

This is a translation of the Notice of the 187th 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 Executive
Officer)

May 30, 2025

To Our Shareholders:

NOTICE OF
THE 187TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

This is to inform you that the 187th Ordinary General Meeting of Shareholders (the “Meeting”) of NEC Corporation (the “Company”) will be held as follows:

1. **DATE:** June 20, 2025 (Friday) 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 187th business period from April 1, 2024 to March 31, 2025 (“Business Period”), and report on the results of the audit on the Consolidated Financial Statements conducted by the Accounting Auditors and the Audit Committee.

MATTERS TO BE VOTED UPON:

Proposal: Election of Eleven (11) Directors

- 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, Tokyo Stock Exchange Website and Portal of Shareholders’ Meeting.

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

2: Tokyo Stock Exchange Website (Japanese only)

3: Portal of Shareholders’ Meeting (Japanese only)

REFERENCE DOCUMENTS FOR THE MEETING

Proposed Matters for Voting and Reference Matters thereof:

Proposal: Election of Eleven (11) Directors

Upon the close of the Meeting, the terms of office as Director of all thirteen (13) Directors will expire. Pursuant to the decision of the Nominating Committee, it is proposed that eleven (11) Directors be elected, out of which eight (8) are Outside Directors and three (3) are inside Directors, whereby the Company aims to strengthen the monitoring function of the Board of Directors that consists of a more compact structure having an increased ratio of Outside Directors with an enhanced diversity. The candidates for Director are listed below and further described from page 5 onward.

No.	Name	Position and Responsibility at the Company	Attendance at Meeting of the Board of Directors
1	Masashi Oka *Candidate for Outside Director	Member of the Board Chairperson of the Compensation Committee Nominating Committee Member	9 out of 9 meetings
2	Harufumi Mochizuki *Candidate for Outside Director	Member of the Board Chairperson of the Nominating Committee Audit Committee Member	9 out of 9 meetings
3	Joji Okada *Candidate for Outside Director	Member of the Board Chairperson of the Audit Committee	9 out of 9 meetings
4	Yoshihito Yamada *Candidate for Outside Director	Member of the Board Nominating Committee Member Compensation Committee Member	9 out of 9 meetings
5	Shinjiro Sato *Candidate for Outside Director	Member of the Board Compensation Committee Member Audit Committee Member	7 out of 7 meetings
6	Shiori Nagata *Candidate for Outside Director	Member of the Board Audit Committee Member	7 out of 7 meetings
7	Mika Nishimura *New Candidate *Candidate for Outside Director		
8	Tomomi Yatsu *New Candidate *Candidate for Outside Director		
9	Takashi Niino	Chairman of the Board Nominating Committee Member	9 out of 9 meetings
10	Takayuki Morita	President (Representative Executive Officer) and CEO (Chief Executive Officer) Member of the Board Compensation Committee Member	9 out of 9 meetings
11	Osamu Fujikawa	Corporate EVP (Representative Executive Officer) and CFO (Chief Financial Officer) Member of the Board	9 out of 9 meetings

Note 1. The attendance at meetings of the Board of Directors described above is based on the number of meetings held and attended by each candidate as Director during the term of his/her office in the previous fiscal year.

No.	Name	The attributes of the candidates for Directors			Particular area that the Company 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	Masashi Oka	●	●		●	●				●	●	●	●	● (Chairperson)	
2	Harufumi Mochizuki	●	●		●	●					●	●	● (Chairperson)		●
3	Joji Okada	●	●			●				●	●	●			● (Chairperson)
4	Yoshihito Yamada	●	●		●	●	●		●			●	●		
5	Shinjiro Sato	●	●		●	●	●			●		●		●	●
6	Shiori Nagata	●	●	● (Female)		●		●	●	●					●
7	Mika Nishimura	●	●	● (Female)		●	●	●	●			●		●	
8	Tomomi Yatsu	●	●	● (Female)						●	●	●			●
9	Takashi Niino		●		●			●				●	●		
10	Takayuki Morita				●	●			●	●		●		●	
11	Osamu Fujikawa						●	●	●	●					

- Notes: 1. The particular areas marked with ● shown above indicate that the Company expects for the candidates for Directors to have in those areas extensive experience and deep insight given the Company's criteria for each career skill (please refer to "Policy and Process for Selecting Candidates for Director" described below). 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 meeting of the Board of Directors to be held after the close of the Meeting.

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
1. Masashi Oka (July 11, 1955) *Candidate for Outside Director *Male	April 1979	Joined The Mitsubishi Bank, Ltd. (currently, MUFG Bank, Ltd.)	(a) 10,000 (b) 2,300
	June 2004	General Manager and Global Head, Syndicated Finance Division, The Bank of Tokyo-Mitsubishi, Ltd. (currently, MUFG Bank, Ltd.)	
	June 2005	Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd.	
	October 2009	Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently, MUFG Bank 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)	
	May 2016	Counselor, NIKON CORPORATION	
	June 2016	Senior Executive Vice President, CFO and Representative Director, NIKON CORPORATION	
	June 2019	Outside Director, Sony Financial Holdings Inc. (currently, Sony Financial Group Inc.)	
	April 2020	Director, NIKON CORPORATION (until May 2020)	
	June 2020	President & CEO, Representative Director, Sony Financial Holdings Inc. and President, Representative Director, Sony Financial Ventures Inc. (until June 2023)	
	June 2022	Member of the Board of the Company (to present)	
	June 2023	Senior Advisor, Sony Financial Group Inc. (until June 2024)	
		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 empathize 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	

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	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.		
	Notice relating to Independence of Candidate for Outside Director: • The Company has reported him as an independent Director to the Tokyo Stock Exchange, on which the Company lists its shares. • The Company has no transactions in the past 3 fiscal years with Sony Financial Group Inc., where Mr. Masashi Oka served as the President & CEO and Representative Director.		
	Attendance at Meeting of the Board of Directors: 9 out of 9 meetings Attendance rate: 100%		
	Attendance at Meeting of the Nominating Committee: 6 out of 6 meetings Attendance rate: 100%		
	Attendance at Meeting of the Compensation Committee: 9 out of 9 meetings Attendance rate: 100%		
	Year served as a Director 3 years		
	2. Harufumi Mochizuki (July 26, 1949) *Candidate for Outside Director *Male	April 1973 July 2002 July 2003 July 2006 July 2008 July 2010 August 2010 October 2010 June 2012 June 2013 June 2014 June 2017 June 2018	

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	June 2023	Hitachi, Ltd. (until June 2022) Senior Adviser, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. (to present)	
	June 2023	President, Center for Information on Security Trade Control (to present)	
	June 2023	Outside Director, HAZAMA ANDO CORPORATION (to present)	
	June 2023	Member of the Board of the Company (to present)	
	Important Concurrent Position(s): Senior Adviser, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. Outside Director, HAZAMA ANDO CORPORATION		
	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 empathize 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: • The Company has reported him as an independent Director to the Tokyo Stock Exchange, on which the Company lists its shares. • The Company has no transactions in the past 3 fiscal years with Tokyo Small and Medium Business Investment & Consultation Co., Ltd., where Mr. Harufumi Mochizuki served as the President and CEO and Representative Director.		
	Attendance at Meeting of the Board of Directors: 9 out of 9 meetings Attendance rate: 100%		
	Attendance at Meeting of the Nominating Committee: 6 out of 6 meetings Attendance rate: 100%		
	Attendance at Meeting of the Audit Committee: 15 out of 15 meetings Attendance rate: 100%		
Year served as a Director 2 years			
3. Joji Okada (October 10, 1951)	April 1974 June 2011	Joined Mitsui & Co., Ltd. Representative Director, Executive Managing Officer and CFO, Mitsui & Co., Ltd.	(a) 1,500 (b) 2,300
*Candidate for Outside	April 2012	Representative Director, Senior Executive	

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
Director *Male	April 2014	Managing Officer and CFO, Mitsui & Co., Ltd. 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)	
	June 2023	Member of the Board of the Company (to present)	
	Important Concurrent Position(s): Outside Auditor, 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 empathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight, having served as 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: ・ The Company has reported him as an independent Director to the Tokyo Stock Exchange, on which the Company lists its shares.		
	Attendance at Meeting of the Board of Directors: 9 out of 9 meetings Attendance rate: 100%		
	Attendance at Meeting of the Audit Committee: 15 out of 15 meetings Attendance rate: 100%		
Year served as a Director 2 years			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
4. Yoshihito Yamada (November 30, 1961) *Candidate for Outside Director *Male	April 1984	Joined OMRON Tateisi Electronics Co. (currently, OMRON Corporation)	(a) 0 (b) 2,300
	June 2008	Executive Officer, OMRON Corporation and President and CEO, OMRON HEALTHCARE Co., Ltd.	
	March 2010	Senior General Manager of Corporate Strategic Planning H.Q., OMRON Corporation	
	June 2010	Managing Executive Officer, OMRON Corporation	
	June 2011	Representative Director, President, OMRON Corporation	
	June 2013	Representative Director, President and CEO, OMRON Corporation	
	April 2023	Representative Director, OMRON Corporation	
	June 2023	Chairman, Chair of the Board of Directors, OMRON Corporation (to present)	
	June 2023	Member of the Board of the Company (to present)	
	Important Concurrent Position(s): Chairman, Chair of the Board of Director, OMRON Corporation		
	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 empathize 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 reported him as an independent Director to the Tokyo Stock Exchange, on which the Company lists its shares. • The Company has transactions in the past 3 fiscal years with OMRON Corporation, where Mr. Yoshihito Yamada served as the Representative Director, the total amount of which is less than 1% of the net sales of each party.		
	Attendance at Meeting of the Board of Directors: 9 out of 9 meetings Attendance rate: 100%		
Attendance at Meeting of the Nominating Committee: 5 out of 5 meetings Attendance rate: 100%			
Attendance at Meeting of the Compensation Committee: 9 out of 9 meetings Attendance rate: 100%			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	Year served as a Director 2 years		
5. Shinjiro Sato (July 19, 1960) *Candidate for Outside Director *Male	April 1984	Joined Toa Nenryo Kogyo K.K. (currently ENEOS Corporation)	(a) 5,000 (b) 2,300
	February 1999	Joined Asahi Arthur Andersen Ltd. (currently PwC Japan Group)	
	June 2004	Joined Terumo Corporation	
	June 2010	Executive Officer, General Manager of Corporate Planning Dept., Terumo Corporation	
	October 2011	Executive Officer, Group President of Cardiac and Vascular Business Group, Terumo Corporation	
	June 2012	Senior Executive Officer, Terumo Corporation	
	June 2014	Director and Senior Executive Officer, Terumo Corporation	
	April 2015	Director and Managing Executive Officer, Terumo Corporation	
	April 2017	President and CEO, Terumo Corporation	
	April 2024	Director and Corporate Advisor, Terumo Corporation	
	June 2024	Corporate Advisor, Terumo Corporation (to present)	
	June 2024	Member of the Board of the Company (to present)	
	October 2024	Chairman, The University of Nagano (to present)	
Important Concurrent Position(s): Corporate Advisor, Terumo Corporation			
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 empathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as a strategy consultant and 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, financial accounting/investment and corporate governance.			
Notice relating to Independence of Candidate for Outside Director: <ul style="list-style-type: none"> • The Company has reported him as an independent Director to the Tokyo Stock Exchange, on which the Company lists its shares. • The Company has transactions in the past 3 fiscal years with Terumo Corporation, where Mr. Shinjiro Sato served as the President and CEO, the total amount of which is less than 1% of the net sales of each party. 			
Attendance at Meeting of the Board of Directors: 7 out of 7 meetings Attendance rate: 100%			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	Attendance at Meeting of the Compensation Committee: 6 out of 6 meetings Attendance rate: 100%		
	Attendance at Meeting of the Audit Committee: 10 out of 10 meetings Attendance rate: 100%		
	Year served as a Director 1 year		
6. Shiori Nagata (March 20, 1978) *Candidate for Outside Director *Female	April 2000	Joined Deloitte Tohmatsu Consulting Co., Ltd. (currently, Deloitte Tohmatsu Consulting LLC)	(a) 0 (b) 2,300
	June 2004	Joined Tohato, Inc.	
	January 2007	Joined Unison Capital, Inc.	
	September 2009	Joined Innovation Network Corporation of Japan, Co., Ltd. (currently, Japan Investment Corporation)	
	September 2014	Joined Yanmar Holdings Co., Ltd.	
	January 2015	Representative Director and President, Yanmar Marine International B.V. (until March 2020)	
	April 2020	Chief Strategy Officer, Yanmar Holdings Co., Ltd.	
	June 2020	Director and Chief Strategy Officer, Yanmar Holdings Co., Ltd.	
	April 2024	Director, Yanmar Holdings Co., Ltd. (until June 2024)	
	June 2024	Member of the Board of the Company (to present)	
Important Concurrent Position(s): Outside Director, Idemitsu Kosan 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 empathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight as a strategy consultant, in business restructuring, and as an officer of an operating 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 global business, sustainability/ESG, marketing and financial accounting/investment.			
Notice relating to Independence of Candidate for Outside Director: • The Company has reported her as an independent Director to he Tokyo Stock Exchange, on which the Company lists its shares. • The Company has transactions in the past 3 fiscal years with Yanmar Holdings Co., Ltd., where Ms. Shiori Nagata served as a Director, the total amount of which is less than 1% of the net sales of each party.			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	Attendance at Meeting of the Board of Directors: 7 out of 7 meetings Attendance rate: 100%		
	Attendance at Meeting of the Audit Committee: 10 out of 10 meetings Attendance rate: 100%		
	Year served as a Director 1 year		
7. Mika Nishimura (August 14, 1963) *New Candidate *Candidate for Outside Director *Female	June 1985 August 1989 January 1992 September 1999 October 2002 January 2007 January 2011 April 2011 November 2015	Joined BAIN & COMPANY Joined LEK PARTNERSHIP Director, Global Marketing, Guidant Corporation (until May 1999) Managing Partner, THE BLG GROUP (until September 2002) Vice President International Sales, Operations and Marketing, ev3 Inc. (until December 2006) Managing Partner, THE BLG GROUP (until April 2011) Operational Partner, Gilde Healthcare Partners (to present) Vice President, Commercial Development, Auxogyn, Inc. (currently, Progyny, Inc.) (until July 2015) Vice President, Commercialization, nVision Medical Corporation (currently, Boston Scientific Corporation) (until April 2020)	(a) 0 (b) 2,300
Important Concurrent Position(s): Operational Partner, Gilde Healthcare Partners Independent Director, SI-BONE, Inc. Independent Director, Accuray Incorporated Outside Director, HOYA Corporation			
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 empathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight as a management of global healthcare businesses. 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, technology/innovation, sustainability/ESG, marketing and corporate governance.			

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	Notice relating to Independence of Candidate for Outside Director: • The Company has reported her as an independent Director to the Tokyo Stock Exchange, on which the Company lists its shares.		
8. Tomomi Yatsu (May 30, 1960) *New Candidate *Candidate for Outside Director *Female	April 1983 October 1986 September 1990 October 2001 October 2001 June 2009 June 2010 March 2012 March 2015 April 2015 June 2016 June 2017 March 2019 March 2021 April 2022	Joined Tokyo Electron Ltd. Joined Tohmatsu Awoki & Sanwa (currently, Deloitte Touche Tohmatsu LLC) Registered as a Certified Public Accountant Registered with Tokyo Bar Association Joined New Tokyo International Law Office (later merged with Bingham Sakai Mimura Aizawa-Foreign Law Joint Enterprise) Outside Auditor, Calbee, Inc. (until June 2016) Outside Auditor, Taiko Pharmaceutical Co., Ltd. (until June 2012) Outside Auditor, KOKUYO Co., Ltd. (until March 2016) Outside Auditor, Yamaha Motor Co., Ltd. (until March 2019) Partner, TMI Associates (until March 2022) Outside Director, SMBC Nikko Securities Inc. (to present) Outside Auditor, IHI Corporation (until June 2021) Outside Auditor, Kuraray Co., Ltd. (to present) Outside Auditor, Kyowa Kirin Co., Ltd. (until March 2025) Representative, Yatsu Law & Accounting Office (to present)	(a) 0 (b) 2,300
	Important Concurrent Position(s): Certified Public Accountant Attorney at Law Outside Auditor, Kuraray 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 empathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight as a director and auditor at numerous companies and as a certified public accountant and attorney at law. Although she has not been involved in the management of companies other than as an outside director or auditor in the past, the Company has judged that she will be able to appropriately perform her duties as an Outside Director for the above reasons. 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 financial accounting/investment, audit/legal/risk management and corporate governance.		

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	Notice relating to Independence of Candidate for Outside Director: • The Company has reported her as an independent Director to the Tokyo Stock Exchange, on which the Company lists its shares. • The Company has no transactions in the past 3 fiscal years with Yatsu Law & Accounting Office, where Ms. Tomomi Yatsu serves as the Representative.		
9. Takashi Niino (September 8, 1954) *Male	April 1977 April 2004 April 2005 April 2006 April 2008 August 2008 April 2010 June 2011 July 2011 April 2012 April 2016 April 2021 June 2022	Joined the Company Executive General Manager, 2nd Solutions Sales Operations Unit Senior General Manager, 3rd Solutions Operations Unit Executive General Manager, Financial Solutions Operations Unit Senior Vice President and Executive General Manager, Financial Solutions Operations Unit Senior Vice President Executive Vice President Executive Vice President and Member of the Board Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board Senior Executive Vice President, CSO, CIO (Chief Information Officer) and Member of the Board (Representative Director) President (Representative Director) and CEO (Chief Executive Officer) Vice Chairman of the Board (Representative Director) Chairman of the Board (to present)	(a) 102,500 (b) 23,725
	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: 9 out of 9 meetings Attendance rate: 100%		

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	Attendance at Meeting of the Nominating Committee: 6 out of 6 meetings Attendance rate: 100%		
	Year served as a Director 14 years		
10. Takayuki Morita (February 5, 1960) *Male	April 1983 April 2002 April 2006 April 2008 July 2011 April 2016 June 2016 April 2018 June 2018 April 2021 April 2023 June 2023	Joined the Company General Manager, Business Development Division Senior Vice President and Executive General Manager, Corporate Business Development Unit Senior Vice President Executive Vice President Executive Vice President and CGO (Chief Global Officer) Executive Vice President, CGO and Member of the Board Senior Executive Vice President and Member of the Board (Representative Director) Senior Executive Vice President, CFO (Chief Financial Officer) and Member of the Board (Representative Director) President (Representative Director) and CEO (Chief Executive Officer) Chairman of the Board, ABeam Consulting Ltd. (to present) President (Representative Executive Officer), CEO and Member of the Board (to present)	(a) 54,500 (b) 26,960
	Reasons for Nomination of a Candidate: 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 afterwards, having been engaged in the management of the Company as President (Representative Director) and CEO since April 2021 and currently as President (Representative Executive Officer), CEO and Member of the Board. 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.		
	Attendance at Meeting of the Board of Directors: 9 out of 9 meetings Attendance rate: 100%		
	Attendance at Meeting of the Compensation Committee:		

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares: (a) Held (b) to be Granted
	9 out of 9 meetings Attendance rate: 100%		
	Year served as a Director 9 years		
11. Osamu Fujikawa (May 18, 1965) *Male	April 1988 April 2014 April 2017 April 2021 June 2022 April 2023 June 2023	Joined the Company Department Manager, Corporate Business Development Division Senior Vice President Executive Vice President and CFO (Chief Financial Officer) Executive Vice President, CFO and Member of the Board (Representative Director) Corporate EVP, CFO and Member of the Board (Representative Director) Corporate EVP (Representative Executive Officer), CFO and Member of the Board (to present)	(a) 37,500 (b) 16,895
	Reasons for Nomination of a Candidate: 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 EVP (Representative Executive Officer), CFO and Member of the Board. 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.		
	Attendance at Meeting of the Board of Directors: 9 out of 9 meetings Attendance rate: 100%		
	Year served as a Director 3 years		

Notes: 1. The Company conducted a share split at a ratio of five (5) shares for every one (1) common share, effective April 1, 2025. The number of the Company's shares held by each candidate for Director is calculated by converting the number of shares held as of March 31, 2025 to the number of shares after the share split.

2. The number of the Company's shares to be granted to each candidate for Outside Director indicates the number of common shares of the Company to be granted as the non-performance-based, restricted stock remuneration which will be introduced in June 2025. The number of the Company's shares to be granted is calculated based on the standard amount determined by the Compensation Committee divided by the average closing price of a Company's common share at the Tokyo Stock Exchange during the fiscal year immediately preceding the date of share grant. The restricted transfer period of such shares shall be the period from the date of share grant through the date of retirement as a Director of the Company. The transfer restrictions will be terminated at the expiration of the restricted transfer period on the condition that the Director constantly remains in office from the date of Ordinary General Meeting of Shareholders held immediately prior to the grant of shares through the date of the next year's Ordinary General Meeting of

- Shareholders. The number of the Company's shares to be granted to each candidate for Director other than Outside Director indicates the number of common shares to be granted in the fiscal year ending March 31, 2026 under the stock compensation plan implemented in fiscal year ended March 31, 2023.
3. The Company has entered into agreements stipulated in Article 427 (1) of the Companies Act (the "Liabilities Limitation Agreements") with 7 Outside Directors, namely Messrs. Masashi Oka, Harufumi Mochizuki, Joji Okada, Yoshihito Yamada and Shinjiro Sato and Ms. Shiori Nagata, and also with Mr. Takashi Niino, who is not executive Director. The Company intends to extend the Liabilities Limitation Agreement with each when they are re-elected. In addition, the Company intends to conclude the similar agreements with both candidates of Outside Director, namely Mss. Mika Nishimura and Tomomi Yatsu, when they are elected. The Liabilities Limitation Agreement is to limit their liabilities as stipulated in Article 423 (1) of the Companies Act to the higher amount of 20 million yen or the amount provided in laws and regulations on the condition that they perform their duties as Directors in good faith and without gross negligence.
 4. The Company has entered into indemnity agreements stipulated in Article 430-2 (1) of the Companies Act with 9 Directors, namely Messrs. Masashi Oka, Harufumi Mochizuki, Joji Okada, Yoshihito Yamada, Shinjiro Sato, Takashi Niino, Takayuki Morita and Osamu Fujikawa and Ms. Shiori Nagata, as. Under the indemnity agreement, the Company shall indemnify Directors from the expenses set forth in Item 1 of such Paragraph and the losses set forth in Item 2 of such Paragraph to the extent stipulated by laws and regulations. Furthermore, the Company intends to extend the agreement with each when they are re-elected. In addition, the Company intends to conclude the indemnity agreements with both Mss. Mika Nishimura and Tomomi Yatsu when they are elected. The outline of the indemnity agreements is that in order to ensure that the appropriateness of the execution of duties by each Director is not impaired, the indemnification by the Company is not applied to certain cases where such indemnification is inappropriate, and the Company may demand return from a Director of all or part of the amount of the indemnification if, after payment, it is found that the indemnification was inappropriate.
 5. The Company has entered into a D&O (directors, corporate auditors and officers) liability insurance contract stipulated in Article 430-3 (1) of the Companies Act with an insurance company, under which 9 candidates for Director, Messrs. Masashi Oka, Harufumi Mochizuki, Joji Okada, Yoshihito Yamada, Shinjiro Sato, Takashi Niino, Takayuki Morita and Osamu Fujikawa and Ms. Shiori Nagata are the insured. If the reelection of each is approved, each person will continue to be insured under the insurance contract. In addition, when Mss. Mika Nishimura and Tomomi Yatsu are elected as Directors of the Company, they will also become the insured of the insurance contract. The outline of the insurance contract is as described in "3. (6) '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 2025.
 6. SMBC Nikko Securities Inc., where Ms. Tomomi Yatsu serves as an Outside Director, received an administrative disposition from the Financial Services Agent (FSA) under the Financial Instruments and Exchange Act in October 2022 and a conviction from the Tokyo District Court in February 2023 due to the violation of Article 159 (3) (Illegal Stabilizing Transactions) of the Act by its former officers and employees. In October 2022, SMBC Nikko Securities Inc. also received an administrative disposition from the FSA under the Financial Instruments and Exchange Act for exchanging non-public information with the officers and employees of Sumitomo Mitsui Banking Corporation. While she was not aware of each of these violations in advance, she regularly reminded the company of the importance of compliance. Moreover, following the discovery of each of these violations, she has taken necessary actions as an Outside Director of SMBC Nikko Securities Inc., including offering her opinions on the investigation of the causes and the formulation of effective recurrence prevention measures at the Board of Directors' meetings, confirming the status of their implementation, and making recommendations to further strengthen compliance with laws and regulations, and internal control systems.
 7. The attendance at meeting of the Board of Directors and each committee meeting described above is based on the number of meetings held and attended by each candidate as Director during the term of his/her office in the previous fiscal year.

(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 Auditor) from the Company.
4. 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 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

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. From the fiscal year ending March 31, 2026, the Company will, at the aim of strengthening the monitoring function, and promoting and deepening discussions on mid- to long-term management policy and strategies, reduce the number of inside Directors to a minimum set having primarily CEO as the representative of the execution side. In consideration given to the balance between diversity, in such factors as career background, specialist field, internationality and gender, and 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 empathize 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. The Company has 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, 2024 to March 31, 2025)

1. Review of Operations

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

Overview

The NEC Group recorded consolidated revenue of 3,423.4 billion JPY for the fiscal year ended March 31, 2025, a decrease of 53.8 billion JPY (1.5%) year-on-year. The consolidated revenue decreased, despite an overall increase in the revenues of the IT Services Business and the Social Infrastructure Business, mainly due to the deconsolidation of Japan Aviation Electronics Industry, Limited.

Regarding profitability, operating profit was 256.5 billion JPY, an increase by 68.5 billion JPY year-on-year, mainly due to increased revenue in IT Services Business and Social Infrastructure Business. Adjusted operating profit was 287.2 billion JPY, an increase by 63.6 billion JPY year-on-year, and Non-GAAP operating profit was 311.3 billion JPY, an increase by 83.7 billion JPY year-on-year.

Profit before income taxes was 239.8 billion JPY, an increase by 54.8 billion JPY year-on-year, due to increased operating profit, despite the recording of an impairment loss on the investment in NEC Capital Solutions Limited under share of profit (loss) of entities accounted for using the equity method.

Net profit attributable to owners of the parent was 175.2 billion JPY, an increase of 25.7 billion JPY year-on-year, mainly due to increased profit before income taxes. Non-GAAP net profit attributable to owners of the parent was 225.7 billion JPY, an increase of 47.9 billion JPY year-on-year.

For this Business Period, the Company declared an annual dividend of 140 JPY per share of common stock (interim dividend of 70 JPY per share).

Throughout this Business Period, the NEC Group continued its 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. The Company focused on the “IT Services Business” and “Social Infrastructure Business” as mainly operating segments.

●Business Strategy

In the “IT Services Business”, the Company announced in May 2024 the “NEC BluStellar” a value creation model that aims to lead customers into the future. NEC BluStellar leverages our cutting-edge technologies, such as AI and cyber security, refined through years of knowledge and know-how through its DX (Digital Transformation) business, which contributes to the provision of prompt and advanced services to customers. NEC BluStellar Business achieved faster growth and improved profitability than projected in this Business Period, supported in part by solid demand for DX. This contributed significantly to the strong performance of the IT Services Business.

Within the “Social Infrastructure Business”, in the aerospace and national security domain, the Company secured orders at a record high level during this Business Period, as in the previous Business Period, due to the rising defense budget of the Japanese government against a backdrop of growing awareness of national security. The Company also strengthened its business foundation, including reinforcing human resources and production facilities, to prepare for more expanding the business scale.

●Human Resources Strategy

In April 2024, the Company launched job-based human resource management for all employees in the Company as a driving force to promote “the right time, the right place and the right person” through flexible allocation of human resources. The intention of this is to clarify jobs and encourage the career autonomy of

employees as the starting point of the Company's strategy. In addition, in April 2025, five NEC Group companies (Note) also introduced job-based human resource management to further increase the mobility of human resources within the NEC Group. Furthermore, the Company is promoting the appointment of diverse human resources such as mid-career professionals, women, and non-Japanese. The ratio of female and non-Japanese Directors and other officers was 15.8% as of April 2024 and 20% as of April 2025, achieving the target of 20% set in the "Mid-term Management Plan 2025".

In this Business Period, the Company's employee engagement score has improved from 25% in the fiscal year ended March 31, 2021 to 42% through efforts to foster a culture where employees take pride in working at the Company and work proactively, as well as focusing on developing fair systems for evaluation, appointment, and compensation. Furthermore, in the "Mid-term Management Plan 2025", the Company set a goal to increase the employee engagement score to 50%, which is roughly within the global top 25 percentile.

Note: NEC Solution Innovators, Ltd., NEC Platforms, Ltd., NEC Communication Systems, Ltd., NEC Nexsolutions, Ltd. and NEC Business Intelligence, Ltd.

Review of Operations by Segments and Major Business

The NEC Group's primary business consists of two segments: the "IT Services Business" and the "Social Infrastructure Business". The followings are a review of the financial results, business outline and major customers for each segment of the NEC Group for this Business Period.

IT Services Business

Business Outline
<ul style="list-style-type: none"> ● Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, System Equipment, Software Services
Major Customers
Japan: Central and Local Governments, Financial and Industrial Sectors, Fire and Disaster Prevention, Broadcasting, and Electric Power Domains <ul style="list-style-type: none"> ● Overseas: National and Local Governments, Financial Sector, Others

In the IT Services Business, revenue was 2,033.2 billion JPY, an increase of 119.2 billion JPY (6.2%) year-on-year, mainly due to strong sales in Japan and overseas.

Adjusted operating profit was 237.1 billion JPY, an increase by 53.0 billion JPY year-on-year, mainly due to increased sales and higher profitability in system implementation.

Social Infrastructure Business

Business Outline
<ul style="list-style-type: none"> ● Telecommunications Services: Network Infrastructure (Core Network, Mobile Phone Base Stations, Optical Transmission Systems, Submarine Systems), Software and Services for Telecom Operators (OSS / BSS*) ● Aerospace and National Security: System Equipment, Systems Integration (Systems Implementation, Consulting), Maintenance and Support
*OSS: Operation Support System, BSS: Business Support System
Major Customers
<ul style="list-style-type: none"> ● Telecommunications Services: Domestic and Overseas Telecom Carriers ● Aerospace and National Security: Central Government, Aerospace Businesses

In the Social Infrastructure Business, revenue was 1,141.7 billion JPY, an increase of 64.4 billion JPY (6.0%) year-on-year, mainly due to increased sales in the aerospace and national security domain.

Adjusted operating profit was 85.4 billion JPY, an increase by 30.2 billion JPY year-on-year, mainly due to increased sales and improved expense efficiency in the telecommunications services domain.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 116.1 billion yen during this Business Period. The breakdown of capital expenditure amounts and major capital expenditures by segment are as follows.

Segment	Amount	Major Capital Expenditures
IT Services	9.4 billion yen	Equipment related to cloud services
Social Infrastructure	11.7 billion yen	Equipment for development and production of defense system and satellite system, and equipment for production of submarine cables
Others	95.0 billion yen	Partial acquisition of trust beneficial interests in the head office building, and construction of a new building at the Fuchu plant

(3) Research and Development of the NEC Group

The NEC Group is engaged in the creation and commercialization of technologies to develop existing businesses that are key areas for the creation of social value, as well as advanced technologies for future businesses that can provide new value to society.

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

(i) Development and provision of Agentic AI to enhance productivity through automation of complex specialized tasks

The Company has developed “NEC AI Agent”, an agentic AI that can automate complex and specialized tasks with utilizing “NEC cotomi”, a generative AI developed by the Company, and launched it in January 2025.

NEC AI Agent can be used with simple inputs even by an inexperienced user, for which NEC cotomi automatically breaks down the task and designs the requisite work, and then NEC AI Agent selects and automatically executes AI and IT services suitable for each task. Significant efficiency can be expected through NEC AI Agent especially in the areas which require specialized and complex tasks involving corporate management and business operations, such as business planning, human resource management or making marketing strategies.

The Company will, by enhancing such Agentic AI services as specialized in operations and functions, continue to support its customers’ improvement of productivity and efficiency and contribute to their business transformation.

(ii) Development of a compact face and iris multimodal biometric authentication technology that can be deployed for a wide range of applications

The Company has developed the world’s first (Note 1) face and iris multimodal biometric authentication technology that realizes estimation of iris features that would ideally be extracted from high-quality images by using low quality images. This enables high-speed and highly accurate biometric

authentication for tens of millions of people by simply connecting a camera module to a personal computer or tablet device, without the need for a dedicated iris recognition camera, which was previously required. It also enables the deployment of compact biometric authentication for a wide range of applications, both indoor and outdoor.

The Company's biometric authentication technology, which includes face and iris recognition technologies that have been evaluated as the world's most accurate (Note 2), is one of the core technologies of the Company's value creation model "NEC BluStellar". The NEC Group will continue to leverage its cross-industry expertise and cutting-edge technologies developed and refined through years of experience to transform business models and resolve social issues and customers' management issues.

- Notes:
1. As of November 21, 2024, the Company's research
 2. In benchmark tests conducted by the U.S. National Institute of Standards and Technology (NIST), the Company's fingerprint recognition technology, face recognition technology, and iris recognition technology all received the highest scores. Please refer to the following website for the third-party evaluation of the Company's biometric authentication.
<https://www.nec.com/en/global/solutions/biometrics/evaluation/index.html>

(iii) Interim results from phase I clinical trial of a personalized oral cancer vaccine reported the vaccine's safety and immunogenicity

The personalized cancer vaccine being developed by the NEC Group, NECVAX-NEO1 (development code), is an orally administered, bacteria-based DNA vaccine that uses proprietary, state-of-the-art AI technology designed to activate a patient's immune system and stimulate a T-cell response targeting the unique neoantigens of cancer cells specific to each patient. NEC Bio Therapeutics GmbH, an AI-based clinical drug development company in the NEC Group, is conducting phase I clinical trials for cancer patients who have been treated with checkpoint inhibitors (CPI) for at least three months. During the study, five patients with melanoma, renal cell carcinoma, or head and neck cancer were treated with NECVAX-NEO1. No treatment-related toxicities were reported, allowing a dose escalation. In addition, 68% of the neoantigens selected as a target was confirmed to be immunogenic (Note 1), and 40% of patients exhibited significant neoantigen-specific immune responses (Note 2).

NECVAX-NEO1 is currently under evaluation at additional clinical trial sites in Lithuania, Germany and Spain. These sites are actively recruiting patients and are open for enrollment.

- Notes:
1. The ability of an antigen or other substance to elicit an immune response in the body.
 2. Interim results after 24 weeks of vaccine administration were presented at the ESMO Immuno-Oncology Congress 2024, held in Geneva, Switzerland, from December 11 to 13, 2024.

(4) Financing Activities of the NEC Group

In July, 2024, the Company issued unsecured sustainability-linked bonds in the aggregate notional amount of 30 billion yen mainly for the purpose of funding the scheduled redemption of the outstanding straight bonds. The Company has identified "environmental action with a particular focus on climate change (decarbonization)" as one of the themes of the "Materiality," which are management priorities from an ESG perspective. This financing will advance the Company's sustainability management from a financial perspective.

(5) Material Reorganization, etc.

The Company acquired the shares of common stock of NEC Networks & System Integration Corporation ("NESIC") through a tender offer conducted from October 30, 2024 to January 10, 2025 and consolidate the shares of common stock of NESIC effective as of March 25, 2025 to make NESIC a wholly-owned subsidiary of the Company in order to establish a system that enables rapid and flexible mutual utilization of management resources in the NEC Group aiming to maintain its competitive advantage and achieve sustainable growth in the network solutions area. As a result, NESIC has become a wholly-owned subsidiary

of the Company on March 25, 2025.

(6) Fundamental management policy

(i) NEC Way

The NEC Group defines the “NEC Way” as a common set of values that form the basis for how the entire NEC Group conducts itself.

The NEC Way consists of the “Purpose” and “Principles” which represent why and how as a company we conduct business, and the “Code of Values” and “Code of Conduct” which embody the values and behaviors that all members of the NEC Group must demonstrate.

As a corporate group seeking to create social values, the NEC Group will aim to realize its Purpose by “Seize the Future Together” with society and customers.

(ii) Management for sustainability

Guided by the NEC Way, the NEC Group is advancing business activities so as to contribute to solving social issues in the aim of realizing a sustainable society where everyone has the chance to reach their full potential. In addition to ensuring rigorous compliance with laws and regulations and sound corporate ethics, the NEC Group is also proactively working to lower risks associated with its activities that may negatively affect society or the environment.

The NEC Group identifies materiality from the both perspectives of lowering risks and generating opportunities, and promotes management for sustainability that contributes to the enhancement of corporate value in line with its Purpose.

Please refer to the following for further information on management for sustainability.

<https://jpn.nec.com/sustainability/ja/management/nec.html>

(7) Challenges to be Addressed by the NEC Group

In the IT Services Business in Japan, the Company will aim, by positioning NEC BluStellar as its core business, to further improve profitability by optimizing prices and accelerating the shift to high profit products and services such as AI, consulting, and security. The Company will also strengthen its value delivery platform by leveraging its combined strengths in consulting and cutting-edge technologies.

The Company made NEC Networks & System Integration Corporation a wholly-owned subsidiary on March 25, 2025 to strengthen businesses with local governments and Small and Medium Enterprises (SME) throughout Japan, where demand for DX is growing. In the future, the Company will conduct a business reorganization among the Company, NEC Networks & System Integration Corporation and NEC Nexsolutions, Ltd., and realize a business structure that will enable the provision to local governments and SME nationwide of integrated DX solutions combining IT and networks in an end-to-end manner from consulting through SI (System Integration), construction and maintenance. By implementing these measures, the Company aims to extend high-value-added services to our customers, as well as maximize profit and strengthen competitiveness through improved operational efficiency.

In the overseas IT Services Business which is positioned as a growth business, the Company will primarily in the areas of Digital Government and Digital Finance strengthen its profit base and also accelerate initiatives for growth strategies and enhancing synergies by means of, among others, transferring headquarters operations to Europe. In addition, the Company aims to achieve the same level of profitability as in Japan through such profitability improvement measures as expanding offshore operations and using AI in software development.

The Company aims to be an “Employer of Choice” and is working towards the transformation of people and culture. In the fiscal year ending March 31, 2026, the final year of Mid-term Management Plan 2025, the Company aims to achieve its target employee engagement score of 50%. To this end, it will focus on two key areas that have a high impact on the engagement score: “Employee awareness of Company-wide policies and

strategies” and “Evaluation, compensation, promotion and career growth.” Also, through the spread of job-based human resource management, diverse human resources will be promoted to positions where they can most demonstrate their capabilities and ambitions and play an active role. Furthermore, the Company will build a competitive compensation system that will ensure it is chosen by essential human resources through, among others, introduction and expansion of stock compensation plans, by which the Company will acquire excellent human resources and train and foster younger generations that will bear the future of the NEC Group.

(8) Parent Company and Principal Subsidiaries

(i) Parent Company

The Company has no parent company.

(ii) Principal Subsidiaries

Name of Subsidiary		Shareholding Ratio	Main Business
		(%)	
NEC Platforms, Ltd.		100	Development, manufacture, sale and maintenance of information and communications systems equipment etc., and provision of systems integration services etc.
NEC Fielding, Ltd.		100	Installation and maintenance of computers and network systems
NEC Solution Innovators, Ltd.		100	Provision of systems integration services etc., and development of software
ABeam Consulting Ltd.		100	Business consulting
NEC Networks & System Integration Corporation		100	Design, construction and maintenance of information and communications systems, and sale of related equipment
NEC Corporation of America (U.S.A.)		100	Regional headquarters operations, sale of computers-related equipment and communications equipment, and provision of systems integration services etc.
NEC Europe Ltd. (U.K.)		100	Regional headquarters operations
NEC Asia Pacific Pte. Ltd. (Singapore)		100	Regional headquarters operations, sale of computers-related equipment and communications equipment, and provision of systems integration services etc.
NEC (China) Co., Ltd. (People's Republic of China)		100	Regional headquarters operations
NEC Latin America S.A. (Brazil)		100	Regional headquarters operations, sale of communications equipment, and provision of systems integration services etc.
NEC Australia Pty Ltd (Australia)		100	Design and construction of information and communications systems and provision of IT services

Name of Subsidiary		Shareholding Ratio	Main Business
NEC Corporation India Private Limited (India)		100 (62.6)	Sale and maintenance of hardware and software products, provision of systems integration services etc., and development of software and provision of associated services
NetCracker Technology Corporation (U.S.A.)		100	Development and sale of software
Comet Holding B.V. (Netherlands)		86.3	Pure holding company Its principal subsidiary is Avaloq Group Ltd., which owns under its umbrella subsidiaries for which the principal business is development of software and provision of IT services.
Garden Private Holdings Limited (U.K.)		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.
Soleil ApS (Denmark)		85.5	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 Company acquired the shares of common stock of NEC Networks & System Integration Corporation (“NESIC”) through a tender offer conducted from October 30, 2024 to January 10, 2025 and consolidate the shares of common stock of NESIC effective as of March 25, 2025 to make NESIC a wholly-owned subsidiary of the Company. In calculating the Company's shareholding ratio, any fraction of less than one share arising from the share consolidation has been excluded from NESIC's total number of shares issued and the number of shares held by the Company.
 2. The figures in parentheses in the Shareholding Ratio in the table above indicate indirect ownership ratio and are included in the total.
 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. 14.5% 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 (As of March 31, 2025)

(1) Total Number of Authorized Shares	750,000,000 shares	
(2) Total Number of Shares Issued	272,849,863 shares (including treasury stock of 5,944,811 shares)	
(3) Number of Shareholders	122,207	
(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)	47,443	17.78
Custody Bank of Japan, Ltd. (Trust Account)	23,197	8.69
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	13,023	4.88
JP MORGAN CHASE BANK 385632	8,448	3.17
STATE STREET BANK AND TRUST COMPANY 505001	7,858	2.94
Sumitomo Life Insurance Company	5,600	2.10
STATE STREET BANK WEST CLIENT - TREATY 505234	5,450	2.04
STATE STREET BANK AND TRUST COMPANY 505025	4,220	1.58
BNYM AS AGT/CLTS NON TREATY JASDEC	3,890	1.46
JP MORGAN CHASE BANK 385781	3,513	1.32

Notes 1: The Company holds 5,944,811 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 (5,944,811 shares).

(5) Classification of Shareholders

Classification of Shareholders	Shareholding Ratio (%)
Japanese government and local governments	0.00
Financial Institutions	31.48
Securities Companies	2.79
Other Companies	5.90
Foreign Investors	44.12
Japanese Individuals and Others	15.71
Total	100

(6) Stock granted to Directors and Executive Officers as Compensation for Performance of Duties during this Business Period

Details of stock granted to Directors and Executive Officers during this Business Period as stock compensation are as follows.

	Number of Shares	Number of people to whom shares granted
Directors (excluding Outside Directors) and Executive Officers	19,071	7

(7) Other Important Matters related to the Company's Stock

- (i) At the Board of Directors meeting held on January 30, 2025, the Company resolved to conduct a share split at a ratio of five (5) shares for every one (1) common share, effective April 1, 2025, and the amendment to the Company's Articles of Incorporation with respect to the total number of authorized shares. As a result, the total number of authorized shares increased to 3,750,000,000 shares and the total number of shares issued increased to 1,364,249,315 shares, respectively.
- (ii) At the Board of Directors meeting held on July 30, 2024, the Company approved the disposition of treasury shares by way of third-party allotment in connection with the continuation of the performance-based stock compensation plan using a share settlement trust, and 125,700 shares of treasury stock were allotted to a

trust account of the share settlement trust as of August 15, 2024.

- (iii) The Company has introduced a performance-based stock compensation plan for Directors (excluding Outside Directors), Executive Officers and certain employees. In addition, a subsidiary of the Company has also introduced a performance-based stock compensation plan for its Directors using the Company's shares. Under the fixed stock compensation plan for the Company's Directors (excluding Outside Directors) introduced in accordance with the resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019, the Company will not grant new points on or after June 22, 2023, but until 2025, the Company plans to continue the delivery of shares corresponding to the number of points already granted. As of March 31, 2025, a total of 364,000 of the Company's shares are held in a trust account related to a share settlement trust whose beneficiaries are eligible persons under the plans.

3. Matters related to Directors and Executive Officers

(1) Name, Position at the Company, Responsibility and Important Concurrent Positions of Directors and Executive Officers

(i) Directors (as of March 31, 2025)

Name	Position at the Company	Responsibility and Important Concurrent Position
Christina Ahmadjian	Outside Director	Outside Director, Sumitomo Electric Industries, Ltd. Outside Director, Niterra Co., Ltd.
Masashi Oka	Outside Director	Chairperson of the Compensation Committee Nominating Committee Member
Kyoko Okada	Outside Director	Audit Committee Member Outside Audit & Supervisory Board Member, Daio Paper Corporation Outside Director, JACCS CO., LTD.
Harufumi Mochizuki	Outside Director	Chairperson of the Nominating Committee Audit Committee Member Senior Adviser, Tokyo Small and Medium Business Investment & Consultation Co., Ltd. Outside Director, HAZAMA ANDO CORPORATION
Joji Okada	Outside Director	Chairperson of the Audit Committee Outside Audit and Supervisory Board Member, Japan Airlines Co., Ltd.
Yoshihito Yamada	Outside Director	Nominating Committee Member Compensation Committee Member Chairman, Chair of the Board of Directors, OMRON Corporation
Shinjiro Sato	Outside Director	Compensation Committee Member Audit Committee Member Corporate Advisor, Terumo Corporation
Shiori Nagata	Outside Director	Audit Committee Member Outside Director, Idemitsu Kosan Co., Ltd.
Takashi Niino	Chairman of the Board	Nominating Committee Member
Takayuki Morita	Director	Compensation Committee Member

Osamu Fujikawa	Director	
Hajime Matsukura	Director	
Shinobu Obata	Director	Audit Committee Member

Notes:1. At the 186th Ordinary General Meeting of Shareholders held on June 21, 2024, Mr. Shinjiro Sato and Ms. Shiori Nagata were newly elected as Director of the Company.

2. There are no significant transactions or other special relationships between the Company and each company above where Outside Director serves concurrently.
3. The Company has reported each of Messrs. Masashi Oka, Harufumi Mochizuki, Joji Okada, Yoshihito Yamada and Shinjiro Sato, and Mss. Christina Ahmadjian, Kyoko Okada and Shiori Nagata as independent Directors to Tokyo Stock Exchange, on which the Company lists its shares.
4. In order to build an optimal audit system and enhance the effectiveness of audit activities, the Company has selected Mr. Shinobu Obata as a full-time Audit Committee member.
5. Mr. Joji Okada has extensive experience and deep insight as CFO and Audit & Supervisory Board Member (Full-time) at a general trading company and as Chairperson of The Japan Audit & Supervisory Board Members Association. He also has considerable expertise in finance and accounting.
6. The name of Director who retired during this Business Period, his 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)
Kuniharu Nakamura	Outside Director	June 21, 2024 (expiration)

(ii) Executive Officers (as of March 31, 2025)

Name	Position at the Company	Responsibility and Important Concurrent Position
Takayuki Morita	Representative Executive Officer, President	CEO (Chief Executive Officer)
Osamu Fujikawa	Representative Executive Officer, Corporate EVP	CFO (Chief Financial Officer)
Hajime Matsukura	Executive Officer Corporate Secretary	In charge of Corporate Governance
Kazuhiro Sakai	Executive Officer Corporate SEVP	Co-COO (Co-Chief Operating Officer)
Masakazu Yamashina	Executive Officer Corporate SEVP	Co-COO (Co-Chief Operating Officer)
Shigehiro Tanaka	Executive Officer Corporate SEVP	CGAO (Chief Government Affairs Officer)
Toshifumi Yoshizaki	Executive Officer Corporate SEVP	CDO (Chief Digital Officer) President of Digital Platform Business Unit
Hiroshi Kodama	Executive Officer Corporate EVP	CIO (Chief Information Officer) Managing Director, Corporate IT and Digital Division
Motoo Nishihara	Executive Officer Corporate EVP	CTO (Chief Technology Officer) President of Global Innovation Business Unit

Noritaka Taguma	Executive Officer Corporate EVP	CSCO (Chief Supply Chain Officer)
Kunikazu Amemiya	Executive Officer Corporate EVP	President of Public Solutions Business Unit
Yutaka Ukegawa	Executive Officer Corporate EVP	President of Cross-Industry Business Unit
Hiroshi Hashimoto	Executive Officer Corporate EVP	President of Enterprise Business Unit
Daisuke Horikawa	Executive Officer Corporate EVP	CHRO (Chief Human Resources Officer) Managing Director, People and Culture Division
Michio Kiuchi	Executive Officer Corporate EVP	President of Telecom Services Business Unit
Hiroyuki Nagano	Executive Officer Corporate EVP	President of Aerospace and National Security Business Unit
Noboru Nakatani	Executive Officer Corporate EVP	CSO (Chief Security Officer) President, NEC Security, Ltd.
Yuko Yamamoto	Executive Officer Corporate SVP	CLCO (Chief Legal & Compliance Officer) Managing Director, Legal and Compliance Division
Yasuko Matsumoto	Executive Officer Corporate SVP	CAO (Chief Audit Officer) Managing Director, Group Internal Audit Division
Tomoki Kubo	Executive Officer Corporate SVP	President of DGDF Business Unit

Notes: 1. The name of Executive Officers 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)
Hajime Matsukura	Executive Officer	March 31, 2025 (expiration)
Noritaka Taguma	Executive Officer	March 31, 2025 (expiration)
Yutaka Ukegawa	Executive Officer	March 31, 2025 (expiration)
Yuko Yamamoto	Executive Officer	March 31, 2025 (expiration)

2. On April 1, 2025, the positions, responsibilities and important concurrent position of Executive Officers were changed as follows:

Name	Position after change	Responsibility and Important Concurrent Position after change
Tomoki Kubo	Executive Officer Corporate EVP	President of DGDF Business Unit
Takao Iwai	Executive Officer Corporate EVP	President of Digital Delivery Services Business Unit President, NEC Solution Innovators, Ltd.
Norihiko Kimura	Executive Officer Corporate EVP	President of Digital Platform Services Business Unit
Motoo Nishihara	Executive Officer Corporate EVP	CTO (Chief Technology Officer) President of Global Innovation Business Unit President, Institute for International Socio-Economic Studies, Ltd.
Koji Tamefusa	Executive Officer Corporate SVP	CRCO (Chief Risk & Compliance Officer)

(2) Remuneration for Directors and Executive Officers

(i) Company Policy on Remuneration Determination

(a) Method for Determining Policy on Remuneration for Directors and Executive Officers

Since the Company has adopted the structure of a Company with a Nominating Committee, etc., the Company's Compensation Committee decides matters related to remuneration for Directors and Executive Officers.

In order to improve objectivity, fairness, and transparency of remuneration for Directors and Executive Officers, the Compensation Committee deliberates by utilizing, as necessary, executive compensation survey data, etc. obtained from an outside third-party professional compensation consulting firm.

(b) Basic Policy on Remuneration for Directors and Executive Officers and Remuneration System

1) Basic Policy

The Company's basic policy on remuneration for Directors and Executive Officers is as follows:

- The remuneration system is highly objective and transparent, with content which leads to sustainable growth with the aim of maximizing corporate value, and which allows shareholders to confirm that management is linked to shareholder value.
- The remuneration system is linked to the Mid-term Management Plan target indicators and provide incentives for Executive Officers to achieve the management targets indicated in the Mid-term Management Plan.
- As a technology company with global operations, the remuneration system is competitive in the human resources market in terms of both remuneration structure and level.

2) Remuneration System

Classification	Remuneration System/Level
Directors (excluding Directors concurrently serving as Executive Officer)	Remuneration for Directors shall, in principle, consist of basic remuneration (Note 1). However, from the viewpoint of increasing shareholder value, inside Directors will be paid mid- to long-term incentive (stock compensation) (Note 2), up to a maximum of approximately 30% of their total remuneration. The level of remuneration shall be determined in accordance with the responsibilities of each Director, taking into consideration the level of remuneration at competing companies, etc.
Executive Officers	Remuneration for Executive Officers consists of basic remuneration, short-term incentive (bonuses) (Note 3) and mid- to long-term incentive (stock compensation). The ratio of each type of remuneration to the amounts of remuneration for individual Executive Officers is shown in the table below. For Directors who concurrently serve as Executive Officers, the remuneration system for Executive Officers shall apply. The level of remuneration and the composition ratio of each type of remuneration shall be determined in accordance with the responsibilities of each Executive Officer, taking into consideration the level and composition ratio of remuneration at competing companies, etc.

Notes: 1. Basic remuneration is a fixed remuneration with the amount paid determined based on market competitiveness in accordance with the role, authority and responsibility of each job title.

2. Mid- to long-term incentive (stock compensation) is a variable incentive remuneration linked to the maximization of corporate value, in which the number of shares to be granted is determined based on an evaluation relative to an index that is aware of shareholder value (stock price appreciation). (In "(2) Remuneration for Directors and Executive Officers," the term "stock compensation" means mid- to long-term incentive (stock-compensation).)

3. Short-term incentive (bonuses) is a variable incentive remuneration where the payment amount is determined by the degree of achievement of performance targets for each fiscal year linked to the indicators set forth in

the Mid-term Management Plan. (In “(2) Remuneration for Directors and Executive Officers,” the term “bonuses” means short-term incentive (bonuses).)

The approximate ratio of each type of remuneration

Job title	Fixed	Variable (performance-linked)	
	Basic remuneration	Short-term incentive (bonuses)	Mid- to long-term incentive (stock compensation)
President (Executive Officer)	32%	32%	36%
Corporate SEVP (Executive Officer)	45%	30%	25%
Corporate EVP (Executive Officer)	45%	30%	25%
Corporate SVP (Executive Officer)	50%	30%	20%
Corporate Secretary (Executive Officer)	60%	25%	15%

Note: The ratios of short-term incentive (bonuses) and mid- to long-term incentive (stock compensation) are calculated based on the standard amount before reflecting performance.

(c) Policy on Details of Performance Indicators used for Performance-based Remuneration

1) Short-term incentive (bonuses)

Bonuses have two components: one linked to the degree of achieving targets of key performance indicators set in the Mid-term Management Plan of the NEC Group for each fiscal year (the “Group-wide Performance-based Component”), and the other linked to the degree of achieving targets of the departments for which each Executive Officer is responsible for each fiscal year (the “Department Performance-based Component”). The amount of bonus is set between 0% and 200% of the standard amount determined by the Compensation Committee for each job title, based on the achievement level of performance targets. (Hereinafter, the portion of the standard amount determined for each job title linked to Group-wide Performance-based Component is referred to as the “Group-wide standard amount,” and the portion linked to Department Performance-based Component is referred to as the “department standard amount.”)

a) Ratio of the Group-wide Performance-based Component and Department Performance-based Component

The ratio of the Group-wide Performance-based Component and the Department Performance-based Component in the standard amount determined for each job title is as follows:

Job title	Group-wide Performance-based Component	Department Performance-based Component	
		Portion linked to budget indicators	Portion linked to Mid-term Management Plan indicators
President (Executive Officer)	100%	-	-
Corporate SEVP (Executive Officer)	60%	20%	20%
Corporate EVP (Executive Officer)	40%	30%	30%
Corporate SVP (Executive Officer)	30%	35%	35%
Corporate Secretary (Executive Officer)	30%	35%	35%

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

For indicators for the Group-wide Performance-based Component, the following three indicators are set as key performance indicators in the Mid-term Management Plan 2025, taking into consideration their appropriateness in measuring the degree of achievement of the Mid-term Management Plan.

Indicator	Allocation ratio	Remarks
EBITDA (amount)	50%	Indicator responsible for the “Strategy” aspect of the Mid-term Management Plan 2025. The allocation ratio is weighted toward EBITDA (amount), in consideration of sustainable growth.
EBITDA (percentage to revenue)	30%	
Engagement score	20%	ESG indicator responsible for the “Culture” aspect of the Mid-term Management Plan 2025.

c) Indicators for the Department Performance-based Component and Reason for Selection

For indicators for the Department Performance-based Component, the following indicators are set, taking into consideration their appropriateness in measuring the degree of achievement of performance targets for each fiscal year in the responsible departments and the degree of progress toward the achievement of the Mid-term Management Plan.

Classification	Indicator	Remarks
Budget indicators	Adjusted operating profit, ROIC, and cash flows, etc.	Evaluates the degree of achievement of targets in the department for which each Executive Officer is responsible during the fiscal year under evaluation.
Mid-term Management Plan indicators	Initiatives for the achievement of the Mid-term Management Plan	The President evaluates the degree of achievement of each initiative in the fiscal year under evaluation, using indicators established through interviews between each Executive Officer and the President.

2) Mid- to Long-term Incentive (Stock Compensation)

The number of shares to be granted for stock compensation will be determined in a range from 0% to 150% of the number of shares granted by job title, in accordance with the results of a comparison of the Company’s TSR (Total Shareholder Return) with indices such as the Tokyo Stock Price Index (TOPIX) and peer group companies in order to further clarify the linkage with sustainable growth of corporate value and increase in shareholder value.

Stock compensation covers a period of three continuous fiscal years, and the delivery of shares will be made, in principle, after three years from the beginning of the three fiscal years covered by the stock compensation. However, in consideration of tax payment funds at the time of stock delivery, a certain percentage of the stock compensation will be sold on the market and paid in cash.

Note: In order to promote management that creates shareholder value, inside Directors and Executive Officers are encouraged to own shares of the Company.

a) Calculation Method of the Number of Shares Granted by Job Title

The calculation method of the number of shares granted by job title is as follows:

The number of shares granted by job title = The standard amount of stock compensation by job title (Note)/average value of closing price of the Company shares on the Tokyo Stock Exchange in the previous fiscal year

Note: The standard amount of stock compensation by job title shall be determined by the Compensation Committee in accordance with the job title held during the applicable period.

b) Calculation Method of TSR (Total Shareholder Return) valuation

The TSR (Total Shareholder Return) comparison target, allocation ratio and evaluation method are as follows:

Classification	Allocation ratio	Evaluation method
Index comparison	50%	Valuation factor (payment rate) is determined based on the relative superiority of the Company's TSR over the TOPIX growth rate.
Peer group comparison	50%	Valuation factor (payment rate) is determined based on the Company's TSR ranking in the peer group (i.e., competition in the Company's industry, business model, and in the human resources market, etc.).

(d) Certain Restrictions of Remuneration (Return of Remuneration, etc.)

The Company has established certain restrictions that allow for forfeiture (malus) or return (clawback) of beneficial interests in remuneration in the event of the discovery of compliance violations or improper accounting treatment by Directors and Executive Officers, or damage to the value of the Company caused by retroactive restatement of financial statements. Such restrictions are set for bonuses and stock compensation, which are performance-based remuneration, and triggering conditions are set for events attributable to the individual and the Company, respectively. Triggering requires deliberation by the Board of Directors and a resolution by the Compensation Committee.

(ii) Amount of Remuneration for this Business Period

Total Amount of remuneration for this Business Period is as follows:

	Basic remuneration		Bonus		Stock compensation	
	Headcount	Total amount (In millions of yen)	Headcount	Cost posting relating to the bonus (In millions of yen)	Headcount	Cost posting relating to the stock compensation (In millions of yen)
Directors (of which Outside Directors)	11 (9)	315 (151)	- -	- -	2 -	109 -
Executive Officers	20	791	20	614	20	626

- Notes: 1. The figures above for Directors do not include three Directors who concurrently serve as Executive Officers. Executive Officers who concurrently serve as Directors are paid remuneration as Executive Officers, and this remuneration is listed in the classification of Executive Officers.
2. Since the basic remuneration is determined after deliberation by the Compensation Committee based on the remuneration system established by the Compensation Committee, the Company's Compensation Committee determines that the amount is in line with the basic policy described in "(i) Company Policy on Remuneration Determination" above. In addition, since the amount of bonuses and stock compensation has yet to be determined, the amount recorded represents cost posting relating to the bonuses or stock compensation for this Business Period

(iii) Results of Performance Indicators used to Calculate Performance-based Remuneration (Bonuses and Stock Compensation)

(a) Bonuses

The targets and results of the indicators related to the Group-wide Performance-based Component of

bonuses for this Business Period are as follows:

Indicator	Target	Results	Target achievement rates	Ratio of Group-wide Performance-based Component
EBITDA (amount)	380.0 billion yen	441.6 billion yen	116.2%	50%
EBITDA (percentage to revenue)	11.3%	12.9%	114.4%	30%
Engagement score	45%	42%	93.3%	20%

Note: The above results are rounded off to the nearest 100 million yen, and the target achievement rate is calculated using the results before rounding off to the nearest 100 million yen, and then rounded off to the first decimal place.

(b) Stock Compensation

Since the period covered is three fiscal years, the results of the performance indicators for stock compensation for this Business Period.

(iv) Outline of Non-monetary Compensation

Stock compensation is granted as non-monetary compensation. The purpose of the introduction and the details thereof are as described in “(i) Company Policy on Remuneration Determination” above.

Furthermore, separate from the stock compensation described above, deliveries of the shares corresponding to certain monetary amounts were made in this Business Period pursuant to the performance-based stock compensation plan and the fixed stock compensation plan introduced by the resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019, the details of which are as described in “2. Matters related to the Company’s Stock (6) Stock granted to Directors and Executive Officers as Compensation for Performance of Duties during this Business Period.”

(3) Major Activities of Outside Directors

Name	Attendance	Major Activities
Christina Ahmadjian	9 out of 9 meetings of the Board of Directors 3 out of 3 meetings of the Compensation Committee	Attending meetings of the Board of Directors, Ms. Christina Ahmadjian made remarks, including questions and opinions as appropriate, particularly based on her extensive experience and deep insight in the areas of global business, sustainability/ESG, audit/legal/risk management, and corporate governance, thereby fulfilling her role expected by the Company.

Masashi Oka	<p>9 out of 9 meetings of the Board of Directors</p> <p>6 out of 6 meetings of the Nominating Committee</p> <p>9 out of 9 meetings of the Compensation Committee</p>	<p>Attending meetings of the Board of Directors, Nominating Committee and Compensation Committee, as well as serving as Chairperson of the Compensation Committee, Mr. Masashi Oka made remarks, including questions and opinions as appropriate, particularly based on his extensive experience and deep insight in the areas of corporate management, global business, financial accounting/investment, audit/legal/risk management, and corporate governance, thereby fulfilling his role expected by the Company.</p>
Kyoko Okada	<p>9 out of 9 meetings of the Board of Directors</p> <p>15 out of 15 meetings of the Audit Committee</p>	<p>Attending meetings of the Board of Directors and Audit Committee, Ms. Kyoko Okada made remarks, including questions and opinions as appropriate, particularly based on her extensive experience and deep insight in the areas of sustainability/ESG, and audit/legal/risk management, thereby fulfilling her role expected by the Company.</p>
Harufumi Mochizuki	<p>9 out of 9 meetings of the Board of Directors</p> <p>6 out of 6 meetings of the Nominating Committee</p> <p>15 out of 15 meetings of the Audit Committee</p>	<p>Attending meetings of the Board of Directors, Nominating Committee and Audit Committee, as well as serving as Chairperson of the Nominating Committee, Mr. Harufumi Mochizuki made remarks, including questions and opinions as appropriate, particularly based on his extensive experience and deep insight in the areas of corporate management, global business, audit/legal/risk management, and corporate governance, thereby fulfilling his role expected by the Company.</p>
Joji Okada	<p>9 out of 9 meetings of the Board of Directors</p> <p>15 out of 15 meetings of the Audit Committee</p>	<p>Attending meetings of the Board of Directors and Audit Committee, as well as serving as Chairperson of the Audit Committee, Mr. Joji Okada made remarks, including questions and opinions as appropriate, particularly based on his extensive experience and deep insight in the areas of global business, financial accounting/investment, audit/legal/risk management, and corporate governance, thereby fulfilling his role expected by the Company.</p>
Yoshihito Yamada	<p>9 out of 9 meetings of the Board of Directors</p> <p>5 out of 5 meetings of the Nominating Committee</p> <p>9 out of 9 meetings of the Compensation Committee</p>	<p>Attending meetings of the Board of Directors, Nominating Committee and Compensation Committee, Mr. Yoshihito Yamada made remarks, including questions and opinions as appropriate, particularly based on his extensive experience and deep insight in the areas of corporate management, global business, technology/innovation, marketing, and corporate governance, thereby fulfilling his role expected by the Company.</p>

Shinjiro Sato	<p>7 out of 7 meetings of the Board of Directors</p> <p>6 out of 6 meetings of the Compensation Committee</p> <p>10 out of 10 meetings of the Audit Committee</p>	<p>Attending meetings of the Board of Directors, Compensation Committee and Audit Committee, Mr. Shinjiro Sato made remarks, including questions and opinions as appropriate, particularly based on his extensive experience and deep insight in the areas of corporate management, global business, technology/innovation, financial accounting/investment and corporate governance, thereby fulfilling his role expected by the Company.</p>
Shiori Nagata	<p>7 out of 7 meetings of the Board of Directors</p> <p>10 out of 10 meetings of the Audit Committee</p>	<p>Attending meetings of the Board of Directors and Audit Committee, Ms. Shiori Nagata made remarks, including questions and opinions as appropriate, particularly based on her extensive experience and deep insight in the areas of global business, sustainability/ESG, marketing and financial accounting/investment, thereby fulfilling her role expected by the Company.</p>

- Notes: 1. Ms. Christina Ahmadjian's attendance at the meetings of the Compensation Committee described above is based on the meetings held during her term of office as a committee member until June 21, 2024.
2. Mr. Yoshihito Yamada's attendance at the meetings of the Nominating Committee described above is based on the meetings held after his appointment as a committee member on June 21, 2024.
3. Mr. Shinjiro Sato's attendance at the meetings of the Board of Directors, Compensation Committee and Audit Committee and Ms. Shiori Nagata's attendance at the meetings of the Board of Directors and Audit Committee described above are based on the meetings held after their appointment as Directors or committee members on June 21, 2024.

(4) Outline of Liabilities Limitation Agreements

The Company has entered into agreements stipulated in Article 427 (1) of the Companies Act (the "Liabilities Limitation Agreement") with each of Outside Directors, and Messrs. Takashi Niino and Shinobu Obata, who are not executive directors. The Liabilities Limitation Agreements is to limit their liabilities as stipulated in Article 423 (1) of the Companies Act to the higher amount of 20 million yen or the amount provided in laws and regulations on the condition that they perform their duties as Directors in good faith and without gross negligence.

(5) Outline of Indemnity Agreements

The Company has entered into indemnity agreements stipulated in Article 430-2 (1) of the Companies Act with 13 Directors, namely Messrs. Masashi Oka, Harufumi Mochizuki, Joji Okada, Yoshihito Yamada, Shinjiro Sato, Takashi Niino, Takayuki Morita, Osamu Fujikawa, Hajime Matsukura, and Shinobu Obata, and Mss. Christina Ahmadjian, Kyoko Okada and Shiori Nagata, as well as 17 Executive Officers, namely Messrs. Kazuhiro Sakai, Masakazu Yamashina, Shigehiro Tanaka, Toshifumi Yoshizaki, Hiroshi Kodama, Motoo Nishihara, Noritaka Taguma, Kunikazu Amemiya, Yutaka Ukegawa, Hiroshi Hashimoto, Daisuke Horikawa, Michio Kiuchi, Hiroyuki Nagano, Noboru Nakatani, and Tomoki Kubo, and Mss. Yuko Yamamoto and Yasuko Matsumoto. Under the indemnity agreement, the Company shall indemnify the expenses set forth in Item 1 of Article 430-2 (1) and the losses set forth in Item 2 of such Paragraph to the extent stipulated by laws and regulations. Upon retirement or resignation, the term of the indemnity agreement will be terminated. Under the indemnity agreement, in order to ensure that the appropriateness of the execution of duties by each Director and Executive Officer is not impaired, the indemnification by the Company is not applied to certain cases where such indemnification is inappropriate, and the Company may demand return from a Director of all or part of the amount of the indemnification if, after payment, it is found that the indemnification was inappropriate.

(6) Outline of D&O Liability Insurance Contract

The Company has entered into a D&O (directors, corporate auditors and officers) liability insurance contract stipulated in Article 430-3 (1) of the Companies Act with an insurance company. Those insured by the insurance contract are Directors, Executive Officers, Auditors and Corporate Officers, etc. of the Company and its subsidiaries as well as persons who are executives or employees of the Company or subsidiaries in a position of Directors, Executive Officers, Auditors and Corporate Officers, 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 believes that execution of business operations with an emphasis on capital efficiency and making proactive investments in growth areas based on a strong financial base will lead to the creation of long-term corporate value. In shareholder returns, the Company strives to make stable dividend increases based on factors such as the profit status and financial condition in each period.

For this Business Period, mainly considering that the operating profit, which is the profit from the main business, achieved the Company's plan, the Company declared an annual dividend of 140 yen per share of common stock (interim dividend of 70 yen per share) (Note), 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 Company conducted a share split at a ratio of five (5) shares for every one (1) common share, effective April 1, 2025. The dividend per share for this Business Period is described based on the number of shares prior to the share split.

Note: The following information described below in items “Changes in the Results of Operations and the Financial Position” through “Policy on the Control over the Company”, “Consolidated Statement of Changes in Equity” through “Notes to Consolidated Financial Statements” and “Statement of Changes in Net Assets” is provided only on the Company’s website and not delivered 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)			
<div>Fiscal Year</div> <div>Indices</div>	Fiscal Year ended March 31, 2022 (184th Business Period)	Fiscal Year ended March 31, 2023 (185th Business Period)	Fiscal Year ended March 31, 2024 (186th Business Period)	Fiscal Year ended March 31, 2025 (187th Business Period)	
Revenue	3,014.1	3,313.0	3,477.3	3,423.4	
Operating profit	132.5	170.4	188.0	256.5	
Adjusted operating profit	171.0	205.5	223.6	287.2	
Income before income taxes	144.4	167.7	185.0	239.8	
Net profit attributable to owners of the parent	141.3	114.5	149.5	175.2	
Non-GAAP operating profit	160.3	197.0	227.6	311.3	
Non-GAAP profit attributable to owners of the parent	159.5	132.8	177.8	225.7	
Basic earnings per share (yen)	103.71	84.90	112.25	131.50	
Non-GAAP earnings per share (yen)	117.11	98.48	133.51	169.40	
Total assets	3,761.7	3,984.1	4,227.5	4,315.4	
Equity attributable to owners of the parent	1,513.5	1,623.8	1,915.6	1,952.0	

Notes: 1.“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.

2. The Company conducted a share split at a ratio of five (5) shares for every one (1) common share, effective April 1, 2025. “Basic earnings per share” and “Non-GAAP earnings per share” have been calculated assuming that the share split had occurred at the beginning of the fiscal year ended March 31, 2022 (184th Business Period).

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

(In billions of yen except per share figures)				
<div>Fiscal Year</div> <div>Indices</div>	Fiscal Year ended March 31, 2022 (184th Business Period)	Fiscal Year ended March 31, 2023 (185th Business Period)	Fiscal Year ended March 31, 2024 (186th Business Period)	Fiscal Year ended March 31, 2025 (187th Business Period)
Net sales	1,664.4	1,775.6	1,838.0	1,981.2
Ordinary income	28.5	71.2	158.3	253.3
Net income	82.2	102.1	220.8	233.7
Net income per share (yen)	60.34	75.71	165.73	175.39

Total assets	2,321.7	2,431.8	2745.2	3,069.6
Net assets	976.3	1,017.1	1,210.2	1,415.8

Notes:1. “Net income per share” is calculated based on the weighted-average number of shares outstanding during each period.

2. The Company conducted a share split at a ratio of five (5) shares for every one (1) common share, effective April 1, 2025. “Net income per share” has been calculated assuming that the share split had occurred at the beginning of the fiscal year ended March 31, 2022 (184th Business 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	NEC Platforms, Ltd. (Kakegawa, etc.) OCC Corporation (Kitakyushu, etc.) NEC Network and Sensor Systems, Ltd. (Hidaka, 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) NEC Australia Pty Ltd (Australia) NEC Corporation India Private Limited (India)

Employees

(i) Employees of the NEC Group

Segment	Number of Employees
IT Services	59,952
Social Infrastructure	24,199
Others	20,043
Total	104,194

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2024	Average Age	Average Years of Employment
22,271	61	42.6	16.6

Major Borrowings

(In millions of yen)

Creditors	Balance of Borrowings
Sumitomo Mitsui Banking Corporation	147,442
Syndicated Loan *1	40,000
Syndicated Loan *2	20,000
MUFG Bank, Ltd.	13,987
Mizuho Bank, Ltd.	7,649

Note: Syndicated Loans *1 and *2 are syndicated loans arranged by Sumitomo Mitsui Banking Corporation.

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	638
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	1,369

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 as there are no separation in the audit contract with the Accounting Auditors 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 Committee has received necessary information and reports from CFO (Chief Financial Officer), relevant divisions and the Accounting Auditors, and 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 Committee 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.(8)(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
NEC Corporation of America	KPMG LLP
NEC Europe Ltd.	KPMG LLP
NEC Asia Pacific Pte. Ltd.	KPMG LLP
NEC (China) Co., Ltd.	KPMG Huazhen LLP
NEC Latin America S.A.	KPMG Auditores Independientes Ltda.
NEC Australia Pty Ltd	KPMG Australia Pty Ltd
NEC Corporation India Private Limited	BSR & Co. LLP
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

Other than those stipulated in Article 2(1) of the Certified Public Accountants Law, the Company, during this Business Period, engaged the Accounting Auditors mainly for services in relation to the audit procedures regarding control risk of subcontracted services, and paid fees for such 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 Committee shall be entitled to dismiss the Accounting Auditors subject to the consent of all Audit Committee Members, in which case the Audit Committee Member appointed by the Audit Committee 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 Committee 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 Committee decides that it is appropriate to change the Accounting Auditors, or the Audit Committee 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 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 Article 416-1-1 (b) and (e) of the Companies Act adopted by resolution of the Board of Directors (the “Policy”). English translation of the Policy is provided through the Company’s website (<https://www.nec.com/en/global/about/internalcontrol.html>), and the summary of which is described below.

The Company shall endeavor to establish and implement its internal control system even 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 and regulations and the Company’s Articles of Incorporation in the performance of duties by Directors, Executive Officers and employees, Directors and Executive Officers shall take the lead in practicing the NEC Group Code of Conduct that was adopted to establish business ethics standards for the NEC Group and to ensure compliance with laws and regulations, the Articles of Incorporation and its internal rules, and promote thorough understanding thereon 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 compliance-promotion division shall prompt the use of the Company’s internal reporting system.

(ii) The Company shall properly retain and manage information in accordance with applicable laws and 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. The officer responsible for corporate risk management shall organize the corporate risk management system, centered on the Risk Control and Compliance Committee, and supervise the NEC Group’s risk management as well as conducting risk factor analysis and implementing measures. Business divisions shall properly conduct business risk management and corporate staff divisions shall give guidance and support to such business divisions’ activities. The Risk Control and Compliance Committee shall deliberate fully on such matters of importance from a perspective of risk management, such as the policy for responding significant management risks, and the matters of particular importance shall be reported to the Executive Committee and the Board of Directors.

(iv) In order to ensure the efficient performance of duties by Directors and Executive Officers, the Board of Directors shall delegate its significant authorities to Executive Officers and promote timely decision-making and effective performance of duties. Executive Officers shall, in accordance with the mid-term corporate management plan determined by the Board of Directors, timely make decisions and efficiently

perform duties.

(v) The Company shall, through the NEC Group Management Policy, give instructions and assistance to the subsidiaries for the establishment of the systems ensuring compliance with laws and 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 auditors 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. Corporate staff departments shall stipulate and operate effective controls for their responsible area to ensure proper operations of the NEC Group. The internal auditing division shall conduct audits of the subsidiaries' proper operations.

(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 personnel who assists the Audit Committee ("Audit Committee Aide") and establish the office of the Audit Committee to assist the Audit Committee in the performance of its duties. Those who assist the Audit Committee shall perform their duties under the direction of the Audit Committee to ensure the effectiveness of the Audit Committee, and their personnel change etc. shall be subject to the consent of the Audit Committee to ensure the maintenance of independence.

(ix) Directors, Executive Officers and employees shall report to the Audit Committee on the status of the performance of their duties on a periodic basis or as required. The Company shall give instructions to the subsidiaries so that directors, auditors, officers and employees of the subsidiaries shall report to the Audit Committee of the Company on the status of the performance of their duties or other topics, as required by the Company's Audit Committee.

(x) The head of the compliance-promotion division shall periodically report to the Audit Committee on the status of operation of the whistleblowing system. Furthermore, The Company shall not make detrimental treatment to Directors, Executive Officers and employees of the NEC Group on the ground of reporting through whistleblowing system, and/or reporting to the Audit Committee on the status of the performance of duties or other relevant topics.

(xi) In order to ensure the effective audit, the Audit Committee shall periodically receive reports from the Accounting Auditors and the internal auditing division for audits conducted by them and exchange opinions with them. Furthermore, the Audit Committee shall collaborate with the internal auditing division and provide them guidance, give them instructions when deemed necessary, and audit the performance of duties by Directors and Executive Officers. In addition, Audit Committee Members appointed by the Audit Committee and the Audit Committee Aide (collectively "Appointed Audit Members, etc.") shall attend the meetings of the Executive Committee and such other important meetings as they deem necessary. The Company shall bear the reasonable expenses for the performance of duties by the Appointed Audit Members, etc., as required by them.

Note: These descriptions are based on the Basic Internal Control Systems as amended on April 1, 2025, which amendment addresses the Audit Committee to have the Audit Committee Aide and clarifies the independence of the Audit Committee Aide and the office of the Audit Committee.

(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. The main initiatives conducted in this Business Period are as follows:

(i) Compliance,

The NEC Group has established a compliance promotion system centered on the Risk Control and Compliance Committee and CRO (Chief Risk Officer) (Note).

The Company has established the Risk Control and Compliance Committee, which deliberates on the promotion of compliance, including responses to fraud cases, and reports to the Board of Directors as necessary.

• “NEC Compliance Day”

The “NEC Compliance Day” was established in 2017 as a day for all NEC Group employees to reaffirm the importance of compliance, in light of the adjudication of a violation of the Antimonopoly Act in Japan in fiscal year ended March 31, 2017. During the “NEC Compliance Day”, the Company promoted compliance awareness by sending out messages on the importance of ethics and thorough compliance in business activities from the Company’s management and presidents of its subsidiaries, awarding its organizations that had made remarkable efforts to promote compliance and offering webinars on various educational content on compliance.

• Training

The Company conducts training on compliance every year. In education on the NEC Group Code of Conduct, each employee of the Company declared that they would act in accordance with the NEC Group Code of Conduct and that they would act with integrity in a way that is trusted by customers, society and colleagues.

• Response to misconduct

The risk control and compliance committee etc. of each NEC Group company deliberates on cases of misconduct that occur at its own organization and reports them to the Company. The Risk Control and Compliance Committee deliberates on the causes of misconduct incidents that have occurred at the NEC Group and measures to prevent recurrence. The Company publishes an overview of the incident and key points for the NEC Group every six months to prevent the recurrence of the incident.

• The whistleblowing system

The Company has established a whistleblowing hotline to enable early detection and resolution of misconduct and other irregularities. Since October 2024, the NEC Group’s multiple whistleblowing hotlines, which were established depending on the nature of reports and consultations, have been consolidated and reestablished as the “NEC Compliance & Integrity Hotline”. The number of reports and consultations to the hotline was 230 during this Business Period. The internal auditing division and 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. The Company also conducts training and other publicity activities to promote the use of the whistleblowing system.

(ii) Risk Management

The NEC Group has a company-wide cross-sectional risk management system centered on the Risk Control and Compliance Committee and CRO to accurately comprehend and to respond appropriately to both internal and external risks related to NEC Group’s businesses.

The Risk Control and Compliance Committee deliberates a risk management policy, policies with regard to selection of and response to “Priority Risks” that requires countermeasures across the NEC Group, as well as measures to address risks that require company-wide management due to fluctuations in risk environment during the fiscal year, and other important matters related to company-wide risk management, then reports them to the Business Strategy Committee and the Board of Directors on a regular basis.

Further, the Company has established CRO to monitor and address company-wide risks centrally and cross-functionally and strengthen its structure to manage possibilities to make losses. CRO takes a lead the company-wide risk management by detecting and analyzing various and complicated risks in social and

business environment changing day by day, and evaluating impacts, while prioritizing countermeasures and closely collaborating with other chief officers managing each risk.

CRO creates a risk map that visualizes priorities in accordance with a five level impact assessment and a three level urgency assessment, by engaging in dialogue with the other chief officers managing each risk and conducting risk assessments based upon the exhaustive list containing risks that the NEC Group should be aware of. The risk map is updated quarterly after deliberation by the Risk Control and Compliance Committee, and is regularly reported to the Business Strategy Committee and the Board of Directors.

(iii) 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.

(iv) Audits by the Audit Committee

The Company, as a "Company with a Nominating Committee, etc." with a view of enhancing transition toward organizational auditing system, is working to build an optimal audit system including expanding its areas of reliance on the internal auditing division, strengthening cooperation with the internal auditing division and the Accounting Auditor, as well as enhancing the auxiliary functions of the Audit Committee.

- Audits for the performance of duties of CEO as well as major chief officers and others in charge of corporate functions are conducted by hearing reports at the Audit Committee and audits of the performance of duties of Executive Officers (excluding major chief officers and others in charge of corporate functions) are conducted by the full-time Audit Committee Member, who hear reports and share them with the other Audit Committee Members.

- In principle, audits of the Company's organizations and subsidiaries are based on the results of audits by the internal auditing division and the information is closely shared with the said division. Specifically, the Audit Committee confirms the effectiveness of the internal control system through the internal auditing division's audit plans and reports on audit results, and gives instructions to the said division as necessary.

- The Company has the Audit Committee Aide and the office of the Audit Committee to assist the Audit Committee in the performance of its duties. These personnel who assist the Audit Committee perform their duties under the direction of the Audit Committee to ensure the effectiveness of the Audit Committee.

- The full-time Audit Committee Member and Audit Committee Aide check the status of the establishment and operation of the internal control system by attending important meetings such as the Executive Committee, engaging in dialogue with Executive Officers, etc., and receiving reports from management and auditors of subsidiaries, and report the collected information to other Audit Committee Members.

- The Audit Committee works closely with the Accounting Auditor and the internal auditing division, including exchanging information on a monthly basis in principle, and operates an "Audit Committee Hotline" that is independent of management as a point of contact for reporting misconduct involving the Company's Directors and other officers.

Note: On April 1, 2025, CRO was changed to CRCO (Chief Risk & Compliance Officer).

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 sincerely evaluate

the information provided and consider whether such proposal has merit in promoting the corporate value of the Company and the common interests of the shareholders, and (iii) to promptly express the opinion of the Company, thereby 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 response policy that will apply 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 determines that the proposal would have an adverse effect on the corporate value of the Company or the common interests of the shareholders, the Company will decide and implement reasonable countermeasures, in a manner based on necessity and proportionality, that are practicable as of then and acceptable to the shareholders.

Consolidated Statement of Financial Position

(As of March 31, 2025)

JPY (millions)

Account	Amount
Assets	
Current Assets	
Cash and cash equivalents	584,615
Trade and other receivables	878,434
Contract assets	374,511
Inventories	184,779
Other financial assets	9,830
Other current assets	181,883
Subtotal	2,214,052
Assets held for sale	10,942
Total current assets	2,224,994
Non-current assets	
Property, plant and equipment, net	580,165
Goodwill	393,881
Intangible assets, net	351,904
Investments accounted for using the equity method	107,242
Other financial assets	221,133
Deferred tax assets	177,216
Other non-current assets	258,833
Total non-current assets	2,090,374
Total assets	4,315,368

		JPY (millions)
	Account	Amount
Liabilities and equity		
Liabilities		
Current liabilities		
	Trade and other payables	492,833
	Contract liabilities	405,778
	Bonds and borrowings	233,886
	Accruals	249,989
	Lease liabilities	52,519
	Other financial liabilities	15,787
	Accrued income taxes	59,180
	Provisions	42,415
	Other current liabilities	74,500
	Subtotal	1,626,887
	Liabilities directly associated with assets held for sale	6,529
	Total current liabilities	1,633,416
Non-current liabilities		
	Bonds and borrowings	255,842
	Lease liabilities	124,112
	Other financial liabilities	22,168
	Net defined benefit liabilities	137,916
	Provisions	26,142
	Other non-current liabilities	44,261
	Total non-current liabilities	610,441
	Total liabilities	2,243,857
Equity		
	Share capital	427,831
	Share premium	46,704
	Retained earnings	1,023,945
	Treasury shares	(30,725)
	Other components of equity	484,263
	Total equity attributable to owners of the parent	1,952,018
	Non-controlling interests	119,493
	Total equity	2,071,511
	Total liabilities and equity	4,315,368

Consolidated Statement of Profit or Loss

(For the fiscal year ended March 31, 2025)

JPY (millions)

Account	Amount
Revenue	3,423,431
Cost of sales	2,362,875
Gross profit	1,060,556
Selling, general and administrative expenses	777,424
Other operating income (expenses)	(26,635)
Operating profit	256,497
Finance income	9,956
Finance costs	16,579
Share of profit (loss) of entities accounted for using the equity method	(10,103)
Profit before income taxes	239,771
Income taxes	55,107
Net profit	184,664
Net profit attributable to	
Owners of the parent	175,183
Non-controlling interests	9,481
Total	184,664
Earnings per share attributable to owners of the parent	
Basic earnings per share (JPY)	131.50
Diluted earnings per share (JPY)	131.49

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Basic earnings per share and diluted earnings per share have been calculated assuming that the share split had occurred at the beginning of the consolidated fiscal year ended March 31, 2025.

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2025)

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, 2024	427,831	167,451	883,453	(31,097)	467,975	1,915,613	173,910	2,089,523
Net profit	—	—	175,183	—	—	175,183	9,481	184,664
Other comprehensive income	—	—	—	—	16,288	16,288	1,218	17,506
Comprehensive income	—	—	175,183	—	16,288	191,471	10,699	202,170
Purchase of treasury shares	—	—	—	(98)	—	(98)	—	(98)
Disposal of treasury shares	—	10	—	470	—	480	—	480
Share-based payment transactions	—	533	—	—	—	533	—	533
Cash dividends	—	—	(34,691)	—	—	(34,691)	(7,011)	(41,702)
Put option, written over shares held by a non-controlling interest shareholder	—	(3,865)	—	—	—	(3,865)	—	(3,865)
Changes in interests in subsidiaries	—	(117,425)	—	—	—	(117,425)	(58,105)	(175,530)
Total transactions with owners	—	(120,747)	(34,691)	372	—	(155,066)	(65,116)	(220,182)
As of March 31, 2025	427,831	46,704	1,023,945	(30,725)	484,263	1,952,018	119,493	2,071,511

<Reference>

Consolidated Statement of Other Comprehensive Income (Unaudited)

(For the fiscal year ended March 31, 2025)

JPY (millions)

Account	Amount
Net profit	184,664
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	1,746
Remeasurements of defined benefit plans	14,424
Share of other comprehensive income of entities accounted for using the equity method	5
Total items that will not be reclassified to profit or loss	16,175
Items that may be reclassified subsequently to profit or loss	
Exchange differences on translating foreign operations	1,494
Cash flow hedges	1,784
Share of other comprehensive income of entities accounted for using the equity method	(1,947)
Total items that may be reclassified subsequently to profit or loss	1,331
Total other comprehensive income, net of tax	17,506
Total comprehensive income	202,170
Total comprehensive income attributable to	
Owners of the parent	191,471
Non-controlling interests	10,699
Total	202,170

<Reference>

Consolidated Statement of Cash Flows (Unaudited)

(For the fiscal year ended March 31, 2025)

JPY (millions)

Account	Amount
Cash flows from operating activities	
Profit before income taxes	239,771
Depreciation and amortization	158,437
Impairment loss	9,590
Increase (decrease) in provisions	(13,864)
Finance income	(9,956)
Finance costs	16,579
Share of profit (loss) of entities accounted for using the equity method	10,103
(Increase) decrease in trade and other receivables	(55,795)
(Increase) decrease in contract assets	36,464
(Increase) decrease in inventories	52,731
Increase (decrease) in trade and other payables	(12,579)
Increase (decrease) in contract liabilities	15,575
Others, net	(55,774)
Subtotal	391,282
Interest received	5,738
Dividends received	3,595
Interest paid	(9,098)
Income taxes paid	(47,109)
Net cash provided by (used in) operating activities	344,408
Cash flows from investing activities	
Purchases of property, plant and equipment	(126,410)
Proceeds from sales of property, plant and equipment	8,701
Acquisitions of intangible assets	(24,215)
Purchase of equity instruments designated as measured at fair value through other comprehensive income	(5,804)
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income	7,394
Purchases of shares of newly consolidated subsidiaries	(878)
Disbursement for sales of shares of subsidiaries	(490)
Purchases of investments in associates or joint ventures	(5,795)
Proceeds from sales of investments in associates or joint ventures	15,874
Others, net	459
Net cash provided by (used in) investing activities	(131,164)

JPY (millions)	
Account	Amount
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	134,217
Proceeds from long-term borrowings	1,962
Repayments of long-term borrowings	(36,231)
Proceeds from issuance of bonds	30,000
Redemption of bonds	(25,000)
Payments of lease liabilities	(56,596)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(111,003)
Dividends paid	(34,682)
Dividends paid to non-controlling interests	(7,013)
Proceeds from disposal of treasury shares	470
Others, net	(98)
Net cash provided by (used in) financing activities	(103,974)
Effect of exchange rate changes on cash and cash equivalents	(1,145)
Net increase (decrease) in cash and cash equivalents	108,125
Cash and cash equivalents, at the beginning of the year	476,490
Cash and cash equivalents, at the end of the year	584,615

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 249 companies

Major consolidated subsidiaries

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

Change in the scope of consolidation includes additions of 5 and exclusions of 10 subsidiaries. Significant changes were as follows:

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

5 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:

1 subsidiary

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 52 companies

Major companies

Japan Aviation Electronics Industry, Ltd., Lenovo NEC Holdings, B.V.

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

3 affiliated companies 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 (including outsourcing and maintenance) 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 contracts for hardware and packaged software deployments, the NEC Group recognizes revenue when control over goods is transferred to customers. 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 (including outsourcing and maintenance) 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 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.

Related to contracts for system integrations and equipment constructions, the NEC Group recognizes revenue in principle by the method of measuring the progress based on the costs incurred to date as a percentage of the total estimated project costs.

Where changes occur in the initial estimates of revenues, measure of progress, and costs incurred for a contract, the cumulative impact arising from a change of estimates is recognized in profit or loss in the period in which the changes become certain and possible to be estimated.

Related to contracts with multiple performance obligations, where one contract that consists of several types of goods or services, such as supply of hardware and related services or supply of software sales and support services, goods or services promised to a customer are identified as a distinct performance obligation if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct); and the NEC Group's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract). The transaction price is allocated to each performance obligation on a relative stand-alone selling price 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.

If a defined benefit plan is overfunded, the net value of the defined benefit assets is measured at the lower of the overfunded amount of the plan or the asset ceiling.

(b) Defined contribution plans

Contributions to defined contribution pension plans are recognized as expense in profit or loss when the employees render related services.

(c) Application of Japanese group relief system

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

II Notes to Changes in Accounting Policies

The NEC Group applied amendments of IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: Disclosures”, effective from the fiscal year ended March 31, 2025. These amendments require disclosures to enhance the transparency of supplier finance arrangements. As a result of amendments, there are no impact on the disclosure of the consolidated financial statements.

III 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, 2025 involve the risk that may have significant impact on the consolidated financial statements for the consolidated fiscal year ending March 31, 2026:

1. Revenue recognition

(1) Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2025

Revenue of 3,423,431 million JPY are recorded in the consolidated statement of profit or loss for the consolidated fiscal year ended March 31, 2025, of which 1,240,196 million JPY is disaggregated into contracts for system integrations and equipment constructions.

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

Related to contracts for system integrations and equipment constructions, the NEC Group recognizes revenue in principle by the method of measuring the progress based on the costs incurred to date as a percentage of the total estimated project costs.

The total estimated project costs, which are the basis for measuring the progress, are estimated based on the specifications, work period, and risks associated with contracts of each project. However, if there is a discrepancy between the estimates and actual results, it may significantly impact the amount of revenue in the consolidated financial statements for the consolidated fiscal year ending March 31, 2026.

2. Recognition and measurement of provisions

(1) Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2025

Provisions of 68,557 million JPY are recorded in the consolidated statement of financial position for the consolidated fiscal year ended March 31, 2025, of which 23,139 million JPY is provision for loss on construction contracts and others.

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

Provision for loss on construction contracts and others

The estimated future loss is recognized as provision for contracts for system integrations and equipment constructions and others for which the NEC Group is fulfilling its performance obligations, if the total estimated project costs probably exceed the total revenue at the end of the reporting period, and if the estimated future loss can be reasonably estimated. The timing of cash outflows depends on the progress of the project in the future.

The total estimated project costs are estimated based on the specifications, work period, and risks associated with contracts of each project. However, if there is a discrepancy between the estimates and actual results, it may significantly impact the amount of provision for loss on construction contracts and others in the consolidated financial statements for the consolidated fiscal year ending March 31, 2026.

Provisions other than provision for loss on construction contracts and others are described as below:

I Notes to Significant Items for Presenting Consolidated Financial Statements

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

3. Assessment for recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the consolidated fiscal year ended March 31, 2025

Deferred tax assets of 177,216 million JPY are recorded in the consolidated statement of financial position for the consolidated fiscal year ended March 31, 2025

(2) Other information that contributes to the understanding of the consolidated 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.

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.

4. Other accounting estimates

The details of accounting estimates other than the revenue recognition, recognition and measurement of provisions, and the assessment for recoverability of deferred tax assets are described as below:

(1) Fair value of financial instruments

VI 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) Identification of lease and determination of lease term

I Notes to Significant Items for Presenting Consolidated Financial Statements

4. Significant accounting policies (5) Leases

IV 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	6,665
Non-current assets	3,020
Total	9,685

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

JPY (millions)	
Items	Amount
Accumulated depreciation of property, plant and equipment	994,431

3. Disposal group held for sale

Assets held for sale and liabilities directly associated with assets held for sale primarily consist of the following assets and liabilities.

JPY (millions)	
Items	Amount
Trade and other receivables	3,609
Inventories	4,266
Property, plant and equipment, net	2,219
Others, net	848
Assets held for sale	10,942

JPY (millions)	
Items	Amount
Trade and other payables	2,813
Net defined benefit liabilities	1,915
Others, net	1,801
Liabilities directly associated with assets held for sale	6,529

On September 30, 2024, the Company's consolidated subsidiary, NEC Platforms, Ltd., entered into an agreement to transfer the POS-related business to a newly established company, and then transfer all shares of this new company to a special purpose company that is wholly funded by a fund managed by Nippon Mirai Capital Co., Ltd. The transfer is scheduled for August 2025. Accordingly, the related assets and liabilities are classified as "Assets held for sale" and "Liabilities directly associated with assets held for sale" and are measured at their carrying amounts.

V Notes to Consolidated Statement of Changes in Equity

1. Stocks issued

Ordinary shares 272,849,863 shares

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. The ordinary shares are stated at the number of shares prior to the share split.

2. Dividends

(1) Payment of dividends

Resolution	Type of shares	Total dividends JPY (millions)	Dividends per share (yen)	Record date	Effective date
May 10, 2024 Board of Directors	Ordinary shares	16,007	60	March 31, 2024	June 3, 2024

Resolution	Type of shares	Total dividends JPY (millions)	Dividends per share (yen)	Record date	Effective date
October 29, 2024 Board of Directors	Ordinary shares	18,684	70	September 30, 2024	December 2, 2024

(2) Dividend for which the record date is in the fiscal year ended March 31, 2025, 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 12, 2025 Board of Directors	Ordinary shares	Retained earnings	18,683	70	March 31, 2025	June 2, 2025

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. The dividends are stated at the actual amounts prior to the share split.

VI 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 instruments

(1) 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

The NEC Group recognizes transfers between levels of the fair value hierarchy when a triggering event of the change has occurred.

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.

(2) Basis of the fair value measurement

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.

The fair value of preference shares with put/call options, which are classified as financial liabilities, is measured by discounting the estimated future cash flows, which are based on the expected timing of the exercise of the put/call options, at the interest rate that takes into account the period to the date of exercise and the credit risk.

(3) Financial assets and liabilities measured at amortized cost

The carrying amounts and the fair values of financial assets and liabilities measured at amortized cost are as follows:

JPY (millions)

	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Bonds	239,381	232,181
Long-term borrowings	41,457	41,009
Preference shares with put/call options *	16,990	18,024

* Preference shares with put/call options issued by a subsidiary of the Company are included in “Other financial liabilities” in the consolidated statement of financial position.

Regarding the fair value hierarchy of assets and liabilities presented in the table above, bonds are categorized as Level 2 and long-term borrowings and preference shares with put/call options 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 table above.

(4) Financial assets and liabilities measured at fair value

Financial assets and liabilities measured at fair value on a recurring basis by fair value category are as follows:

JPY (millions)

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	-	2,841	21,553	24,394
Equity instruments designated as measured at fair value through other comprehensive income	52,591	-	102,249	154,840
Financial liabilities measured at fair value through profit or loss	-	3,970	-	3,970

The carrying amounts and the fair values of financial assets and liabilities presented in the table above are the same.

Financial assets classified into Level 3 mainly consist of unquoted equity instruments. The fair value of significant unquoted equity instruments is measured by using comparable company valuation multiples and other appropriate

valuation techniques.

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.

VII 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 outsourcing and maintenance)”, and “Contracts for system integrations and equipment constructions”. The revenue in three categories for the fiscal years ended March 31, 2025 are 823,300 million JPY, 1,359,935 million JPY, and 1,240,196 million JPY, respectively.

2. Basic information for understanding revenue recognition

Basic information for understanding revenue recognition is described in “4 Significant Accounting Policies, (4) 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, 2025, is 2,525,795 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.

VIII Notes to Per Share Data

Equity attributable to owners of the parent per share	1,464.71 JPY
Basic earnings per share	131.50 JPY
Diluted earnings per share	131.49 JPY

Note: The Company conducted a share split at a ratio of five (5) shares for one (1) share of its common share, effective April 1, 2025. Equity attributable to owners of the parent per share, basic earnings per share, and diluted earnings per share have been calculated assuming that the share split had occurred at the beginning of the consolidated fiscal year ended March 31, 2025.

IX Notes to Subsequent Events

Conclusion of share transfer agreement with consolidated subsidiary (NEC Networks & System Integration Corporation)

The Company entered into a share transfer agreement with its consolidated subsidiary, NEC Networks & System Integration Corporation (“NESIC”) on April 2, 2025. The share transfer agreement is regarding the purchase of one common share equivalent to the total number of fractional shares (based on Article 235, Paragraph 1 of the Companies Act, if any fraction constituting less than one share arises, such fraction shall be rounded down to the nearest whole number) from NESIC. These fractional shares resulted from the consolidation of NESIC’s common shares (effective on March 25, 2025), which was resolved at the extraordinary shareholders’ meeting held on March 4, 2025. The share transfer agreement was concluded on the condition that the court’s permission for the voluntary sale of the common shares (the “Voluntary Sale Permission”) under Article 234, Paragraph 2 of the Companies Act, which is applied mutatis mutandis by Article 235, Paragraph 2 of the same Act, is obtained.

On April 23, 2025, NESIC received the court’s Voluntary Sale Permission, and on May 7, 2025, the Company agreed with NESIC on the payment date based on the share transfer agreement.

- | | |
|--|--|
| (1) Date of share transfer agreement conclusion: | April 2, 2025 |
| (2) Number of shares acquired: | 1 share
(acquired as one common share by aggregating all fractional shares) |
| (3) Payment for acquired shares: | 168,209,467,800 JPY |
| | * Amount payable to NESIC after offsetting the value of fractional shares held by the Company: 128,290,856,100 JPY |
| (4) Date of acquisition: | April 23, 2025 |
| (5) Payment dates: | May 20, 2025, and June 4, 2025 (scheduled) |

X Notes: Others

Share of profit (loss) of entities accounted for using the equity method

An impairment loss of 14,335 million JPY on the investment in NEC Capital Solutions Limited is included in “Share of profit (loss) of entities accounted for using the equity method” in the consolidated statements of profit or loss.

Balance Sheet
(Non-consolidated: Japanese GAAP)
(As of March 31, 2025)

JPY (millions)

Account	Amount
Assets	
<u>Current assets</u>	1,358,528
Cash and deposits	259,035
Notes receivable-trade	2,125
Accounts receivable-trade	519,906
Contract assets	252,142
Lease investment assets	4,728
Merchandise and finished goods	49,015
Work in process	23,390
Raw materials and supplies	14,472
Advance payments-trade	95,298
Prepaid expenses	38,362
Accounts receivable-other	69,445
Other	30,613
Allowance for doubtful accounts	(2)
<u>Non-current assets</u>	1,711,088
Property, plant and equipment	304,152
Buildings, net	167,770
Structures, net	4,657
Machinery and equipment, net	6,787
Vehicles, net	179
Tools, furniture and fixtures, net	42,286
Land	74,066
Construction in progress	8,407
Intangible assets	85,370
Patent right	480
Right of using facilities	128
Software	84,613
Other	149
Investments and other assets	1,321,566
Investment securities	103,414
Stocks of subsidiaries and affiliates	988,327
Investments in capital	196
Long-term loans receivable	35
Long-term loans receivable from subsidiaries and affiliates	17,716
Deferred tax assets	69,271
Prepaid pension cost	104,306
Other	46,650
Allowance for doubtful accounts	(8,351)
Total assets	3,069,616

JPY (millions)

Account	Amount
Liabilities	
<u>Current liabilities</u>	1,360,739
Accounts payable-trade	406,494
Short-term borrowings	110,000
Current portion of long-term borrowings	49,000
Current portion of bonds payable	25,000
Lease obligations	169
Accounts payable-other	34,961
Accrued expenses	76,715
Income taxes payable	43,631
Contract liabilities	265,057
Deposits received	297,517
Provision for product warranties	3,994
Provision for directors' bonuses	614
Provision for loss on construction contracts and others	13,345
Provision for contingent loss	7,917
Other	26,325
<u>Non-current liabilities</u>	293,105
Bonds payable	215,000
Long-term loans payable	40,000
Lease obligations	305
Provision for product warranties	949
Provision for loss on guarantees	17,456
Provision for contingent loss	1,789
Provision for share-based payments	1,454
Asset retirement obligations	9,800
Other	6,352
Total liabilities	1,653,844
Net Assets	
<u>Shareholders' equity</u>	1,390,149
Capital stock	427,831
Capital surplus	137,955
Legal capital surplus	89,892
Other capital surplus	48,063
Retained earnings	856,353
Legal retained earnings	17,066
Other retained earnings	839,287
Reserve for promoting open innovation	250
Retained earnings brought forward	839,037
Treasury stock	(31,990)
<u>Valuation and translation adjustments</u>	25,623
Valuation difference on available-for-sale securities	30,578
Deferred gains or losses on hedges	(4,956)
Total net assets	1,415,772
Total liabilities and net assets	3,069,616

Statement of Profit or Loss
(Non-consolidated: Japanese GAAP)
(For the fiscal year ended March 31, 2025)

JPY (millions)

Account	Amount
Net sales	1,981,159
Cost of sales	1,377,484
Gross profit	603,675
Selling, general and administrative expenses	353,218
Operating profit	250,457
Non-operating income	21,881
Interest income	1,621
Dividends income	17,442
Other	2,819
Non-operating expenses	18,993
Interest expenses	5,724
Loss on disposal of non-current assets	4,862
Foreign exchange losses	1,160
Other	7,247
Ordinary profit	253,345
Extraordinary income	76,496
Gain on return of retirement benefit trust	55,408
Gain on sales of subsidiaries and affiliates' stocks	14,190
Gain on sale of investment securities	4,290
Gain on termination of retirement benefit plan	1,104
Reversal of provision for loss on guarantees	973
Gain on sale of non-current assets	416
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	114
Extraordinary loss	14,881
Impairment loss	5,066
Loss on valuation of stocks of subsidiaries and affiliates	4,712
Provision for loss on guarantees	2,794
Loss on sale of shares of subsidiaries and associates	802
Loss on valuation of investment securities	656
Loss on sale of investment securities	521
Provision of allowance for doubtful accounts for subsidiaries and associates	330
Profit before income taxes	314,960
Income taxes	81,255
Income taxes – current	42,736
Income taxes – deferred	38,519
Net profit	233,705

Statement of Changes in Net Assets
(Non-consolidated: Japanese GAAP)
(For the fiscal year ended March 31, 2025)

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	47,060	136,951	17,066	250	640,023	657,339
Changes of items during the period								
Dividends from surplus							(34,691)	(34,691)
Net profit							233,705	233,705
Purchase of treasury stock								
Disposal of treasury stock			1,004	1,004				
Total changes of items other than shareholders' equity								
Total changes of items during the period	—	—	1,004	1,004	—	—	199,014	199,014
Balance at the end of current period	427,831	89,892	48,063	137,955	17,066	250	839,037	856,353

	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	(31,368)	1,190,753	26,131	(6,685)	19,446	1,210,199
Changes of items during the period						
Dividends from surplus		(34,691)				(34,691)
Net profit		233,705				233,705
Purchase of treasury stock	(1,732)	(1,732)				(1,732)
Disposal of treasury stock	1,110	2,114				2,114
Total changes of items other than shareholders' equity			4,447	1,730	6,177	6,177
Total changes of items during the period	(622)	199,396	4,447	1,730	6,177	205,573
Balance at the end of current period	(31,990)	1,390,149	30,578	(4,956)	25,623	1,415,772

Independent Auditor's Report

May 8, 2025

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

Shuhei Toyama (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, 2025 and for the year from April 1, 2024 to March 31, 2025 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. The audit committee is responsible for overseeing the executive officers' and 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 the Audit Committee 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.

The audit committee is responsible for overseeing the executive officers' and 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 is 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 8, 2025

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

Shuhei Toyama (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 Profit or Loss, the Statement of Change 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, 2025 and for the 187th year from April 1, 2024 to March 31, 2025 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. The audit committee is responsible for overseeing the executive officers' and 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 the Audit Committee 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.

The audit committee is responsible for overseeing the executive officers' and 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 the audit committee 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 is 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.

AUDIT REPORT

The Audit Committee audited the performance of duties of Executive Officers and Directors in the 187th business period from April 1, 2024 to March 31, 2025. The method and result of the audit is reported below.

1. Audit method and details thereof

The Audit Committee received periodic reports from Executive Officers and Directors, etc., regarding the content of resolutions of the Board of Directors concerning the matters stipulated in Article 416-1-1 (b) and (e) of the Companies Act as well as the structure and operation status of the system established in accordance with the resolutions (internal control system). The Audit Committee requested explanations when necessary and expressed its opinion, as well as conducting audits by the method described below.

- (i) Pursuant to the Code of Audit Committee Auditing Standards and in accordance with the auditing policies and allocation of duties determined by the Audit Committee, we, in coordination with the Company's internal auditing division (including hearing their reports regarding the results of examining important authorization documents and associated information), attended important meetings, received reports from Executive Officers and Directors, etc. regarding their performance of duties, requested explanations when necessary, and investigated the Company's operations and financial condition. As for the subsidiaries, we received reports on the status of audits of subsidiaries from the Company's internal auditing division, received reports from the subsidiaries with regard to their business when necessary, and ensured to communicate with the subsidiaries' auditors (KANSAYAKU) and other personnel and to exchange information with them;
- (ii) With regard to "Policy on the Control over the Company" stated in the business report, each member of the Audit Committee has verified the statement of the said policy; and
- (iii) each member of the Audit Committee 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, and, when necessary, requested them to provide explanations. We also received from the Accounting Auditors a notice confirming that "the systems for ensuring proper performance of duties of the Accounting Auditors" (matters stipulated in each item of Article 131 of the Regulations on Corporate Accounting) was properly implemented pursuant to the "Quality Control Standards for Audit" (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 and regulations and the Articles of Incorporation.
 - (ii) We have found no improper acts by Executive Officers and Directors in the performance of their duties or any material facts in connection with the performance by Executive Officers and Directors of their duties that constitute any violation of applicable laws and 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. Moreover, we have found no matters that must be pointed out with regard to the Company's internal control system in terms of either the content in the business report or the performance of duties by Executive Officers and Directors.
 - (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 12, 2025

Audit Committee
NEC Corporation

Member of the Audit Committee (Outside Director)	Joji Okada (Seal)
Member of the Audit Committee (Full-time)	Shinobu Obata (Seal)
Member of the Audit Committee (Outside Director)	Kyoko Okada (Seal)
Member of the Audit Committee (Outside Director)	Harufumi Mochizuki (Seal)
Member of the Audit Committee (Outside Director)	Shinjiro Sato (Seal)
Member of the Audit Committee (Outside Director)	Shiori Nagata (Seal)