd Solutions Operations Unit	
	April 2006	Executive General Manager, Financial Solutions Operations Unit	
	April 2008	Senior Vice President and Executive General Manager, Financial Solutions Operations Unit	
	August 2008	Senior Vice President	
	April 2010	Executive Vice President	
	June 2011	Executive Vice President and Member of the Board	
	July 2011	Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board	
	April 2012	Senior Executive Vice President, CSO (Chief Strategy Officer) , CIO (Chief Information Officer) and Member of the Board (Representative Director)	
	April 2016	President (Representative Director) and CEO(Chief Executive Officer)	
	April 2021	Vice Chairman of the Board (Representative Director)	
	June 2022	Chairman of the Board (to present)	
	Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having been engaged in the management of financial solutions business and NEC Group’s management strategies as Senior Executive Vice President, CSO, CIO and Member of the Board (Representative Director), and afterwards, having been engaged in the management of the Company as President (Representative Director) since 2016 and as Vice Chairman of the Board (Representative Director) since April 2021, as well as in his position of Chairman of the Board since June 2022. The Company has nominated him as a candidate for Director in the determination that he is appropriate to supervise overall management and to contribute to the Company’s sustainable growth and improvement of the Company’s corporate value, and to strengthen the NEC Group’s corporate governance.		
	Attendance at Meeting of the Board of Directors: 14 out of 14 meetings Attendance rate: 100%		
	Year served as a Director (Upon the close of the Meeting) 12 years		
2. Takayuki Morita (February 5, 1960) *Male	April 1983	Joined the Company	6,000
	April 2002	General Manager, Business Development Division	
	April 2006	Senior Vice President and Executive General Manager, Corporate Business Development Unit	

	April 2008	Senior Vice President	
	July 2011	Executive Vice President	
	April 2016	Executive Vice President and CGO (Chief Global Officer)	
	June 2016	Executive Vice President, CGO (Chief Global Officer) and Member of the Board	
	April 2018	Senior Executive Vice President and Member of the Board (Representative Director)	
	June 2018	Senior Executive Vice President, CFO (Chief Financial Officer) and Member of the Board (Representative Director)	
	April 2021	President (Representative Director) and CEO (Chief Executive Officer) (to present)	
<p>Reasons for Nomination of a Candidate:</p> <p>He has extensive experience and sufficient performance records, having had been engaged in the management of NEC Group's global business, NEC Group's accounting and financial strategies, NEC Group's management strategies and M&A as Senior Executive Vice President, CFO and Member of the Board (Representative Director) and afterword having been engaged in the management of the Company as President (Representative Director) since April 2021. The Company has nominated him as a candidate for Director in the determination that he is appropriate to supervise overall management and to contribute to the Company's sustainable growth and improvement of the Company's corporate value, and to lead the Company's transformation into social value innovator.</p>			
<p>Attendance at Meeting of the Board of Directors:</p> <p>14 out of 14 meetings</p> <p>Attendance rate: 100%</p>			
<p>Year served as a Director (Upon the close of the Meeting)</p> <p>7 years</p>			
3. Osamu Fujikawa (May 18, 1965) *Male	April 1988	Joined the Company	4,300
	April 2014	Department Manager, Corporate Business Development Division	
	April 2017	Senior Vice President	
	April 2021	Executive Vice President and CFO (Chief Financial Officer)	
	June 2022	Executive Vice President, CFO (Chief Financial Officer) and Member of the Board (Representative Director)	
	April 2023	Corporate Executive Vice President, CFO (Chief Financial Officer) and Member of the Board (Representative Director) (to present)	

	<p>Reasons for Nomination of a Candidate:</p> <p>He has extensive experience and sufficient performance records, having been engaged in the financial solutions business and new business strategies, and afterwards, having been in charge of the NEC Group’s new business development strategies as Senior Vice President, as well as in charge of the NEC Group’s accounting, financial strategy, management strategy and M&As as Executive Vice President and CFO since April 2021 and currently as Corporate Executive Vice President, CFO and Member of the Board (Representative Director) . The Company has nominated him as a candidate for Director in the determination that he is appropriate to supervise overall management and to implement strategies to improve the Company’s growth and performance records.</p>		
	<p>Attendance at Meeting of the Board of Directors:</p> <p>11 out of 11 meetings</p> <p>Attendance rate: 100%</p>		
	<p>Year served as a Director (Upon the close of the Meeting)</p> <p>1 year</p>		
4.Hajime Matsukura (December 12, 1961) *Male	<p>April 1985</p> <p>April 2005</p> <p>April 2006</p> <p>April 2008</p> <p>April 2014</p> <p>April 2017</p> <p>June 2017</p> <p>April 2018</p> <p>April 2019</p> <p>April 2022</p> <p>April 2023</p>	<p>Joined the Company</p> <p>General Manager, Marketing Planning Division</p> <p>Assistant Executive General Manager, Business Development Unit</p> <p>General Manager, Corporate Strategy Division</p> <p>Senior Vice President and President (Representative Director) of NEC Management Partner, Ltd.</p> <p>Executive Vice President and CSO (Chief Strategy Officer)</p> <p>Executive Vice President , CSO (Chief Strategy Officer) and Member of the Board</p> <p>Executive Vice President, CSO (Chief Strategy Officer), CHRO (Chief Human Resources Officer) and Member of the Board</p> <p>Executive Vice President, CHRO (Chief Human Resources Officer) and Member of the Board</p> <p>Executive Vice President, CHRO (Chief Human Resources Officer), CLCO (Chief Legal & Compliance Officer) and Member of the Board</p> <p>Corporate Secretary and Member of the Board (to present)</p>	7,200
	<p>Reasons for Nomination of a Candidate:</p> <p>He has extensive experience and sufficient performance records, having been engaged in the management of corporate strategies at the Company’s corporate departments and in NEC Group’s operational reform as President (Representative Director) of NEC Management Partner, Ltd., as well as NEC Group’s culture transformation, human resources strategies and legal & compliance strategies as Executive Vice President, CHRO, CLCO and Member of the Board, and afterwards, having been in charge of promoting corporate governance reform as Corporate Secretary and Member of the Board. The Company has nominated him as a candidate for Director in the determination that he is</p>		

	appropriate to supervise overall management and to lead corporate governance reform for NEC Group's growth.		
	Attendance at Meeting of the Board of Directors: 14 out of 14 meetings Attendance rate: 100%		
	Year served as a Director (Upon the close of the Meeting) 6 years		
5. Shinobu Obata (June 7, 1961) *New candidate *Male	<p>April 1985 April 2013 April 2017 May 2018 April 2019 April 2022 June 2022</p>	<p>Joined the company General Manager, Legal Division Senior Vice President and CCO (Chief Compliance Officer) Senior Vice President, CCO (Chief Compliance Officer) and General Manager, Internal Control Division Senior Vice President and CLCO (Chief Legal and Compliance Officer) Advisor to the President Audit & Supervisory Board Member (KANSAYAKU) (to present)</p>	3,600
	<p>Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having been engaged in legal and compliance duties at the Company's corporate departments, and in legal and compliance strategies across the NEC Group as Senior Vice President and CLCO, as well as in his current position of Audit & Supervisory Board Member (KANSAYAKU). The Company has nominated him as a candidate for Director in the determination that he is appropriate to supervise overall management from his experience and insight.</p>		
	Attendance at Meeting of the Board of Directors: 11 out of 11 meetings Attendance rate: 100%		
	Year served as an Audit & Supervisory Board Member (KANSAYAKU) (Upon the close of the Meeting) 1 year		
6. Kuniharu Nakamura (August 28, 1950) *Candidate for Outside Director *Male	<p>April 1974 June 2009 April 2012 June 2012 April 2018 June 2018 June 2019</p>	<p>Joined SUMITOMO CORPORATION Representative Director, Senior Managing Executive Officer and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, SUMITOMO CORPORATION Representative Director, Executive Vice President and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, SUMITOMO CORPORATION Representative Director, President and Chief Executive Officer, SUMITOMO CORPORATION Representative Director, Chairman of the Board of Directors, SUMITOMO CORPORATION Chairman of the Board of Directors, SUMITOMO CORPORATION(to present) Member of the Board of the Company (to present)</p>	0

	Important Concurrent Positions: Chairman of the Board of Directors, SUMITOMO CORPORATION Outside Director, Shin-Etsu Chemical Co., Ltd.		
	Reasons for Nomination of a Candidate and Outline of Expected Roles: The Company has nominated him as a candidate for Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a general trading company including the management of global businesses. The Company expects him to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as corporate management, global business, sustainability/ESG, marketing and corporate governance.		
	Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Director. • Although Mr. Kuniharu Nakamura is the Chairman of the Board of Directors of SUMITOMO CORPORATION, he has not been an executive officer of SUMITOMO CORPORATION for the past 3 fiscal years.		
	Attendance at Meeting of the Board of Directors: 14 out of 14 meetings Attendance rate: 100%		
	Year served as a Director (Upon the close of the Meeting) 4 years		
7. Christina Ahmadjian (March 5, 1959) *Candidate for Outside Director *Female	January 1995 October 2001 October 2004 April 2010 April 2012 April 2018 June 2021 April 2022	Assistant Professor, Graduate School of Business, Columbia University (until October 2001) Assistant Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Professor, Graduate School of International Corporate Strategy, Hitotsubashi University Dean, Graduate School of International Corporate Strategy, Hitotsubashi University Professor, Graduate School, Division of Commerce, Hitotsubashi University Professor, Graduate School of Business Administration, Hitotsubashi University (until April 2022) Member of the Board of the Company (to present) Specially Appointed Professor, College of Business Department of Global Business, Rikkyo University (until March 2023)	300
	Important Concurrent Positions: Outside Director, Asahi Group Holdings, Ltd. Outside Director, Sumitomo Electric Industries, Ltd. Outside Director, Niterra Co., Ltd.		
	Reasons for Nomination of a Candidate and Outline of Expected Roles: The Company has nominated her as a candidate for Outside Director considering that she has superior character, insight and high ethical		

	standards. In addition, she would sympathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight relating to global corporate strategies and corporate governance, having served as an outside director at several companies and a professor. Although she has never been involved in management of stock companies or membership companies, the Company has judged that she can perform the duties as Outside Director based on her abundant experience of serving in the positions of outside directors. The Company expects her to supervise the business execution and provide advice on management based on her extensive experience and deep insight especially relating to such areas as global business, sustainability/ESG, audit/legal/risk management and corporate governance.		
	Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of her as an independent Director.		
	Attendance at Meeting of the Board of Directors: 14 out of 14 meetings Attendance rate: 100%		
	Year served as a Director (Upon the close of the Meeting) 2 years		
8. Masashi Oka (July 11, 1955) *Candidate for Outside Director *Male	April 1979	Joined The Mitsubishi Bank, Ltd. (currently, MUFG Bank, Ltd. “MUFG”)	2,000
	June 2004	General Manager and Global Head, Syndicated Finance Division, The Bank of Tokyo-Mitsubishi, Ltd. (currently, MUFG)	
	June 2005	Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd.	
	April 2008	Executive Officer and General Manager, Corporate & Investment Banking Strategy Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG)	
	October 2009	Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
	July 2010	Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and President & CEO, Union Bank, N.A. (currently, MUFG Union Bank, N.A.)	
	May 2012	Managing Executive Officer and CEO for Americas, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and President & CEO, Union Bank, N.A.	
	May 2013	Senior Managing Executive Officer and CEO for Americas, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and President & CEO, Union Bank, N.A.	
	July 2014	Special Advisor to the President & CEO, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Director & Executive Chairman, MUFG Americas Holdings Corporation and Director & Executive Chairman, MUFG Union Bank, N.A.	
	October 2015	Special Advisor to the President & CEO, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (until June 2016)	

	<p>May 2016 June 2016</p> <p>April 2020</p> <p>June 2020</p> <p>June 2022</p>	<p>Counselor, NIKON CORPORATION</p> <p>Senior Executive Vice President, CFO and Representative Director, NIKON CORPORATION</p> <p>Director, NIKON CORPORATION (until May 2020)</p> <p>President & CEO, Representative Director, Sony Financial Holdings Inc. (currently, Sony Financial Group Inc.) and President, Representative Director, Sony Financial Ventures Inc. (to present)</p> <p>Member of the Board of the Company (to present)</p>	
	<p>Important Concurrent Positions:</p> <p>President & CEO, Representative Director, Sony Financial Group Inc. (Scheduled for retirement and appointment as Senior Advisor of Sony Financial Group Inc., June 2023)</p>		
	<p>Reasons for Nomination of a Candidate and Outline of Expected Roles:</p> <p>The Company has nominated him as a candidate for Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a director at banks, CFO at an operating company and management in the finance business. The Company expects him to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as corporate management, global business, financial accounting/investment, audit/legal/risk management and corporate governance.</p>		
	<p>Notice relating to Independence of Candidate for Outside Director:</p> <ul style="list-style-type: none"> • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Director. • Although Mr. Masashi Oka is the President & CEO and Representative Director of Sony Financial Group Inc., the total amount of transactions between the Company and companies in which he has served as executive officer during the past 3 fiscal years is less than 1% of the net sales of either party. 		
	<p>Attendance at Meeting of the Board of Directors:</p> <p>11 out of 11 meetings</p> <p>Attendance rate: 100%</p>		
	<p>Year served as a Director (Upon the close of the Meeting)</p> <p>1 year</p>		
<p>9. Kyoko Okada (July 26, 1959)</p> <p>*Candidate for Outside Director</p> <p>*Female</p>	<p>April 1982 October 2011</p> <p>October 2012</p> <p>April 2015</p> <p>June 2015</p> <p>June 2022</p>	<p>Joined Shiseido Company, Limited</p> <p>General Manager, Corporate Culture Department, Shiseido Company, Limited</p> <p>General Manager, Corporate Culture Department and Group Leader for the 150-Year History Compilation Project, Shiseido Company, Limited</p> <p>General Manager, Executive Section, General Affairs Department, Shiseido Company, Limited</p> <p>Audit & Supervisory Board Member (Full-time), Shiseido Company, Limited (until March 2019)</p> <p>Audit & Supervisory Board Member</p>	0

		(KANSAYAKU) of the Company (to present)	
		Important Concurrent Positions: Outside Corporate Auditor, SUBARU CORPORATION (Scheduled for retirement, June 2023) Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS CO., LTD.	
		Reasons for Nomination of a Candidate and Outline of Expected Roles: The Company has nominated her as a candidate for Outside Director considering that she has superior character, insight and high ethical standards. In addition, she would sympathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight, having served as an outside director and audit & supervisory board member at numerous companies and due to her currently serving as an Audit & Supervisory Board Member (KANSAYAKU) of the Company. The Company expects her to supervise the business execution and provide advice on management based on her extensive experience and deep insight especially relating to such areas as sustainability/ESG and audit/legal/risk management.	
		Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of her as an independent Director.	
		Attendance at Meeting of the Board of Directors: 11 out of 11 meetings Attendance rate: 100%	
		Year served as an Audit & Supervisory Board Member (KANSAYAKU) (Upon the close of the Meeting) 1 year	
10. Harufumi Mochizuki (July 26, 1949) *New Candidate *Candidate for Outside Director *Male	April 1973 July 2002 July 2003 July 2006 July 2008 July 2010 August 2010 October 2010 June 2013	Joined Ministry, International Trade and Industry of Japan Director-General for Commerce and Distribution Policy, Minister's Secretariat, Ministry of Economy, Trade and Industry of Japan, "METI" Commissioner, Small and Medium Enterprise Agency, METI Commissioner, Agency for Natural Resources and Energy, METI Vice-Minister of Economy, Trade and Industry of Japan Retired from METI Special Advisor to the Cabinet of Japan (until November 2011) Senior Advisor to the Board, Nippon Life Insurance Company (until April 2013) President and CEO, Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (to present)	2,000
		Important Concurrent Positions: President and CEO, Representative Director, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (Scheduled for	

	retirement, June 2023)															
	Reasons for Nomination of a Candidate and Outline of Expected Roles: The Company has nominated him as a candidate for Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a government official, management of a company and chairman of the board of directors at a listed company. The Company expects him to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as corporate management, global business, audit/legal/risk management and corporate governance.															
	Notice relating to Independence of Candidate for Outside Director: <ul style="list-style-type: none">• The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Director.• Although Mr. Harufumi Mochizuki is the President and CEO and Representative Director of Tokyo Small and Medium Business Investment & Consultation Co., Ltd., there are no transactions between the Company and companies in which he has served as executive officer during the past 3 fiscal years.															
11. Joji Okada (October 10, 1951) *New Candidate *Candidate for Outside Director *Male	<table><tr><td>April 1974</td><td>Joined Mitsui & Co., Ltd,</td></tr><tr><td>June 2011</td><td>Representative Director, Executive Managing Officer and CFO, Mitsui & Co., Ltd,</td></tr><tr><td>April 2012</td><td>Representative Director, Senior Executive Managing Officer and CFO, Mitsui & Co., Ltd,</td></tr><tr><td>April 2014</td><td>Representative Director, Executive Vice President and CFO, Mitsui & Co., Ltd,</td></tr><tr><td>April 2015</td><td>Director, Mitsui & Co., Ltd,</td></tr><tr><td>June 2015</td><td>Audit & Supervisory Board Member (Full-time), Mitsui & Co., Ltd, (until June 2019)</td></tr><tr><td>November 2017</td><td>Chairperson of The Japan Audit & Supervisory Board Members Association (until November 2019)</td></tr></table>	April 1974	Joined Mitsui & Co., Ltd,	June 2011	Representative Director, Executive Managing Officer and CFO, Mitsui & Co., Ltd,	April 2012	Representative Director, Senior Executive Managing Officer and CFO, Mitsui & Co., Ltd,	April 2014	Representative Director, Executive Vice President and CFO, Mitsui & Co., Ltd,	April 2015	Director, Mitsui & Co., Ltd,	June 2015	Audit & Supervisory Board Member (Full-time), Mitsui & Co., Ltd, (until June 2019)	November 2017	Chairperson of The Japan Audit & Supervisory Board Members Association (until November 2019)	0
April 1974	Joined Mitsui & Co., Ltd,															
June 2011	Representative Director, Executive Managing Officer and CFO, Mitsui & Co., Ltd,															
April 2012	Representative Director, Senior Executive Managing Officer and CFO, Mitsui & Co., Ltd,															
April 2014	Representative Director, Executive Vice President and CFO, Mitsui & Co., Ltd,															
April 2015	Director, Mitsui & Co., Ltd,															
June 2015	Audit & Supervisory Board Member (Full-time), Mitsui & Co., Ltd, (until June 2019)															
November 2017	Chairperson of The Japan Audit & Supervisory Board Members Association (until November 2019)															
	Important Concurrent Positions: Outside Audit and Supervisory Board Member, Japan Airlines Co., Ltd.															
	Reasons for Nomination of a Candidate and Outline of Expected Roles: The Company has nominated him as a candidate for Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a CFO and Audit & Supervisory Board Member (Full-time) at a general trading company, and as Chairperson of The Japan Audit & Supervisory Board Members Association. The Company expects him to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as global business, financial accounting/investment, audit/legal/risk management and corporate governance.															
	Notice relating to Independence of Candidate for Outside Director: <ul style="list-style-type: none">• The Company has notified the Tokyo Stock Exchange, on which the															

	Company lists its shares, of him as an independent Director.		
12. Yoshihito Yamada (November 30, 1961) *New Candidate *Candidate for Outside Director *Male	April 1984 June 2008 March 2010 June 2010 June 2011 April 2023	Joined OMRON Tateisi Electronics Co. (currently, OMRON Corporation) Executive Officer, OMRON Corporation and President and CEO, OMRON HEALTHCARE Co., Ltd Senior General Manager of Corporate Strategic Planning H.Q., OMRON Corporation Managing Executive Officer, OMRON Corporation Representative Director, President and CEO, OMRON Corporation Representative Director, OMRON Corporation (to present)	0
	Important Concurrent Positions: Representative Director, OMRON Corporation (Scheduled for retirement and appointment as Chairman of the Board, OMRON Corporation, June 2023)		
	Reasons for Nomination of a Candidate and Outline of Expected Roles: The Company has nominated him as a candidate for Outside Director considering that he has superior character, insight and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as a management of a manufacturing company. The Company expects him to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as corporate management, global business, technology/innovation, marketing and corporate governance.		
	Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Director. • Although Mr. Yoshihito Yamada is the Representative Director of OMRON Corporation, the total amount of transactions between the Company and companies in which he has served as executive officer during the past 3 fiscal years is less than 1% of the net sales of either party.		

Notes: 1. “Number of the Company’s shares Held” indicates the number of shares held as of March 31, 2023.

2. The Company has entered into agreements with Messrs. Kuniharu Nakamura and Masashi Oka and Mss. Christina Ahmadjian and Kyoko Okada to limit their liabilities as stipulated in 427 (1) of the Company Law (the “Liabilities Limitation Agreements”). In addition, if Proposal No. 1, “Partial Amendment to the Articles of Incorporation” is approved as proposed, and on the condition that their respective appointments are approved, the Company will enter into 9 total agreements with 7 candidates for Outside Director, Messrs. Kuniharu Nakamura, Masashi Oka, Harufumi Mochizuki, Joji Okada and Yoshihito Yamada and Mss. Christina Ahmadjian and Kyoko Okada, and 2 candidates for Inside Director who are not executive directors, etc., Messrs. Takashi Niino and Shinobu Obata, to limit their liabilities. The outline of the Liabilities Limitation Agreements is to limit their liabilities as stipulated in Article 423 (1) of the Company Law to the higher amount of 20 million yen or the amount provided in the Company Law and the Regulation for Enforcement of the Company Law on the condition that they perform their duties as Directors in good faith and without gross negligence.

3. The Company has entered into a D&O (directors, corporate auditors and officers) liability insurance contract as stipulated in Article 430-3 (1) of the Companies Act with an insurance company, under which the 9 candidates for Director, Messrs. Takashi Niino, Takayuki Morita, Osamu Fujikawa, Hajime Matsukura, Shinobu Obata, Kuniharu Nakamura and Masashi Oka, and Mss. Christina Ahmadjian and Kyoko Okada are the insured. In addition, when Messrs. Harufumi Mochizuki, Joji Okada and Yoshihito Yamada are elected as a Director of the Company, they will also become the insured of the insurance contract. The outline of the insurance contract is as described in “3. (5) ‘Outline of D&O Liability Insurance Contract ’” in the Business Report. The Company plans to renew the insurance contract with substantially the same contents in October 2023.

(Reference: "Independence Criteria for Outside Directors"):

The Company declares that an Outside Director who is not fallen under any of the following description is independent of the Company.

1. Presently or at any time within the past three years, any of his or her relative within the second degree of relationship was an important executing person at the Company or the Company's Group subsidiary.
2. Presently or at any time within the past three years, the person is or was a person executing the operations ("executing person") of a major business partner*1, or any of his or her relative within the second degree of relationship is or was an executing person at a major business partner (if such a person holds or held a position equal to an important executing person at the Company).
3. In any one of the past three fiscal years, the person or any of his or her relative within the second degree of relationship has received financial compensation of 10 million yen or more (excluding remuneration for Directors or Audit & Supervisory Board Members (KANSAYAKU)) from the Company.
4. Presently or at any time within the past 3 years, the person or any of his or her relative within the second degree of relationship has belonged to the Accounting Auditors of the Company
5. Presently or at any time within the past three years, the person or any of his or her relative within the second degree of relationship has been an executing person of an organization that has received a significant amount of donation from the Company.*2

*1 Major business partner:

1. A business partner with the total amount of transactions with the Company (consideration for offering products/services and procurements) exceeding 2% of sales of the Company or such business partner; or,
2. A business partner to whom the Company owes the average annual amount exceeding 2% of total assets of the Company.

*2 Organization that has received a significant amount of donation from the Company:

An organization that has received from the Company a significant amount of donation exceeding the greater of 10 million yen, or 2% of the gross income of such organization, in any one of the past three fiscal years.

(Reference: "Policy and Process for Selecting Candidates for Director"):

1. Policy for Selecting Candidates for Director

Due to the transition to a Company with a Nominating Committee, etc., the roles of the Board of Directors change to overseeing the execution of duties by executive officers as well as guiding the direction of management through deliberation of important matters related to the Company's basic management policy. To effectively fulfill their roles and responsibilities, the Board of Directors is comprised with consideration given to the balance between diversity, in such factors as career background, specialist field, internationality and gender, and appropriate size. In addition, from the viewpoint of ensuring independence, the majority of Directors shall consist of independent Outside Directors. The points the Company considers when selecting candidates for Director are as follows:

- The candidates for directors are satisfied requirement of a Director as specified by laws and regulation, and they

have superior character, insight and high ethical standards.

- The candidates for directors sympathize with the NEC Way and act with strong will to realize the Philosophy.
- The candidates for directors have the attributes of the candidates for directors expected by the Company and particular areas of extensive experience and deep insight that the Company expects the candidates for Director to have "(Career background and skills particularly expected of Directors)"

2. Decision and Application of Career Background and Skills Particularly Expected of Directors (Process of Selecting Candidates for Director)

In order to ensure and improve the effectiveness of the Board of Directors, the Company has examined and formulated the career background and skills particularly expected of Directors. In view of the changing role to be played by the Board of Directors following the transition to a Company with a Nominating Committee, etc., the Nominating Committee held in the fiscal year ending March 31, 2023 reviewed the career background and skills particularly expected of Directors from the ground up. As a result, Nominating committee defined the following eight skills and clearly specified the details of each skill.

The Company regularly confirms the sufficiency level of the Board of Directors as a whole for the career background and skills particularly expected of Directors based on the Career Skill Matrix. Based on perspectives such as lacking career background and skills and diversity, the Company makes a list to identify a broad range of candidates for Director, which is used for deliberations for election of candidates.

3. Specific Details of Career Background and Skills Particularly Expected of Directors

Skills	Details
Corporate management	Practical knowledge on company management based on experience as chief executive officer of operating companies
Global business	Experience as chief executive officer or department head in multinational companies or specialized knowledge on global markets
Technology/Innovation	Business experience or specialized knowledge on technology related mainly to ICT and digital transformation, or experience or specialized knowledge on new business creation and market innovation
Sustainability/ESG	Knowledge about diverse values on female, foreign nationality, disabilities, etc., leadership experience in ESG activities or specialized knowledge on ESG management
Marketing	Experience as head in the marketing or brand strategy department or the sales department in operating companies, or specialized knowledge on business-to-business transactions and marketing
Financial accounting/Investment	Experience as chief financial officer of operating companies, professional work experience in major accounting firms, investment companies, etc., or specialized knowledge on investments, finance and accounting, etc.
Audit/Legal/Risk management	Risk management experience in accounting, legal affairs, technology, cybersecurity, etc. in operating companies, or experience as an audit committee member, audit & supervisory board member, or department head in auditing division, or specialized knowledge on international and domestic legal affairs or geopolitics
Corporate Governance	Specialized knowledge on recent global corporate governance practices, or experience and practical knowledge of implementing governance reforms at operating companies

BUSINESS REPORT

(For the period from April 1, 2022 to March 31, 2023)

1. Review of Operations

(1) Development and Results of Operations of the NEC Group

Overview

During the fiscal year ended March 31, 2023, the global economy slowed down in the second half of the year due to inflation and monetary tightening policies mainly in Europe and the United States, as well as the impact of the spread of COVID-19 in China. The Japanese economy remained firm, mainly due to domestic demand as a result of the easing of behavioral restrictions associated with the suppression of COVID-19, despite continued rising prices from factors such as increasing resource prices and a rapid depreciation of the yen.

Within this business environment, the NEC Group conducted business activities with the management policy of integrated efforts between purpose, strategy and culture based on the “Mid-term Management Plan 2025” announced in May 2021.

In terms of "Strategy," the NEC Group aims for growth through a “Focusing on our global business pillars,” "Transforming our IT business in Japan" and "Creation of future growth.”

Regarding the “Focusing on our global business pillars,” the NEC Group steadily increased orders and sales in the digital government and digital finance area, mainly from customers in Europe and Asia, despite restraining IT investments by customers due to concerns over the global economic recession caused by the situation in Ukraine and other factors. In the global 5G domain, despite a trend toward restraint in capital investment by domestic telecommunications carriers, sales of base stations and other products steadily increased in the current fiscal year, continuing from the previous fiscal year. Overseas, the NEC Group began shipping base stations for commercial projects and increased sales. However, profitability remained challenging due to increased costs associated with market development and so forth.

In the “Transforming our IT business in Japan,” sales steadily increased mainly in the consulting business amid firm demand in the DX (digital transformation) area. In the core DX area, where the NEC Group has utilized its strengths, the NEC Group worked to further strengthen the “NEC Digital Platform,” which integrates biometric authentication, video analysis, AI and security technologies. In collaboration with the Company’s subsidiary, ABeam Consulting Ltd., the Company accelerated its strategic partnership program that realizes management problem solving and social value co-creation together with advanced customers. In addition to the Company’s existing partnerships with Microsoft Corporation of the United States, Amazon Web Services, Inc. of the United States (AWS), and Oracle Corporation Japan, the Company expanded global collaboration with Red Hat, Inc. in September 2022 and worked to solve customer issues through co-creation with global partners. The NEC Group also strengthened its delivery system by doubling the number of certified AWS professionals to 3,000.

For the “Creation of future growth,” in the healthcare and life science business, the Company worked to develop personalized therapy using cutting-edge AI. The Company became also the first Japanese company to be selected by the Coalition for Epidemic Preparedness Innovations (CEPI), an international fund, for a funded project to advance the development of vaccines that provide broad protection against a wide range of betacoronaviruses. Furthermore, in April 2022, the Company executed a strategic research collaboration agreement with Shionogi & Co., Ltd. for the development of a hepatitis B therapeutic vaccine. In the agriculture area, the Company established a joint venture, DXAS Agricultural Technology, with Kagome Co., Ltd. in September 2022 to realize environmentally friendly and highly profitable farming. In February 2023,

the Company worked to accelerate providing social value by launching the co-creation of future carbon reduction credits with Keio University to contribute to the promotion of ESG investment for carbon reduction and the revitalization of investment for disaster prevention and adaptation measures.

Regarding "Culture," with the aim of transforming culture and management foundations based on the "Mid-term Management Plan 2025," the Company accelerated the existing in-house transformation initiative, "Project RISE". By deploying and implementing Work-Out, a problem-solving and organizational transformation method, at a wide range of sites, the Company resolved internal business issues and advanced reforms of its organizational culture. In addition, the Company proceeded to build a digital infrastructure based on the transformation methods practiced by the NEC Group and its expertise, to be provided to the customers as a model. Furthermore, the NEC Group implemented the "Smart Work 2.0" initiative, expanding support for individual career development, promoting further diversity through mid-career hiring and expanding the ratio of female employees, and developing business infrastructure to increase the NEC Group's employees' sense of job fulfillment.

Also, as part of Thought Leadership activities of the Company aimed at creating new value and implementing it into society together with stakeholders, the Company's CEO spoke at the Davos Forum in Switzerland, where he communicated the Company's vision for future society as outlined in "NEC 2030VISION." The Company also enhanced systems for the Institute for International Socio-Economic Studies, the NEC Group's think tank, and published a white paper on the NEC Group's focus areas, thereby accelerating the creation of shared sympathies in the future and contributing to social implementation of growth businesses.

Through these efforts, as well as ongoing communication between executives and employees, the engagement score set as an indicator in the "Mid-term Management Plan 2025" has improved from 25% in the fiscal year ended March 31, 2021 to 35%.

The NEC Group recorded consolidated revenue of 3,313.0 billion JPY for the fiscal year ended March 31, 2023, an increase of 298.9 billion JPY (9.9%) year on year. This increase was due to increased revenue in all segments.

Regarding profitability, operating profit increased by 37.9 billion JPY year on year, to an operating profit of 170.4 billion JPY, mainly due to increase in the Global Business and Enterprise Business, despite a decrease in the Network Services Business. Adjusted operating profit increased by 34.5 billion JPY year on year, to an adjusted operating profit of 205.5 billion JPY.

Profit before income taxes was a profit of 167.7 billion JPY, a year-on-year increase of 23.2 billion JPY, mainly due to increased operating profit.

Net profit attributable to owners of the parent was a profit of 114.5 billion JPY, a decrease of 26.8 billion JPY year on year, mainly due to increased income tax expense. Adjusted net profit attributable to owners of the parent decreased by 28.7 billion JPY year on year, to an adjusted net profit attributable to owners of the parent of 138.6 billion JPY.

For this Business Period, the Company declared an annual dividend of 110 JPY per share of common stock (interim dividend of 55 JPY per share).

One of the Company's employees, who is an employee as defined in Article 3 of the Order for Enforcement of the Construction Business Act, fell under the disqualification requirements for a construction business license. The Company was successfully relicensed as of November 14, 2022 after reapplication. The impact of this series of processes on the Company's business performance is negligible.

Review of Operations by Segments and Major Business

The NEC Group's primary business consists of five segments: the Public Solutions, Public Infrastructure, Enterprise, Network Services and Global Businesses. The followings are major services and products, and a review of the financial results for each segment of the NEC Group for this Business Period.

Note: The Company has revised its reportable segments in this Business Period based on a new organization structure effective as of April 1, 2022. A major revision is the transfer of the media solutions business from the Public Infrastructure segment to the Public Solutions segment. Figures for the previous fiscal year have been restated to conform with the new segments.

Public Solutions Business

Major Services and Products
<ul style="list-style-type: none"> ● Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment
Examples of Solutions by Business Sector / Industry
<ul style="list-style-type: none"> ● Public: Firefighting Command Systems, Fire Prevention/Emergency Wireless Communications Systems, Disaster Prevention Systems, Traffic Control Systems, Railroad Communication Systems, Local Government Systems, Electric Power Provider Systems ● Healthcare: Electric Medical Record Systems, Regional Healthcare Information Network ● Media: TV Program Production / News Production / Transmission Systems, Digital TV Transmitters ● Regional Industries: Backbone Systems

In the Public Solutions Business, revenue was 456.7 billion JPY, an increase of 14.1 billion JPY (3.2%) year on year, mainly due to increased sales for regional industries and the public sector.

Adjusted operating profit (loss) increased by 6.7 billion JPY year on year, to an adjusted operating profit of 42.7 billion JPY, mainly due to increased sales and optimization of expenses.

Public Infrastructure Business

Major Services and Products
<ul style="list-style-type: none"> ● Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment
Examples of Solutions by Business Sector / Industry
<ul style="list-style-type: none"> ● Government: Government Information Systems, Biometric Authentication Systems, Air Traffic Control Systems, Satellite Communications / Earth Observation, School / Education Systems, Postal Operator Systems

In the Public Infrastructure Business, revenue was 649.7 billion JPY, an increase of 41.2 billion JPY (6.8%) year on year, mainly due to increased sales for aerospace and defense.

Adjusted operating profit (loss) increased by 8.1 billion JPY year on year, to an adjusted operating profit of 67.3 billion JPY, mainly due to increased sales and reducing unprofitable projects.

Enterprise Business

Major Services and Products
<ul style="list-style-type: none"> ● Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment

Examples of Solutions by Business Sector / Industry
<ul style="list-style-type: none"> ● Manufacturing: Global SCM Systems, Product Lifecycle Management Systems, Production Management Systems, Sales Management Systems ● Retail and Services: Retail Systems for Stores and Head Offices, Logistics Management Systems ● Finance: Bank Settlement Systems, Bank Business Branch Systems, Insurance and Securities Infrastructure Systems, Insurance and Securities Channel Systems

In the Enterprise Business, revenue was 614.4 billion JPY, an increase of 39.7 billion JPY (6.9%) year on year, mainly due to increased sales in the finance, manufacturing, and retail and service sectors.

Adjusted operating profit (loss) increased by 15.9 billion JPY year on year, to an adjusted operating profit of 73.4 billion JPY, mainly due to higher profitability in system integration, as well as increased sales.

Network Services Business

Major Services and Products
<ul style="list-style-type: none"> ● Network Infrastructure Core Network, Mobile Phone Base Stations, Optical Transmission Systems, Routers / Switches ● Systems Integration (Systems Implementation, Consulting) ● Services & Management OSS (Operation Support System / BSS (Business Support System), Services / Solutions

In the Network Services Business, revenue was 543.4 billion JPY, an increase of 31.9 billion JPY (6.2%) year on year, mainly due to increased sales in fixed network and the occurrence of patent licensing revenue, despite sluggish capital investment by telecommunications carriers.

Adjusted operating profit (loss) decreased by 11.3 billion JPY year on year, to an adjusted operating profit of 24.1 billion JPY, mainly due to recording one-time expenses and growing investment in overseas 5G.

Global Business

Major Services and Products
<ul style="list-style-type: none"> ● Digital Government, Digital Finance ● Software Services for Service Providers OSS / BSS ● Network Infrastructure Submarine Systems, Wireless Backhaul

In the Global Business, revenue was 586.3 billion JPY, an increase of 100.8 billion JPY (21.0%) year on year, mainly due to increased sales in software services for service providers, the digital government and digital finance, and submarine systems areas.

Adjusted operating profit (loss) increased by 16.6 billion JPY year on year, to an adjusted operating profit of 42.9 billion JPY, mainly due to higher profitability in software services for service providers and revision of business portfolio.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 67.6 billion yen during this Business Period. Major capital expenditures include investment in equipment for development of software products, equipment for development and production of defense system and satellite system, equipment related to network infrastructure and equipment related to cloud services.

(3) Research and Development of the NEC Group

The NEC Group produces technologies that foster existing businesses functioning as a hub for creation of social value and advanced technologies for future businesses that can provide new value to the society, and accelerates commercialization of these technologies.

The main achievements in research and development of the NEC Group for this Business Period are as follows:

(i) Developing satellite radar and AI-based technology to detect serious bridge deterioration before collapse

Bridges are required to be visually inspected once every five years, but there is a critical shortage of expert inspection personnel. New technologies are needed to make inspections more efficient and provide alternative methods.

Using displacement data obtained by satellite radar remote sensing and AI with learning data on bridge structure and temperature changes, the Company has developed technology that can remotely analyze bridge conditions and detect abnormal deflection with high accuracy. Being able to ascertain this once-undetected aspect enables early warning of serious deterioration that could lead to bridge collapse. This technology makes it possible to detect abnormal deflection on the millimeter level for multiple bridges at once, contributing to more efficient inspection of bridges over rivers, oceans, valleys, and in other areas where close visual inspection is challenging.

The Company will enhance this analysis technology, providing commercial solutions for bridge managers and inspectors targeting release in the fiscal year ending March 31, 2026, as well as promote DX for infrastructure facility management in general, including bridges.

(ii) Developing a Gateless Access Control System using Biometric Recognition that authenticates large numbers of people to help alleviate congestion at busy entrances

When a large number of people are concentrated at entrances, they are required to pass through flapper gates, guarded security gates, etc., one by one to verify their identity. This can cause congestion and long lines.

The Company has developed a Gateless Access Control System using Biometric Recognition that provides highly accurate face recognition authenticating multiple people in real time. This system utilizes a combination of a person re-identification technology that matches the characteristics of a person's clothing with a technology that detects the characteristics of their movements. This system enables a single camera to authenticate more than 100 people per minute, even when a large number of people walk naturally through an entrance, thereby reducing congestion and enabling visitors to enter quickly and smoothly.

In the future, the Company will continue to verify the use of this system in a variety of ways, such as in theme parks, event halls, and offices/factories, as well as automated ticket gateways, with the aim of practical application in the fiscal year ending March 31, 2025.

(4) Financing Activities of the NEC Group

In July, 2022 the Company issued unsecured sustainability-linked bonds, aggregate notional amount 110 billion yen, mainly for the purpose of funding the scheduled redemption of the outstanding straight bonds. Through this financing, the Company is promoting "environmental action with a particular focus on climate change (decarbonization)," one of the themes of the "Materiality," which are management priorities from an ESG perspective.

(5) Material Reorganization, etc.

As one of NEC Group's portfolio revises, the Company transferred all shares in NEC Embedded Products, Ltd. Meiko Electronics Co., Ltd. in September 2022.

(6) Challenges to be Addressed by the NEC Group

The NEC Group's Directors, corporate officers and employees are striving as one to carry out its management policies, combining its "(i) Purpose," "(ii) Strategies" and "(iii) Culture." These policies are based on the "Mid-term Management Plan 2025," announced in May 2021.

(i) Purpose

In the "NEC Way" the NEC Group defines its Purpose as creating 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. As a corporate group seeking to create social values, the NEC Group will aim to realize it by "Seize the Future Together" with society and customers. To that end, the NEC Group formulated the "NEC 2030VISION", which explains what the NEC Group will strive to achieve by 2030.



In addition, in order to realize the Purpose, the Company will take the opportunity of the transition to a Company with a Nominating Committee, etc. to clearly separate the oversight function from execution by management with regard to corporate governance. This will strengthen the oversight function of the Board of Directors, while at the same time, accelerating timely decision-making and implementation by delegating substantial authority from the Board of Directors to executive officers with respect to business execution. In line with this, the Company is taking a number of actions to enhance governance on the execution side. These include strengthening the Group-wide risk management system under the leadership of the newly established Chief Risk Officer (CRO), improving decision-making quality by reorganizing the executive meeting bodies centered on the Executive Committee, and strengthening the internal audit function.

(ii) Strategy

By converting NEC Group's advantage of capabilities in technology into customer value, the NEC Group will achieve growth by "Focusing on our global business pillars," "Transforming our IT business in Japan," and "Creation of future growth."

With regard to "Focusing on our global business pillars," the Company will strive for business growth in the Digital Government and Digital Finance Business by enhancing its profitability through shifting to highly profitable software businesses and expanding the scope of offshore operations. Furthermore, the Company will achieve business growth by manifesting global synergy between the Company and its subsidiaries. In the Global 5G Business, the NEC Group will develop business opportunities regarding base stations in Japan and overseas, enhance the NEC-made software and services, and optimize the sales structure and development scale according to business scale.

As for “Transforming our IT business in Japan,” the NEC Group will further enhance the “NEC Digital Platform,” a shared basis of the DX business, by developing joint products across industries and thereby boost profitability. Furthermore, the Company will generate new business opportunities by further promoting its strategic partnership program to achieve resolution of management issues and joint creation of social value together with advanced customers, and by working in tandem with government policies on projects driving social change, like smart cities.

As for the “Creation of future growth,” the NEC Group will further accelerate cooperation with entities outside the company including academic and research institutions to advance business development activities in the AI, the healthcare and life sciences business, and businesses related to carbon neutrality domains.

As for the base business, which are traditional components of NEC Group’s business, the NEC Group will improve low profitable business by enhancing monitoring and make management decisions if improvement plans are not attained, including withdrawing from businesses, aiming to achieve steady growth in each business and profitability exceeding that of competitors..

With regard to financial strength, the prerequisite for implementing and supporting these growth strategies, the NEC Group will generate cash flows by continuously growing EBITDA and optimizing portfolio assets. The Company will implement capital allocation emphasizing business growth with these as capital, strive to construct a sound financial basis, and support future growth investments.

In addition, to reinforce the non-financial evaluation methodologies to underpin the sustainable growth of the NEC Group and society, the NEC Group have identified seven themes as the “Materiality”, which are management priorities from an ESG perspective. These seven themes are climate change, security, AI and human rights, diverse human resources, corporate governance, supply chain sustainability, and compliance. The NEC Group also plans to identify new themes as the Materiality for growth and opportunity creation. Through the practice of the Materiality, the NEC Group aim to promote businesses with significant social, environmental, and economic value, and to be continuously included in major ESG indices.

(iii) Culture

In order to realize its Purpose, as highly motivated employees are indispensable, the NEC Group aims to transform itself into an “Employer of Choice.” In the fiscal year ending March 31, 2024, the Company is emphasizing “investment in people” who will execute its strategies and create culture, and aiming to improve engagement and achieve human capital management by reforming its systems and improving its environment to maximize the power of its organization and human resources. In particular, the Company will make efforts to firmly establish job-based human resource management that has been introduced at upper levels, improve personnel mobility by expanding its internal open recruitment, and develop next-generation leaders by investing in promising human resources. With these, the Company is working to fill each position in conformity with the right time, the right place and the right person, in a way that is linked to its business strategies. The Company will also further promote diversity as a source of innovation.

Through these measures, the NEC Group aims to achieve revenue of 3.5 trillion JPY, adjusted operating profit of 300 billion JPY (ratio to revenue: 8.6%), adjusted net profit of 185 billion JPY (ratio to revenue: 5.3%), and EBITDA of 450 billion JPY (ratio to revenue: 12.9%) in the fiscal year ending March 31, 2026.

By achieving the “Mid-term Management Plan 2025” and jointly developing the vision of the future upheld in the “NEC 2030VISION” for achievement of its Purpose, the NEC Group will contribute to the achievement of the Sustainable Development Goals (SDGs) set by the United Nations.

(7) Parent Company and Principal Subsidiaries

(i) Parent Company

The Company has no parent company.

(ii) Principal Subsidiaries

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
	(In millions of yen)	(%)	
NEC Platforms, Ltd.	10,332	100	Development, manufacture, sale and maintenance of information and communications systems equipment etc., and provision of systems integration services etc.
NEC Fielding, Ltd.	9,670	100	Installation and maintenance of computers and network systems
NEC Solution Innovators, Ltd.	8,669	100	Provision of systems integration services etc., and development of software
ABeam Consulting Ltd.	6,200	100	Business consulting
NEC Networks & System Integration Corporation	13,122	38.4	Design, construction and maintenance of information and communications systems, and sale of related equipment
Japan Aviation Electronics Industry, Limited	10,690	35.2	Manufacture and sale of connectors and electronic devices for avionics and aerospace
	(In U.S. dollars)	(%)	
NEC Corporation of America (U.S.A.)	27	100	Regional representative and supervising operation in North America, sale of computers-related equipment and communications equipment, and provision of systems integration services etc.
	(In thousands of Sterling pound)		
NEC Europe Ltd. (U.K.)	146,507	100	Regional representative and supervising operation in Europe
	(In thousands of Singapore dollars)		
NEC Asia Pacific Pte. Ltd. (Singapore)	80,280	100	Regional representative and supervising operation in Asia, sale of computers-related equipment and communications equipment, and provision of systems integration services etc.
	(In thousands of U.S. dollars)		
NEC (China) Co., Ltd. (People's Republic of China)	178,000	100	Regional representative and supervising operation in Greater China
	(In thousands of Brazilian real)		

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
NEC Latin America S.A. (Brazil)	328,282	100	Regional representative and supervising operation in Latin America, sale of communications equipment, and provision of systems integration services etc.
	(In U.S. dollars)		
NetCracker Technology Corporation(U.S.A.)	1	100	Development and sale of software
	(In thousands of euros)		
Comet Holding B.V.(Netherlands)	2,058,795	86.3	Pure holding company Its principal subsidiary is Avaloq Group AG, which owns under its umbrella subsidiaries for which the principal business is development of software and provision of IT services.
	(In thousands of Sterling pound)		
Garden Private Holdings Limited(U.K.)	474,520	100	Pure holding company Its principal subsidiary is NEC Software Solutions UK Limited, for which its principal business is development of software and provision of IT services.
	(In thousands of Danish krone)		
Soleil ApS(Denmark)	50	85.2	Pure holding company Its principal subsidiary is KMD A/S, for which its principal business is development of software and provision of IT services.

- Notes:
1. The figure for the Company's shareholding ratio of NEC Networks & System Integration Corporation shown above does not include 19,200,000 (12.9%) shares that were contributed by the Company as part of employee pension trust. The voting rights of such shares will be exercised at the instruction of the Company pursuant to the terms of the trusts indentures.
 2. The figure for the Company's shareholding ratio of Japan Aviation Electronics Industry, Limited shown above does not include 13,800,000 (15.0%) shares that were contributed by the Company as part of employee pension trust. The voting rights of such shares will be exercised at the instruction of the Company pursuant to the terms of the trusts indentures.
 3. 13.7% out of total number of the shares issued by Comet Holding B.V. held by a shareholder except the Company is non-voting preferred stock, and the Company's voting ratio in Comet Holding B.V. is 100%.
 4. 14.8% out of total number of the shares issued by Soleil ApS held by a shareholder except the Company is non-voting preferred stock, and the Company's voting ratio in Soleil ApS is 100%.

2. Matters related to the Company's stock

(1) Total Number of Authorized Shares	750,000,000 shares
(2) Total Number of Shares Issued	272,849,863 shares

(including treasury stock of 6,209,767 shares)

(3) Number of Shareholders

149,823

(4) Major Shareholders (Top 10)

(In thousands of shares)

Name of Shareholders	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,724	17.52
Custody Bank of Japan, Ltd. (Trust Account)	20,781	7.79
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	13,023	4.88
Sumitomo Life Insurance Company	5,600	2.10
STATE STREET BANK WEST CLIENT – TREATY 505234	5,077	1.90
NEC Employee Shareholding Association	4,093	1.54
STATE STREET BANK AND TRUST COMPANY 505001	3,738	1.40
GOVERNMENT OF NORWAY	3,610	1.35
JP MORGAN CHASE BANK 385781	3,475	1.30
STATE STREET BANK AND TRUST COMPANY 505103	2,978	1.12

Note 1: The Company holds 6,209,767 shares of treasury stock but is excluded from the above list of major shareholders.

2: The shareholding ratio is calculated by excluding the number of treasury stock (6,209,767 shares).

(5) Classification of Shareholders

Classification of Shareholders	Shareholding Ratio (%)
Japanese government and local governments	0.00
Financial Institutions	31.30
Securities Companies	3.33
Other Companies	6.89
Foreign Investors	37.12
Japanese Individuals and Others	21.36
Total	100

(6) Stock granted to Directors and Audit & Supervisory Board Members (KANSAYAKU) as compensation for performance of duties during this Business Period

Details of stock granted to Directors and Audit & Supervisory Board Members (KANSAYAKU) during this Business Period as stock compensation are as follows.

	Number of Shares	Number of people to whom shares granted
Directors (excluding Outside Directors)	52,969	6

(7) Other important matters related to the Company's stock

- (i) The Company approved, at the Board of Directors meeting held on August 29, 2022, the repurchase of shares of its own common stock, up to 6.7 million shares or 30.0 billion yen in total, for the period from August 30, 2022 to March 31, 2023, and the Company repurchased 6,187,500 shares of its own common stock for an aggregate value of 29,999,739,000 yen during this Business Period.
- (ii) The Company has introduced a performance-based stock compensation plan for Directors (excluding

Outside Directors) in accordance with a resolution of the 179th Ordinary General Meeting of Shareholders held on June 22, 2017, and the plan has been partly amended in accordance with a resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019. And the Company has introduced a fixed stock compensation plan for Directors (excluding Outside Directors) in accordance with a resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019.

- (iii) In addition to above (ii), the Company has introduced a performance-based stock compensation plan for corporate officers and a part of employees of the Company.

As of March 31, 2023, a total of 290,600 of the Company shares are held in a trust account related to a share settlement trust whose beneficiaries are eligible persons under the plan (including eligible persons under the stock compensation plan above (ii)).

3. Matters related to Directors and Audit & Supervisory Board Members (KANSAYAKU)

(1) Name, Position at the Company, Responsibility and Important Concurrent Positions of Directors and Audit & Supervisory Board Members (KANSAYAKU)

Name	Position at the Company	Responsibility and Important Concurrent Position
Takashi Niino	Chairman of the Board	Important matters relating to the reinforcement of NEC Group's corporate governance
Takayuki Morita	President (Representative Director)	CEO (Chief Executive Officer) Management of the Company's business/ Important matters relating to internal audit and export & import trade control
Osamu Fujikawa	Executive Vice President and Member of the Board (Representative Director)	CFO (Chief Financial Officer) Corporate strategy, corporate controller, corporate finance and marketing
Hajime Matsukura	Executive Vice President and Member of the Board	CHRO (Chief Human Resources Officer) CLCO (Chief Legal & Compliance Officer) Human resources and general affairs, legal, internal control, internal audit and export & import trade control
Motoo Nishihara	Executive Vice President and Member of the Board	CTO (Chief Technology Officer) Global Innovation Director, Japan Aviation Electronics Industry, Limited
Noriko Iki	Member of the Board	President, Japan Institute for Women's Empowerment & Diversity Management
Masatoshi Ito	Member of the Board	Senior Corporate Advisor, Ajinomoto Co., Inc.
Kuniharu Nakamura	Member of the Board	Chairman of the Board of Directors, SUMITOMO CORPORATION Outside Director, Shin-Etsu Chemical Co., Ltd.
Christina Ahmadjian	Member of the Board	Specially Appointed Professor, College of Business Department of Global Business, Rikkyo University Outside Director, Asahi Group Holdings, Ltd. Outside Director, Sumitomo Electric Industries, Ltd. Outside Director, Niterra Co., Ltd.
Masashi Oka	Member of the Board	President & CEO, Representative Director, Sony Financial Group Inc.

Name	Position at the Company	Responsibility and Important Concurrent Position
Nobuhiro Odake	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Shinobu Obata	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Nobuo Nakata	Audit & Supervisory Board Member (KANSAYAKU)	Attorney at Law
Masami Nitta	Audit & Supervisory Board Member (KANSAYAKU)	Certified Public Accountant
Kyoko Okada	Audit & Supervisory Board Member (KANSAYAKU)	Outside Corporate Auditor, SUBARU CORPORATION Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS CO., LTD.

- Notes: 1. At the 184th Ordinary General Meeting of Shareholders held on June 22, 2022, Messrs. Osamu Fujikawa and Masashi Oka were newly elected as Director of the Company.
2. At the 184th Ordinary General Meeting of Shareholders held on June 22, 2022, Mr. Shinobu Obata and Ms. Kyoko Okada were newly elected as Audit & Supervisory Board Member (KANSAYAKU) of the Company.
3. Messrs. Masatoshi Ito, Kuniharu Nakamura and Masashi Oka and Mss. Noriko Iki and Christina Ahmadjian are Outside Directors.
4. Messrs. Nobuo Nakata and Masami Nitta and Ms. Kyoko Okada are Outside Audit & Supervisory Board Members (KANSAYAKU).
5. The Company has notified Tokyo Stock Exchange, on which the Company lists its shares, of each of Messrs. Masatoshi Ito, Kuniharu Nakamura, Masashi Oka, Nobuo Nakata and Masami Nitta and Mss. Noriko Iki, Christina Ahmadjian and Kyoko Okada as independent Directors / Audit & Supervisory Board Members (KANSAYAKU).
6. Mr. Masami Nitta have considerable expertise in finance and accounting by having extensive auditing experience as a Certified Public Accountant for many years.
7. The name of Directors and Audit & Supervisory Board Member (KANSAYAKU) who retired during this Business Period, their position at the time of the retirement and the date and reasons of the retirement are as follows:

Name	Position at the time of retirement	Date of retirement (reason)
Nobuhiro Endo	Chairman of the Board	June 22, 2022 (expiration)
Norihiko Ishiguro	Senior Executive Vice President and Member of the Board	June 22, 2022 (expiration)
Kaoru Seto	Member of the Board	June 22, 2022 (expiration)
Jun Ohta	Member of the Board	June 22, 2022 (expiration)
Isamu Kawashima	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	June 22, 2022 (expiration)
Taeko Ishii	Audit & Supervisory Board Member (KANSAYAKU)	June 22, 2022 (expiration)

8. On April 1, 2023, the positions, responsibilities and important concurrent position of Directors were changed as follows:

Name	Position after change	Responsibility and Important Concurrent Position after change
Osamu Fujikawa	Corporate Executive Vice President and Member of the Board (Representative Director)	CFO (Chief Financial Officer) Corporate strategy, corporate controller and corporate finance
Hajime Matsukura	Corporate Secretary and Member of the Board	Corporate governance reform
Motoo Nishihara	Corporate Executive Vice President and Member of the Board	CTO (Chief Technology Officer) Global Innovation Director, Japan Aviation Electronics Industry, Limited
Christina Ahmadjian	Member of the Board	Outside Director, Asahi Group Holdings, Ltd. Outside Director, Sumitomo Electric Industries, Ltd. Outside Director, Niterra Co., Ltd.

(2) Remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU)

① Company Policy on Remuneration Determination

(i) Basic Policy

For the purpose of continuously improving corporate value and strengthening its competitiveness, the Company's basic policy on the remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU) is to set the level and system appropriate for a global company which enables the Company to secure excellent human resources and serves as an incentive to improve performance of the NEC Group.

(ii) Determination of Remuneration Amounts of Directors and Calculation Method

1) Remuneration for Directors

Remuneration for Directors of the Company consists of basic remuneration, bonuses and stock compensation (the performance-based stock compensation (the "Performance-based Stock Compensation") and the stock compensation in which stock equivalent to a pre-determined monetary amount is granted (the "Fixed Stock Compensation")). The policy on the remuneration for Directors and remuneration plan for Directors based on such policy are determined by the resolution of the Board of Directors, based on the results of their deliberation from an objective viewpoint by the Compensation Committee, the majority of the members of which are Independent Outside Directors (one of whom is the chairperson).

Basic remuneration

Basic remuneration is fixed-monthly payments.

<Determination Method>

Basic remunerations are determined according to the positions of Directors and the distinction between Inside Director and Outside Director, to the extent of the maximum amount approved at the General Meeting of Shareholders. However, for some Executive Directors, basic remuneration increases or decreases depending on the performance of these individuals in each fiscal year. The Board of Directors determines for each job title the standard amount of basic remuneration and the range of fluctuations.

Bonuses

Bonuses serve as short-term incentives to achieve performance targets in each fiscal year for the sustained growth of the NEC Group. Executive Directors are eligible to receive these bonuses at a certain time every year.

<Determination Method>

The limit for total payments of these bonuses is determined by a resolution of the General Meetings

of Shareholders. Individual bonus payments are determined by adjusting the standard bonus amount determined for each job title of Directors to reflect the achievement level of performance targets.

<Links between Remuneration and the NEC Group's Performance>

Bonuses is calculated based on the achievement level of a performance indicators (NEC Group's consolidated revenue, adjusted operating profit and free cash flows) that is regarding the consolidated business results of the NEC Group during the fiscal year and a performance that targets are achieved in the businesses overseen by each Director.

Stock compensation

Stock compensation is granted to Inside Directors and consists of the Performance-based Stock Compensation and the Fixed Stock Compensation.

(a) Performance-based Stock Compensation

The Performance-based Stock Compensation serves as a mid- to long-term incentive to further raise Directors' awareness for contribution to improvement in the Company's mid- and long-term performance and its corporate value, by clarifying the link between remuneration of Directors and the NEC Group's performance as well as value of Company shares.

<Determination Method>

The Performance-based Stock Compensation is linked to a single fiscal year. Following the end of each applicable fiscal year, the number of points granted to a Director is determined according to job title and the level of achievement of performance targets in the fiscal year. In principle, Directors receive a number of shares corresponding to the number of points after three years from the beginning of the applicable fiscal year.

<Links between Remuneration and the NEC Group's Performance>

The Performance-based Stock Compensation is calculated based on the achievement level of a performance indicators (NEC Group's consolidated revenue, adjusted operating profit, and adjusted net profit attributable to owners of the parent) that is considering their importance concerning the NEC Group's mid- to long-term management strategies.

(b) Fixed Stock Compensation

The Fixed Stock Compensation further clarifies the link between remuneration for Directors and the value of Company shares by increasing the ratio of stock compensation in the remuneration for Directors, and encourage Directors to operate the business with a higher consciousness of the Company's share price by sharing with shareholders not only the benefits of rising share prices but also the risks associated with falling share prices.

<Determination Method>

The Fixed Stock Compensation applies to the period beginning on the day of each Ordinary General Meeting of Shareholders and ending on the day of the Ordinary General Meeting of Shareholders in the following year. Following the end of this period, Directors receive points corresponding to monetary amounts that do not exceed the limit established by resolutions of the General Meetings of Shareholders. In principle, Directors receive a number of shares corresponding to the number of points after three years from the beginning of the applicable period.

(c) Certain Restrictions of Stock Compensation Plan

Under the stock compensation plan, there are certain restriction provisions. These enable the Company to take action in cases where compliance breaches or inappropriate accounting treatment (including the submission of amended reports and amendment of past financial statements) have been confirmed. In such cases, after deliberation by the Compensation Committee and a resolution by the Board of Directors, the Company may withhold all or part of the rights to receive a grant of the Company's shares prior to the grant of the Company's shares; or after the grant of the Company's shares, the Company may demand the return of all or part of the granted shares of the Company (including an amount of cash equivalent to the Company's shares as liquidated and disposed of paid instead of the Company's shares).

Notes: 1. A certain specific portion of the Company shares will be sold on the stock market and cash instead of the shares will be paid in consideration of tax payment at the time of granting shares.

2. The Performance-based Stock Compensation is performance-linked remuneration described in Article 34 (1) of Corporation Tax Act, and “the defined amount” described in item (iii) (a) 1 of Article 34 (1) of Corporation Tax Act is up to a total of 200,000,000 yen for applicable fiscal year.

3. In order to promote a management improving shareholder value, the Company recommends that Inside Directors purchase the Company shares and keep the shares through the term of office of Directors.

2) Remuneration for Audit & Supervisory Board Members (KANSAYAKU)

Remuneration for Audit & Supervisory Board Members (KANSAYAKU) is only fixed monthly remunerations and do not include bonuses linked to the business results because the responsibility of Audit & Supervisory Board Members (KANSAYAKU) is to audit execution of Directors’ duty.

Basic remuneration

Basic remuneration is fixed-monthly payments.

<Determination Method>

The fixed monthly remunerations are determined depending on whether he or she is a full-time Audit & Supervisory Board Member or not, to the extent of the maximum amount approved at the General Meeting of Shareholders.

(iii) Determination Method of Level of Remuneration

In order to ensure objectiveness and properness of the remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU), the level of the remuneration is determined on the result of the third party’s investigation regarding the remunerations of other companies whose business contents and scale are similar to those of the Company.

(iv) Policy on Ratio to Remuneration Amounts of Individual Directors

The following table shows the approximate ratio of each type of remuneration to the amounts of remuneration for individual Directors.

	Basic remuneration [Non-performance-based remuneration]	Bonus (Short-term incentive) [Performance-based remuneration]	Stock Compensation	
			Performance-based Stock Compensation (Mid- to long-term incentive) [Performance-based remuneration]	Fixed Stock Compensation [Non-performance-based remuneration]
Inside Directors (Executive Directors)	50%	30%	15%	5%
Inside Directors (Non-executive Directors)	80%	0%	15%	5%
Outside Directors	100%	0%	0%	0%

Notes: 1. The Ratio of Bonus and Performance-based Stock Compensation is calculated based on before reflecting the achievement performance targets.

2. Performance-based Stock Compensation and Fixed Stock Compensation are defined as Non-monetary compensation.

② Amounts of Remuneration for this Business Period

Amounts of remuneration for this Business Period are based on the compensation plan determined by the Board of Directors, and went through deliberation by the Compensation Committee. The Board of Directors therefore judges that the amounts are in conformity with the Company Policy on Remuneration as described in ① above.

	Basic Remuneration		Bonus		Performance-based stock compensation		Fixed Stock Compensation	
	Headcount	Total Amount (In millions of yen)	Headcount	Total Amount (In millions of yen)	Headcount	Cost posting relating to the Stock Compensation (In millions of Yen)	Headcount	Cost posting relating to the Stock Compensation (In millions of Yen)
Directors (of which Outside Directors)	14 (7)	397 (88)	5 (-)	112 (-)	5 (-)	79 (-)	7 (-)	31 (-)
Audit & Supervisory Board Members (KANSAY AKU) (of which Outside Audit & Supervisory Board Members (KANSAY AKU))	7 (4)	110 (50)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

- Notes: 1. The above headcount includes four Directors and two Audit & Supervisory Board Members (KANSAYAKU) who retired at the close of the 184th Ordinary General Meeting of Shareholders held on June 22, 2022.
2. The above cost posting relating to Performance-Based Stock Compensation and Fixed Stock Compensation are the value posted during this Business Period.
3. Bonus and Performance-based Stock Compensation are defined as performance-based remuneration. Performance-based Stock Compensation and Fixed Stock Compensation are defined as non-monetary compensation.
4. The maximum annual remuneration for Directors is 1,380,000,000 yen (of which 580,000,000 yen for basic remuneration and 800,000,000 yen for bonus) (approved at the 181st Ordinary General Meeting of Shareholders held on June, 24 2019).
5. The maximum annual remuneration for Audit & Supervisory Board Members (KANSAYAKU) is 144,000,000 yen (approved at the 181st Ordinary General Meeting of Shareholders held on June 24, 2019).

③ Indicators Used for Performance-based Remuneration, Reason for Selection thereof and Determination Method of the Amount of Performance-based Remuneration

(i) Bonuses

Bonuses have two components: a component linked to key performance indicators regarding the consolidated business results of the NEC Group during the fiscal year to which the bonus applies (“the Group-wide Performance-based Component”), and a component linked to the degree to which performance

targets are achieved in the businesses overseen by each Director (“the Business-unit Performance-based Component”). The ratio between these two components is as follows for each job title:

Job title	Group-wide Performance-based Component	Business-unit Performance-based Component	
		Fiscal year budget portion	Mid-term plan portion
Vice Chairman of the Board and President	100%	—	—
Senior Executive Vice President and Member of the Board	60%	20%	20%
Executive Vice President and Member of the Board	40%	30%	30%
Senior Vice President and Member of the Board	30%	35%	35%

Indicators for the Group-wide Performance-based Component and the Business-unit Performance-based Component, reason for selection thereof and method for determining the amount of bonuses are as follows:

1) Indicators for the Group-wide Performance-based Component and Reason for Selection

The performance indicators for this component are the NEC Group’s consolidated revenue, adjusted operating profit and free cash flows in the applicable fiscal year. These indicators were selected taking account of their importance concerning the NEC Group’s management strategies and suitability in determining the achievement level of performance targets.

2) Indicators for the Business-unit Performance-based Component and Reason for Selection

The performance indicators for this component are budget indicators and mid-term plan indicators.

Budget indicators are consolidated revenue, adjusted operating profit, free cash flows, etc. in the applicable fiscal year in the business units overseen by each Director. These indicators were selected because they allow the appropriate evaluation of the achievement level of performance targets for each fiscal year in individual business units overseen by relevant Directors.

Mid-term plan indicators are used to evaluate activities for accomplishing the goals set in the Mid-term Management Plan. The indicators are fiscal year performance targets set for individual Directors based on a discussion between each Director and the President, and the President evaluates their achievement level by interviewing the Director. To ensure that evaluations are done properly, evaluation results are reported to the Compensation Committee.

(*)For Directors who oversee operations other than business units, indicators for the Business-unit Performance-based Component are the NEC Group’s consolidated revenue, adjusted operating profit, free cash flows, etc.

3) Determination Method of Bonus Amounts

The Compensation Committee discusses reports concerning results of evaluations using indicators for the Group-wide Performance-based Component and the Business-unit Performance-based Component and the bonus amounts which are calculated using the following formula. Then, based on the results of these discussions, the Board of Directors determines an aggregate bonus payment for all Directors eligible to receive a bonus.

The amount of each bonus is set between 0% and 200% of the standard amount determined for each job title, based on the achievement level of performance targets.

<Calculation formula>

“Group-wide Performance-based Component (“Standard amount for job title” x “Group-wide performance-based component ratio (Note 1)” x “Group-wide performance-based payment rate (Note 2)”)” + “Business-unit Performance-based Component (“Standard amount for job title” x “Business-

unit performance-based component ratio (Note 3)” x “Business-unit performance-based payment rate (Note 4)””

- Notes: 1. The ratio of the Group-wide Performance-based Component in the preceding section (i).
 2. Calculated using the indicators for the Group-wide Performance-based Component in the preceding section 1).
 3. The ratio of the Business-unit Performance-based Component in the preceding section (i).
 4. Calculated using the indicators for the Business-unit Performance-based Component in the preceding section 2).

(ii) Performance-based Stock Compensation

Indicators for the Performance-based Stock Compensation, reason for selection thereof and method for determining the amount of the Performance-based Stock Compensation are as follows:

1) Indicators and Reason for Selection

Indicators for Performance-based Stock Compensation are the NEC Group’s consolidated revenue, adjusted operating profit and adjusted net profit attributable to owners of the parent in the applicable fiscal year. The indicators were selected by considering their importance concerning the NEC Group’s mid- to long-term management strategies as well as for reinforcing the commitment and activities of Directors to contribute to maximizing corporate value from a mid- to long-term perspective and giving back to shareholders.

2) Determination Method of Compensation Amount

Performance-based Stock Compensation is calculated by using the following formula.

The number of shares granted for the compensation is set between 0% and 100% of the standard number of shares determined for job title, based on the achievement level of performance targets.

<Calculation formula>

“Number of granting shares based on the applicable Directors’ job titles (Note 1)” x “Performance-based allotment rate (Note 2)”

Notes: 1. “the standard amount of stock compensation on the applicable Directors’ job titles (*)”
 / “average value of closing price of the Company shares on the Tokyo Stock Exchange in the fiscal year immediately preceding the applicable fiscal year”

(*) The basic remuneration of each Director is multiplied by the factor determined for each title. However, for some Executive Directors, the standard amount of basic remuneration of each Executive Director is multiplied by the factor determined for each title.

2. “the level of the achievement of consolidated revenue in the applicable fiscal year” x 30%
 + “the level of the achievement of adjusted operating profit in the applicable fiscal year” x 40% + “the level of the achievement of adjusted net profit attributable to owners of the parent in the applicable fiscal year” x 30%

④ Targets and results of indicators used for performance-based remuneration for the fiscal year ended March 31, 2023

(i) Bonuses

Targets and results of indicators used for bonuses as Group-wide Performance-based Component for the fiscal year ended March 31, 2023 are as follows:

Indicators (Consolidated basis)	Targets	Results	Target achievement rates	Ratio to Group-wide Performance-based Component
Revenue	3,130.0 billion yen	3,313.0 billion yen	105.8%	20%
Adjusted operating profit	185.0	205.5	111.1%	50%

	billion yen	billion yen		
Free cash flows	180.0 billion yen	102.5 billion yen	56.9%	30%

Notes: 1. Results shown above are rounded to the nearest 100 million yen, and the achievement rate of the target is calculated using the actual results before rounding to the nearest 100 million yen, and then rounded to the first decimal point.

2. Bonus payment for the Vice Chairman of the Board and the President was determined by adjusting the standard bonus amount to reflect the achievement rate of indicators for the Group-wide Performance-based Component. Bonus payments for other Executive Directors were determined by adjusting the standard bonus amount to reflect the achievement rate of indicators for the Group-wide Performance-based Component and the achievement rate of indicators for the Business-unit Performance-based Component.

(ii) Performance-based Stock Compensation

Under the Performance-based Stock Compensation with the fiscal year ended March 31, 2023 as the target period, the Company shares will be granted in July 2025. Targets and results of indicators for the Performance-based Stock Compensation are as follows:

Indicators (Consolidated basis)	Targets	Results	Target achievement rates	Ratio to Group-wide Performance-based Component
Revenue	3,130.0 billion yen	3,313.0 billion yen	105.8%	30%
Adjusted operating profit	185.0 billion yen	205.5 billion yen	111.1%	40%
Adjusted net profit	115.0 billion yen	138.6 billion yen	120.5%	30%

Note: Results shown above are rounded to the nearest 100 million yen, and the achievement rate of the target is calculated using the actual results before rounding to the nearest 100 million yen, and then rounded to the first decimal point.

⑤ Outline of non-monetary compensation

Performance-based Stock Compensation and Fixed Stock Compensation are granted as non-monetary compensation. The purpose of the introduction and details thereof are as described in 1 above. The shares granted during this Business Period were delivered as the Performance-based Stock Compensation and the Fixed Stock Compensation introduced by the resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019. The granting status is as described in “2. Matters related to the Company’s stock, (6) Stock granted to Directors and Audit & Supervisory Board Members (KANSAYAKU) as compensation for performance of duties during this Business Period.”

⑥ Resolution of Ordinary General Meeting of Shareholders related to remuneration for Directors and Audit & Supervisory Board Members (KANSAYAKU)

(i) Resolution of General Meeting of Shareholders related to basic remuneration and bonuses

A resolution of General Meeting of Shareholders related to the basic remuneration and bonuses for Directors and Audit & Supervisory Board Members (KANSAYAKU) was approved on June 24, 2019. The contents

of the resolution and the number of Directors and Audit & Supervisory Board Members (KANSAYAKU) approved by the resolution are as follows:

- The maximum remuneration for Directors was revised from a monthly basis to an annual basis, and was set at 1,380,000 thousand yen per year (of which 580,000 thousand yen for basic remuneration and 800,000 thousand yen for bonus), and it was determined to pay bonuses in addition to basic remuneration for Directors within said maximum amount. The number of Directors eligible for said system at the closing of said General Meeting of Shareholders was 11 (of which 5 were Outside Directors).

The number of Directors eligible for said system at the closing of the 184th Ordinary General Meeting of Shareholders held on June 22, 2022 was 10 (of which 5 were Outside Directors).

- The maximum remuneration for Audit & Supervisory Board Members (KANSAYAKU) was revised from a monthly basis to an annual basis, and was set at 144,000 thousand yen per year. The number of Audit & Supervisory Board Members (KANSAYAKU) eligible for said system at the closing of said General Meeting of Shareholders was 5 (of which 3 were Outside Audit & Supervisory Board Members (KANSAYAKU)).

The number of Audit & Supervisory Board Members (KANSAYAKU) eligible for said system at the closing of the 184th Ordinary General Meeting of Shareholders held on June 22, 2022 was 5 (of which 3 were Outside Audit & Supervisory Board Members (KANSAYAKU)).

(ii) Resolution of General Meeting of Shareholders related to stock compensation

A resolution of General Meeting of Shareholders related to stock compensation for Directors was approved on June 24, 2019. The contents of the resolution and the number of Directors approved by the resolution are as follows:

- At the 181st Ordinary General Meeting of Shareholders held on June 24, 2019, it was resolved to partly amend a performance-based stock compensation plan for Inside Directors which was introduced based on resolution of the 179th Ordinary General Meeting of Shareholders held on June 22, 2017. The number of Directors eligible for said plan at the closing of said General Meeting of Shareholders was 6.

The number of Directors eligible for said plan at the closing of the 184th Ordinary General Meeting of Shareholders held on June 22, 2022 was 5.

- At the 181st Ordinary General Meeting of Shareholders held on June 24, 2019, it was resolved to introduce the Fixed Stock Compensation Plan for Inside Directors. The number of Directors eligible for said plan at the closing of said General Meeting of Shareholders was 6.

The number of Directors eligible for said plan at the closing of the 184th Ordinary General Meeting of Shareholders held on June 22, 2022 was 5.

Notes: 1. The performance-based stock compensation plan introduced in accordance with a resolution of the 179th Ordinary General Meeting of Shareholders held on June 22, 2017 has a target period of three fiscal years that corresponds to a mid-term management plan period. The maximum sum to be contributed by the Company to the Trust was 0.2 billion yen for the Target Period, and the maximum number of the Company shares to be granted from the Trust to Inside Directors was 88,000 shares for the Target Period.

2. The performance-based stock compensation plan amended in accordance with a resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019 had a target period of a single fiscal year beginning on or after April 1, 2019. The maximum sum to be contributed by the Company to the Trust is 0.2 billion yen for the Target Period, and the maximum number of the Company shares to be granted from the Trust to Inside Directors is 88,000 shares for the Target Period.

3. The Fixed Stock Compensation Plan introduced in accordance with a resolution of the 181st

Ordinary General Meeting of Shareholders held on June 24, 2019 has a target period from the date of the Ordinary General Meeting of Shareholders to the date of the following Ordinary General Meeting of Shareholders. The maximum sum to be contributed by the Company to the Trust is 60,000 thousand yen for the Target Period, and the maximum number of the Company shares to be granted from the Trust to Inside Directors is 20,000 shares for the Target Period.

(3) Major Activities of Outside Directors and Outside Audit & Supervisory Board Members (KANSAYAKU)

Name	Attendance	Major Activities
Noriko Iki	14 out of 14 meetings of the Board of Directors	The Company expects Ms. Noriko Iki to supervise the business execution and provide advice on management based on her extensive experience and deep insight especially relating to such areas as diversity, corporate management, global business, risk management and sustainability (including ESG). She made remarks, including questions and opinions as appropriate mainly based on the experience and insight relating to these areas, thereby fulfilling her role expected by the Company.
Masatoshi Ito	14 out of 14 meetings of the Board of Directors	The Company expects Mr. Masatoshi Ito to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as corporate management, global business, risk management, sustainability (including ESG) and marketing. He made remarks, including questions and opinions as appropriate mainly based on the experience and insight relating to these areas, thereby fulfilling his role expected by the Company.
Kuniharu Nakamura	14 out of 14 meetings of the Board of Directors	The Company expects Mr. Kuniharu Nakamura to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as corporate management, global business, risk management, sustainability (including ESG) and marketing. He made remarks, including questions and opinions as appropriate mainly based on the experience and insight relating to these areas, thereby fulfilling his role expected by the Company.
Christina Ahmadjian	14 out of 14 meetings of the Board of Directors	The Company expects Ms. Christina Ahmadjian to supervise the business execution and provide advice on management based on her extensive experience and deep insight especially relating to such areas as diversity, global business, risk management and sustainability (including ESG). She made remarks, including questions and opinions as appropriate mainly based on the experience and insight relating to these areas, thereby fulfilling her role expected by the Company.

Name	Attendance	Major Activities
Masashi Oka	11 out of 11 meetings of the Board of Directors	The Company expects Mr. Masashi Oka to supervise the business execution and provide advice on management based on his extensive experience and deep insight especially relating to such areas as corporate management, global business, financial and accounting (including investment) and risk management. He made remarks, including questions and opinions as appropriate mainly based on the experience and insight relating to these areas, thereby fulfilling his role expected by the Company.
Nobuo Nakata	14 out of 14 meetings of the Board of Directors and 16 out of 16 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI)	He made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as an attorney at law in the fields of corporate law.
Masami Nitta	14 out of 14 meetings of the Board of Directors and 16 out of 16 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI)	He made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as a financial and accounting expert.
Kyoko Okada	11 out of 11 meetings of the Board of Directors and 11 out of 11 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI)	She made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as an audit & supervisory board member and director at numerous companies.

Note : As for Mr. Masashi Oka, attendance is for the Board of Directors meetings held after the assumption of office as Director on June 22, 2022. As for Ms. Kyoko Okada, attendance is for the Board of Directors meetings and the Audit & Supervisory Board (KANSAYAKU-KAI) meetings held after the assumption of office as Audit & Supervisory Board Member (KANSAYAKU) on June 22, 2022.

(4) Outline of agreements entered into with Outside Directors and Outside Audit & Supervisory Board Members (KANSAYAKU) to limit their liabilities as stipulated in Article 427(1) of the Companies Act

Pursuant to Articles 24 and 31 of the Articles of Incorporation of the Company, the Company entered into agreements with Messrs. Masatoshi Ito, Kuniharu Nakamura and Masashi Oka and Mss. Noriko Iki and Christina Ahmadjian, who are Outside Directors, Messrs. Nobuo Nakata and Masami Nitta and Ms. Kyoko Okada who are Outside Audit & Supervisory Board Members (KANSAYAKU), to limit their liabilities as stipulated in Article 427(1) of the Companies Act. The outline of such agreements is to limit their liabilities as stipulated in Article 423 (1) of the Companies Act to the higher of 20 million yen or the amount provided in the Companies Act and the Regulation for Enforcement of the Companies Act on the condition that they perform their duties as Directors or Audit & Supervisory Board Members (KANSAYAKU) in good faith and without gross negligence.

(5) Outline of D&O Liability Insurance Contract

The Company has entered into a D&O (directors, corporate auditors and officers) liability insurance contract as stipulated in Article 430-3 (1) of the Companies Act with an insurance company. Those insured by the insurance contract are Directors, Audit & Supervisory Board Members (KANSAYAKU) and Senior Vice Presidents of the Company and its subsidiaries as well as persons who are executives or employees of the Company or subsidiaries in a position of Director etc. of a company other than the Company or its subsidiaries

by direction of the Company or its subsidiaries. The insurance contract will reimburse the payment for the legal damages and defense costs of the insured arising from any claim(s) made against the insured for their performance in their respective capacities and damages incurred by the company arising from said company's compensation (company compensation) of damages incurred by the insured arising from any claim(s) made against the insured.

4. Policy on the determination of distribution of surplus dividends

The Company's commitment to shareholder returns includes comprehensive consideration for the profit status of each period in addition to future capital requirements and the execution of business operations with an emphasis on capital efficiency, while regarding investment in growth areas and the enhancement of its financial base as being tied to the creation of long-term corporate value.

For this Business Period, mainly considering that the operating profit, which is the profit of the main business, achieve the target set at the beginning of the Business Period, the Company declared an annual dividend of 110 yen per share of common stock (interim dividend of 55 yen per share), the same value as announced at the beginning of the Business Period.

In addition, the Company stipulates in its Articles of Incorporation that it may determine distribution of surplus dividends flexibly through resolutions of the Board of Directors, and that record dates of distribution of surplus dividends shall be March 31 and September 30 of each year.

Note: The following information from “Changes in the Results of Operations and the Financial Position” to “System and Policy of the Company” in English is disclosed only on the Company’s website and not sent in writing.

Changes in the Results of Operations and the Financial Position

(i) Changes in the Results of Operations and the Financial Position (Consolidated)

(IFRS) (In billions of yen except per share figures)

Indices \ Fiscal Year	Fiscal Year ended March 31, 2020 (182nd Business Period)	Fiscal Year ended March 31, 2021 (183rd Business Period)	Fiscal Year ended March 31, 2022 (184th Business Period)	Fiscal Year ended March 31, 2023 (185th Business Period)
Revenue	3,095.2	2,994.0	3,014.1	3,313.0
Operating profit	127.6	153.8	132.5	170.4
Adjusted operating profit	145.8	178.2	171.0	205.5
Income before income taxes	124.0	157.8	144.4	167.7
Net profit attributable to owners of the parent	100.0	149.6	141.3	114.5
Adjusted net profit attributable to owners of the parent	111.2	165.4	167.2	138.6
Basic earnings per share (yen)	385.02	557.18	518.54	424.51
Adjusted basic earnings per share (yen)	428.32	615.92	613.79	513.68
Total assets	3,123.3	3,668.6	3,761.7	3,984.1
Equity attributable to owners of the parent	910.7	1,308.2	1,513.5	1,623.8

Notes: “Basic earnings per share” is adopted *International Accounting Standard (IAS) 33 regarding “Earnings per Share”* and calculated based on the weighted-average number of shares outstanding during each period.

(ii) Changes in the Results of Operations and the Financial Position (Non-consolidated)

(In billions of yen except per share figures)

Indices \ Fiscal Year	Fiscal Year ended March 31, 2020 (182nd Business Period)	Fiscal Year ended March 31, 2021 (183rd Business Period)	Fiscal Year ended March 31, 2022 (184th Business Period)	Fiscal Year ended March 31, 2023 (185th Business Period)
Net sales	1,789.7	1,705.5	1,664.4	1,775.6
Ordinary income	64.5	66.3	28.5	71.2
Net income	38.8	164.4	82.2	102.1
Net income per share (yen)	149.60	612.27	301.71	378.57
Total assets	2,100.2	2,396.1	2,321.7	2,431.8
Net assets	719.4	928.9	976.3	1,017.1

Notes: “Net income per share” is calculated based on the weighted-average number of shares outstanding during

each period.

Principal Offices of the NEC Group, etc.

Head Office	Minato-ku, Tokyo
Branch Divisions	Hokkaido Branch Division (Sapporo) Tohoku Branch Division (Sendai) Kanto-Koshinetsu Branch Division (Saitama) Kanagawa Branch Division (Yokohama) Tokai Branch Division (Nagoya) Hokuriku Branch Division (Kanazawa) Kansai Branch Division (Osaka) Chugoku Branch Division (Hiroshima) Shikoku Branch Division (Takamatsu) Kyushu Branch Division (Fukuoka)
Plants	Tamagawa Plant (Kawasaki) Fuchu Plant (Fuchu, Tokyo) Sagamihara Plant (Sagamihara) Abiko Plant (Abiko)
Domestic Manufacturing Center	Japan Aviation Electronics Industry, Limited (Akishima, etc.) NEC Network and Sensor Systems, Ltd. (Hidaka, etc.) OCC Corporation (Kitakyushu, etc.) NEC Platforms, Ltd. (Kakegawa, etc.)
Overseas Subsidiaries	NEC Corporation of America (U.S.A.) NEC Europe Ltd. (U.K.) NEC Asia Pacific Pte. Ltd. (Singapore) NEC (China) Co., Ltd. (People's Republic of China) NEC Latin America S.A. (Brazil)

Employees

(i) Employees of the NEC Group

Segment	Number of Employees
Public Solutions	7,074
Public Infrastructure	18,021
Enterprise	6,851
Network Services	10,673
Global	27,041
Others	48,867
Total	118,527

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2022	Average Age	Average Years of Employment
22,036	686	43.5	18.1

Major Borrowings

(In millions of yen)

Creditors	Balance of Borrowings
MUFG Bank, Ltd.	33,810
Sumitomo Mitsui Banking Corporation	31,873
Development Bank of Japan Inc.	18,158
Mizuho Bank, Ltd.	14,661

Sumitomo Mitsui Trust Bank, Limited	12,456
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Accounting Auditors

(1) Name of the Accounting Auditors KPMG AZSA LLC

(2) The Amount of Compensation to the Accounting Auditors

Classification	Amount (In millions of yen)
(i) The total fees paid to the Accounting Auditors by the Company as compensation for their duties under the Companies Act	569
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	1,173

Notes: 1. The fees set forth in column (i) above include the fees for audit under the Financial Instruments and Exchange Law and other laws because there are no separate provisions in the audit contract with the Accounting Auditors between the fees for audit under the Companies Act and the fees for audit under the Financial Instruments and Exchange Law and other laws, and it is impracticable to distinguish between these two types of fees.

2. The Audit & Supervisory Board (KANSAYAKU-KAI) has received necessary information and reports from CFO (Chief Financial Officer), relevant divisions and the Accounting Auditors. In addition, the Audit & Supervisory Board (KANSAYAKU-KAI) has evaluated the adequacy of the audit plans, the calculation basis of the estimated fees for audit and other conditions including the audit result of the Accounting Auditors for the previous fiscal year. As a result, the Audit & Supervisory Board (KANSAYAKU-KAI) has made the agreement stipulated in Article 399(1) of the Companies Act regarding the remuneration to the Accounting Auditors.

3. Of the Company's subsidiaries listed in "1.(7)(ii) Principal Subsidiaries" above, those subject to audit by certified public accountants or audit firm other than the Accounting Auditors are as follows:

Name of Subsidiary	Audit Firm
Japan Aviation Electronics Industry, Limited	Ernst & Young ShinNihon LLC
NEC Corporation of America	KPMG LLP
NEC Europe Ltd.	KPMG LLP
NEC Asia Pacific Pte. Ltd.	KPMG LLP
NEC (China) Co., Ltd.	KPMG Huazhen
NEC Latin America S.A.	KPMG Auditores Independentes
NetCracker Technology Corporation	KPMG LLP
Garden Private Holdings Limited	KPMG LLP
Soleil ApS	KPMG P/S

(3) Non-audit services rendered by the Accounting Auditors

In addition to the work stipulated in Article 2(1) of the Certified Public Accountants Law, during this Business Period, the Company engaged the Accounting Auditors for services in relation to the "Audit Procedures regarding Control Risk of Subcontracted Services" and other advisory services.

(4) Company Policy regarding dismissal or decision not to reappoint the Accounting Auditors

If the Accounting Auditors are found to correspond to any of the items of Article 340(1) of the Companies Act, the Audit & Supervisory Board (KANSAYAKU-KAI) shall be entitled to dismiss the Accounting Auditors subject to the consent of all Audit & Supervisory Board Members (KANSAYAKU), in which case the Audit & Supervisory Board Member (KANSAYAKU) appointed by the Audit & Supervisory Board (KANSAYAKU-KAI) reports on the fact that said Accounting Auditors have been dismissed and the reason for dismissal, at the first shareholders meeting held after such dismissal. The Audit & Supervisory Board (KANSAYAKU-KAI) will determine the contents of a proposal for a dismissal or disapproval of the

reappointment of the Accounting Auditors to be submitted to the shareholders meeting when the situation arises where the Accounting Auditors are no longer able to execute their duties in a proper manner and the Audit & Supervisory Board (KANSAYAKU-KAI) decides that it is appropriate to change the Accounting Auditors, or the Audit & Supervisory Board (KANSAYAKU-KAI) decides that it is appropriate to change the Accounting Auditors in order to improve properness or efficiency of the audit by the Accounting Auditors.

System and Policy of the Company

(1) System to ensure the properness of operations and outline of the status of the implementation of such system

(System to ensure the properness of operations)

The Company has established and implemented its internal control system based on the basic policy for maintenance of the system of the Company to ensure the properness of operations as provided in item(vi) of Article 362(4) of the Companies Act adopted by resolution of the Board of Directors (the “Policy”). The summary of the Policy is described below.

The Company shall endeavor to establish and implement its internal control system more effectively, through continuous evaluation of the status of the establishment and implementation of its internal control system under the Policy as well as taking measures necessary for its improvement, and conducting consistent reviews of the Policy responding to changes in the business environment.

(i) In order to ensure the compliance with the laws, regulations and the Company’s Articles of Incorporation in the performance of duties by Directors, corporate officers and employees, Directors and corporate officers shall take the lead in practicing NEC Group Code of Conduct that was adopted to establish business ethics standards for the NEC Group and to ensure compliance with laws, regulations, the Articles of Incorporation and its internal rules, and promote thorough understanding on the code within the NEC Group. If any material violation of laws, regulations, the Articles of Incorporation or internal rules is found, the Company shall investigate the cause of such violation and formulate and implement preventative measures. In addition, the Company shall prompt the use of the Company’s internal reporting system, the “Compliance Hotline.”

(ii) The Company shall properly retain and manage information in accordance with applicable laws, regulations and the Company’s internal rules.

(iii) The Company shall implement risk management systems effectively and comprehensively under the consistent policy throughout the NEC Group in accordance with the Company’s internal rules. Business divisions shall properly conduct risk management related to their assignment and corporate staff divisions shall support such business divisions’ activities. The Company shall deliberate fully on such matters of importance from a perspective of risk management, such as the strategy to control important management risk, and the matters of particular importance shall be reported to the Board of Directors.

(iv) In order to ensure the efficient performance of duties by Directors, the Board of Directors shall delegate its significant authorities to corporate officers and promote timely decision-making and effective performance of duties. Corporate officers shall, under the direction of the Board of Directors, efficiently conduct businesses in accordance with midterm corporate management goals and budgets.

(v) In order to ensure the proper operation of the NEC Group, the Company shall, through NEC Group Management Policy, give instructions and assistance to the subsidiaries for the establishment of the systems ensuring compliance with laws, regulations and properness of the operation of business. In order to improve soundness and efficiency of management systems in the NEC Group, the Company shall dispatch directors and audit & supervisory board members (KANSAYAKU) where necessary and decide on a division in charge of supervising each of the subsidiaries, and such division in charge shall receive reports from such subsidiary regarding matters of importance on business operations, and give instructions and assistance to the subsidiary

so that it shall properly conduct risk controls. The internal auditing division shall conduct audits of the NEC Group's proper operations, directly or through cooperation with internal auditing sections of subsidiaries if they have such sections. The Audit & Supervisory Board Members (KANSAYAKU) of the Company shall cooperate with audit & supervisory board members (KANSAYAKU) of the subsidiaries by exchanging their opinions on the audit and other measures.

(vi) From the perspective of proper and efficient operations of the NEC Group, the Company shall endeavor to conduct improvement and standardization of business processes, and further strengthen its internal control by utilizing information systems.

(vii) Internal control over financial reporting of the NEC Group shall be evaluated, maintained and improved in accordance with applicable laws and regulations.

(viii) The Company shall assign full-time employees to assist Audit & Supervisory Board Members (KANSAYAKU) in performing their duties. Matters regarding such employees, including performance review, personnel change and disciplinary action, shall be approved by Audit & Supervisory Board Members (KANSAYAKU).

(ix) Directors, corporate officers and employees shall report to Audit & Supervisory Board Members (KANSAYAKU) on the status of the performance of their duties. In addition, the Company shall give instructions to the directors, audit & supervisory board members (KANSAYAKU), corporate officers and employees of the subsidiaries so that they shall report to Audit & Supervisory Board Members (KANSAYAKU) of the Company on the status of the performance of their duties.

(x) In order to ensure the effective audit, meetings of the Audit & Supervisory Board (KANSAYAKU-KAI) shall be held and Audit & Supervisory Board Members (KANSAYAKU) shall exchange information and consult with each other on the status of audits. Furthermore, Audit & Supervisory Board Members (KANSAYAKU) shall periodically receive reports on financial audit from the Accounting Auditors and exchange opinions with them.

(Outline of the status of the implementation of system to ensure the properness of operations)

The Company assessed the status of the establishment and implementation of its internal control system for this Business Period and confirmed that it has established and implemented its internal control system properly based on the Policy. In the process of doing so, the Company has exchanged opinions with Audit & Supervisory Board Members (KANSAYAKU) regarding the status of establishment and implementation of the internal control system. The main initiatives conducted in this Business Period are as follows:

With regard to compliance, mainly on "NEC Compliance Day" (established as a day for reconfirming the importance of compliance for all NEC Group employees in 2017 as a result of having been recognized for having violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in Japan in the fiscal year ended March 31, 2017), the Company took measures so that each and every NEC Group employee would reconfirm the importance of compliance. Specifically, lectures were held by the Company's President and an outside attorney well-versed in corporate compliance, interviews were live streamed to pass down the remembrance of the impact caused to the NEC Group to serve as a reminder of the violation and further raise awareness among employees of the compliance mindset. Webinars were also streamed covering a range of educational content, including compliance and risk management. The Company also awarded business divisions and overseas subsidiaries that had made remarkable efforts to promote compliance. Furthermore, the management of the Company, Managing Directors of business divisions and Presidents of the Company's subsidiaries in Japan and abroad provided messages to reinforce the importance of ethics in business activities and to ensure compliance. The Company also regularly held Compliance Promotion Sessions to strengthen compliance promotion activities at the NEC Group. At these sessions,

information was shared with principal subsidiaries in Japan on matters such as the status of the Company's compliance activities and the Priority Risks to be Addressed (risks that require new measures including improvement of existing measures to be addressed across the NEC Group, from the perspective of the magnitude of the impact on corporate business and the need for additional measures) in the fiscal year ending March 31, 2024. In addition, opinions were exchanged to strengthen compliance activities by the NEC Group as a whole. Annual web-based training programs related to compliance were also conducted in this Business Period, in which each employee of the Company declared ensuring compliance and actions that should be taken to embed compliance in the culture of the NEC Group. The Company encourages consulting and reporting (internal reporting) to the "Compliance Hotline," an internal reporting system, to enable early detection and resolution of misconduct. In addition to the "Compliance Hotline," the Company has established and operates the "Human Rights Hotline" (currently the HR Hotline), which allows anonymous consultation on harassment and human rights issues. The Company also operates the "Global Hotline" for employees of overseas subsidiaries for early detection and resolution of misconduct in which their company's management is involved. The number of reports and consultations to the "Compliance Hotline" and the "Human Rights Hotline" was 253 during this Business Period. The internal auditing division or other relevant divisions in the Company investigated these internal reports and consultations and took necessary measures in response, in accordance with the contents reported or consulted.

With regard to risk management, the Company has prepared a risk map (a visualization of risk importance from an exhaustively compiled list of risks of which the NEC Group should be aware, assessed by urgency and their impact on the NEC Group). Based on this risk map, the Company selected "risks of human rights violation in the value chain" as the Priority Risks to be Addressed in this Business Period. The Company's measures against the Priority Risks to be Addressed was deliberated by the Risk Control and Compliance Committee and the Executive Committee, and after implementing the measures, the results were reported to the Board of Directors. As part of the Company's efforts to "risks of human rights violation in the value chain," the Company revised the NEC Group Human Rights Policy formulated in 2015 to clearly show the commitment of the NEC Group's management to respecting human rights across the NEC Group's entire value chain as well as the NEC Group's governance system. The Company recognizes four salient human rights issues, namely, "new technologies and human rights (AI and human rights)," "human rights risks related to geopolitical situations and conflicts," "labor in supply chains," and "employee safety and health." In response to "human rights risks related to geopolitical situations and conflicts," the Company assessed the human rights impact of the NEC Group's operations in high-risk countries and regions and implemented risk mitigation measures in this Business Period, reporting the results of these to the Board of Directors. The Company has in place a system where compliance violations are reported to the Risk Control and Compliance Committee upon occurrence. The outline of compliance violations is reported to the Board of Directors meeting held in the same month, and thereby information is quickly shared with the Board of Directors. The Company has in place a system where Managing Directors of business divisions take ownership and devise and implement appropriate measures according to the business division's compliance risk characteristics. The Compliance Division periodically confirms compliance risks selected by Managing Directors of business divisions, annual improvement plans as well as the progress and results thereof, and provides support to their efforts as necessary.

With regard to group management, the Company makes efforts to integrate a framework for the management of its subsidiaries for total optimization of group companies and maximization of the value of group companies based on the NEC Group Management Policy, which sets out the NEC Group's group management. As part of this approach, chief officers in charge of key cross-group functions promote the establishment of a framework to manage the performance of duties at overseas subsidiaries within their authority so that the NEC Group's common policies, business processes, and infrastructure can be introduced immediately to overseas subsidiaries.

With regard to audits by Audit & Supervisory Board Members (KANSAYAKU), Audit & Supervisory Board Members (KANSAYAKU) receive reports on the status of the execution of duties from Directors, corporate officers and employees of the Company and its subsidiaries. In addition, Audit & Supervisory Board Members (KANSAYAKU) periodically receive reports from the internal auditing division regarding the status of operation of the "Compliance Hotline" and the internal reporting systems at subsidiaries,

as well as the status of internal audits (including their results). Audit & Supervisory Board Members (KANSAYAKU) also appropriately receive reports regarding the status of operation of the “Human Rights Hotline” from the human resources and general affairs department. Furthermore, Audit & Supervisory Board Members (KANSAYAKU) periodically receive reports on financial audits from the Accounting Auditors and exchange opinions with them. They also strive to maintain close links with the Accounting Auditors and the internal auditing division by periodically holding three-way discussions between them. Furthermore, in order to enhance the internal reporting system, a KANSAYAKU hotline independent of the Directors of the Company has been established and operates as a service that enables direct reporting of misconduct relating to the Company’s Directors to the Audit & Supervisory Board Members (KANSAYAKU).

(2) Policy on the Control over the Company

The Company believes that the ultimate decision as to the person who should control the financial and business policy of the Company shall be made by the shareholders of the Company. However, in the event that a person or entity (the “Proposer”) proposes to purchase the substantial number of the shares of the Company with an intent to control the Company or proposes the takeover of the Company, the Company believes it is the responsibilities of the Board of Directors (i) to request the Proposer to provide appropriate information on the reasonableness of the consideration and other conditions of the proposal and the influence such action may have on the management policy and business plan of the Company, (ii) to evaluate the information provided and consider whether such proposal has merit in promoting the corporate value of the Company and the common interest of the shareholders, and (iii) to express the opinion of the Company for purposes of assisting the shareholders to make decisions whether or not to accept the proposal. In addition, the Company believes that, in the particular circumstances, it may be required to negotiate with the Proposer or to present alternative proposals to the shareholders.

Currently, the Company has not adopted a policy of defensive measures that will become effective when a proposal is made by a Proposer. It is the Company’s intention, however, that if (i) the sufficient information is not provided by the Proposer, (ii) the shareholders are not afforded the time sufficient to consider the proposal or (iii) the Company decides that the proposal would have an adverse effect on the corporate value of the Company or the common interest of the shareholders, the Company will decide and implement reasonable countermeasures that are practicable at the time of the proposal and acceptable to the shareholders.

Consolidated Statement of Financial Position

(As of March 31, 2023)

JPY (millions)

Account	Amount
Assets	
Current Assets	
Cash and cash equivalents	419,462
Trade and other receivables	799,875
Contract assets	335,852
Inventories	267,576
Other financial assets	15,776
Other current assets	157,362
Total current assets	1,995,903
Non-current assets	
Property, plant and equipment, net	563,384
Goodwill	355,572
Intangible assets, net	378,250
Investments accounted for using the equity method	80,425
Other financial assets	207,731
Deferred tax assets	159,930
Other non-current assets	242,855
Total non-current assets	1,988,147
Total assets	3,984,050

		JPY (millions)
	Account	Amount
Liabilities and equity		
Liabilities		
Current liabilities		
	Trade and other payables	497,625
	Contract liabilities	287,859
	Bonds and borrowings	130,867
	Accruals	240,870
	Lease liabilities	47,056
	Other financial liabilities	21,950
	Accrued income taxes	20,951
	Provisions	57,574
	Other current liabilities	60,757
	Total current liabilities	1,365,509
Non-current liabilities		
	Bonds and borrowings	320,794
	Lease liabilities	109,764
	Other financial liabilities	20,428
	Net defined benefit liabilities	179,106
	Provisions	20,470
	Other non-current liabilities	55,255
	Total non-current liabilities	705,817
	Total liabilities	2,071,326
Equity		
	Share capital	427,831
	Share premium	165,034
	Retained earnings	764,604
	Treasury shares	(31,588)
	Other components of equity	297,936
	Total equity attributable to owners of the parent	1,623,817
	Non-controlling interests	288,907
	Total equity	1,912,724
	Total liabilities and equity	3,984,050

Consolidated Statement of Profit or Loss

(For the fiscal year ended March 31, 2023)

JPY (millions)

Account	Amount
Revenue	3,313,018
Cost of sales	2,354,770
Gross profit	958,248
Selling, general and administrative expenses	793,700
Other operating income	5,899
Operating Profit	170,447
Finance income	10,899
Finance costs	17,624
Share of profit of entities accounted for using the equity method	3,949
Profit before income taxes	167,671
Income taxes	36,155
Net profit	131,516
Net profit attributable to	
Owners of the parent	114,500
Non-controlling interests	17,016
Total	131,516
Earnings per share attributable to owners of the parent	
Basic earnings per share (JPY)	424.51
Diluted earnings per share (JPY)	424.50

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2023)

JPY (millions)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
As of April 1, 2022	427,831	169,090	678,653	(1,906)	239,835	1,513,503	273,139	1,786,642
Net profit	—	—	114,500	—	—	114,500	17,016	131,516
Other comprehensive income	—	—	—	—	58,101	58,101	7,169	65,270
Comprehensive income	—	—	114,500	—	58,101	172,601	24,185	196,786
Purchase of treasury shares	—	—	—	(30,547)	—	(30,547)	—	(30,547)
Disposal of treasury shares	—	1	—	865	—	866	—	866
Cash dividends	—	—	(28,549)	—	—	(28,549)	(8,739)	(37,288)
Changes in interests in subsidiaries	—	(4,057)	—	—	—	(4,057)	322	(3,735)
Total transactions with owners	—	(4,056)	(28,549)	(29,682)	—	(62,287)	(8,417)	(70,704)
As of March 31, 2023	427,831	165,034	764,604	(31,588)	297,936	1,623,817	288,907	1,912,724

<Reference>

Consolidated Statement of Other Comprehensive Income (Unaudited)

(For the fiscal year ended March 31, 2023)

JPY (millions)

Account	Amount
Net profit	131,516
Other comprehensive income, net of tax	
Items that will not be reclassified to profit or loss	
Equity instruments designated as measured at fair value through other comprehensive income	(10,747)
Remeasurements of defined benefit plans	23,123
Share of other comprehensive income of entities accounted for using the equity method	(43)
Total items that will not be reclassified to profit or loss	12,333
Items that may be reclassified subsequently to profit or loss	
Exchange differences on translating foreign operations	52,009
Cash flow hedges	119
Share of other comprehensive income of entities accounted for using the equity method	809
Total items that may be reclassified subsequently to profit or loss	52,937
Total other comprehensive income, net of tax	65,270
Total comprehensive income	196,786
Total comprehensive income attributable to	
Owners of the parent	172,601
Non-controlling interests	24,185
Total	196,786

<Reference>

Consolidated Statement of Cash Flows (Unaudited)

(For the fiscal year ended March 31, 2023)

JPY (millions)

Account	Amount
Cash flows from operating activities	
Profit before income taxes	167,671
Depreciation and amortization	183,298
Impairment loss	6,857
Increase (decrease) in provisions	(8,173)
Finance income	(10,899)
Finance costs	17,624
Share of profit of entities accounted for using the equity method	(3,949)
(Increase) decrease in trade and other receivables	(77,305)
(Increase) decrease in contract assets	(46,278)
(Increase) decrease in inventories	(23,428)
Increase (decrease) in trade and other payables	41,114
Increase (decrease) in contract liabilities	16,522
Others, net	(72,837)
Subtotal	190,217
Interest received	3,038
Dividends received	3,697
Interest paid	(7,418)
Income taxes paid	(37,407)
Net cash provided by (used in) operating activities	152,127
Cash flows from investing activities	
Purchases of property, plant and equipment	(56,391)
Proceeds from sales of property, plant and equipment	12,387
Acquisitions of intangible assets	(21,323)
Purchase of equity instruments designated as measured at fair value through other comprehensive income	(2,094)
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income	19,182
Purchases of shares of newly consolidated subsidiaries	(6,935)
Proceeds from sales of shares of subsidiaries	9,679
Purchases of investments in associates or joint ventures	(198)
Proceeds from sales of investments in associates or joint ventures	1,951
Others, net	(5,849)
Net cash provided by (used in) investing activities	(49,591)

JPY (millions)	
Account	Amount
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	(39,978)
Proceeds from long-term borrowings	40,000
Repayments of long-term borrowings	(49,550)
Proceeds from issuance of bonds	110,000
Redemption of bonds	(55,000)
Payments of lease liabilities	(60,879)
Dividends paid	(28,522)
Dividends paid to non-controlling interests	(8,733)
Proceeds from disposal of treasury shares	865
Purchase of treasury shares	(30,547)
Others, net	(442)
Net cash provided by (used in) financing activities	(122,786)
Effect of exchange rate changes on cash and cash equivalents	8,934
Net increase (decrease) in cash and cash equivalents	(11,316)
Cash and cash equivalents, at the beginning of the year	430,778
Cash and cash equivalents, at the end of the year	419,462

Notes to Consolidated Financial Statements

I Notes to Significant Items for Presenting Consolidated Financial Statements

1. NEC Corporation (“the Company”) prepares its consolidated financial statements in accordance with the provisions of the second sentence of Article 120-1 of the Ordinance on Company Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards (“IFRS”).

2. Scope of consolidation

Number of consolidated subsidiaries 284 companies

Major consolidated subsidiaries

NEC Platforms, Ltd, NEC Fielding, Ltd., NEC Solution Innovators, Ltd., ABeam Consulting Ltd., NEC Networks & System Integration Corp., Japan Aviation Electronics Industry, Ltd., NEC Corporation of America, NEC Europe Ltd., NEC Asia Pacific Pte. Ltd., NEC (China) Co., Ltd., NEC Latin America S.A., Netcracker Technology Corporation, Comet Holding B.V., Garden Private Holdings Limited, and Soleil ApS.

Change in the scope of consolidation includes additions of 6 and exclusions of 11 subsidiaries. Significant changes were as follows:

Consolidated subsidiaries included in the consolidation scope as a result of acquisitions and incorporation:

6 subsidiaries

Consolidated subsidiaries excluded from the consolidation scope as a result of sales and liquidation:

9 subsidiaries

Consolidated subsidiaries excluded from the consolidation scope as a result of merger:

2 subsidiaries

3. Items related to application of equity method

Number of companies accounted for using the equity method

Number of affiliated companies accounted for using the equity method 56 companies

Major companies

Lenovo NEC Holdings, B.V., NEC Capital Solutions Limited.

3 affiliated company was newly accounted for using the equity method.

4 affiliated company were excluded from the affiliated companies accounted for using the equity method.

4. Significant accounting policies

(1) Valuation standards and methods for assets

(a) Financial assets

Classification of financial assets

The NEC Group classifies non-derivative financial assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. In principle, financial assets are classified into the categories on the basis of the business model for

managing financial assets and the contractual cash flow characteristics of financial assets.

(i) Non-derivative financial assets

Financial assets measured at amortized cost

Financial assets held by the NEC Group are measured at amortized cost when both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially measured at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at their transaction price.

After initial recognition, the carrying amounts of financial assets measured at amortized cost are recognized using the effective interest method less impairment loss. Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss for the period.

Equity instruments designated as measured at fair value through other comprehensive income

The NEC Group has in principle elected to present subsequent changes in fair value of certain equity instruments in other comprehensive income except for those in the form of venture capital investments.

These equity instruments are initially measured at fair value, plus any directly attributable transaction costs and measured at fair value in subsequent periods. Changes in fair value are included in other comprehensive income and never reclassifies to profit or loss and the NEC Group never reclassifies accumulated other comprehensive income to retained earnings subsequently. Dividends from equity instruments designated as measured at fair value through other comprehensive income are recognized as finance income in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets measured at fair value through profit or loss

Financial assets other than financial assets measured at amortized cost or equity instruments designated as measured at fair value through other comprehensive income are classified as financial instruments measured at fair value through profit or loss.

These financial assets are measured at fair value after initial recognition, and changes in their fair value are recognized in profit or loss. Gains and losses on financial instruments measured at fair value through profit or loss are recognized in profit or loss.

(ii) Derivative Financial Instruments

The NEC Group holds derivative financial instruments, such as forward exchange contracts, interest rate swaps, and currency options, to hedge foreign currency exposure and interest rate exposures. Derivatives are measured at fair value at the inception and subsequent periods.

Derivatives that are not designated as hedging instruments

For derivatives that are not designated as hedging instruments, any changes in the fair value of the derivative are recognized in profit or loss.

Derivatives that are designated as hedging instruments

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives is recognized in other comprehensive income and any ineffective portion of changes in the fair value is immediately recognized in profit or loss. The amount accumulated in other components of equity is reclassified to profit or loss in the same period during which the cash flows of the hedged item affect profit or loss. Hedge accounting is discontinued prospectively when the hedging instrument expires, is sold, terminated, exercised, when no longer meets the criteria for hedge accounting, a forecast transaction is no longer highly probable, or the designation is revoked. In addition, the NEC Group has selected the option to continue to apply hedge accounting of International Accounting Standards ("IAS") 39.

Impairment of financial assets

As for impairments on financial assets measured at amortized costs, the NEC Group recognizes allowances for expected credit losses by assessing whether the credit risk on the financial assets has increased significantly at each reporting date since initial recognition.

Allowances are measured based on the estimated credit loss arising from the possible defaults during the 12 months after the reporting date (12-month expected credit loss) when the credit risk associated with the financial assets has not significantly increased since initial recognition. When the credit risk associated with the financial assets has significantly increased since initial recognition or the financial assets are credit-impaired, an allowance for expected credit loss is calculated based on the estimated credit loss arising from all possible defaults over the estimated remaining period of the financial instruments (life-time expected credit loss). Notwithstanding the above, an allowance for expected credit loss on trade receivables and contract assets is always calculated based on the estimated credit loss over the entire period.

Significant increase in credit risk is determined based on changes in risks of a default occurring and the changes in such risks are determined considering significant financial difficulty, breach of contract, or increase in probability where the borrower will enter bankruptcy or other financial reorganization. Changes in allowances are recognized in profit and loss.

(b) Non-financial assets

(i) Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories that are interchangeable is determined principally by using the first-in first-out method or the periodic average method, whereas the cost of inventories of items that are not interchangeable is determined by using the specific identification of their individual cost.

Cost of inventories comprises all costs of purchase, costs of production, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Costs of finished goods and work in process include an allocation of production overheads that are based on the normal capacity of the production facilities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenses directly attributable to acquisition of the asset, costs of dismantling and removing the assets,

costs of restoring the site, and borrowing costs to be capitalized. When significant components of property, plant and equipment have different useful lives, they are accounted for as separate items (by major components) of property, plant and equipment. Gains or losses on disposals of property, plant and equipment are recognized in profit or loss.

(iii) Intangible Assets

Goodwill

An asset representing the future economic benefits arising together with other assets through the acquisition of a subsidiary that are not individually identifiable is recognized as Goodwill. Goodwill is not amortized, but is tested for impairment at least annually or more frequently whenever there is any indication of impairment for a cash-generating unit ("CGU") to which goodwill is allocated. The NEC Group initially measures goodwill at the acquisition date as the excess of the aggregate of consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity, less the net recognized amount of the identifiable assets acquired and liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase gain.

Software and Other Intangible Assets

Development expenditures on software for sale and software for internal use are recognized as intangible assets, if all of the following criteria of capitalization are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other intangible assets, such as patents and licenses, are recognized at cost when acquired. Intangible assets acquired in business combinations and recognized separately from goodwill, including acquired capitalized development costs, are recognized at fair value at the acquisition date.

Amortization methods, useful lives, and residual values of intangible assets with definite useful lives are reviewed at the end of each reporting period and revised as necessary.

(iv) Impairment of Non-financial Assets

Non-financial assets other than inventories, deferred tax assets, assets held for sale, assets arising from employee benefits and contract assets and assets recognized from costs to obtain a contract with a customer are assessed for indications of impairment at the end of each reporting period. This assessment is performed for an asset or a CGU, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is recognized in profit or loss and the carrying amount is reduced to the recoverable amount. The recoverable amount is determined for an individual asset, or a CGU when the individual asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The NEC Group's corporate assets do not generate independent cash inflows. If there is any indication that corporate assets may be impaired, the recoverable amount is estimated for the CGU to which the corporate assets belong. Corporate assets are assets other than goodwill that contribute to the future cash flows of both the CGU to which the corporate assets belong and other CGUs, and include land or buildings held by administrative departments.

The recoverable amount is the higher of the fair value of an asset or a CGU, less costs of disposal and its value in

use. Value in use is calculated as the present value of the estimated future cash flows associated with the asset or CGU. In assessing value in use, the estimated future cash flows are estimated by using the growth rate which is determined by considering the status of the respective country and industry that the CGU belongs, and are discounted to the present value using a pre-tax discount rate, which reflects current market assessments of the time value of money and any risks specific to the asset or the CGU.

For goodwill and intangible assets with indefinite useful lives, the recoverable amount is estimated at the same time each year for the level of a CGU to which goodwill and intangible assets with indefinite lives have been allocated, and they are also tested for impairment whenever there is any indication of impairment.

(2) Depreciation method for assets

(a) Property, Plant and Equipment

Depreciation is recognized in profit or loss mainly on a straight-line basis over the estimated useful lives as described below.

Useful lives of major property, plant and equipment are as follows:

Buildings and structures	7-60 years
Machinery and equipment	2-22 years
Tools, furniture and fixtures	2-20 years

The right-of-use assets are depreciated from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

(b) Intangible Assets

Software for sale is amortized based on the expected sales volume over the expected effective period (mainly one to nine years) unless such the amortization method does not reflect the pattern of consumption of the expected future benefits from the asset. In such cases, software for sales is amortized on a straight-line basis over the remaining useful life.

Software for internal use is amortized on a straight-line basis over the estimated useful lives (mainly three to five years).

Other intangible assets are amortized from the date when the asset is available for use over the estimated useful lives, such as a contract period, using the method that reflects the pattern of consumption of the future economic benefits by the NEC Group.

(3) Recognition criteria for provisions

Provisions are recognized when the NEC Group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations.

(4) Revenue recognition criteria for revenue and obligation

In accordance with IFRS 15, the following five-step approach is applied to recognize revenue, except for interest and dividend income within the scope of IFRS 9 and lease payments within the scope of IFRS 16.

Step 1: Identify the contract with a customer

Step 2: Identify performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation in the contract

Step 5: Recognize revenue when (or as) each performance obligation is satisfied

The NEC Group recognizes revenue from contracts with customers for contracts for hardware and packaged software deployments, for services to customers and for system integrations and equipment constructions. The NEC Group identifies distinct promised goods or services (i.e., performance obligations) within these contracts and accounts for revenue in accordance with their performance obligations.

Related to of contracts for hardware and packaged software deployments, the NEC Group recognizes revenue on Hardware requiring significant services, including installation, is in principle recognized upon the customer's acceptance. Revenue on standard Hardware is recognized in principle upon delivery, where the control of the Hardware is transferred to the customer.

Related to contracts for services to customers and system integrations and equipment constructions, the NEC Group recognizes revenue when or as the NEC Group satisfies a performance obligation over time. If the progress toward complete satisfaction of the performance obligation can be reasonably measured, revenue from a service is recognized by measuring the progress. If the progress cannot be reasonably measured, revenue from a service is recognized only to the extent of the costs incurred if the NEC Group expects to recover the costs until such time that the outcome of the performance obligation can be reasonably measured.

Revenue on ongoing service contracts is recognized by measuring the progress based on the period of services already provided over the entire service period. Where outsourcing services are charged on a per unit basis, such as data usage, revenue is recognized when the service is provided. Where services are charged on a time period basis, revenue is recognized evenly over the period of the service contract. For maintenance, in principle revenue is recognized over the period in which the services are provided; however, where the contracts are charged on a time basis, revenue is recognized on a time and materials basis.

(5) Leases

At inception of a contract, the NEC Group assesses whether the contract is, or contains, a lease. The NEC Group determines a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In addition, the NEC Group elected not to recognize right-of-use assets and lease liabilities for either short-term leases with a lease term of 12 months or less or leases for which the underlying assets are of low value. The NEC Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over their lease term.

As a lessee

At the commencement date of a lease, the NEC Group recognizes right-of-use assets that represent the right to use an underlying asset and a lease liability that represents its obligation to make lease payments. The lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if it is readily determinable, or otherwise, the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the

commencement date;

- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the NEC Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the NEC Group is reasonably certain not to terminate the lease early.

The lease liability is subsequently measured at amortized cost using the effective interest method, and is remeasured under certain circumstances, such as when there is a change in future lease payments arising from a change in an index or a rate, if there is a change in the NEC Group's estimate of the amount expected to be payable under a residual value guarantee, or if the NEC Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The vast majority of the building lease contracts contain extension options exercisable at the discretion of the NEC Group, and only lease payments for the duration of the lease term that is a period covered by the options which the NEC Group is reasonably certain to exercise are included in measuring the lease liability.

The right-of-use assets are initially measured at the initial measurement amount of the lease liabilities adjusted for any prepaid lease payments before the commencement date and certain other items, and are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. The estimated useful lives of the underlying assets are determined on the same basis as those of property, plant and equipment. In addition, after the commencement date, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for remeasurements of the lease liability. The right-of-use assets are presented as part of property, plant, and equipment, net.

(6) Other significant principles for the preparation of consolidated financial statements

(a) Defined Benefit Plans

The NEC Group's defined benefit plans consist of defined benefit pension plans and lump-sum severance payment plans. For defined benefit plans, the present value of defined benefit obligations, less the fair value of plan assets is recognized as either liability or asset. Defined benefit obligations are measured separately for each plan by discounting estimated amount of future benefits employees have earned in return for their services in the current and prior periods to its present value. The discount rate is the yield at the reporting date on high-quality corporate bonds that is consistent with the currency and estimated terms of the NEC Group's post-employment benefit obligations. Remeasurement of net defined benefit plans is recognized in full as other comprehensive income and not reclassified to retained earnings in subsequent periods.

(b) Application of Japanese group relief system

The Company files its tax return under the Japanese group relief system.

II Notes to Accounting Estimates

Accounting estimates generate reasonable amounts based on information available at the time of preparation of consolidated financial statements. The following amounts based on accounting estimates recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2023 involve the risk that may have significant impact on the consolidated financial statements for the consolidated fiscal year ending March 31, 2024:

1. Assessment for recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2023

Deferred tax assets of 159,930 million JPY are recorded in the consolidated statement of financial position for the consolidated fiscal year ended March 31, 2023

(2) Other information that contributes to the understanding of financial statements users about the contents of accounting estimates

A deferred tax asset is recognized for the carryforward of unused tax losses, and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized.

The recoverability of those deferred tax assets was determined based on the estimated future taxable income, including the timing of elimination of temporary differences. The underlying future earnings projections were based on management's estimates that are highly uncertain due to significant management judgments on certain assumptions, such as its future profitability considering demand forecasts for the domestic markets that reflected, among others, growing investments in IT infrastructures including those for DX (digital transformation).

These assumptions are subject to uncertainty due to market conditions and other environmental deterioration, and if the estimates of future taxable income are less than forecasted, the amount of recoverable deferred tax assets may be reduced.

2. Other accounting estimates

The details of accounting estimates other than the assessment for recoverability of deferred tax assets are described as below:

(1) Fair Value of Financial Instruments

V Notes: Financial Instruments

(2) Recoverable Amount in Impairment Test of Non-financial Assets

I Notes to Significant Items for Presenting Consolidated Financial Statements

4. Significant accounting policies (1) Valuation standards and methods for asset

(3) Actuarial Assumptions of Post-retirement Benefits

I Notes to Significant Items for Presenting Consolidated Financial Statements

4. Significant accounting policies (6) Other significant principles for the preparation of consolidated financial statements

(4) Recognition and Measurement of Provisions

I Notes to Significant Items for Presenting Consolidated Financial Statements

4. Significant accounting policies (3) Recognition criteria for provisions

(5) Revenue Recognition

I Notes to Significant Items for Presenting Consolidated Financial Statements

- 4. Significant accounting policies (4) Revenue recognition criteria for revenue and obligation
- (6) Identification of Lease and Determination of Lease Term
- I Notes to Significant Items for Presenting Consolidated Financial Statements
- 4. Significant accounting policies (5) Leases

III Notes to Consolidated Statement of Financial Position

1. Assets measured at net of provision for impairment of trade and other receivables

The amount of provision for impairment recognized as a deduction from the gross carrying amount of trade and other receivables consisted of the following:

JPY (millions)

Items	Amount
Current assets	4,899
Non-current assets	2,887
Total	7,786

2. Accumulated depreciation of property, plant and equipment is as follows:

JPY (millions)

Items	Amount
Accumulated depreciation of property, plant and equipment	1,105,332

IV Notes to Consolidated Statement of Changes in Equity

1. Stocks issued

Ordinary shares 272,849,863 shares

2. Dividends

(1) Payment of dividends

Resolution	Type of shares	Total dividends JPY (millions)	Dividends per share (yen)	Record date	Effective date
May 12, 2022 Board of Directors	Ordinary shares	13,642	50	March 31, 2022	June 1, 2022

Resolution	Type of shares	Total dividends JPY (millions)	Dividends per share (yen)	Record date	Effective date
October 28, 2022 Board of Directors	Ordinary shares	14,907	55	September 30, 2022	December 1, 2022

(2) Dividend for which the record date is in the fiscal year ended March 31, 2023, and the effective date is in the following fiscal year

Resolution	Type of shares	Resource of dividends	Total dividends JPY (millions)	Dividends per share (yen)	Record date	Effective date
May 11, 2023 Board of Directors	Ordinary shares	Retained earnings	14,665	55	March 31, 2023	June 1, 2023

V Notes to Financial Instruments

1. Summary of financial instruments

(1) Capital management

The NEC Group focuses on the business operation for emphasizing capital efficiency, invests to growth sectors, and enhances capital base to create long-term corporate value of the NEC Group. The NEC Group manages net debt-equity ratio for enhancing capital base.

(2) Financial risk management

The NEC Group operates its business in various countries and jurisdictions, and as such, it has exposure to credit risk, liquidity risk, and market risk (mainly represented by interest rate risk and currency risk). The NEC Group conducts appropriate risk management activities to minimize the effect of these financial risks on its financial position and performance.

a. Credit risk

Credit risk is a risk of financial loss to the NEC Group if a customer or a counterparty to a financial instrument fails to meet its obligations and arises principally from the NEC Group's receivables from customers.

The NEC Group is monitoring the financial position and past due balances of customers in order to minimize the risk of default resulting from deterioration of customers' financial position. Further, if necessary, preventative measures are taken by holding collateral or through other means.

Financial institutions with high credit capabilities are selected as counterparties while dealing in derivative transactions, deposit transactions, and the purchase of financial assets for short-term investments in order to reduce the counterparty risk.

The maximum exposure to credit risk, without taking into account of any collateral held at the end of the reporting period, is represented by the total amount of financial guarantee and carrying amount of the financial instruments which is exposed to credit risk in the consolidated statement of financial position.

Credit risk exposure relating to trade and other receivables and contract assets

The trade and other receivables are mainly from Japanese customers. An allowance for expected credit losses for trade and other receivables and contract assets is measured at an amount equal to the lifetime expected credit losses. The assets are grouped by each asset with similar characteristics of credit risks and expected credit losses are calculated based on historical default rates, concerning the current conditions and future economic environment. Expected credit losses for credit-impaired financial assets are calculated by each asset.

b. Liquidity risk

Liquidity risk is the risk that the NEC Group encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The NEC Group's approach of managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when they are due.

The NEC Group periodically updates forecasts of its future cash flows aiming to maintain the level of its cash and cash equivalents and the unused balance of commitment line of credit at an amount in excess of expected cash outflows on financial liabilities required for conducting its business.

c. Market risk

(i) Interest rate risk

Interest bearing debts with floating interest rates, including long-term borrowings, are exposed to interest rate risk. The NEC Group may use interest rate swaps as hedges of the variability in cash flows attributable to interest-rate risk.

(ii) Foreign currency risk

The NEC Group operates its business globally, and is exposed to the risk of fluctuation in foreign exchange rates. The NEC Group mitigates foreign currency risk exposures to an extent possible by offsetting trade receivables and payables denominated in the same foreign currencies and conducting hedge transactions mainly on the remaining net exposures and net forecast transaction exposures using forward exchange contracts.

(iii) Equity price risk

The NEC Group holds listed equity instruments of parties with which the NEC Group has a business relationship, and therefore, is exposed to the risk of fluctuation in prices of equity instruments. The equity instruments are held for if the NEC Group determines that it will contribute to the increase of the mid- to long-term corporate value of the NEC Group after comprehensive consideration of its management strategy, the relationships with business partners and other circumstances.

2. Fair value of financial assets and liabilities

Fair value of financial assets and liabilities

JPY (millions)

	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Bonds	234,389	232,268
Long-term borrowings	126,392	126,017

Regarding the fair value hierarchy of assets and liabilities presented in the table above, bonds are categorized as Level 2 and long-term borrowings are categorized as Level 3. The financial instruments whose fair value is determined to be close or equal to the carrying amount are excluded from the chart above. The financial instruments regularly measured at fair value, but equal to the carrying amount are also excluded from the chart above.

Basis of the fair value measurement for financial instruments

For cash and cash equivalents, trade and other receivables, trade and other payables, and accruals, the fair value is determined as equal or close to the carrying amount since they are to be settled in a short term.

The fair value of loans is measured by discounting estimated future cash flows to the present value based on an interest rate that takes into account the remaining period to the maturity date and credit risk.

Of equity instruments designated as measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss, the fair value of listed equity instruments is determined using a quoted market price at an exchange.

For derivative assets and liabilities, the fair value of forward exchange contracts is calculated based on the quoted forward exchange rates at the end of the fiscal year, while the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on the interest rate at the end of the reporting period.

The fair values of short-term borrowings and long-term borrowings (current portion) are determined as the carrying amount, as the carrying amount is a reasonable estimate of fair value due to the relatively short period of maturity of these instruments. The fair value of long-term borrowings (excluding the current portion) is calculated as the present value of the estimated future cash flows, based on the expected interest rate at which a similar new borrowing was made.

The fair value of bonds is determined based on the quoted market price in a non-active market.

3. Fair value hierarchy

Hierarchy and classification used for the fair value measurement for financial assets and liabilities measured at fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices classified into Level 1 that are observable for the financial asset or liability, either directly or indirectly

Level 3: Unobservable inputs that are not based on observable market data

	JPY (millions)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	451	2,304	17,790	20,545
Equity instruments designated as measured at fair value through other comprehensive income	46,515	-	94,224	140,739
Financial liabilities measured at fair value through profit or loss	-	7,151	-	7,151

The NEC Group designates long-term stock holdings for the purpose of maintaining and strengthening relationship with its business partners and expanding its revenue base as equity instruments measured at fair value through other comprehensive income. Financial assets classified into Level 3 mainly consist of unquoted equity instruments. Fair value measurements of financial assets and liabilities classified into Level 3 are reviewed and approved by the personnel responsible in the accounting department based on relating internal regulations.

VI Notes to Revenue Recognition

1. Disaggregation of revenue

Revenue consists of the following three categories: “Contracts for hardware and packaged software deployments”, “Contracts for services to customers (including maintenance and outsourcing)”, and “Contracts for system integrations and equipment constructions”. The revenue in three categories for the fiscal years ended March 31, 2023 are 1,033,576 million JPY, 1,226,063 million JPY, and 1,053,379 million JPY, respectively.

2. Basic information for understanding revenue recognition

Basic information for understanding revenue recognition is described in “Notes Regarding Significant Accounting Policies, Revenue recognition criteria for revenue and obligation.”

3. Information for understanding the revenue amounts in the fiscal year and subsequent fiscal years

The revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2023, is 2,092,190 million JPY. The figure includes the estimated revenue recognition amount for more than one year. The figure does not include the remaining performance obligations that have original expected durations of one year or less.

VII Notes to Per Share Data

Equity attributable to owners of the parent per share	6,096.59 JPY
Basic earnings per share	424.51 JPY
Diluted earnings per share	424.50 JPY

BALANCE SHEET
(Non-consolidated: Japanese GAAP)
(As of March 31, 2023)

JPY (millions)

Account	Amount
Assets	
<u>Current assets</u>	1,081,175
Cash and deposits	119,330
Notes receivable-trade	4,149
Accounts receivable-trade	412,312
Contract assets	231,474
Lease investment assets	6,955
Merchandise and finished goods	41,127
Work in process	25,236
Raw materials and supplies	19,301
Advance payments-trade	62,169
Prepaid expenses	26,655
Accounts receivable-other	82,783
Other	49,688
Allowance for doubtful accounts	(2)
<u>Non-current assets</u>	1,350,579
Property, plant and equipment	233,384
Buildings, net	134,965
Structures, net	3,548
Machinery and equipment, net	7,132
Vehicles, net	221
Tools, furniture and fixtures, net	44,363
Land	32,220
Construction in progress	10,935
Intangible assets	69,885
Patent right	756
Right of using facilities	128
Software	68,820
Other	182
Investments and other assets	1,047,310
Investment securities	88,021
Stocks of subsidiaries and affiliates	785,764
Investments in capital	197
Long-term loans receivable	46
Long-term loans receivable from subsidiaries and affiliates	10,797
Deferred tax assets	68,121
Prepaid pension cost	56,461
Other	43,854
Allowance for doubtful accounts	(5,950)
Total assets	2,431,755

JPY (millions)

Account	Amount
Liabilities	
<u>Current liabilities</u>	1,065,155
Accounts payable-trade	431,332
Current portion of long-term borrowings	41,000
Current portion of bonds payable	40,000
Lease obligations	209
Accounts payable-other	40,193
Accrued expenses	77,246
Income taxes payable	3,634
Contract liabilities	155,153
Deposits received	215,242
Provision for product warranties	5,418
Provision for directors' bonuses	112
Provision for loss on construction contracts and others	12,544
Provision for contingent loss	25,153
Asset retirement obligations	305
Other	17,614
<u>Non-current liabilities</u>	349,487
Bonds payable	195,000
Long-term loans payable	121,000
Lease obligations	320
Provision for product warranties	1,087
Provision for loss on guarantees	11,458
Provision for contingent loss	1,205
Asset retirement obligations	9,229
Other	10,188
Total liabilities	1,414,642
Net Assets	
<u>Shareholders' equity</u>	1,000,173
Capital stock	427,831
Capital surplus	136,663
Legal capital surplus	89,892
Other capital surplus	46,772
Retained earnings	467,251
Legal retained earnings	17,066
Other retained earnings	450,185
Reserve for promoting open innovation	250
Retained earnings brought forward	449,935
Treasury stock	(31,573)
<u>Valuation and translation adjustments</u>	16,940
Valuation difference on available-for-sale securities	19,919
Deferred gains or losses on hedges	(2,979)
Total net assets	1,017,113
Total liabilities and net assets	2,431,755

STATEMENT OF OPERATIONS
(Non-consolidated: Japanese GAAP)
(For the fiscal year ended March 31, 2023)

JPY (millions)

Account	Amount
Net sales	1,775,558
Cost of sales	1,332,729
Gross profit	442,828
Selling, general and administrative expenses	403,709
Operating income	39,119
Non-operating income	49,805
Interest income	523
Dividends income	44,353
Other	4,929
Non-operating expenses	17,714
Interest expenses	2,011
Loss on disposal of non-current assets	1,856
Foreign exchange losses	6,440
Other	7,407
Ordinary income	71,210
Extraordinary income	28,687
Gain on sales of subsidiaries and affiliates' stocks	11,734
Gain on sale of investment securities	9,343
Gain on sale of non-current assets	3,781
Reversal of provision for loss on guarantees	2,036
Gain on sale of businesses	1,792
Extraordinary loss	8,753
Loss on valuation of stocks of subsidiaries and affiliates	2,610
Provision for loss on guarantees	2,344
Impairment loss	2,205
Provision of allowance for doubtful accounts for subsidiaries and associates	1,263
Loss on sale of non-current assets	124
Loss on sale of investment securities	121
Loss on valuation of investment securities	84
Loss on sale of shares of subsidiaries and associates	0
Income before income taxes	91,144
Income taxes	(10,965)
Income taxes – current	495
Income taxes – deferred	(11,460)
Net income	102,109

STATEMENT OF CHANGES IN NET ASSETS

(Non-consolidated: Japanese GAAP)

(For the fiscal year ended March 31, 2023)

JPY (Millions)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings	
						Reserve for promoting open innovation	Retained earnings brought forward	
Balance at the beginning of current period	427,831	89,892	46,771	136,662	15,514	—	378,177	393,691
Changes of items during the period								
Provision of reserve for promoting open innovation						250	(250)	—
Dividends from surplus							(28,549)	(28,549)
Provision of legal retained earnings					1,552		(1,552)	—
Net income							102,109	102,109
Purchase of treasury stock								
Disposal of treasury stock			1	1				
Total changes of items other than shareholders' equity								
Total changes of items during the period	—	—	1	1	1,552	250	71,758	73,560
Balance at the end of current period	427,831	89,892	46,772	136,663	17,066	250	449,935	467,251

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	(1,891)	956,293	23,050	(3,084)	19,966	976,260
Changes of items during the period						
Provision of reserve for promoting open innovation		—				—
Dividends from surplus		(28,549)				(28,549)
Provision of legal retained earnings						—
Net income		102,109				102,109
Purchase of treasury stock	(30,547)	(30,547)				(30,547)
Disposal of treasury stock	865	866				866
Total changes of items other than shareholders' equity			(3,131)	105	(3,027)	(3,027)
Total changes of items during the period	(29,682)	43,880	(3,131)	105	(3,027)	40,853
Balance at the end of current period	(31,573)	1,000,173	19,919	(2,979)	16,940	1,017,113

Independent Auditor's Report

May 9, 2023

To the Board of Directors of NEC Corporation:

KPMG AZSA LLC
Tokyo Office, Japan

Hideaki Koyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tsutomu Ogawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shinya Fujino (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity and the related notes of NEC Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Ordinance on Companies Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that allows the Company to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report

May 9, 2023

To the Board of Directors of NEC Corporation:

KPMG AZSA LLC
Tokyo Office, Japan

Hideaki Koyama (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tsutomu Ogawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shinya Fujino (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the BALANCE SHEET, the STATEMENT OF OPERATIONS, the STATEMENT OF CHANGES IN NET ASSETS and the related notes, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of NEC Corporation ("the Company") as at March 31, 2023 and for the 185th year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

REPORT OF THE AUDIT & SUPERVISORY BOARD (KANSAYAKU-KAI)

With respect to the performance of duties by the Directors for the 185th business period from April 1, 2022 to March 31, 2023, the Audit & Supervisory Board (KANSAYAKU-KAI) has prepared this audit report through deliberation based on the audit reports prepared by the respective Audit & Supervisory Board Members (KANSAYAKU) and hereby reports, as follows:

1. Audit method by Audit & Supervisory Board Members (KANSAYAKU) and the Audit & Supervisory Board (KANSAYAKU-KAI) and details thereof

- (1) The Audit & Supervisory Board (KANSAYAKU-KAI) has determined, among other things, the auditing policies and auditing plans, received reports regarding the status of conduct of audit and its results from each Audit & Supervisory Board Member (KANSAYAKU), received reports from Directors, other relevant employees and the Accounting Auditors concerning the performance of their duties, and, when necessary, requested them to provide explanations.
- (2) Pursuant to the Code of *Kansayaku* Auditing Standards and in accordance with the auditing policies and auditing plans determined by the Audit & Supervisory Board (KANSAYAKU-KAI), each Audit & Supervisory Board Member (KANSAYAKU) has ensured to communicate effectively with Directors, Senior Vice Presidents, employees including those in the internal auditing division and other relevant personnel, made efforts to collect necessary information and improve auditing environment, and performed audit in the way hereinafter prescribed:
 - (i) each Audit & Supervisory Board Member (KANSAYAKU) has attended the meetings of the Board of Directors and other important meetings, received reports from Directors, Senior Vice Presidents, employees and other relevant personnel regarding the performance of their duties, requested them to provide explanations when necessary, examined important authorization documents and associated information, and investigated the operations and financial conditions at the headquarters and other principal offices. As for the subsidiaries, we have ensured to communicate with the directors and audit & supervisory board members (KANSAYAKU) and other personnel of the subsidiaries and to exchange information therewith, and, when necessary, received reports from the subsidiaries with regard to their business;
 - (ii) each Audit & Supervisory Board Member (KANSAYAKU) has monitored and verified the contents of resolutions of the Board of Directors regarding the enhancement of system required to be implemented to ensure the proper operations of corporate group consisting of the Company and its subsidiary corporations under Article 100(1) and (3) of the Regulation for Enforcement of the Companies Act (internal control system) including a system to ensure that the performance of duties by Directors is in compliance with the laws, regulations and the Articles of Incorporation, and the status of the internal control system established and operated according to the said resolutions;
 - (iii) With regard to “Policy on the Control over the Company” stated in the business report, each Audit & Supervisory Board Member (KANSAYAKU) has examined the statement of the said policy; and
 - (iv) each Audit & Supervisory Board Member (KANSAYAKU) has monitored and verified whether the Accounting Auditors were maintaining their independence and properly performing audits, received reports from the Accounting Auditors on the performance of their duties, the methods and results of the audit, and, when necessary, requested them to provide explanations. We have also received from the Accounting Auditors a notice confirming that “the systems for ensuring proper performance of duties of the Accounting Auditors” was properly implemented pursuant to the laws and regulations, and standards released by Business Accounting Deliberation Council and others, and, when necessary, requested them to provide explanations.

Based on the aforementioned methods, we have examined the business report and its supplementary schedules, the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) as well as the non-consolidated financial statements (balance sheet, statement of operations, statement of changes in net assets and notes to non-consolidated financial statements) and its supplementary schedules.

2. Results of audit

- (1) Audit results concerning the business reports, etc.
 - (i) We confirm that the business report and the supplementary schedules fairly present the conditions of the Company in conformity with applicable laws, regulations and its Articles of Incorporation.
 - (ii) We have found no improper acts by Directors in the performance of their duties or any material facts in connection with the performance by Directors of their duties that constitute any violation of applicable laws, regulations or the Articles of Incorporation.

- (iii) We confirm that the contents of the resolution of the Board of Directors on the internal control system of the Company are fair and appropriate. Furthermore, we confirm that the establishment and operation of the internal control system, which are described as appropriate in the business report, are fair and appropriate.
- (iv) We have found no matters that must be pointed out with regards to “Policy on the Control over the Company” stated in the business report.
- (2) Audit results concerning consolidated financial statements
- We confirm that the methods and results of the audit conducted by KPMG AZSA LLC the Accounting Auditors, are fair and appropriate.
- (3) Audit results concerning non-consolidated financial statements and supplementary schedules
- We confirm that the methods and results of the audit conducted by KPMG AZSA LLC the Accounting Auditors, are fair and appropriate.

May 11, 2023

Audit & Supervisory Board (KANSAYAKU-KAI)
NEC Corporation

Full-time Audit & Supervisory Board Member (KANSAYAKU)	Nobuhiro Odake (Seal)
Full-time Audit & Supervisory Board Member (KANSAYAKU)	Shinobu Obata (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Nobuo Nakata (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Masami Nitta (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Kyoko Okada (Seal)