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**NEC**

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\*\*\*\*\* For immediate use April 28, 2022

## **Consolidated Financial Results**

**for the Fiscal Year Ended**

**March 31, 2022**

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [IFRS]

April 28, 2022

Company name NEC Corporation  
 Securities code 6701 URL <https://www.nec.com/>  
 Representative Takayuki Morita, President and CEO

Listing: Tokyo Stock Exchange

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Scheduled date of annual general meeting of shareholders June 22, 2022  
 Scheduled date of dividend payments June 1, 2022

Scheduled date of Annual Securities Report filing June 22, 2022

Supplementary materials for financial results Yes  
 Financial results briefing Yes (for institutional investors and analysts)

(Million JPY, rounded to the nearest million JPY)

### 1. Consolidated Financial Results for the Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

#### (1) Consolidated Operating Results

(Percentage indicate year-on-year changes.)

Fiscal Year ended	Revenue		Operating profit		Profit before income taxes		Net profit for the year		Net profit attributable to owners of the parent		Total comprehensive income for the year	
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%
March 31, 2022	3,014,095	0.7	132,525	(13.8)	144,436	(8.5)	156,703	(3.2)	141,277	(5.6)	258,116	(31.4)
March 31, 2021	2,994,023	(3.3)	153,759	20.5	157,831	27.3	161,866	43.6	149,606	49.7	375,993	372.5

Fiscal Year ended	Adjusted operating profit		Adjusted net profit attributable to owners of the parent		Basic earnings per share	Diluted earnings per share	Adjusted basic earnings per share
	JPY (millions)	%	JPY (millions)	%	JPY	JPY	JPY
March 31, 2022	170,999	(4.1)	167,226	1.1	518.54	518.54	613.79
March 31, 2021	178,236	22.2	165,378	48.7	557.18	557.18	615.92

Fiscal Year ended	Return on equity attributable to owners of the parent	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
	%	%	%
March 31, 2022	10.0	3.9	4.4
March 31, 2021	13.5	4.6	5.1

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

Year ended March 31, 2022: 5,384 million JPY

Year ended March 31, 2021: 4,994 million JPY

#### (2) Consolidated Financial Position

As of	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	JPY (millions)	JPY (millions)	JPY (millions)	%	JPY
March 31, 2022	3,761,733	1,786,642	1,513,503	40.2	5,555.04
March 31, 2021	3,668,564	1,561,826	1,308,151	35.7	4,800.67

#### (3) Consolidated Cash Flows

Fiscal Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, at end of the year
	JPY (millions)	JPY (millions)	JPY (millions)	JPY (millions)
March 31, 2022	147,517	(63,377)	(189,616)	430,778
March 31, 2021	274,907	(122,491)	1,394	523,345

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Fiscal year- end	Total			
Fiscal Year ended	JPY	JPY	JPY	JPY	JPY	JPY (millions)	%	%
March 31, 2021	—	40.00	—	50.00	90.00	24,556	16.2	2.2
March 31, 2022	—	50.00	—	50.00	100.00	27,284	19.3	1.9
March 31, 2023 (forecast)	—	55.00	—	55.00	110.00		—	

The year end dividend for the fiscal year ended March 31, 2022 is to be finalized by the board of directors held on May 2022.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentage indicate year-on-year changes.)

	Revenue		Adjusted Operating profit		Adjusted net profit attributable to owners of the parent		Adjusted basic earnings per share
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY
Fiscal Year ending March 31, 2023	3,130,000	3.8	185,000	8.2	115,000	(31.2)	422.09

### \*Notes

#### (1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in the change in consolidation scope): Yes

Newly included      None  
Excluded              NEC Energy Solutions, Inc.

#### (2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS : None  
2) Changes in accounting policies other than 1) : None  
3) Changes in accounting estimates : None

#### (3) Number of shares outstanding (common stock)

- 1) Number of shares outstanding at the year-end  
(including treasury stock)  
2) Number of treasury stock at the year-end  
3) Average number of shares during the year

March 31, 2022	272,849,863 shares	March 31, 2021	272,849,863 shares
March 31, 2022	393,971 shares	March 31, 2021	356,713 shares
March 31, 2022	272,449,514 shares	March 31, 2021	268,503,921 shares

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated Operating Results

(Percentage figures represent year-on-year changes.)

Fiscal Year ended	Revenue		Operating profit		Ordinary profit		Net profit	
	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%	JPY (millions)	%
March 31, 2022	1,664,434	(2.4)	6,458	(87.7)	28,461	(57.1)	82,200	(50.0)
March 31, 2021	1,705,459	(4.7)	52,403	(7.8)	66,267	2.7	164,404	323.3

Fiscal Year ended	Basic earnings per share	Diluted earnings per share
	JPY	JPY
March 31, 2022	301.71	—
March 31, 2021	612.27	—

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	JPY (millions)	JPY (millions)	%	JPY
March 31, 2022	2,321,679	976,260	42.0	3,583.17
March 31, 2021	2,396,088	928,862	38.8	3,408.74

(Reference) Equity as of March 31, 2022 976,260 JPY (millions) as of March 31, 2021 928,862 JPY (millions)

\*This consolidated financial results falls outside the scope of audit to be performed by certified public accountants or an audit firm.

\*Explanation concerning the appropriate use of the financial results forecast and other special matters

(Adjusted profit (loss))

"Adjusted operating profit (loss)" is an indicator for measuring underlying profitability in order to clarify the contribution of acquired companies to the NEC Group's overall earnings. It is measured by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees and other fees) from operating profit (loss). Also, "Adjusted net profit (loss) attributable to owners of the parent" is an indicator for measuring underlying profitability attributable to owners of the parent. It is measured by deducting adjustment items of operating profit (loss) and corresponding amounts of tax and non-controlling interests from net profit (loss) attributable to owners of the parent.

(Cautionary statement with respect to forward-looking statements)

The forward-looking statements such as operating results forecast contained in this statements summary are based on the information currently available to NEC Corporation ("the Company") and certain assumptions considered reasonable. Actual operating results may differ significantly from these forecasts due to various factors. For details, please refer to "3. Cautionary Statement with Respect to Forward-Looking Statements" on page 16.

(How to obtain supplementary financial materials and information on the financial results briefing)

On April 28, 2022, the Company will hold a financial results briefing for the institutional investors and analysts. Presentation materials will be posted on the company website after the release of financial results, and the presentation video and Q&A summary will be also posted on the company website promptly after the financial results briefing.

In addition to the above, the Company periodically holds briefings on business and operating results for the individual investors. Presentation materials and Q&A summary will be posted on the company website promptly after the briefing. For the schedule and details, please check the company website.

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## 1. Consolidated Financial Statements and Notes to Consolidated Financial Statements

### (1) Consolidated Statements of Financial Position

JPY (millions)

	Notes	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		523,345	430,778
Trade and other receivables		740,448	722,334
Contract assets		270,322	285,890
Inventories		185,548	246,244
Other financial assets		9,573	17,554
Other current assets		131,596	133,890
<b>Total current assets</b>		<u>1,860,832</u>	<u>1,836,690</u>
<b>Non-current assets</b>			
Property, plant and equipment, net		553,171	540,257
Goodwill		300,530	335,978
Intangible assets, net		368,858	374,703
Investments accounted for using the equity method		73,316	76,470
Other financial assets		210,427	236,544
Deferred tax assets		133,881	153,313
Other non-current assets		167,549	207,778
<b>Total non-current assets</b>		<u>1,807,732</u>	<u>1,925,043</u>
<b>Total assets</b>		<u><u>3,668,564</u></u>	<u><u>3,761,733</u></u>

Consolidated Statements of Financial Position (Continued)

JPY (millions)

	Notes	As of March 31, 2021	As of March 31, 2022
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		467,638	446,788
Contract liabilities		250,011	266,158
Bonds and borrowings		51,510	186,774
Accruals		215,965	232,257
Lease liabilities		47,480	49,462
Other financial liabilities		19,670	21,397
Accrued income taxes		28,147	17,403
Provisions		55,381	62,077
Other current liabilities		61,721	51,667
<b>Total current liabilities</b>		1,197,523	1,333,983
<b>Non-current liabilities</b>			
Bonds and borrowings		488,739	257,899
Lease liabilities		115,127	103,241
Other financial liabilities		34,974	26,937
Net defined benefit liabilities		191,907	179,599
Provisions		20,421	18,910
Other non-current liabilities		58,047	54,522
<b>Total non-current liabilities</b>		909,215	641,108
<b>Total liabilities</b>		2,106,738	1,975,091
<b>Equity</b>			
Share capital		427,831	427,831
Share premium		168,965	169,090
Retained earnings		564,660	678,653
Treasury shares		(1,578)	(1,906)
Other components of equity		148,273	239,835
<b>Total equity attributable to owners of the parent</b>		1,308,151	1,513,503
Non-controlling interests		253,675	273,139
<b>Total equity</b>		1,561,826	1,786,642
<b>Total liabilities and equity</b>		3,668,564	3,761,733

*(2) Consolidated Statements of Profit or Loss and Comprehensive Income*

Consolidated Statements of Profit or Loss

		JPY (millions)	
Fiscal year ended March 31	Notes	2021	2022
<b>Revenue</b>		2,994,023	3,014,095
Cost of sales		2,132,840	2,127,682
<b>Gross profit</b>		861,183	886,413
Selling, general and administrative expenses		732,989	762,970
Other operating income (expenses)		25,565	9,082
<b>Operating Profit</b>		153,759	132,525
Finance income		9,691	17,894
Finance costs		10,613	11,367
Share of profit of entities accounted for using the equity method		4,994	5,384
<b>Profit before income taxes</b>		157,831	144,436
Income taxes		(4,035)	(12,267)
<b>Net profit</b>		161,866	156,703
<b>Net profit attributable to</b>			
Owners of the parent		149,606	141,277
Non-controlling interests		12,260	15,426
<b>Total</b>		161,866	156,703
<b>Earnings per share attributable to owners of the parent</b>			
Basic earnings per share (JPY)	3	557.18	518.54
Diluted earnings per share (JPY)	3	557.18	518.54



Consolidated Statements of Comprehensive Income

JPY (millions)

Fiscal year ended March 31	Notes	2021	2022
<b>Net profit</b>		161,866	156,703
<b>Other comprehensive income, net of tax</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Equity instruments designated as measured at fair value through other comprehensive income		56,645	15,607
Remeasurements of defined benefit plans		127,347	27,193
Share of other comprehensive income of entities accounted for using the equity method		280	31
Total items that will not be reclassified to profit or loss		184,272	42,831
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		30,522	59,081
Cash flow hedges		(1,305)	(1,660)
Share of other comprehensive income of entities accounted for using the equity method		638	1,161
Total items that may be reclassified subsequently to profit or loss		29,855	58,582
<b>Total other comprehensive income, net of tax</b>		214,127	101,413
<b>Total comprehensive income</b>		375,993	258,116
<b>Total comprehensive income attributable to</b>			
Owners of the parent		356,343	232,839
Non-controlling interests		19,650	25,277
<b>Total</b>		375,993	258,116

*(3) Consolidated Statements of Changes in Equity*

(Fiscal year ended March 31, 2021)

JPY (millions)

Notes	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		
<b>As of April 1, 2020</b>	397,199	139,735	436,361	(4,157)	(58,464)	910,674	203,849	1,114,523
Net profit	—	—	149,606	—	—	149,606	12,260	161,866
Other comprehensive income	—	—	—	—	206,737	206,737	7,390	214,127
<b>Comprehensive income</b>	—	—	149,606	—	206,737	356,343	19,650	375,993
Issuance of common shares	30,632	30,374	—	—	—	61,006	—	61,006
Purchase of treasury shares	—	—	—	(640)	—	(640)	—	(640)
Disposal of treasury shares	—	20	—	3,219	—	3,239	—	3,239
Cash dividends	—	—	(21,307)	—	—	(21,307)	(5,400)	(26,707)
Changes in interests in subsidiaries	—	(1,164)	—	—	—	(1,164)	35,576	34,412
<b>Total transactions with owners</b>	30,632	29,230	(21,307)	2,579	—	41,134	30,176	71,310
<b>As of March 31, 2021</b>	427,831	168,965	564,660	(1,578)	148,273	1,308,151	253,675	1,561,826

(Fiscal year ended March 31, 2022)

JPY (millions)

Notes	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		
<b>As of April 1, 2021</b>	427,831	168,965	564,660	(1,578)	148,273	1,308,151	253,675	1,561,826
Net profit	—	—	141,277	—	—	141,277	15,426	156,703
Other comprehensive income	—	—	—	—	91,562	91,562	9,851	101,413
<b>Comprehensive income</b>	—	—	141,277	—	91,562	232,839	25,277	258,116
Purchase of treasury shares	—	—	—	(570)	—	(570)	—	(570)
Disposal of treasury shares	—	1	—	242	—	243	—	243
Cash dividends	—	—	(27,284)	—	—	(27,284)	(6,097)	(33,381)
Changes in interests in subsidiaries	—	124	—	—	—	124	284	408
<b>Total transactions with owners</b>	—	125	(27,284)	(328)	—	(27,487)	(5,813)	(33,300)
<b>As of March 31, 2022</b>	427,831	169,090	678,653	(1,906)	239,835	1,513,503	273,139	1,786,642

*(4) Consolidated Statements of Cash Flows*

JPY (millions)

Fiscal year ended March 31	Notes	2021	2022
<b>Cash flows from operating activities</b>			
Profit before income taxes		157,831	144,436
Depreciation and amortization		167,613	180,539
Impairment loss		4,035	985
(Decrease) increase in provisions		(5,749)	3,420
Finance income		(9,691)	(17,894)
Finance costs		10,613	11,367
Share of profit of entities accounted for using the equity method		(4,994)	(5,384)
Decrease in trade and other receivables		4,120	25,469
(Increase) in contract assets		(20,139)	(5,946)
Decrease (increase) in inventories		19,249	(58,848)
Increase (decrease) in trade and other payables		4,926	(27,434)
Increase (decrease) in contract liabilities		24,652	(1,775)
Others, net		(50,443)	(58,824)
Subtotal		302,023	190,111
Interest and dividends received		5,161	5,876
Interest paid		(7,813)	(8,508)
Income taxes paid		(24,464)	(39,962)
<b>Net cash provided by operating activities</b>		274,907	147,517
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(59,307)	(56,949)
Proceeds from sales of property, plant and equipment		41,761	15,373
Acquisitions of intangible assets		(11,629)	(14,157)
Purchase of equity instruments designated as measured at fair value through other comprehensive income		(2,620)	(11,679)
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income		97,107	18,443
Purchase of shares of newly consolidated subsidiaries		(202,588)	(12,214)
Increase in cash flows resulting in change in scope of consolidation, net of consideration transferred		100	—
Proceeds from sales of shares of subsidiaries		8,444	5,078
Disbursement for sales of shares of subsidiaries		(2,969)	(92)
Purchases of investments in associates or joint ventures		(230)	(137)
Proceeds from sales of investments in associates or joint ventures		8,448	2,197
Others, net		992	(9,240)
<b>Net cash (used in) investing activities</b>		(122,491)	(63,377)

Consolidated Statements of Cash Flows (Continued)

JPY (millions)

Fiscal year ended March 31	Notes	2021	2022
<b>Cash flows from financing activities</b>			
(Decrease) increase in short-term borrowings, net		(47,333)	38,696
Proceeds from long-term borrowings		99,181	382
Repayments of long-term borrowings		(44,009)	(137,650)
Proceeds from issuance of bonds		35,000	—
Redemption of bonds		(55,000)	—
Payments of lease liabilities		(57,530)	(57,283)
Proceeds from issuance of common shares		60,893	—
Proceeds from sales of interests in subsidiaries to non-controlling interests		35,000	—
Dividends paid		(21,296)	(27,259)
Dividends paid to non-controlling interests		(5,396)	(6,093)
Proceeds from disposal of treasury shares		3,239	243
Others, net		(1,355)	(652)
<b>Net cash provided by (used in) financing activities</b>		<u>1,394</u>	<u>(189,616)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<u>6,122</u>	<u>12,909</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		<u>159,932</u>	<u>(92,567)</u>
<b>Cash and cash equivalents, at the beginning of the year</b>		<u>359,252</u>	<u>523,345</u>
Increase in cash and cash equivalents resulting from transfer to assets held for sale		4,161	—
<b>Cash and cash equivalents, at the end of the year</b>		<u><u>523,345</u></u>	<u><u>430,778</u></u>

(5) Notes to Consolidated Financial Statements

**1. Going Concern Assumptions**

Not applicable.

**2. Segment Information**

(1) Information about revenue, profit or loss by reportable segments  
(Fiscal Year ended March 31, 2021)

JPY (millions)

	Reportable Segments						Others	Reconciling Items (Note 2)	Consolidated Total
	Public Solutions	Public Infrastructure	Enterprise	Network Services	Global	Total			
Revenue									
External customers	425,060	692,876	503,074	538,810	449,988	2,609,808	384,215	—	2,994,023
Intersegment	13,472	3,829	38,431	8,543	674	64,949	6,709	(71,658)	—
Total	438,532	696,705	541,505	547,353	450,662	2,674,757	390,924	(71,658)	2,994,023
Segment profit (loss)	39,361	59,399	48,210	41,204	7,495	195,669	7,695	(25,128)	178,236
Acquisition-related amortization of intangible assets									(22,769)
Expenses for M&A									(1,708)
Operating profit (loss)									153,759
Finance income									9,691
Finance costs									(10,613)
Share of profit of entities accounted for using the equity method									4,994
Profit (loss) before income taxes									157,831

(Fiscal Year ended March 31, 2022)

JPY (millions)

	Reportable Segments						Others	Reconciling Items (Note 2)	Consolidated Total
	Public Solutions	Public Infrastructure	Enterprise	Network Services	Global	Total			
Revenue									
External customers	400,177	650,873	574,680	511,547	485,578	2,622,855	391,240	—	3,014,095
Intersegment	12,675	3,364	34,221	10,200	319	60,779	5,814	(66,593)	—
Total	412,852	654,237	608,901	521,747	485,897	2,683,634	397,054	(66,593)	3,014,095
Segment profit (loss)	29,748	65,406	57,475	35,479	26,290	214,398	13,264	(56,663)	170,999
Acquisition-related amortization of intangible assets									(37,838)
Expenses for M&A									(636)
Operating profit (loss)									132,525
Finance income									17,894
Finance costs									(11,367)
Share of profit of entities accounted for using the equity method									5,384
Profit (loss) before income taxes									144,436

Notes:

1. Segment profit (loss) is measured by deducting amortization of intangible assets recognized as a result of M&A and expenses for acquisition of companies (financial advisory fees and other fees) from operating profit (loss).
2. "Reconciling Items" in segment profit (loss) includes amounts not allocated to each reportable segment that consist principally of corporate expenses of 26,400 million JPY, and 52,824 million JPY for the fiscal years ended March 31, 2021, and 2022, respectively. Corporate expenses are mainly general and administrative expenses and research and development expenses incurred at the headquarters of NEC. Also, these reconciling items for the fiscal year ended March 31, 2021 include the gain on sale of the land of Sagami-hara Plant recorded during the fiscal year ended March 31, 2021.

## (2) Information about geographic areas

### Revenue from external customers

JPY (millions)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Japan	2,290,784	2,259,551
North America and Latin America	132,455	121,332
Europe, Middle East, and Africa	228,396	294,610
China, East Asia, and Asia Pacific	342,388	338,602
Total	2,994,023	3,014,095

### 3. Earnings Per Share

The calculation of basic earnings per share ("EPS") and diluted EPS has been based on the following profit attributable to ordinary shareholders of the parent company for the fiscal years ended March 31, 2021, and 2022:

	JPY (millions)	
	2021	2022
Net profit attributable to owners of the parent	149,606	141,277
Net profit attributable to ordinary shareholders of the parent to calculate basic EPS	149,606	141,277
Net profit attributable to ordinary shareholders of the parent after adjustment for the effects of dilutive potential ordinary shares	149,606	141,276
Weighted-average number of ordinary shares to calculate basic EPS (in thousands of shares)	268,504	272,450
Weighted-average number of ordinary shares (diluted) (in thousands of shares)	268,504	272,450
Basic EPS (JPY)	557.18	518.54
Diluted EPS (JPY)	557.18	518.54

Note: Net Profit attributable to ordinary shareholders of the parent after adjustment for the effects of dilutive potential ordinary shares includes the effect of share options issued by Japan Aviation Electronics Industry, Ltd., a subsidiary of the Company.

### 4. Subsequent Events

There are no significant subsequent events.

## 2. Basic View of Selected Accounting Standards

The NEC Group has applied International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2017 in order to enhance the international comparability of its financial information in capital markets.



### 3. Cautionary Statement with Respect to Forward-Looking Statements

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

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

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

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

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