

## **NEC Announces Issuance of New Shares and Disposition of Treasury Shares by Way of Third-Party Allotment**

*This press release does not constitute an offer of any securities for sale. This press release has been prepared for the purpose of disclosing certain material matters that NEC Corporation (the "Company") has resolved relating to the issuance of new shares and disposition of treasury shares and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. This press release is not an offer of securities for sale in the United States. The securities referred to above have not been, and will not be registered under the U.S. Securities Act of 1933, as amended. The securities may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements under the U.S. Securities Act of 1933, as amended. The securities referred to above will not be offered or sold in the United States.*

**Tokyo, June 25, 2020** - NEC Corporation ("NEC"; TSE: 6701) today announced that, at the meeting of its board of directors as of June 25, 2020, it resolved to issue new shares and dispose of treasury shares to NTT Corporation ("NTT") as an allottee by way of third-party allotment (together, the "Third-Party Allotment"), as stated below. NEC also resolved, at the meeting of its board of directors as of the same date, to execute a capital and business alliance agreement (the "Capital and Business Alliance Agreement") with NTT to form a capital and business alliance (the "Capital and Business Alliance"), and executed the Capital and Business Alliance Agreement on the same date.

### 1. Overview of Offering

(1) Payment Date	July 10, 2020
(2) Number of New Shares to Be Issued and Number of Treasury Shares to Be Disposed of (Number of Shares to Be Offered)	13,023,600 shares of common stock, which is the sum of (i) and (ii) below. (i) Number of shares to be newly issued: 12,376,600 shares of common stock (ii) Number of treasury shares to be disposed of: 647,000 shares of common stock
(3) Issue Price and Disposition Price	4,950 yen per share
(4) Amount of Proceeds to be Raised	64,466,820,000 yen
(5) Method of Offering or Allotment (Allottee)	All of the shares will be allotted to NTT by way of third-party allotment.
(6) Other	Each of the above items is subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act of Japan.

### 2. Purposes of and Reasons for Offering

Looking ahead into the world of Society 5.0 and Post COVID-19, social and industrial digital transformation (DX) is accelerating, and communications infrastructure, which is the foundation for connecting vast amounts of data that connect people and things, is expected to increase capacity and become more sophisticated. This communication

infrastructure is also required to be more safe and reliable as a core infrastructure. Such trends are common in countries around the world, and various players have entered the field as they conduct business activities globally.

Under these circumstances, NTT is promoting innovative research and development that promotes transformation of the world based on its medium-term management strategy, "Your Value Partner 2025". Specifically, NTT has launched its IOWN initiative (Note 1) as a future research and development vision, and is working with global partners on innovation through, among others, developing game-changing technology.

NEC is focusing its efforts on Solutions for Society, and creating new business models and services through co-creation with various partners, utilizing network technologies such as 5G and digital technologies, including AI, biometrics and security.

Through this alliance, NEC and NTT will jointly develop cutting-edge technologies and globally competitive products that utilize both companies' strengths and originate from Japan, as they collaboratively form an optimal sales framework in order to further roll out such technologies and products to the global market.

In particular, to promote open architectures (Note 2) such as O-RAN (Note 3) and to realize the IOWN initiative, NTT and NEC will set up a research and development structure at an early stage of their alliance, and will focus their efforts on the following objectives.

- (i) By development and utilization of cutting-edge technologies, the companies will develop and sell globally a compact Digital Signal Processor ("DSP") (Note 4) circuit — featuring both world leading performance and low power consumption, as well as quality that meets market needs and greater value from the customer point of view — plus optical transmission equipment incorporating this DSP circuit.
- (ii) Working with global operators and communication equipment vendors, the companies will promote O-RAN Alliance specifications while developing and selling globally competitive products compliant with such O-RAN specifications. In the future, the companies aim to attain top global market shares under NEC's leadership. Through development, the companies will realize ultra-high speed processing, ultra-low latency and ultra-low power consumption in these products at a level that has never been attained before, by applying innovative devices utilizing optical and wireless technologies to base station equipment.
- (iii) The companies will develop innovative technologies and optical/wireless devices contributing to the realization of NTT's IOWN initiative. As part of the development, the companies will enable greater capacity, higher functionality and lower costing submarine cable systems, large capacity, low latency and automatic/autonomous space communication, and more sophisticated technologies to ensure infrastructure network security.

Since the joint research and development ranges over various areas and requires medium-to-long-term research and development, NEC and NTT have determined that it is important to create an amicable and cooperative relationship by which both companies are able to enjoy long-term benefits, to set up a joint research and development structure at an early stage of their alliance, and to aim for the acquisition of and acceleration in efforts to develop products, services and intellectual properties that can gain a global competitive advantage; therefore, the companies also decided to conduct a capital alliance.

With respect to the method of the capital alliance, NEC has determined that it is reasonable to conduct the Third-Party Allotment by which NTT will acquire 12,376,600 newly issued shares of NEC's common stock and 647,000 treasury shares held by NEC, from the perspective that the capital alliance is required to be implemented promptly and definitively as it will be conducted concurrently with the business alliance, and treasury shares held by NEC will be used effectively.

The purpose of the Capital and Business Alliance is joint research and development and the global rollout of ICT products utilizing innovative optical and wireless technologies. The companies aim to improve their corporate value by expanding sales

of products applying jointly developed technologies through this alliance. In addition, through these initiatives, the companies will contribute to enhancing the industrial competitiveness of Japan and further ensuring safe and reliable communication infrastructure, playing leading roles in working with numerous communication equipment vendors.

- Notes: 1. The IOWN initiative (Innovative Optical and Wireless Network initiative) is an initiative regarding a new communication infrastructure that can provide high-speed broadband communication and enormous computing resources that go beyond the limitations of current technology by using innovative technologies including optical technologies, in order to optimize society as a whole and individuals using all types of information and create an affluent and diverse society.
2. The open architectures is a concept that makes it possible to freely build communication systems through stipulating details of interfaces between devices and combining products provided by various vendors, led by the business operators, rather than being provided one vendor.
3. The O-RAN (Open Radio Access Network) is a new specification that aims to make 5G and other wireless access networks more extensible, open and intelligent.
4. A compact Digital Signal Processor (DSP) is a processor that realizes efficiently large capacity optical communication.

### 3. Amount, Use and Scheduled Timing of Expenditure of Proceeds to Be Raised

#### (1) Amount of Proceeds to Be Raised

(i)	Aggregate Amount to Be Paid in	64,466,820,000 yen
(ii)	Estimated Issuance Expenses	426,000,000 yen
(iii)	Estimated Proceeds	64,040,820,000 yen

- Notes: 1. Estimated issuance expenses do not include consumption taxes, etc.  
 2. Estimated issuance expenses consist of advisory fees, registration related fees and other expenses.

#### (2) Details of Use of Proceeds to Be Raised

As stated in "2. Purposes of and Reasons for Offering" above, all of the proceeds to be raised through the Third-Party Allotment will be used for part of the funds for research and development regarding the development of innovative networks by around 2030 in order to accelerate and promote the businesses toward promotion of open architectures such as O-RAN and realization of the IOWN initiative, which are the purposes of the Capital and Business Alliance.

Specifically, the research and development stated above will include development of a compact Digital Signal Processor (DSP) circuit plus optical transmission equipment incorporating this DSP circuit, globally competitive products compliant with O-RAN specifications and innovative technologies and optical/wireless devices contributing to the realization of NTT's IOWN initiative.

Pending the application of the proceeds to be raised, such proceeds will be managed in bank deposits, etc.

### 4. Rationale for Use of Proceeds

NEC believes that the use of proceeds from the Third-Party Allotment is reasonable, because, by applying the proceeds to be raised from the Third-Party Allotment to the uses as stated in "3. Amount, Use and Scheduled Timing of Expenditure of Proceeds to be Raised, (2) Details of Use of Proceeds to Be Raised" above, it will contribute to increasing corporate value.

## 5. Rationale for Conditions of Offering

### (1) Basis for Calculating Amount to Be Paid and Details thereof

The amount to be paid for the Third-Party Allotment of 4,950 yen per share was determined based on, and after discussing with NTT, to be equivalent to, the simple average closing price (rounded to the nearest yen) of NEC's common stock on the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") for the one-month period ended on June 24, 2020, the business day immediately prior to the date of the meeting of NEC's board of directors relating to the Third-Party Allotment (the "Board Resolution Date") (which was the period from May 25, 2020 to June 24, 2020).

In determining the amount to be paid based on the average price over the one-month period ended on the business day immediately prior to the Board Resolution Date, (i) adopting the normalized average price over a specified period of time, rather than basing the price on a specific point in time, allows for the elimination of the effects of temporary fluctuations in the stock price and other special factors; in addition, (ii) beginning in the second half of February 2020, the stock market has significantly dropped due to concerns regarding the spread of COVID-19 and then turned and proceeded to go upwards, and NEC's stock price has followed a similar trend; moreover, NEC's stock price movement since May 8, 2020, when NEC announced upward revision of its consolidated financial forecasts for the fiscal year ended March 31, 2020, and May 12, 2020, when NEC announced its consolidated financial results for the fiscal year ended March 31, 2020, is interpreted as reflecting the most recent operating results and financial position, etc. of NEC. In consideration of these factors, NEC determined that using the average stock price over the most recent one-month period, which reflects these stock price trends, as the basis for the amount to be paid would be more appropriate than using the most recent three-month period or the most recent six-month period. Accordingly, as a result of comprehensive consideration of these and other circumstances, NEC decided that this stock price would more appropriately reflect its corporate value.

The amount to be paid represents a discount of 1.98% against the closing price of 5,050 yen on the business day immediately prior to the Board Resolution Date, a premium of 10.29% to the simple average closing price of 4,488 yen (rounded to the nearest yen) for the three-month period ended prior to the Board Resolution Date (from March 25, 2020 to June 24, 2020), and a premium of 9.78% to the simple average closing price of 4,509 yen (rounded to the nearest yen) for the six-month period ended prior to the Board Resolution Date (from December 25, 2019 to June 24, 2020). Based on the above, NEC has determined that the amount to be paid is compliant with the Japan Securities Dealers Association's "Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.," and is not a specially favorable price for the allottee.

In addition, upon the resolution of the board of directors relating to the Third-Party Allotment as of June 25, 2020, NEC received an opinion that the amount to be paid is compliant with the Japan Securities Dealers Association's "Rules Concerning Handling of Allotment of New Shares to Third Party, Etc." and is not a specially favorable price for the allottee.

### (2) Basis of Determining Reasonableness of Volume of Shares to Be Issued, Volume of Shares to Be Disposed of and Scale of Dilution

The number of shares of NEC to be allotted through the Third-Party Allotment is 13,023,600 (number of voting rights: 130,236), which will result in a dilution of 5.0% (ratio of voting rights: 5.0%) in relation to the total 260,473,263 issued shares as of March 31, 2020 (total number of voting rights as of March 31, 2020: 2,591,323).

However, NEC believes that, under the Third-Party Allotment and the Capital and Business Alliance with NTT, NEC and NTT will jointly work in order to promote open architectures such as O-RAN and to realize the IOWN initiative, and will jointly develop cutting-edge technologies and globally competitive products that utilize

both companies' strengths and originate from Japan, as they collaboratively form an optimal sales framework in order to further roll out such technologies and products to the global market, which will contribute to increasing the corporate value of NEC and will ultimately increase the profits of existing shareholders. Accordingly, NEC has determined that the volume of shares to be issued and disposed of, as well as the scale of dilution arising therefrom are reasonable.

## 6. Reasons for Selecting Allottee

### (1) Overview of Allottee

(as of March 31, 2020)

(1)	Company Name	NTT Corporation																
(2)	Head Office	5-1, Otemachi 1-Chome, Chiyoda-ku, Tokyo																
(3)	Name and Title of Representative	Jun Sawada, President & CEO																
(4)	Content of Business	Formulation of management strategy for the whole NTT Group and promotion of fundamental research and development																
(5)	Stated Capital	937,950 million yen																
(6)	Date of Establishment	April 1, 1985																
(7)	Number of Issued Shares	3,900,788,940 shares																
(8)	Fiscal Year End	March 31																
(9)	Number of Employees	319,039 people (Consolidated)																
(10)	Major Customers	—																
(11)	Major Banks	—																
(12)	Major Shareholders and Shareholding Ratios	<table> <tr> <td>The Minister of Finance</td> <td>34.69%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>5.52%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>4.56%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 9)</td> <td>1.64%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td> <td>1.47%</td> </tr> <tr> <td>JP Morgan Chase Bank 385632</td> <td>1.33%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td> <td>1.16%</td> </tr> <tr> <td>Moxley and Co LLC</td> <td>1.03%</td> </tr> </table>	The Minister of Finance	34.69%	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.52%	Japan Trustee Services Bank, Ltd. (Trust Account)	4.56%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.64%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.47%	JP Morgan Chase Bank 385632	1.33%	Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.16%	Moxley and Co LLC	1.03%
The Minister of Finance	34.69%																	
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.52%																	
Japan Trustee Services Bank, Ltd. (Trust Account)	4.56%																	
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.64%																	
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.47%																	
JP Morgan Chase Bank 385632	1.33%																	
Japan Trustee Services Bank, Ltd. (Trust Account 7)	1.16%																	
Moxley and Co LLC	1.03%																	

	Japan Trustee Services Bank, Ltd. (Trust Account 1)	0.75%
	THE BANK OF NEW YORK MELON 140044	0.75%

(13) Relationships Between Parties

Capital Relationship	Not applicable
Personnel Relationship	Not applicable
Business Relationship	NEC has transactions with NTT group such as sales of products and services in the information and communication field development contracts, etc.
Applicability to Related Parties	Not applicable

(14) NTT's Consolidated Results of Operations and Consolidated Financial Position for Most Recent Three Years (International Financing Reporting Standards ("IFRS"))

Fiscal Year	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020
Shareholders' Equity	9,050,358 million yen	9,264,913 million yen	9,061,103 million yen
Total Assets	21,541,444 million yen	22,295,146 million yen	23,014,133 million yen
Shareholders' Equity per Share	2,295.79 yen	2,416.01 yen	2,492.60 yen
Operating Revenues	11,782,148 million yen	11,879,842 million yen	11,899,415 million yen
Operating Profit	1,641,086 million yen	1,693,833 million yen	1,562,151 million yen
Profit before Taxes	1,740,479 million yen	1,671,861 million yen	1,570,141 million yen
Profit Attributable to NTT	897,887 million yen	854,561 million yen	855,306 million yen
Basic Earnings per Share Attributable to NTT	224.93 yen	220.13 yen	231.21 yen
Dividends per Share	150.00 yen	180.00 yen	95.00 yen

Notes: 1. NTT, the allottee, adopted U.S. GAAP up to and including the fiscal year ended March 31, 2018. Beginning from the fiscal year ended March 31, 2019, NTT has adopted IFRS. NTT has also prepared consolidated

financial statements for the fiscal year ended March 31, 2018 in accordance with IFRS.

2. The above Shareholders' Equity per Share is calculated based on the number of outstanding shares, excluding treasury shares, at the end of the fiscal year, and the above Basic Earnings per Share Attributable to NTT is calculated based on the weighted average number of outstanding shares, excluding treasury shares, during the fiscal year.
3. NTT, the allottee, conducted a two-for-one stock split of its common stock, with an effective date of January 1, 2020. The above Shareholders' Equity per Share and Basic Earnings per Share Attributable to NTT for each consolidated fiscal year have been adjusted to account for the stock split.
4. The above Dividends per Share for the fiscal year ended March 31, 2020 is calculated assuming that the two-for-one stock split of NTT's common stock, with an effective date of January 1, 2020, was carried out at the beginning of the fiscal year.
5. NTT, the allottee, is a company listed on the Tokyo Stock Exchange. Based on NTT's disclosure with respect to matters related to the internal control system included in NTT's "Corporate Governance Report" filed with the Tokyo Stock Exchange on June 24, 2020, NEC, in confirming the basic views on eliminating anti-social forces, has determined that neither NEC nor its directors and officers have any relationships with anti-social forces.

(2) Reasons for Selecting Allottee

As described in "2. Purposes of and Reasons for Offering" above.

(3) Holding Policy of Allottee

NEC has obtained an oral confirmation from NTT that it intends to hold the shares of NEC's common stock acquired through the Third-Party Allotment for the medium-to-long term.

In addition, in the Capital and Business Alliance Agreement, NEC and NTT have agreed that NTT shall not acquire additional shares of NEC's common stock which will result in the total number of shares of NEC's common stock held by NTT to exceed 5% of NEC's outstanding shares (excluding treasury shares), without the prior written consent of NEC.

In addition, NEC will receive written confirmation from NTT stating that, in the event that NTT transfers all or a portion of the shares of NEC's common stock that NTT acquires through in the Third-Party Allotment during the period of two years after the payment date, NTT agrees to notify NEC of the details thereof in writing, and NEC will file a written report of the contents of that notification with the Tokyo Stock Exchange and the contents of that filing will be made publicly available.

(4) Confirmation of Sufficiency of Assets Required for Payment by Allottee

Based on the status of cash and cash equivalents in the Consolidated Statements of Financial Position in the Annual Securities Report for the 35th Business Term submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2020 of NTT, NEC has confirmed that NTT has sufficient assets for making the payment of the Third-Party Allotment.

## 7. Major Shareholders and Shareholding Ratios after Third-Party Allotment

Before Third-Party Allotment (as of March 31, 2020)		After Third-Party Allotment	
The Master Trust Bank of Japan, Ltd. (Trust Account)	8.08%	The Master Trust Bank of Japan, Ltd. (Trust Account)	7.70%
Japan Trustee Services Bank, Ltd. (Trust Account)	6.67%	Japan Trustee Services Bank, Ltd. (Trust Account)	6.36%
STATE STREET BANK WEST CLIENT – TREATY 505234	2.20%	NTT Corporation	4.77%
Sumitomo Life Insurance Company	2.16%	STATE STREET BANK WEST CLIENT – TREATY 505234	2.10%
Japan Trustee Services Bank, Ltd. (Trust Account 7)	2.14%	Sumitomo Life Insurance Company	2.05%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.90%	Japan Trustee Services Bank, Ltd. (Trust Account 7)	2.04%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.83%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.81%
NEC Employee Shareholding Association	1.73%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.74%
NIHK A/C CLIENT (OWNED BY KKR FUNDS)	1.73%	NEC Employee Shareholding Association	1.65%
JP MORGAN CHASE BANK 385151	1.69%	NIHK A/C CLIENT (OWNED BY KKR FUNDS)	1.64%

Notes: 1. The shareholding ratio before the third-party allotment is based on the register of shareholders as of March 31, 2020.

2. The shareholding ratio is a ratio to the number of outstanding shares (excluding treasury shares) of NEC, rounded off to two decimal places.

3. The shareholding ratio after the third-party allotment is a ratio to the sum (272,849,900 shares) of the number of outstanding shares (excluding treasury shares) of NEC as of March 31, 2020 (259,826,300 shares) and the number of shares to be increased through the Third-Party Allotment (total number of shares to be newly issued and disposed of: 13,023,600 shares).

## 8. Future Outlook

NEC expects the effects of the Third-Party Allotment on NEC group's forthcoming consolidated operating results to be minor.

## 9. Disclosure Regarding Procedures under Code of Corporate Conduct

Because the Third-Party Allotment (i) will result in dilution of less than 25% and (ii) will not result in a change of a controlling shareholder, there is no requirement for the receipt of an independent third party opinion and the procedures for shareholder



approval under Article 432 of the Securities Listing Regulations promulgated by the Tokyo Stock Exchange.

## 10. Operating Results and Equity Finance for Most Recent Three Years

### (1) Operating Results for Most Recent Three Years (Consolidated)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020
Revenue	2,844,447 million yen	2,913,446 million yen	3,095,234 million yen
Operating Profit	63,850 million yen	57,780 million yen	127,609 million yen
Profit Before Income Taxes	86,941 million yen	77,308 million yen	123,969 million yen
Net Profit Attributable to owners of the Parent	45,870 million yen	39,675 million yen	99,967 million yen
Basic Earnings per Share	176.54 yen	152.75 yen	385.02 yen
Dividends per Share	60.00 yen	40.00 yen	70.00 yen
Equity per Share Attributable to Owners of the Parent	3,390.80 yen	3,307.30 yen	3,508.16 yen

Note: NEC conducted share consolidation with a ratio of 10 shares of common stock to 1 share as of October 1, 2017. The above Basic Earnings per Share and Equity per Share Attributable to Owners of the Parent are calculated assuming that the share consolidation was carried out at the beginning of the fiscal year ended March 31, 2018.

### (2) Current Number of Issued Shares and Dilutive Shares (as of March 31, 2020)

	Number of Shares	Ratio to Number of Issued Shares
Number of Issued Shares	260,473,263 shares	100%
Number of dilutive shares at current conversion price (exercise price)	- shares	-%
Number of dilutive shares at lowest conversion price (exercise price)	- shares	-%

Number of dilutive shares at highest conversion price (exercise price)	- shares	-%
--	----------	----

(3) Recent Stock Prices

(i) Stock Prices for Last Three Years

	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020
Opening	2,680 yen	2,976 yen	3,775 yen
High	3,380 yen	3,925 yen	5,180 yen
Low	2,550 yen	2,893 yen	3,180 yen
Closing	2,991 yen	3,745 yen	3,945 yen

(ii) Stock Prices for Most Recent Six Months

	January	February	March	April	May	June (Note)
Opening	4,475 yen	4,840 yen	3,980 yen	3,980 yen	4,110 yen	4,815 yen
High	5,180 yen	5,070 yen	4,395 yen	4,360 yen	5,030 yen	5,180 yen
Low	4,475 yen	4,035 yen	3,180 yen	3,705 yen	4,040 yen	4,690 yen
Closing	4,920 yen	4,040 yen	3,945 yen	4,165 yen	4,835 yen	5,050 yen

Note: The stock prices for June 2020 are shown as of June 24, 2020.

(iii) Stock Price on Business Day Immediately Preceding Date of Resolution Authorizing Issuance and Disposition

	June 24, 2020
Opening	5,110 yen
High	5,180 yen
Low	5,040 yen
Closing	5,050 yen

- (iv) Equity Finance in Last Three Years  
Not applicable.

#### 11. Terms and Conditions of Issuance and Disposition

(1) Number of Shares to Be Offered	Number of shares to be newly issued: 12,376,600 shares of common stock Number of treasury shares to be disposed of: 647,000 shares of common stock Total number of shares: 13,023,600 shares of common stock
(2) Amount to be Paid	4,950 yen per share
(3) Aggregate Amount to be Paid	64,466,820,000 yen
(4) Amount by Which Stated Capital and Legal Capital Surplus Are to Be Increased	Amount by which stated capital is to be increased: 30,632,085,000 yen Amount by which legal capital surplus is to be increased: 30,632,085,000 yen Aggregate amount to be paid for the disposition of treasury shares is not capitalized.
(5) Method of Offering	By way of third-party allotment
(6) Payment Date	July 10, 2020
(7) Allottee	NTT Corporation
(8) Other	Each of the above items is be subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act of Japan.

End

## **Cautionary Statement with Respect to Forward-Looking Statements**

This material contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the NEC Group (the "forward-looking statements"). The forward-looking statements are made based on information currently available to NEC and certain assumptions considered reasonable as of the date of this material. These determinations and assumptions are inherently subjective and uncertain. These forward-looking statements are not guarantees of future performance, and actual operating results may differ substantially due to a number of factors.

The factors that may influence the operating results include, but are not limited to, the following:

- adverse economic conditions in Japan or internationally;
- foreign currency exchange and interest rate risks;
- changes in the markets in which we operate;
- adverse effect of COVID-19 pandemic;
- potential inability to achieve the goals in our medium-term management plan;
- fluctuations in our revenue and profitability from period to period;
- difficulty achieving the benefits expected from acquisitions, business combinations and reorganizations;
- potential deterioration in our relationships with strategic partners or problems relating to their products or services;
- difficulty achieving our growth strategies outside Japan;
- potential inability to keep pace with rapid technological advancements in our industry and to commercialize new technologies;
- intense competition in the markets in which we operate;
- risks relating to our concentrated customer base;
- difficulties with respect to new businesses;
- potential failures in the products and services we provide;
- potential failure to procure components, equipment or other supplies;
- difficulties protecting our intellectual property rights;
- potential inability to obtain certain intellectual property licenses;
- our customers may encounter financial difficulties;
- difficulty attracting, hiring and retaining skilled personnel;
- difficulty obtaining additional financing to meet our funding needs;
- potential failure of internal controls;
- potentially costly and time-consuming legal proceedings;
- risks related to regulatory change and uncertainty;
- risks related to environmental laws and regulations;
- information security and data protection concerns and restrictions;
- potential changes in effective tax rates or deferred tax assets, or adverse tax examinations;
- risks related to corporate governance and social responsibility requirements;
- risks related to natural disasters, public health issues, armed hostilities and terrorism;
- risks related to our pension assets and defined benefit obligations; and
- risks related to impairment losses with regard to goodwill.

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

\*\*\*