

This is a translation of the Notice of the 182nd 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

Takashi Niino
President
(Representative Director)

May 29, 2020

To Our Shareholders:

NOTICE OF
THE 182ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

This is to inform you that the 182nd Ordinary General Meeting of Shareholders (the “Meeting”) of NEC Corporation (the “Company”) will be held as follows:

1. **DATE:** June 22, 2020 (Monday) at 10:00 a.m. (Japan Standard Time)
(entry begins at 9:00 a.m. (Japan Standard Time))
2. **PLACE:** Convention Hall, Second Basement Floor, The Prince Park Tower Tokyo
at 8-1, Shiba Koen 4-chome, Minato-ku, Tokyo
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 182nd business period from April 1, 2019 to March 31, 2020 (“Business Period”), and report on the results of the audit on the Consolidated Financial Statements conducted by the Accounting Auditors and the Audit & Supervisory Board (KANSAYAKU-KAI).

MATTERS TO BE VOTED UPON:

Proposal No. 1: Election of Eleven (11) Directors

Proposal No. 2: Election of One (1) Audit & Supervisory Board Member (KANSAYAKU)

- No souvenirs will be provided. Your understanding would be appreciated.
- 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.

REFERENCE DOCUMENTS FOR THE MEETING

Proposed Matters for Voting and reference matters thereof:

Proposal No. 1: Election of Eleven (11) Directors

Upon the close of the Meeting, the term of office as Director of all eleven (11) Directors will expire. It is proposed that eleven (11) Directors be elected.

The candidates were deliberated by the Nomination and Compensation Committee, which chaired by an Outside Director and majority of the Committee members are Outside Directors, and approved by the Board of Directors.

The candidates are as follows:

(As of May 29, 2020)				
No.	Name	Position and Responsibility at the Company	Attendance at Meeting of the Board of Directors	Year served as a Director (Upon the close of the Meeting)
1	Nobuhiro Endo	Chairman of the Board (Non-Executive Director) Member of the Nomination and Compensation Committee	12 out of 12 meetings	11 years
2	Takashi Niino	President (Representative Director) CEO (Chief Executive Officer) Management of the Company's business, corporate auditing and export & import trade control	12 out of 12 meetings	9 years
3	Takayuki Morita	Senior Executive Vice President and Member of the Board (Representative Director) CFO (Chief Financial Officer) Corporate strategy, corporate alliance, financial process, corporate controller and corporate finance / Important matters relating to operational reforms	12 out of 12 meetings	4 years
4	Norihiko Ishiguro	Senior Executive Vice President and Member of the Board Global business strategy/ Important matters relating to external relations	12 out of 12 meetings	2 year
5	Hajime Matsukura	Executive Vice President and Member of the Board CHRO (Chief Human Resources Officer) NEC Group culture transformation, corporate communications, external relations, people and organization development and human resources and general affairs	12 out of 12 meetings	3 years
6	Motoo Nishihara	Executive Vice President CTO (Chief Technology Officer) Research and Development	10 out of 10 meetings	1 year
7	Kaoru Seto *Candidate for Outside Director	Member of the Board Member of the Nomination and Compensation Committee (Chairman of the Committee)	12 out of 12 meetings	2 years
8	Noriko Iki *Candidate for Outside Director	Member of the Board	12 out of 12 meetings	2 years
9	Masatoshi Ito *Candidate for Outside Director	Member of the Board	8 out of 10 meetings	1 year

No.	Name	Position and Responsibility at the Company	Attendance at Meeting of the Board of Directors	Year served as a Director (Upon the close of the Meeting)
10	Kuniharu Nakamura *Candidate for Outside Director	Member of the Board Member of the Nomination and Compensation Committee	10 out of 10 meetings	1 year
11	Jun Ohta *New candidate *Candidate for Outside Director	Member of the Board	-	-

Note: Members of the Nomination and Compensation Committee are above four (4) members, Messrs. Nobuhiro Endo, Kaoru Seto, Kuniharu Nakamura and Mr. Takeshi Kunibe, who is an Outside Director, and Mr. Kaoru Seto is the chairman of the committee. Mr. Takeshi Kunibe will retire upon the close of the Meeting.

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
1. Nobuhiro Endo (November 8, 1953) *Member of the Nomination and Compensation Committee *Male	April 1981	Joined the Company	38,800
	July 2005	Senior General Manager, Mobile Network Operations Unit	
	April 2006	Senior Vice President and Executive General Manager, Mobile Network Operations Unit	
	April 2009	Executive Vice President	
	June 2009	Executive Vice President and Member of the Board	
	April 2010	President (Representative Director)	
	April 2016	Chairman of the Board (Representative Director)	
	June 2019	Chairman of the Board (Non-Executive Director) (to present)	
	Important Concurrent Positions: Outside Director, Tokio Marine Holdings, Inc. Outside Director, Sumitomo Dainippon Pharma Co., Ltd. Outside Director, Japan Exchange Group, Inc.		
	Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of network business and NEC Group's management strategies, and also, having been engaged in the management of the Company as President (Representative Director) since 2010 and as Chairman of the Board (Representative Director) since April 2016 (until June 2019). The Company has nominated him as a candidate for Director considering that he is appropriate to manage external affairs as a representative of the Company, and to promote the reinforcement of NEC Group's corporate governance by building culture which will be the basis of sustainable growth for NEC Group.		

	Attendance at Meeting of the Board of Directors: 12 out of 12 meetings Attendance rate: 100%		
2. Takashi Niino (September 8, 1954) *Male	<p>April 1977 Joined the Company</p> <p>April 2004 Executive General Manager, 2nd Solutions Sales Operations Unit</p> <p>April 2005 Senior General Manager, 3rd Solutions Operations Unit</p> <p>April 2006 Executive General Manager, Financial Solutions Operations Unit</p> <p>April 2008 Senior Vice President and Executive General Manager, Financial Solutions Operations Unit</p> <p>August 2008 Senior Vice President</p> <p>April 2010 Executive Vice President</p> <p>June 2011 Executive Vice President and Member of the Board</p> <p>July 2011 Executive Vice President, CSO (Chief Strategy Officer) and Member of the Board</p> <p>April 2012 Senior Executive Vice President, CSO (Chief Strategy Officer) , CIO (Chief Information Officer) and Member of the Board (Representative Director)</p> <p>April 2016 President (Representative Director) and CEO (Chief Executive Officer) (to present)</p>		7,400
	Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had 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) and CEO. The Company has nominated him as a candidate for Director considering that he is appropriate to lead the Company's transformation into a social value innovator and the Company's sustainable growth.		
	Attendance at Meeting of the Board of Directors: 12 out of 12 meetings Attendance rate: 100%		
3. Takayuki Morita (February 5, 1960) *Male	<p>April 1983 Joined the Company</p> <p>April 2002 General Manager, Business Development Division</p> <p>April 2006 Senior Vice President and Executive General Manager, Corporate Business Development Unit</p> <p>April 2008 Senior Vice President</p> <p>July 2011 Executive Vice President</p> <p>April 2016 Executive Vice President and CGO (Chief Global Officer)</p> <p>June 2016 Executive Vice President, CGO (Chief Global Officer) and Member of the Board</p> <p>April 2018 Senior Executive Vice President and Member of the Board (Representative Director)</p> <p>June 2018 Senior Executive Vice President, CFO (Chief</p>		1,900

		Financial Officer) and Member of the Board (Representative Director) (to present)	
	Important Concurrent Positions: Director, Japan Aviation Electronics Industry, Limited Outside Director, Hua Hong Semiconductor Limited		
	Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of the Company's M&A and NEC Group's global business, and also, having had been in charge of global business strategies as Executive Vice President, CGO and Member of the Board, and afterword having been in charge of NEC Group's accounting and financial strategies and M&A as Senior Executive Vice President, CFO and Member of the Board (Representative Director). The Company has nominated him as a candidate for Director considering that he is appropriate to implement strategies for enhancing NEC Group's business and its revenue growth and to supervise the Company's business units.		
	Attendance at Meeting of the Board of Directors: 12 out of 12 meetings Attendance rate: 100%		
4. Norihiko Ishiguro (May 3, 1957) *Male	<p>April 1980 July 2009</p> <p>August 2011</p> <p>June 2013</p> <p>July 2015</p> <p>November 2015</p> <p>August 2016</p> <p>October 2016</p> <p>June 2018</p>	<p>Joined Ministry of International Trade and Industry Director-General, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry</p> <p>Director-General, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry</p> <p>Vice Minister for International Affairs, Ministry of Economy, Trade and Industry</p> <p>Retired from Ministry of Economy, Trade and Industry</p> <p>Adviser, Tokio Marine & Nichido Fire Insurance Co., Ltd. (until July 2016)</p> <p>Advisor, the Company</p> <p>Senior Executive Vice President</p> <p>Senior Executive Vice President and Member of the Board (to present)</p>	3,300
	Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records relating to an industrial policy and a trade policy through working at Ministry of Economy, Trade and Industry, and afterwards, he has been in charge of global business strategies and external relations as Senior Executive Vice President since October 2016. The Company has nominated him as a candidate for Director considering that he is appropriate to make use of his wide-ranging knowledge acquired by his business and administrative experience for expanding Social Solutions business worldwide and to supervise the Company's business units.		
	Attendance at Meeting of the Board of Directors: 12 out of 12 meetings Attendance rate: 100%		

5.Hajime Matsukura (December 12, 1961) *Male	April 1985	Joined the Company	2,500
	April 2005	General Manager, Marketing Planning Division	
	April 2006	Assistant Executive General Manager, Business Development Unit	
	April 2008 April 2014	General Manager, Corporate Strategy Division Senior Vice President and President (Representative Director) of NEC Management Partner, Ltd.	
	April 2017	Executive Vice President and CSO (Chief Strategy Officer)	
	June 2017	Executive Vice President , CSO (Chief Strategy Officer) and Member of the Board	
	April 2018	Executive Vice President, CSO (Chief Strategy Officer), CHRO (Chief Human Resources Officer) and Member of the Board	
	April 2019	Executive Vice President, CHRO (Chief Human Resources Officer) and Member of the Board (to present)	
		Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of corporate strategies at the Company's corporate departments and in NEC Group's operational reform as President (Representative Director) of NEC Management Partner, Ltd. and afterwards, having been in charge of NEC Group's culture transformation and human resources strategies as Executive Vice President, CHRO and Member of the Board. The Company has nominated him as a candidate for Director considering that he is appropriate to implement building culture and developing human resources for NEC Group's growth, and to supervise the Company's business units.	
		Attendance at Meeting of the Board of Directors: 12 out of 12 meetings Attendance rate: 100%	
6. Motoo Nishihara (January 23, 1962) *Male	April 1985	Joined the Company	1,200
	July 2011	General Manager, System Platform Research Laboratories	
	April 2012	General Manager, Cloud System Research Laboratories	
	April 2016	Senior Vice president	
	April 2019	Executive Vice President and CTO (Chief Technology Officer)	
	June 2019	Executive Vice President , CTO (Chief Technology Officer) and Member of the Board (to present)	
		Reasons for Nomination of a Candidate: He has extensive experience and sufficient performance records, having had been engaged in the management of Research and Development as Senior Vice president, and afterwards, having been in charge of NEC Group's Research and Development and technology strategies as Executive Vice President and CTO and Member of the Board. The Company has nominated him as a candidate for Director considering that he is appropriate to implement Research and Development and technology strategies for NEC Group's growth and to supervise the Company's business units.	

	Attendance at Meeting of the Board of Directors: 10 out of 10 meetings Attendance rate: 100%		
<p>7. Kaoru Seto (November 16, 1947)</p> <p>*Candidate for Outside Director</p> <p>*Member of the Nomination and Compensation Committee (Chairman of the Committee)</p> <p>*Male</p>	April 1970	Joined Yamato Transport Co., Ltd. (currently, YAMATO HOLDINGS CO., LTD.)	0
	June 1999	Director of the Board and Regional President of Kansai Region, Yamato Transport Co., Ltd.	
	June 2003	Director of the Board and General Manager of HR Department at Headquarters, Yamato Transport Co., Ltd.	
	June 2004	Member of the Board and Managing Executive Officer, Yamato Transport Co., Ltd.	
	November 2005	Managing Executive Officer, YAMATO HOLDINGS CO., LTD.	
	June 2006	Representative Director, President and Executive Officer, YAMATO HOLDINGS CO., LTD.	
	April 2011	Representative Director and Chairman, YAMATO HOLDINGS CO., LTD.	
	April 2015	Director Adviser, YAMATO HOLDINGS CO., LTD.	
	June 2016	LTD.	
	June 2018	Adviser, YAMATO HOLDINGS CO., LTD.	
	June 2018	Member of the Board of the Company (to present)	
		Special Adviser, YAMATO HOLDINGS CO., LTD. (to present)	
Important Concurrent Positions: Special Adviser, YAMATO HOLDINGS CO., LTD. Outside Director, RICOH LEASING COMPANY, LTD.			
Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a logistics service company.			
Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Director. • The total amount of transactions between YAMATO HOLDINGS CO., LTD. , where he serves as Special Adviser, and the Company is less than 2% compared with the Net Sales of either party for the past 3 fiscal years.			
Attendance at Meeting of the Board of Directors: 12 out of 12 meetings Attendance rate: 100%			

<p>8. Noriko Iki (March 21, 1956)</p> <p>*Candidate for Outside Director</p> <p>*Female</p>	<p>April 1979 July 2009</p>	<p>Joined the Ministry of Labour Director-General, Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare</p>	0
	<p>July 2010</p>	<p>Research Director, Japan Institute for Labour Policy and Training</p>	
	<p>April 2011</p>	<p>Senior Research Director, Japan Institute for Labour Policy and Training</p>	
	<p>September 2012</p>	<p>Director-General, Tokyo Labour Bureau, Ministry of Health, Labour and Welfare</p>	
	<p>April 2014</p>	<p>Ambassador Extraordinary and Plenipotentiary to Brunei Darussalam, Ministry of Foreign Affairs</p>	
	<p>July 2017</p>	<p>Retired from Ministry of Foreign Affairs</p>	
	<p>March 2018</p>	<p>Director, Japan Institute for Women's Empowerment & Diversity Management</p>	
	<p>June 2018</p>	<p>President, Japan Institute for Women's Empowerment & Diversity Management (to present)</p>	
	<p>June 2018</p>	<p>Member of the Board of the Company (to present)</p>	
		<p>Important Concurrent Positions: President, Japan Institute for Women's Empowerment & Diversity Management Outside Director, NIPPON STEEL CORPORATION</p>	
		<p>Reasons for Nomination of a Candidate: The Company has nominated her as a candidate for Outside Director considering that she has superior character, discernment and high ethical standards. In addition, she would sympathize with the NEC Way and act with strong will to realize it, and she has extensive experience and deep insight relating to administrative and diplomatic area. Although she has never been involved in management of companies, the Company has judged that she can perform the duties as Outside Director for the reasons described above.</p>	
		<p>Notice relating to Independence of Candidate for Outside Director:</p> <ul style="list-style-type: none"> • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of her as an independent Director. • The total amount of transactions between Japan Institute for Women's Empowerment & Diversity Management, where she serves as President, and the Company is less than 1% compared with the Net Sales or ordinary revenue of either party for the past 3 fiscal years. 	
		<p>Attendance at Meeting of the Board of Directors: 12 out of 12 meetings Attendance rate: 100%</p>	
<p>9. Masatoshi Ito (September 12, 1947)</p> <p>*Candidate for Outside Director</p> <p>*Male</p>	<p>April 1971 June 1999 April 2003 August 2006 June 2009</p>	<p>Joined Ajinomoto Co., Inc. Member of the Board, Ajinomoto Co., Inc. Representative Director, President, Ajinomoto Frozen Foods Co., Inc. (until March,2005) Representative Director, Corporate Senior Vice President and President, Food Products Company, Ajinomoto Co., Inc. Representative Director, President and Chief Executive Officer, Ajinomoto Co., Inc.</p>	0

	<div>June 2015</div> <div>June 2019</div> <div>June 2019</div>	<div>Representative Director and Chairman of the Board, Ajinomoto Co., Inc.</div> <div>Member of the Board of the Company (to present)</div> <div>Chairman of the Board, Ajinomoto Co., Inc. (to present)</div>	
	Important Concurrent Positions: Chairman of the Board, Ajinomoto Co., Inc. Outside Director, Japan Airlines Co., Ltd. Outside Director, Yamaha Corporation		
	Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight relating to marketing and management strategies as management of a manufacturing company.		
	Notice relating to Independence of Candidate for Outside Director: • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Director. • The total amount of transactions between Ajinomoto Co., Inc., where he serves as Chairman of the Board, and the Company is less than 1% compared with the Net Sales of either party for the past 3 fiscal years.		
	Attendance at Meeting of the Board of Directors: 8 out of 10 meetings Attendance rate: 80%		
<div>10.Kuniharu Nakamura (August 28, 1950)</div> <div>*Candidate for Outside Director</div> <div>*Member of the Nomination and Compensation Committee</div> <div>*Male</div>	<div>April 1974</div> <div>June 2009</div> <div>April 2012</div> <div>June 2012</div> <div>April 2018</div> <div>June 2018</div> <div>June 2019</div>	<div>Joined SUMITOMO CORPORATION</div> <div>Representative Director, Senior Managing Executive Officer and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, SUMITOMO CORPORATION</div> <div>Representative Director, Executive Vice President and General Manager, Mineral Resources, Energy, Chemical & Electronics Business Unit, SUMITOMO CORPORATION</div> <div>Representative Director, President and Chief Executive Officer, SUMITOMO CORPORATION</div> <div>Representative Director, Chairman of the Board of Directors, SUMITOMO CORPORATION</div> <div>Chairman of the Board of Directors, SUMITOMO CORPORATION(to present)</div> <div>Member of the Board of the Company (to present)</div>	0
	Important Concurrent Positions: Chairman of the Board of Directors, SUMITOMO CORPORATION		
	Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a general trading company including the management of global businesses.		

	Notice relating to Independence of Candidate for Outside Director: <ul style="list-style-type: none">• The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Director.• The total amount of transactions between SUMITOMO CORPORATION, where he serves as Chairman of the Board of Directors, and the Company is less than 1% compared with the Net Sales of either party for the past 3 fiscal years.		
	Attendance at Meeting of the Board of Directors: 10 out of 10 meetings Attendance rate: 100%		
11. Jun Ohta (February 12, 1958) *New candidate *Candidate for Outside Director *Male	April 1982 June 2014 April 2015 April 2017 June 2017 March 2018 April 2018 April 2019	Joined The Sumitomo Bank, Limited (currently, Sumitomo Mitsui Banking Corporation, "SMBC") Director, Sumitomo Mitsui Financial Group, Inc.("SMFG") Director and Senior Managing Executive Officer, SMBC (until April 2017) Director and Deputy President, Group CFO, Group CSO and Group CDIO, SMFG Director Deputy President and Executive Officer, Group CFO, Group CSO and Group CDIO, SMFG Director and Deputy President, SMBC (until April 2019) Director Deputy President and Executive Officer, Group CFO and Group CSO, SMFG Director President and Group Chief Executive Officer, SMFG (to present)	0
	Important Concurrent Positions: Director President and Group Chief Executive Officer, SMFG		
	Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Director considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has extensive experience and deep insight as management of a bank.		
	Notice relating to Independence of Candidate for Outside Director: <ul style="list-style-type: none">• Mr. Jun Ohta had been an Executing Person of SMBC, a major business partner of the Company, until April 1, 2019. The Company has business relationship with SMBC of which he was Director and Deputy President, for sales of the Company's products, provision of services including system construction, operation and maintenance and borrowings from SMBC.		

- Notes:
1. "Number of the Company's shares Held" indicates the number of shares held as of March 31, 2020.
 2. The Company has entered into agreements with Messrs. Kaoru Seto, Masatoshi Ito, Kuniharu Nakamura and Ms. Noriko Iki to limit their liabilities as stipulated in 427 (1) of the Company Law (the "Liabilities Limitation Agreements") pursuant to Article 24 of the Company's Articles of Incorporation. When Mr. Jun Ohta is elected as a Director of the Company, the Company will enter into the Liabilities Limitation Agreements with him. The outline of the Liabilities Limitation Agreements is to limit their liabilities as stipulated in Article 423 (1) of the Company Law to the higher amount of 20 million yen or the amount provided in the Company Law and the Regulation for Enforcement of the Company Law on the condition that they perform their duties as Directors in good faith and without gross negligence.

3. Japan Airlines Co., Ltd. (“JAL”), where Mr. Masatoshi Ito serves as Outside Director, received a business improvement order concerning assurance of safety in air transportation by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) due to safety concerns raised by an alcohol-related incident by a flight crew and the change of the number of assigned flight crew on December 21, 2018. In addition, JAL received a business improvement advisory concerning assurance of safety in air transportation by MLIT against an alcohol-related incident by a cabin attendant on January 11, 2019. Furthermore, JAL was once again issued a business improvement order concerning assurance of safety in air transportation due to insufficiencies in JAL’s flight crew management and its safety management system on October 8, 2019. Although Mr. Masatoshi Ito had no knowledge of the aforementioned problems until they were brought to light, he had been providing suggestions based on his perspective of legal compliance at JAL’s meetings of the Board of Directors and other venues. Moreover, after becoming aware of the aforementioned incidents, he has been fulfilling his duties such as by calling for a thorough investigation of the relevant facts and for the formulation of measures to prevent recurrence.

Proposal No. 2: Election of one (1) Audit & Supervisory Board Member (KANSAYAKU)

Upon the close of the Meeting, the term of office of Mr. Kazuyasu Yamada as Audit & Supervisory Board Member (KANSAYAKU) will expire. It is proposed that one Audit & Supervisory Board Member (KANSAYAKU) be elected. The consent of the Audit & Supervisory Board (KANSAYAKU-KAI) for this Proposal has been obtained.

The candidate is as follows:

Name (Date of Birth)	Brief Employment History		Number of the Company's Shares Held
Masami Nitta (September 15, 1955) *New candidate *Candidate for Outside Audit & Supervisory Board Member (KANSAYAKU) *Male	October 1979	Joined Tohmatsu Awoki & Co. (currently, Deloitte Touche Tohmatsu LLC)	0
	October 1983	Licensed as Certified Public Accountant (to present)	
	June 2004	Managing Partner of Financial Advisory, Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC)	
	October 2008	Managing Partner of Financial Advisory, member of Management Board, Deloitte Touche Tohmatsu (currently, Deloitte Touche Tohmatsu LLC) (resigned from Managing Partner of Financial Advisory in September 2015, retired from Deloitte Touche Tohmatsu LLC in September 2016)	
	April 2009	President and CEO, Representative Director, Deloitte Tohmatsu Financial Advisory Service LTD (currently, Deloitte Tohmatsu Financial Advisory LLC) (until September 2016)	
	October 2016	Executive Officer, Deloitte Tohmatsu Financial Advisory LLC (until September 2017)	
	October 2017	Established Nitta Public Accountant Office and Representative of Nitta Public Accountant Office (to present)	
	Important Concurrent Positions: Certified Public Accountant Outside Audit & Supervisory Board Member (KANSAYAKU) of KADOKAWA CORPORATION		
	Reasons for Nomination of a Candidate: The Company has nominated him as a candidate for Outside Audit & Supervisory Board Member (KANSAYAKU) considering that he has superior character, discernment and high ethical standards. In addition, he would sympathize with the NEC Way and act with strong will to realize it, and he has experience in corporate management as President and Representative Director (CEO), as well as a lot of experience and professional insight as a Certified Public Accountant gained through conducting audits of many companies.		
	Notice relating to Independence of Candidate for Outside Audit & Supervisory Board Member (KANSAYAKU) : • The Company has notified the Tokyo Stock Exchange, on which the Company lists its shares, of him as an independent Audit & Supervisory Board Member (KANSAYAKU). • There is no contractual relationship concerning advisory services or other services between Nitta Public Accountant Office, where Mr. Masami Nitta is Representative, and the Company for past 3 fiscal years.		

- Notes: 1. "Number of the Company's shares Held" indicates the number of shares held as of March 31, 2020.
2. When Mr. Masami Nitta is elected as an Audit & Supervisory Board Member (KANSAYAKU) of the Company, the Company will enter into agreement with him to limit his liabilities as stipulated in Article 427(1) of the Companies Act (the "Liabilities Limitation Agreement") pursuant to Article 31 of the Company's Articles of Incorporation. The outline of the Liabilities Limitation Agreement is to limit his liabilities as stipulated in Article 423(1) of the Companies Act to the higher amount of 20 million yen or

the amount provided in the Companies Act and the Regulation for Enforcement of the Companies Act on the condition that he has performed his duty as Audit & Supervisory Board Member (KANSAYAKU) in good faith and without gross negligence.

(Reference: "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members (KANSAYAKU)");

The Company declares that an Outside Director and an Outside Audit & Supervisory Board Member 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 holds or held a position equal to or higher than a general manager 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 or higher than a position equivalent of a general manager at the Company).
3. In any one of the past three fiscal years, the person or any of his or her relative within the second degree of relationship has received financial compensation of 10 million yen or more (excluding remuneration for Directors or Audit & Supervisory Board Members (KANSAYAKU)) from the Company.
4. Presently or at any time within the past 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.

BUSINESS REPORT

(For the period from April 1, 2019 to March 31, 2020)

1. Review of Operations

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

Overview

The worldwide economy during the fiscal year ended March 31, 2020 slowed down due to factors such as the US-China trade conflict and the effects of the novel coronavirus.

As for the Japanese economy, in addition to the slowdown of economies throughout the world and the increase in Japan's consumption tax rate, the impact of the novel coronavirus infectious disease resulted in sluggish performance.

Under these business conditions, the NEC Group implemented a variety of innovative changes that included a "Reform of profit structure," an "Achievement of growth" and a "Restructuring of execution capabilities" as outlined in the "Mid-term Management Plan 2020" announced in January 2018.

In terms of the "Reform of profit structure," as part of securing the investment necessary to return to a growth trajectory, the NEC Group further promoted structural reforms, such as responding to problematic businesses in order to improve profitability. Specifically, in January 2020, the Company sold all common stock of Nippon Avionics Co., Ltd., and in March 2020, agreed to transfer a majority of the shares of NEC Display Solutions, Ltd., a subsidiary responsible for the video solution business, to Sharp Corporation. In the wireless solutions business, the Company implemented measures to improve profitability, such as promoting profitability-focused businesses and collaborating with Ceragon Networks Ltd. to reduce development costs.

As for the "Achievement of growth," the NEC Group worked to create social value by promoting businesses that make use of digital technologies, such as biometrics authentication and artificial intelligence (AI). In particular, in July 2019, the Company announced that it will collaborate with Star Alliance, the world's largest airline alliance, on the development of a personal identification platform that uses biometric technology in order to realize seamless boarding procedures for passengers. Furthermore, in August 2019, the Company participated in Lawson, Inc.'s demonstration experiment of a late night labor saving store with the provision of a store entrance management system using a face recognition AI engine and related technologies and services. Moreover, in September 2019, the Company carried out trials of a next-generation ATM system that supports face recognition identity verification and QR code settlement with Seven Bank, Ltd. This ATM was also used for trials of a system for opening bank accounts with face authentication for the first time in Japan.

In addition, the Company is beginning shipments of base station equipment and wireless slave stations to NTT DOCOMO, INC. and Rakuten Mobile, Inc. for the construction of networks for 5th generation mobile communications systems (5G), as well as full scale entry into the "local 5G" business, which provides 5G only to limited locations. This is in addition to the launch of activities for proposing total solutions, from network infrastructure to applications, to companies and local governments.

Regarding the "Restructuring of execution capabilities," the NEC Group worked on challenges for creation of customer value leveraging advanced technology and reforms to maximize the abilities of employees. In terms of creating value for customers leveraging advanced technology, the Company announced its full-scale entry into the drug discovery business that specializes in advanced immunotherapy for cancer and other diseases as a part of strengthening the healthcare business. In addition to starting clinical trials of individualized neoantigen vaccines, the Company also worked on activities to put infant

fingerprint authentication into practical use, which enables services that include birth certification, registration and the tracking of vaccination records for newborns in developing countries. As part of implementing reforms that enable employees to maximize their strengths, the Company deployed a performance management system for group companies that fairly evaluates employees in terms of both achievements and actions and rewards their contributions. At the same time, the Company introduced "NEC Growth Careers" as a mechanism for employees to cultivate their own careers and motivate them to grow, by internally disclosing the work history of employees and the recruitment positions of each organization to assist with job matching. In addition, the Company promoted institutional reforms and environment improvements to accelerate work style changes, such as the establishment of "BASE," a working space that promotes collaboration between organizations and enables more creative work styles, the introduction of "Super Flex" schedules without a core working time, the promotion of telework through telework week and company-wide telework day.

The NEC Group recorded consolidated revenue of 3,095.2 billion JPY for the fiscal year ended March 31, 2020, an increase of 181.8 billion JPY (6.2%) year-on-year. This increase was due to increased sales in all segments.

Regarding profitability, operating profit (loss) improved by 69.8 billion JPY year-on-year, to an operating profit of 127.6 billion JPY. This was mainly due to increased revenue, in addition to business structure improvement expenses recorded in the previous fiscal year. Adjusted operating profit (loss) improved by 75.9 billion JPY year-on-year, to an adjusted operating profit of 145.8 billion JPY.

Income (loss) before income taxes was an income of 124.0 billion JPY, a year-on-year improvement of 46.7 billion JPY, mainly due to improved operating profit (loss), despite the effect of gains from the sale of affiliated company shares that was recorded in the previous fiscal year.

Net profit (loss) attributable to owners of the parent for the fiscal year ended March 31, 2020 was a profit of 100.0 billion JPY, an improvement of 60.3 billion JPY year-on-year, primarily due to improved income (loss) before income taxes. Adjusted net profit (loss) attributable to owners of the parent improved by 64.2 billion yen year-on-year, to a profit of 111.2 billion yen.

For this Business Period, the Company declared an annual dividend of 70 yen per share of common stock (interim dividend of 30 yen per share).

Review of Operations by Segments and Major Business

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

*In line with the shift to a new organization structure effective as of April 1, 2019, the Company has revised its segments from the first quarter of this Business Period. Major changes to the segments include a transfer of Enterprise Network Solutions from the "System Platform" to the "Network Services". And the Company revised its segments to improve information effective as of March 18, 2020. Especially, the Company has split the "Public" segment into separate segments, the "Public Solutions" and the "Public Infrastructure". Figures for the previous fiscal year have been restated to conform with the new segments.

Public Solutions Business

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

In the Public Solutions business, revenue was 324.6 billion JPY, an increase of 38.5 billion JPY(+13.4%) year-on-year, mainly due to increased sales in sectors that include public and healthcare.

Adjusted operating profit (loss) improved by 11.4 billion JPY year-on-year, to a profit of 18.6 billion JPY, mainly owing to increased sales and improved profitability.

Public Infrastructure Business

Major Services and Products
<ul style="list-style-type: none"> ● Systems Integration (Systems Implementation, Consulting), Maintenance and Support, Outsourcing / Cloud Services, and System Equipment
Examples of Solutions by Business Sector / Industry
<ul style="list-style-type: none"> ● Government: Social Security and Tax Systems, Fingerprint Identification Systems, Air Traffic Control Systems, Satellite Communications / Earth Observation, Field Communication Systems, School / Education Systems, Postal Tracking Systems, Infrastructure Surveillance / Energy Management ● Media: TV Program Production / News Production / Transmission Systems, Digital TV Transmitters

In the Public Infrastructure business, revenue was 631.1 billion JPY, an increase of 9.3 billion JPY (+1.5%) year-on-year, mainly due to increased sales in sectors that include aerospace and defense.

Adjusted operating profit (loss) improved by 8.5 billion JPY year-on-year, to a profit of 53.9 billion JPY, mainly owing to increased sales and improved profitability.

Enterprise Business

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

In the Enterprise business, revenue was 455.5 billion JPY, an increase of 23.7 billion JPY (+5.5%) year-on-year, mainly due to increased sales for the finance sector.

Adjusted operating profit (loss) improved by 1.3 billion JPY year-on-year, to a profit of 37.2 billion JPY, mainly owing to increased sales.

Network Services Business

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

In the Network Services business, revenue was 509.8 billion JPY, an increase of 49.5 billion JPY (+10.8%) year-on-year, mainly due to increased sales in the fixed network domain and an one-time large-scale project.

Adjusted operating profit (loss) improved by 17.5 billion JPY year-on-year, to a profit of 38.2 billion JPY, mainly owing to increased sales.

System Platform Business

Major Services and Products
<ul style="list-style-type: none"> ● Hardware Servers, Mainframes, Supercomputers, Storage, Business PCs, POS, ATMs, Control Equipment, Wireless LAN Routers ● Software Integrated Operation Management, Application Servers, Database Software ● Maintenance and Support

In the System Platform business, revenue was 548.7 billion JPY, an increase of 48.5 billion JPY (+9.7%) year-on-year, mainly due to increased sales in hardware, primarily business PCs.

Adjusted operating profit (loss) improved by 28.8 billion JPY year-on-year, to a profit of 48.9 billion JPY, mainly owing to the effect of restructuring as well as increased sales.

Global Business

Major Services and Products
<ul style="list-style-type: none"> ● Safer Cities (Public Safety, Digital Government) ● Software Services for Service Providers OSS / BSS, SDN (Software-Defined Networking) / NFV (Network Functions Virtualization) ● Network Infrastructure Submarine Systems (Submarine Cable Systems, Ocean Observation Systems), Wireless Backhaul ● System Devices Displays, Projectors ● Energy Storage Solutions

In the Global business, revenue was 493.8 billion JPY, an increase of 84.4 billion JPY (+20.6%) year-on-year, mainly due to increased sales in the Safer City and submarine systems domains.

Adjusted operating profit (loss) improved by 18.8 billion JPY year-on-year, to a loss of 3.8 billion JPY, mainly owing to increased profitability in the Safer City, service provider, wireless backhaul and submarine systems domains.

(2) Capital Expenditures of the NEC Group

The total capital expenditures of the NEC Group amounted to 67.4 billion yen during this Business Period. Major capital expenditures include investment in equipment related to 5th generation system, equipment for development and production of satellite system and defense system, equipment related to smart infrastructure, equipment related to cloud services and equipment for development of software products.

(3) Research and Development of the NEC Group

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

(i) Development of iris recognition technology that works even with walking subjects

The Company's iris recognition technology received first place in the accuracy evaluation tests performed by the U.S. National Institute of Standards and Technology (NIST) in 2018, demonstrating high precision performance. In most conventional methods, iris recognition involved examining tiny patterns in the human iris, which are unique to each individual. In order to do this, it was necessary to capture highly detailed iris images. Therefore, iris authentication typically required the user to keep the body still at a prescribed location in front of a camera for adjusting the camera to coincide with the position of the user's eyes.

The Company developed technology that accurately estimates the position of the eyes to obtain clear high-resolution iris images from people walking at normal speed, and high-speed image analysis technology that extracts images suitable for iris authentication from a large number of images taken upon verification. By combining these technologies, the Company made it possible to perform the entire identity verification process from obtaining users' iris images to identity verification while the user is walking past, instead of requiring them to stand still at verification gates, etc. Applying these technologies makes it possible to perform identity verification by iris recognition without users having to stand still at security gates in airports, stadiums, concert venues and other large-scale facilities and ticket gates for trains and buses, thereby enhancing security and increasing convenience.

The Company aims to have this technology in practical use within the fiscal year ending March 31, 2022.

(ii) Demonstration of AI technology that simulates variables in production and supports optimization of production processes

When operating a new production process at a manufacturing site, experts repeatedly verify in advance the effect of variables in facilities' processing speed and production plans on the production process, including suspensions and delays in production, to optimize the production process. However, in a multi-product mixing production process, there are an infinite number of patterns in the combination of numerous variable factors, which take up much time for searching variable patterns, while overlooking some important patterns.

To address these issues, the Company and Japan's National Institute of Advanced Industrial Science and Technology (AIST) strengthened "Rare Event Discovery Technology" that simulates a wide range of patterns with the use of a simulator and made it possible for experts to reduce the verifying time. As a new enhancement to "Rare Event Discovery Technology", it is now possible to intensively search for patterns that are most likely to occur among the patterns experts want to find by having the AI efficiently repeat simulations while it learns. The Company conducted trials using the technology in collaboration with Kobe Steel Ltd. with a production simulator developed by Kobe Steel Ltd. The trials demonstrated that evaluation of the multi-product mixing production process could efficiently find combinations of variable factors that are difficult to detect even by experts and reduce the evaluation period, which takes experts approximately one week, to approximately one day.

The Company, AIST and Kobe Steel Ltd. will continue to conduct joint research in the future, together with production process experts, contributing to the research and development of AI and simulation integration technologies to support the planning of equipment and production, as well as industrial applications.

(4) Financing Activities of the NEC Group

There was no material fund procurement by means of issuance of shares or bonds by the NEC Group during this Business Period.

(5) Material Reorganization, etc.

- (i) As part of radical reforms to its profit structure under the “Mid-term Management Plan 2020,” in April 2019, the Company transferred all businesses of NEC Lighting, Ltd., which operates a lighting business, to HotaluX, Ltd.
- (ii) In order to enhance its business foundation for cancer immunotherapy, in October 2019, the Company completed the acquisition of all shares of OncoImmunity AS, a Norway-based company that develops software to support the fight against cancer, and changed the company’s trading name to NEC OncoImmunity AS.
- (iii) In order to respond to problematic business with the aim of improving profitability, in January 2020, the Company sold all common shares of Nippon Avionics Co., Ltd.
- (iv) In order to focus on its social solutions business, in March 2020, the Company agreed to transfer a majority of shares of NEC Display Solutions, Ltd. to Sharp Corporation.

(6) Challenges to be Addressed by the NEC Group

In April 2020, the Company revised the NEC Group’s corporate philosophy, “the NEC Way,” which is a common set of values that form the basis for how the entire NEC Group conducts itself.

Putting “the NEC Way” into practice, executives and employees at the NEC Group are striving as one to realize the “Mid-term Management Plan 2020” with the fiscal year ending March 31, 2021 as its final year, consisting of (i) Reform of profit structure, (ii) Achievement of growth, and (iii) Restructuring of execution capabilities.

(i) Reform of profit structure

In order to make the necessary investments to get back on a track to growth, the NEC Group aims to reduce the SGA ratio by enhancing employees’ performance through business process reform and by efficiently managing expenditures. In addition, the NEC Group continues to work on reforming the business structure and implementing measures that lead to improved profits.

(ii) Achievement of growth

As the dissemination of digital technologies spurs a “Digital Transformation (DX)” that transforms the world around us, the NEC Group will, considering a society embedded with digital technologies a “digital inclusion society,” aim to make all things in society become sophisticated in terms of total optimization, through visualizing, analyzing, and addressing the real world with the advantage of strength in its biometric authentication and AI technologies. By doing so, the NEC Group will create the social values of safety, security, fairness and efficiency to promote a more sustainable world where everyone has the chance to reach their full potential.

Specifically, the Company will focus on the two fields of “NEC Safer Cities” that realizes the establishment of safe, secure and convenient social infrastructure and abundant services, and “NEC Value Chain Innovation” that creates new value by connecting people, things and processes across the boundaries of industries. With Smart City, Mobility, Digital ID and Public Safety Networks etc. as its core, the NEC Group accelerates new business development through public-private sector partnership and cooperation among various industries.

(iii) Restructuring of execution capabilities

The NEC Group worked on challenging the creation of customer value leveraging advanced

technology and reforms to maximize the abilities of employees in order to restructure execution capabilities.

Concerning challenging the creation of customer value leveraging advanced technology, in April 2020, a “Research and Development Unit” was newly established by integrating the central research labs and intellectual property/technology strategy division. The new Unit will take the lead in maintaining and expanding the Company’s core technologies, creating business models that maximize technological value through co-creation across the boundaries of industries, and promoting the sharing of infrastructure technology owned by each business unit, with an aim to accelerate the commercialization of technologies as an outcome of research and development.

Concerning reforms to maximize the abilities of employees, the NEC Group will continue activities under “Project RISE,” a workstyle reform project launched in 2018. In order to allow each and every employee to flexibly select their working styles and fully perform their duties, the NEC Group takes steps for measures to accelerate shifts in working styles including smart work and office innovation.

Through these measures, the NEC Group aims to achieve the “Mid-term Management Plan 2020”.

The NEC Group identified “materiality” comprising of the priority management themes from an ESG (environment, society and governance) perspective in July 2018. More specifically, the five themes, including governance and compliance, environmental action with a particular focus on climate change, and privacy policies and measures aligned with societal expectations, are each positioned as a key to achieve a sustainable growth to minimize risks in the NEC Group and society and maximize social value created by the NEC Group, while other themes such as dialogue and co-creation with stakeholders and innovation management are positioned as an engine for growth innovation. To promote the sustainable growth of society and the Company, we engage in dialogue with diverse stakeholders, including customers, and promote initiatives together with them for resolving the priority management themes, with a view to contributing to the achievement of the Sustainable Development Goals (SDGs) set by the United Nations.

Moreover, the NEC Group recognizes that ensuring compliance in all of its operations is essential to continuing to exist as a good corporate citizen in society. The NEC Group will continue working to promote compliance.

(7) Changes in the Results of Operations and the Financial Position

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

(IFRS)

(In billions of yen except per share figures)

Indices \ Fiscal Year	Fiscal Year ended March 31, 2017 (179th Business Period)	Fiscal Year ended March 31, 2018 (180th Business Period)	Fiscal Year ended March 31, 2019 (181st Business Period)	Fiscal Year ended March 31, 2020 (182nd Business Period)
Revenue	2,665.0	2,844.4	2,913.4	3,095.2
Operating Profit (loss)	41.8	63.9	57.8	127.6
Income (loss) before income taxes	68.1	86.9	77.3	124.0
Net profit (loss) attributable to owners of the parent	27.3	45.9	39.7	100.0
Basic earnings per share (yen)	10.51	176.54	152.75	385.02
Total assets	2,684.0	2,821.4	2,963.2	3,123.3
Equity attributable to owners of the parent	854.3	880.8	858.9	910.7

- Notes: 1. From the 179th business period, the NEC Group adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements pursuant to Article 120(1) of the Ordinance on Company Accounting.
2. “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.
3. The Company implemented share consolidation with a ratio of 10 shares of common share to 1 share as of October 1, 2017. The above Basic earnings per share is calculated assuming that the share consolidation was carried out at the beginning of the 180th business period.
4. As the provisional accounting treatment for KMD A/S acquired in the fiscal year ended March 31, 2019 is settled during the fiscal year ended March 31, 2020, the corresponding figures in the fiscal year ended March 31, 2019 have been retrospectively adjusted.

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

(In billions of yen except per share figures)

Indices \ Fiscal Year	Fiscal Year ended March 31, 2017 (179th Business Period)	Fiscal Year ended March 31, 2018 (180th Business Period)	Fiscal Year ended March 31, 2019 (181st Business Period)	Fiscal Year ended March 31, 2020 (182nd Business Period)
Net sales	1,679.4	1,574.4	1,654.2	1,789.7
Ordinary income (loss)	0.7	13.3	35.6	64.5
Net income (loss)	9.5	34.0	21.6	38.8
Net income (loss) per share (yen)	3.65	130.71	83.17	149.60
Total assets	1,988.0	2,057.1	2,129.9	2,100.2
Net assets	702.2	718.9	720.6	719.4

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

2. The Company implemented share consolidation with a ratio of 10 shares of common share to 1 share as of October 1, 2017. The above Net income (loss) per share is calculated assuming that the share consolidation was carried out at the beginning of the 180th business period.

(8) Parent Company and Principal Subsidiaries

(i) Parent Company

The Company has no parent company.

(ii) Principal Subsidiaries

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
	(In millions of yen)	(%)	
NEC Platforms, Ltd.	10,332	100	Development, manufacture, sale and maintenance of information and communications systems equipment etc., and provision of systems integration services etc.
NEC Fielding, Ltd.	9,670	100	Installation and maintenance of computers and network systems
NEC Solution Innovators, Ltd.	8,669	100	Provision of systems integration services etc., and development of software
NEC Networks & System Integration Corporation	13,122	38.4	Design, construction and maintenance of information and communications systems, installation of telecommunications systems, and sale of information and communications equipment etc.
Japan Aviation Electronics Industry, Limited	10,690	35.2	Manufacture and sale of connectors and electronic devices for avionics and aerospace
	(In U.S. dollars)	(%)	
NEC Corporation of America (U.S.A.)	27	100	Regional representative and supervising operation in North America, sale of computers-related equipment and communications equipment, and provision of systems integration services etc.
	(In thousands of Sterling pound)		
NEC Europe Ltd. (U.K.)	146,507	100	Regional representative and supervising operation in Europe
	(In thousands of Danish krone)		
KMD A/S (Denmark)	240,000	85.2	Development of software and provision of IT services
	(In thousands of Singapore dollars)		

Name of Subsidiary	Capital	Shareholding Ratio	Main Business
NEC Asia Pacific Pte. Ltd. (Singapore)	80,280	100	Regional representative and supervising operation in Asia, sale of computers-related equipment and communications equipment, and provision of systems integration services etc.
	(In thousands of U.S. dollars)		
NEC (China) Co., Ltd. (People's Republic of China)	178,000	100	Regional representative and supervising operation in Greater China
	(In thousands of Brazilian real)		
NEC Latin America S.A. (Brazil)	328,282	100	Regional representative and supervising operation in Latin America, sale of communications equipment, and provision of systems integration services etc.

- Notes: 1. The figure for the Company's shareholding ratio of NEC Networks & System Integration Corporation shown above does not include 6,400,000 (12.9%) shares that were contributed by the Company as part of employee pension trust. The voting rights of such shares will be exercised at the instruction of the Company pursuant to the terms of the trusts indentures.
2. The figure for the Company's shareholding ratio of Japan Aviation Electronics Industry, Limited shown above does not include 13,800,000 (15.0%) shares that were contributed by the Company as part of employee pension trust. The voting rights of such shares will be exercised at the instruction of the Company pursuant to the terms of the trusts indentures.
3. The figure for the Company's shareholding ratio of KMD A/S is the Company's shareholding ratio of the special purpose company which the Company established for acquisition of KMD A/S. 14.8% out of total number of the shares issued by the special purpose company held by a shareholder except the Company is non-voting preferred stock, and the Company's voting ratio to the special purpose company is 100%.

(9) 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) Minami-Kanto Branch Division (Yokohama) Tokai Branch Division (Nagoya) Hokuriku Branch Division (Kanazawa) Kansai Branch Division (Osaka) Chugoku Branch Division (Hiroshima) Shikoku Branch Division (Takamatsu) Kyushu Branch Division (Fukuoka)
Plants	Tamagawa Plant (Kawasaki) Fuchu Plant (Fuchu, Tokyo) Sagamihara Plant (Sagamihara) Abiko Plant (Abiko)
Domestic Manufacturing Center	Japan Aviation Electronics Industry, Limited (Akishima, etc.) NEC Network and Sensor Systems, Ltd. (Hidaka, etc.)

	NEC Platforms, Ltd. (Kofu, etc.) OCC Corporation (Kitakyushu, 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)

(10) Employees

(i) Employees of the NEC Group

Segment	Number of Employees
Public Solutions	7,151
Public Infrastructure	17,810
Enterprise	11,100
Network Services	10,483
System Platform	16,731
Global	22,470
Others	26,893
Total	112,638

(ii) Employees of the Company

Number of Employees	Increase (Decrease) from March 31, 2019	Average Age	Average Years of Employment
20,125	(127)	43.7	19.2

(11) Major Borrowings

(In millions of yen)

Creditors	Balance of Borrowings
Sumitomo Mitsui Banking Corporation	101,262
Sumitomo Mitsui Trust Bank, Limited	58,287
MUFG Bank, Ltd.	42,500
Mizuho Bank, Ltd.	40,668

(12) Other significant matters regarding the Corporate Group's status

In April, 2020 the Company issued Unsecured Straight Bonds, aggregate notional amount 35 billion yen, for the purpose of funding the scheduled redemption of the outstanding straight bonds.

2. Matters related to the Company's stock

- | | |
|---------------------------------------|--|
| (1) Total Number of Authorized Shares | 750,000,000 shares |
| (2) Total Number of Shares Issued | 260,473,263 shares
(including treasury stock of 646,963 shares) |
| (3) Number of Shareholders | 161,612 |
| (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)	21,003	8.08
Japan Trustee Services Bank, Ltd. (Trust Account)	17,343	6.67
STATE STREET BANK WEST CLIENT – TREATY 505234	5,727	2.20
Sumitomo Life Insurance Company	5,600	2.16
Japan Trustee Services Bank, Ltd. (Trust Account No.7)	5,559	2.14
Japan Trustee Services Bank, Ltd. (Trust Account No.5)	4,944	1.90
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	4,748	1.83
NEC Employee Shareholding Association	4,498	1.73
NIHK A/C CLIENT (OWNED BY KKR FUNDS)	4,486	1.73
JP MORGAN CHASE BANK 385151	4,383	1.69

Note: The shareholding ratio is calculated by excluding the number of treasury stock (646,963 shares).

(5) Classification of Shareholders

Classification of Shareholders	Shareholding Ratio (%)
Japanese government and local governments	0.00
Financial Institutions	32.85
Securities Companies	2.00
Other Companies	2.60
Foreign Investors	39.61
Japanese Individuals and Others	22.94
Total	100

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

(i) The Company has introduced a performance-based stock compensation plan for Directors (excluding Outside Directors) in accordance with a resolution of the Board of Directors meeting held on April 27, 2017 and a resolution of the 179th Ordinary General Meeting of Shareholders held on June 22, 2017, and the plan has been partly amended in accordance with a resolution of the Board of Directors meeting held on April 26, 2019 and a resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019. And the Company has introduced a fixed stock compensation plan for Directors (excluding Outside Directors) in accordance with a resolution of the Board of Directors meeting held on April 26, 2019 and a resolution of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019.

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

As of March 31, 2020, a total of 234,700 of the Company shares are held in a trust account related to a share settlement trust whose beneficiaries are eligible persons under the plan (including eligible persons under the stock compensation plan above (i)).

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

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

Name	Position at the Company	Responsibility and Important Concurrent Position
Nobuhiro Endo	Chairman of the Board (Non-Executive Director)	Outside Director, Tokio Marine Holdings, Inc. Outside Director, Sumitomo Dainippon Pharma Co., Ltd. Outside Director, Japan Exchange Group, Inc.
Takashi Niino	President (Representative Director)	CEO (Chief Executive Officer) Management of the Company's business, corporate auditing and export & import trade control
Takayuki Morita	Senior Executive Vice President and Member of the Board (Representative Director)	CFO (Chief Financial Officer) Corporate alliance, corporate controller and corporate finance, Important matters relating to process reforms of revenue recognitions in operational reforms, affiliated company and business revitalization Director, Japan Aviation Electronics Industry, Limited Outside Director, Hua Hong Semiconductor Limited
Norihiko Ishiguro	Senior Executive Vice President and Member of the Board	Global business strategy/ Important matters relating to external relations
Hajime Matsukura	Executive Vice President and Member of the Board	CHRO (Chief Human Resources Officer) NEC Group culture transformation, corporate communications, external relations, people and organization development, human resources and general affairs, operational reforms and work-site innovations
Motoo Nishihara	Executive Vice President and Member of the Board	CTO (Chief Technology Officer) Central Research Laboratories, Intellectual Properties and technology innovation strategy
Takeshi Kunibe	Member of the Board	Chairman of the Board, Sumitomo Mitsui Financial Group, Inc. Outside Director, Taisho Pharmaceutical Holdings Co., Ltd.
Kaoru Seto	Member of the Board	Special Adviser, YAMATO HOLDINGS CO., LTD. Outside Director, RICOH LEASING COMPANY, LTD.

Name	Position at the Company	Responsibility and Important Concurrent Position
Noriko Iki	Member of the Board	President, Japan Institute for Women's Empowerment & Diversity Management Outside Director, NIPPON STEEL CORPORATION
Masatoshi Ito	Member of the Board	Chairman of the Board, Ajinomoto Co., Inc. Outside Director, Japan Airlines Co., Ltd. Outside Director, Yamaha Corporation
Kuniharu Nakamura	Member of the Board	Chairman, SUMITOMO CORPORATION
Hajime Kinoshita	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Isamu Kawashima	Audit & Supervisory Board Member (KANSAYAKU) (full-time)	-
Kazuyasu Yamada	Audit & Supervisory Board Member (KANSAYAKU)	Certified Public Accountant
Taeko Ishii	Audit & Supervisory Board Member (KANSAYAKU)	Attorney at Law Outside Audit & Supervisory Board Member (KANSAYAKU), DTS CORPORATION Outside Director, Sumitomo Metal Mining Co., Ltd.
Nobuo Nakata	Audit & Supervisory Board Member (KANSAYAKU)	Attorney at Law Outside Audit & Supervisory Board Member (KANSAYAKU), Kirin Holdings Company, Limited

- Notes: 1. At the 181st Ordinary General Meeting of Shareholders held on June 24, 2019, Messrs. Motoo Nishihara, Masatoshi Ito and Kuniharu Nakamura were newly elected as Director of the Company.
2. At the 181st Ordinary General Meeting of Shareholders held on June 24, 2019, Mr. Nobuo Nakata was newly elected as Audit & Supervisory Board Member (KANSAYAKU) of the Company.
3. Messrs. Takeshi Kunibe, Kaoru Seto, Masatoshi Ito and Kuniharu Nakamura and Ms. Noriko Iki are Outside Directors.
4. Messrs. Kazuyasu Yamada and Nobuo Nakata and Ms. Taeko Ishii are Outside Audit & Supervisory Board Members (KANSAYAKU).
5. The Company has notified Tokyo Stock Exchange, on which the Company lists its shares, of each of Messrs. Kaoru Seto, Masatoshi Ito, Kuniharu Nakamura, Kazuyasu Yamada and Nobuo Nakata and Mss. Noriko Iki and Taeko Ishii, as independent Directors / Audit & Supervisory Board Members (KANSAYAKU).
6. Messrs. Isamu Kawashima and Kazuyasu Yamada have considerable expertise in finance and accounting as follows:

Isamu Kawashima	Experience as General Manager of Corporate Controller Division, General Manager of Internal Control over Finance Reporting Division, Director responsible for Corporate Controller and Corporate Finance and CFO (Chief Financial Officer)
Kazuyasu Yamada	Extensive auditing experience as a Certified Public Accountant for many years

7. The names of Director and Audit & Supervisory Board Member (KANSAYAKU) who retired during this

Business Period, their position at the time of the retirement and the date and reasons of the retirement are as follows:

Name	Position at the time of retirement	Date of retirement (reason)
Katsumi Emura	NEC Fellow and Member of the Board	June 24, 2019 (expiration)
Motoyuki Oka	Member of the Board	June 24, 2019 (expiration)
Kunio Noji	Member of the Board	June 24, 2019 (expiration)
Takeshi Kikuchi	Audit & Supervisory Board Member (KANSAYAKU)	June 24, 2019 (expiration)

8. On April 1, 2020, the positions and responsibilities of Directors were changed as follows:

Name	Position after change	Responsibility after change
Takayuki Morita	Senior Executive Vice President and Member of the Board (Representative Director)	CFO (Chief Financial Officer) Corporate strategy, corporate alliance, financial process, corporate controller and corporate finance / Important matters relating to operational reforms Director, Japan Aviation Electronics Industry, Limited Outside Director, Hua Hong Semiconductor Limited
Hajime Matsukura	Executive Vice President and Member of the Board	CHRO (Chief Human Resources Officer) NEC Group culture transformation, corporate communications, external relations, people and organization development, and human resources and general affairs
Motoo Nishihara	Executive Vice President and Member of the Board	CTO (Chief Technology Officer) Research and Development

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

① Company Policy on Remuneration

(i) Basic Policy

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

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

1) Remuneration for Directors

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

Basic remuneration

Basic remuneration is fixed-monthly payments.

<Determination of Method>

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

remuneration and the range of fluctuations.

Bonuses

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

<Determination Method>

The limit for total payments of these bonuses is determined by a resolution of the General Meetings of Shareholders. Individual bonus payments are determined by adjusting the standard bonus amount determined for each job title of Directors to reflect the achievement level of performance targets.

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

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

Stock compensation

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

(a) Performance-based Stock Compensation

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

<Determination Method>

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

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

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

(b) Fixed Stock Compensation

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

<Determination Method>

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

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

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

However, “the defined amount” of the stock compensation that target period beginning April 1, 2018 is up to a total of 200,000,000 yen for three applicable fiscal year.

3 The Company abolished its retirement allowance system for Directors at the close of the 168th Ordinary General Meeting of Shareholders held on June 22, 2006.

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

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

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

Basic remuneration

Basic remuneration is fixed-monthly payments.

<Determination Method>

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

(*) The Company abolished its retirement allowance system for Audit & Supervisory Board Members (KANSAYAKU) at the close of the 168th Ordinary General Meeting of Shareholders held on June 22, 2006.

(iii) Determination of the Level of Remuneration

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

(iv) The Ratio between Performance-based Remuneration and Other Remuneration

The ratio of performance-based remuneration and other remuneration for Executive Directors is set at 1:1, in order to serve as an incentive to improve performance.

	Performance-based Remuneration			Other Remuneration (including Fixed Stock Compensation)
	Bonus (short-term incentives)	Performance-based Stock Compensation (mid- to long-term incentive)	Total	
All titles	30%	20%	50%	50%

(*) The Ratio of Bonus and Performance-based Stock Compensation is calculated based on before reflecting the achievement performance targets.

(ii) Amounts of Remuneration for this Business Period

	Basic Remuneration		Bonus		Stock Compensation	
	Headcount	Total Amount (In millions of yen)	Headcount	Total Amount (In millions of yen)	Headcount	Cost posting relating to the Stock Compensation (In millions of Yen)
Directors (of which Outside Directors)	14 (7)	402 (60)	5 (-)	217 (-)	6 (-)	196 (-)
Audit &	6	96	-	-	-	-

Supervisory Board Members (KANSAYAKU) (of which Outside Audit & Supervisory Board Members (KANSAYAKU))	(4)	(36)	(-)	(-)	(-)	(-)
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- Notes: 1. The above headcount of remuneration includes three Directors and one Audit & Supervisory Board Member (KANSAYAKU) who retired at the close of the 181st Ordinary General Meeting of Shareholders held on June 24, 2019
2. The above cost posting relating to the stock compensation is the value posted during this Business Period, and that is total cost posting of performance-based stock compensation plan approved at the 179th Ordinary General Meeting of Shareholders held on June 22, 2017 and of stock compensation plan approved at the 181st Ordinary General Meeting of Shareholders held on June 24, 2019.
3. The maximum annual remuneration for Directors is 1,380,000,000 yen (of which 580,000,000 yen for basic remuneration and 800,000,000 yen for bonus) (approved at the 181st Ordinary General Meeting of Shareholders held on June, 24 2019).
4. The maximum annual remuneration for Audit & Supervisory Board Members (KANSAYAKU) is 144,000,000 yen (approved at the 181st Ordinary General Meeting of Shareholders held on June 24, 2019).

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

Name	Major Activities
Takeshi Kunibe	He attended 11 meetings of the 12 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as management of a bank.
Kaoru Seto	He attended all of the 12 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as management of a logistics service company.
Noriko Iki	She attended all of the 12 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience of administrative and diplomatic area and deep insight relating to diversity.
Masatoshi Ito	After the assumption of office as Director of the Company, he attended 8 meetings of the 10 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight relating to marketing and management strategies as management of manufacturing company.
Kuniharu Nakamura	After the assumption of office as Director of the Company, he attended all of the 10 meetings of the Board of Directors held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as management of a general trading company including the management of global businesses.
Kazuyasu Yamada	He attended 11 meetings of the 12 meetings of the Board of Directors, and 15 meetings of the 16 meetings the Audit & Supervisory Board (KANSAYAKU-KAI), both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience and deep insight as a financial and accounting expert.
Taeko Ishii	She attended all of the 12 meetings of the Board of Directors, and all of the 16 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI), both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience deep insight as an attorney at law in the fields of personal affairs, labor and others.
Nobuo Nakata	After the assumption of office as Audit & Supervisory Board Member (KANSAYAKU), he attended all of the 10 meetings of the Board of Directors, and all of the 12 meetings of the Audit & Supervisory Board (KANSAYAKU-KAI), both held during this Business Period and made remarks, including questions and opinions as appropriate mainly based on extensive experience deep insight as an attorney at law in the fields of corporate law.

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

Pursuant to Articles 24 and 31 of the Articles of Incorporation of the Company, the Company entered into agreements with Messrs. Takeshi Kunibe, Kaoru Seto, Masatoshi Ito and Kuniharu Nakamura and Ms. Noriko Iki, who are Outside Directors, Messrs. Kazuyasu Yamada and Nobuo Nakata and Ms. Taeko Ishii who are Outside Audit & Supervisory Board Members (KANSAYAKU), to limit their liabilities as stipulated in

Article 427(1) of the Companies Act. The outline of such agreements is to limit their liabilities as stipulated in Article 423 (1) of the Companies Act to the higher of 20 million yen or the amount provided in the Companies Act and the Regulation for Enforcement of the Companies Act on the condition that they perform their duties as Directors or Audit & Supervisory Board Members (KANSAYAKU) in good faith and without gross negligence.

4. 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	565
(ii) Total amount of money and other property benefit paid to the Accounting Auditors by the Company and its subsidiaries	2,718

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

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

3. The total amount set forth in column (ii) above include the fees for audit under audit standard established by Public Company Accounting Oversight Board in the United States regarding a registration statement for NEC's common stock, filed with the Securities and Exchange Commission in the United States, etc.

4. 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
Japan Aviation Electronics Industry, Limited	Ernst & Young ShinNihon LLC
NEC Corporation of America	KPMG LLP
NEC Europe Ltd.	KPMG LLP
KMD A/S	KPMG P/S
NEC Asia Pacific Pte. Ltd.	KPMG LLP
NEC (China) Co., Ltd.	KPMG Huazhen
NEC Latin America S.A.	KPMG Auditores Independientes

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

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

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

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

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

5. System and Policy of the Company

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

(System to ensure the properness of operations)

The Company has established and implemented its internal control system based on the basic policy for maintenance of the system of the Company to ensure the properness of operations as provided in item(vi) of Article 362(4) of the Companies Act adopted by resolution of the Board of Directors (the “Policy”). English translation of the Policy is provided through the Company’s website (https://jpn.nec.com/profile/en/internal_control.html), and the summary of which is described below.

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

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

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

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

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

(v) In order to ensure the proper operation of the NEC Group, the Company shall, through NEC Group Management Policy, give instructions and assistance to the subsidiaries for the establishment of the systems

ensuring compliance with laws, regulations and properness of the operation of business. In order to improve soundness and efficiency of management systems in the NEC Group, the Company shall dispatch directors and audit & supervisory board members (KANSAYAKU) where necessary and decide on a division in charge of supervising each of the subsidiaries, and such division in charge shall receive reports from such subsidiary regarding matters of importance on business operations, and give instructions and assistance to the subsidiary so that it shall properly conduct risk controls. The internal auditing division shall conduct audits of the NEC Group's proper operations, directly or through cooperation with internal auditing sections of subsidiaries if they have such sections. The Audit & Supervisory Board Members (KANSAYAKU) of the Company shall cooperate with audit & supervisory board members (KANSAYAKU) of the subsidiaries by exchanging their opinions on the audit and other measures.

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

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

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

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

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

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

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

With regard to compliance, NEC Group Code of Conduct was revised from an ESG (environment, society and governance) perspective and from the viewpoint of responding to society's demands toward achieving the Sustainable Development Goals (SDGs). In addition to acts in integrity based on high ethical standards, the Code indicates behaviors that must be followed as members of a global company that solves social issues through the power of ICT. On "NEC Compliance Day" (established as a day for reconfirming the importance of compliance for all NEC Group employees in 2017 as a result of having been recognized for having violated the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in 2016 and 2017), the management of the Company and Presidents of the Company's consolidated subsidiaries in Japan and abroad provided messages to reinforce the importance of ethics in economic activities and to ensure

compliance across the board. In addition to this, a session was held to reconfirm the impact caused to the NEC Group to serve as a reminder of the lesson that the NEC Group learned from the said violation and further raise awareness among employees of the compliance mindset. The Company also held the “NEC Business Ethics” a corporate ethics forum for the Company and its consolidated subsidiaries in Japan. At the forum, having lectures by the Company’s President and an external lawyer who is well-versed in corporate compliance, the Company also awarded business divisions that had made remarkable efforts to promote compliance. Web-based training programs related to compliance, which are held annually, were also conducted in this Business Period, in which all employees of the Company declared that they would ensure compliance and actions that should be taken to make compliance embedded in the culture of the NEC Group. During this Business Period, the Company formulated “the Compliance Hotline Rules” to enable early detection and resolving of misconducts through promoting consulting and reporting (internal reporting) to the “Compliance Hotline”, an internal reporting system. The Rules help further enhance the protection of those who made reports or cooperated with investigations. The number of reports to the “Compliance Hotline” reached 90 during this Business Period. The internal auditing division or other relevant divisions in the Company investigated these internal reports and took necessary measures in response, depending on the details of reports.

With regard to risk management, the Risk Control and Compliance Committee and the Executive Committee deliberated on and selected four issues, namely, “risks associated with labor management,” “risks of infringing human rights due to the adoption of new technology,” “risks of being involved in bribery,” and “information security-related risks” as priority risks to be addressed by the NEC Group (risks that require new measures including improvement of existing measures to be addressed across the NEC Group, from the perspective of the magnitude of the impact on corporate business and the need for additional measures). After formulating and implementing countermeasures, the results were reported to the Board of Directors. In addition, the Company has in place a system where compliance violations are reported to the Risk Control and Compliance Committee, upon their occurrence. The outline of compliance violations is reported to the Board of Directors meeting held in the same month, thereby information is quickly shared with the Board of Directors. In the previous fiscal year of this Business Period, the Company transitioned to a new system where general managers of business divisions devise and implement appropriate measures based on the division’s risk characteristics, and also take ownership of strict compliance. In this Business Period, the Compliance Division periodically confirmed compliance risks selected by general managers of business divisions, annual improvement plans as well as the progress and results thereof, and provided support to their efforts as necessary.

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

With regard to audits by Audit & Supervisory Board Members (KANSAYAKU), Audit & Supervisory Board Members (KANSAYAKU) receive reports on the status of the execution of duties from Directors, corporate officers and employees of the Company and its subsidiaries. In addition, Audit & Supervisory Board Members (KANSAYAKU) also periodically receive reports from the internal auditing division regarding the status of operation of the “Compliance Hotline”, and the internal reporting systems at subsidiaries, as well as the status of internal audits. Furthermore, Audit & Supervisory Board Members (KANSAYAKU) periodically receive reports on financial audits from the Accounting Auditors and exchange opinions with them. They also strive to maintain close links with the Accounting Auditors and the internal auditing division by periodically holding meetings with them.

(2) Policy on the Control over the Company

The Company believes that the ultimate decision as to the person who should control the financial and business policy of the Company shall be made by the shareholders of the Company. However, in the event

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

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

(3) Policy on the determination of distribution of surplus dividends

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

For the fiscal year ended March 31, 2020, mainly considering that the operating profit, which is the profit of the main business, exceeded the figures announced at the beginning of the fiscal year, the Company declared an annual dividend of 70 yen per share of common stock (interim dividend of 30 yen per share), an increase of 10 yen per share from the announcement at the beginning of the fiscal year.

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.

Consolidated Statement of Financial Position

(As of March 31, 2020)

JPY (millions)

Account	Amount
Assets	
Current Assets	
Cash and cash equivalents	359,252
Trade and other receivables	737,484
Contract assets	247,625
Inventories	199,326
Other financial assets	5,584
Other current assets	108,436
Subtotal	1,657,707
Assets held for sale	41,210
Total current assets	1,698,917
Non-current assets	
Property, plant and equipment, net	558,077
Goodwill	182,334
Intangible assets, net	199,093
Investments accounted for using the equity method	74,092
Other financial assets	219,326
Deferred tax assets	165,183
Other non-current assets	26,232
Total non-current assets	1,424,337
Total assets	3,123,254

		JPY (millions)
	Account	Amount
Liabilities and equity		
Liabilities		
Current liabilities		
	Trade and other payables	460,881
	Contract liabilities	195,152
	Bonds and borrowings	154,992
	Accruals	191,440
	Lease liabilities	47,085
	Other financial liabilities	14,995
	Accrued income taxes	12,624
	Provisions	59,412
	Other current liabilities	55,153
	Subtotal	1,191,734
	Liabilities directly associated with assets held for sale	30,133
	Total current liabilities	1,221,867
Non-current liabilities		
	Bonds and borrowings	364,828
	Lease liabilities	108,514
	Other financial liabilities	42,402
	Net defined benefit liabilities	224,469
	Provisions	12,369
	Other non-current liabilities	34,282
	Total non-current liabilities	786,864
	Total liabilities	2,008,731
Equity		
	Share capital	397,199
	Share premium	139,735
	Retained earnings	436,361
	Treasury shares	(4,157)
	Other components of equity	(58,464)
	Total equity attributable to owners of the parent	910,674
	Non-controlling interests	203,849
	Total equity	1,114,523
	Total liabilities and equity	3,123,254

Consolidated Statement of Profit or Loss

(For the fiscal year ended March 31, 2020)

JPY (millions)

Account	Amount
Revenue	3,095,234
Cost of sales	2,207,675
Gross profit	887,559
Selling, general and administrative expenses	752,690
Other operating expenses	(7,260)
Operating Profit	127,609
Finance income	8,477
Finance costs	15,464
Share of profit of entities accounted for using the equity method	3,347
Profit before income taxes	123,969
Income taxes	11,250
Net profit	112,719
Net profit attributable to	
Owners of the parent	99,967
Non-controlling interests	12,752
Total	112,719
Earnings per share attributable to owners of the parent	
Basic earnings per share (JPY)	385.02
Diluted earnings per share (JPY)	385.01

Consolidated Statement of Changes in Equity

(For the fiscal year ended March 31, 2020)

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, 2019	397,199	138,824	354,582	(3,547)	(28,119)	858,939	200,742	1,059,681
Net profit	-	-	99,967	-	-	99,967	12,752	112,719
Other comprehensive income (loss)	-	-	-	-	(30,345)	(30,345)	(2,805)	(33,150)
Comprehensive income	-	-	99,967	-	(30,345)	69,622	9,947	79,569
Purchase of treasury shares	-	-	-	(674)	-	(674)	-	(674)
Disposal of treasury shares	-	(0)	-	63	-	63	-	63
Cash dividends	-	-	(18,188)	-	-	(18,188)	(4,941)	(23,129)
Put option, written over shares held by a non-controlling interest shareholder	-	912	-	-	-	912	-	912
Changes in interests in subsidiaries	-	0	-	-	-	0	(1,899)	(1,899)
Total transactions with owners	-	912	(18,188)	(611)	-	(17,887)	(6,840)	(24,727)
As of March 31, 2020	397,199	139,735	436,361	(4,157)	(58,464)	910,674	203,849	1,114,523

<Reference>

Consolidated Statement of Other Comprehensive Income (Unaudited)

(For the fiscal year ended March 31, 2020)

JPY (millions)

Account	Amount
Net profit	112,719
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	(20,297)
Remeasurements of defined benefit plans	2,160
Share of other comprehensive income of entities accounted for using the equity method	(84)
Total items that will not be reclassified to profit or loss	(18,221)
Items that may be reclassified subsequently to profit or loss	
Exchange differences on translating foreign operations	(14,776)
Cash flow hedges	22
Share of other comprehensive income of entities accounted for using the equity method	(175)
Total items that may be reclassified subsequently to profit or loss	(14,929)
Total other comprehensive income, net of tax	(33,150)
Total comprehensive income	79,569
Total comprehensive income attributable to	
Owners of the parent	69,622
Non-controlling interests	9,947
Total	79,569

<Reference>

Consolidated Statement of Cash Flows (Unaudited)

(For the fiscal year ended March 31, 2020)

JPY (millions)

Account	Amount
Cash flows from operating activities	
Profit before income taxes	123,969
Depreciation and amortization	166,360
Impairment loss	6,384
(Decrease) increase in provisions	(5,639)
Finance income	(8,477)
Finance costs	15,464
Share of profit of entities accounted for using the equity method	(3,347)
(Increase) decrease in trade and other receivables	(26,263)
Decrease (increase) in contract assets	11,911
Decrease (increase) in inventories	11,430
Increase (decrease) in trade and other payables	1,653
Increase (decrease) in contract liabilities	11,536
Other, net	(20,517)
Subtotal	284,464
Interest and dividends received	6,947
Interest paid	(9,052)
Income taxes paid	(20,496)
Net cash provided by operating activities	261,863
Cash flows from investing activities	
Purchases of property, plant and equipment	(72,825)
Proceeds from sales of property, plant and equipment	6,903
Acquisitions of intangible assets	(16,372)
Purchase of equity instruments designated as measured at fair value through other comprehensive income	(1,820)
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income	12,279
Purchases of shares of newly consolidated subsidiaries	(6,935)
Increase in cash flows resulting in change in scope of consolidation, net of consideration transferred	52
Decrease in cash flows resulting in change in scope of consolidation, net of consideration transferred	(220)
Purchases of investments in associates or joint ventures	(376)
Proceeds from sales of investments in associates or joint ventures	2,098
Proceeds from collection of loans receivable	44
Other, net	(6,851)
Net cash used in investing activities	(84,023)

JPY (millions)	
Account	Amount
Cash flows from financing activities	
(Decrease) increase in short-term borrowings, net	(4,349)
Proceeds from long-term borrowings	37,879
Repayments of long-term borrowings	(48,723)
Repayments of lease liabilities	(53,620)
Dividends paid	(18,177)
Dividends paid to non-controlling interests	(4,939)
Other, net	182
Net cash used in financing activities	(91,747)
Effect of exchange rate changes on cash and cash equivalents	(4,496)
Net increase (decrease) in cash and cash equivalents	81,597
Cash and cash equivalents, at beginning of the year	278,314
Decrease in cash and cash equivalents resulting from transfer to assets held for sale	(659)
Cash and cash equivalents, at end of the year	359,252

Notes to Consolidated Financial Statements

I Notes to Significant Items for Presenting Consolidated Financial Statements

1. NEC Corporation (“the Company” or “NEC”) 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 300 companies

Major consolidated subsidiaries

NEC Corporation of America, NEC Europe Ltd., NEC Asia Pacific Pte. Ltd., NEC (China) Co., Ltd., NEC Latin America S.A., KMD A/S, Northgate Public Services (UK) Ltd., Japan Aviation Electronics Industry, Ltd., ABeam Consulting Ltd., NEC Networks & System Integration Corp., and NEC Platforms, Ltd.

Change in the scope of consolidation includes additions of 12 and exclusions of 39 subsidiaries. Significant changes were as follows:

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

12 subsidiaries

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

39 subsidiaries

3. Items related to application of equity method

(1) Number of companies accounted for using the equity method

Number of affiliated companies accounted for using the equity method 57 companies

Major companies

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

6 affiliated companies were newly accounted for using the equity method.

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

(2) There are no non-consolidated subsidiaries or affiliated companies to which the equity method is not applied.

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.

Financial assets are classified into the categories above on the basis of the business model for managing financial assets and the contractual cash flow characteristics of financial assets, in principle.

(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 measured at fair value through other comprehensive income

The NEC Group has basically 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, and classifies these equity instruments into equity instruments measured at fair value through other comprehensive income.

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 reclassified 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 initially measured at fair value.

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

Derivatives are initially and subsequently measured at fair value.

Derivatives to which Hedge Accounting is not Applied

When a derivative is not designated as a hedging instrument in accordance with the criteria for hedge accounting, any changes in the fair value of the derivative are recognized in profit or loss.

Derivatives to which Hedge Accounting is Applied

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.

The NEC Group assesses whether the credit risk on the financial assets has increased significantly at each reporting date since initial recognition. In particular, 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.

Whether the credit risk has significantly increased or not depends on changes in default risk. The following factors are considered to determine if there has been a change in default risk:

- Serious financial difficulties of customers;
- Contractual breach, including default or delinquencies; and
- The increase in the possibility of bankruptcy or other financial restructuring of customers.

Changes in an allowance for doubtful accounts are recognized in profit or loss.

(b) Non-financial assets

(i) Inventories

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

The cost of inventories of items that are interchangeable is measured by the first-in first-out method or the periodic average method, whereas the cost of inventories of items that are not interchangeable is measured by the specific identification of 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 a proper 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

Items of 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 indirect 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 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 held for sale is amortized based on the expected sales volume over the expected effective period (mainly one to eight years).

If the amortization method does not reflect the pattern of consumption of the expected future benefits from the asset, it 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 Company.

(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 when or as the NEC Group satisfies a performance obligation at a point in time or over time by transferring a promised good or service to a customer.

When revenue is recognized over time, the NEC Group measures the progress to depict the performance in transferring control of goods or services promised to a customer. Revenue is recognized for a performance obligation satisfied over time only if the progress towards complete satisfaction of the performance obligation can be reasonably measured.

When the progress cannot be measured reasonably, revenue is recognized only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

(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 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

Actuarial gains and losses arising from the plans are recognized in other comprehensive income and not reclassified to retained earnings and others in subsequent periods.

(b) Accounting for consumption taxes

Consumption taxes are excluded from each transaction amount and accounted for separately.

(c) Application of consolidated corporate-tax return system

The Company files its tax return under the consolidated corporate-tax return system.

II Notes to Changes in Accounting Policies

The NEC Group has adopted IFRS 16 effective from the fiscal year ended March 31, 2020. The comparative information has not been restated using the transition method under IFRS 16 and the cumulative effect of the adoption of IFRS 16 is recognized as of the date of initial application on April 1, 2019.

The details are listed in "I Notes to Significant Items for Presenting Consolidated Financial Statement- 4. Significant accounting policies- (5) Leases" and "IX Notes: Others- Impact of Changes in Accounting Policies".

III Notes to Changes in Presentation Method

The NEC Group has revised its presentation method for the purpose of providing more useful information regarding the notes to the consolidated financial statements for the fiscal year ended March 31, 2020. As a result, disclosure of some insignificant information has been omitted.

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	7,628
Non-current assets	2,889
Total	10,517

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

JPY (millions)	
Items	Amount
Accumulated depreciation of property, plant and equipment	930,832

3. Contingent liabilities

Guarantees for bank loans and others consisted of the following:

JPY (millions)	
Items	Amount
Employees	44
Affiliates/Others	530
Total	574

4. Disposal Group Held for Sale

On March 25, 2020, NEC determined to transfer 66% of shares of NEC Display Solutions, Ltd. (“NEC Display Solutions”), a subsidiary of NEC operating in the B to B Display business, to Sharp Corporation. On the same day, NEC also determined to transfer all holding shares of Showa Optronics Co., Ltd (“Showa Optronics”), a subsidiary of NEC operating in the optical components business, to Kyocera Corporation.

With these determinations to transfer shares, the assets and liabilities of NEC Display Solutions and Showa Optronics are classified into disposal groups held for sale. In addition, NEC Display Solutions belongs to the “Global” reportable segment. The disposal groups are measured by the carrying amount because the fair value is greater than that of the carrying amount. The disposal groups consist of the following assets and liabilities as of March 31, 2020:

JPY (millions)	
Items	Amount
Cash and cash equivalents	4,161
Trade and other receivables	12,349
Inventories	16,498
Other assets	8,204
Total assets	41,210

JPY (millions)	
Items	Amount
Trade and other payables	11,786
Other liabilities	18,347
Total liabilities	30,133

Regarding the assets and liabilities of NEC Lighting classified as a disposal group held for sale as of March 31, 2019, the business transfer was executed on April 1, 2019.

In addition, regarding the assets and liabilities of Nippon Avionics Co., Ltd, (“Nippon Avionics”) classified as a disposal group held for sale during the fiscal year ended March 31, 2020, NEC sold all of common stocks of Nippon Avionics through a cash tender offer. As a result, these assets and liabilities were excluded from the scope of consolidation on January 31, 2020.

V Notes to Consolidated Statement of Changes in Equity

1. Stocks, issued

Ordinary shares 260,473,263 shares

2. Dividends

(1) Payment of dividends

Resolution	Type of shares	Total dividends JPY (millions)	Dividends per share (yen)	Record date	Effective date
April 26, 2019 Board of Directors	Ordinary shares	10,393	40	March 31, 2019	June 3, 2019

Resolution	Type of shares	Total dividends JPY (millions)	Dividends per share (yen)	Record date	Effective date
October 29, 2019 Board of Directors	Ordinary shares	7,795	30	September 30, 2019	December 2, 2019

(2) Dividend for which the record date is in the fiscal year ended March 31, 2020, and the effective date is in the following fiscal year

The Company proposed and resolved the matter of payment of dividends for Ordinary shares at the ordinary Meeting of Board of Directors held on May 12, 2020.

(a) Resource of dividends	Retained earnings
(b) Total dividends	10,393 million yen
(c) Dividends per share	40 yen
(d) Record date	March 31, 2020
(e) Effective date	June 1, 2020

VI Notes: 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 and investments in debt securities.

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 NEC Group guarantees its employees and its subcontractors' borrowings from financial institutions. The total amounts of financial guarantee was 574 million JPY as of March 31, 2020.

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.

The NEC Group determines whether credit risk of financial assets has increased significantly since initial recognition by considering reasonable and supportable information. This information includes past information, external ratings, past due information, as well as forward-looking information.

The NEC Group determines that credit risk has increased significantly since initial recognition when, for example, a borrower falls under any of the following conditions:

- The external rating of the borrower is deemed ineligible for investment.
- The delinquency period exceeds 30 days.

The NEC Group defines that a default has occurred when a borrower falls under any of the following conditions:

- It is judged that there is almost no possibility that the borrower pays obligations to the NEC Group without executing the security interest.
- The delinquency period exceeds 90 days.

The NEC Group determines that a financial asset has been credit impaired when any of the following situations is confirmed:

- Significant financial difficulty of the issuer or borrower.
- A breach of contract, such as a default or past due event.
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties.

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 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.

(3) Fair value of financial assets and liabilities

JPY (millions)

	Carrying amount	Fair value
Financial liabilities measured at amortized cost		
Bonds	199,596	200,425
Long-term borrowings	220,219	220,879

The financial instruments whose fair value is determined to be close or equal to the carrying amount are excluded from the chart above. The financial instruments regularly measured at fair value but equal to the carrying amount are also excluded from the chart above.

Basis of the fair value measurement for financial instruments

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. The fair value of equity securities with no active market is measured mainly by using the comparable company valuation method or other appropriate valuation methods. Price book-value ratio (PBR) of a comparable company is used as a significant unobservable input in the fair value measurement of the equity securities with no active market. The fair value increases (decreases) as the PBR of a comparable company rises (declines).

Among the fair value of derivative assets and liabilities, forward exchange contracts are determined using quoted forward exchange rates at the end of the fiscal year, while interest rate swaps are 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.

VII Notes: Per Share Data

Equity attributable to owners of the parent per share	3,508.16 JPY
Basic earnings per share	385.02 JPY
Diluted earnings per share	385.01 JPY

VIII Notes: Subsequent Event**Issuance of Unsecured Straight Bonds**

The Company announced the terms for the issuance of its 56th, 57th and 58th series of Unsecured Straight Bonds on April 17, 2020 for the purpose of funding the scheduled redemption of the outstanding straight bonds. All series were issued at par on April 23, 2020, and have, as a financial covenant, a negative pledge clause (with an inter-bond pari passu clause). The information about the aggregate notional amount, coupon rate and maturity date is as follows:

Series	Aggregate notional amount (million JPY)	Coupon rate (per annum)	Maturity date
56 th	10,000	0.280%	April 21, 2023
57 th	15,000	0.400%	April 23, 2025
58 th	10,000	0.540%	April 23, 2030

IX Notes: Others

Business Combinations

Revision of the provisional amount

NEC has acquired KMD Holding ApS, the largest Danish IT company from Advent International, a private equity investor, making KMD a consolidated subsidiary of NEC. Through the acquisition, NEC acquires a business model that leverages platforms in the digital government domain as it aims to expand business from northern Europe to the whole of Europe and globally. While provisional fair values are provided during the year ended March 31, 2019, allocation of the acquisition price was completed during the second quarter of the year ended March 31, 2020. As a result, total assets increased by 48,309 million JPY and total liabilities increased by 13,419 million JPY.

Following is the fair value of assets acquired and liabilities assumed and goodwill at the acquisition date after completion of the purchase price allocation.

Fair value of assets acquired and liabilities assumed at the acquisition date

JPY (millions)	
Item	Amount
Current assets	
Cash and cash equivalents	3,104
Trade receivables	9,604
Others	6,933
Non-current assets	
Property, plant and equipment	2,181
Intangible assets	73,769
Others	911
Total assets	96,502

JPY (millions)	
Item	Amount
Current liabilities	
Trade payables	9,396
Others	22,535
Non-current liabilities	
Financial Liabilities	79,365
Others	24,655
Total liabilities	135,951
Equity	(39,449)

Goodwill arising on acquisition

JPY (millions)	
Item	Amount
Consideration for the acquisition	48,377
Fair value of identifiable net liabilities acquired by the NEC Group	39,449
Goodwill arising on acquisition	87,826

Goodwill mainly reflects excess earnings power and synergies with existing businesses. Entire goodwill is not expected to be deductible for tax purposes.

Impact of Changes in Accounting Policies

Application of IFRS 16, "Leases"

During the fiscal year ended March 31, 2020, the NEC Group has adopted IFRS 16. The comparative information has not been restated using the transition method under IFRS 16 and the cumulative effect of the adoption of IFRS 16 is recognized as of the date of initial application on April 1, 2019. In addition, the NEC Group elected to not to reassess whether a contract is, or contains, a lease at the date of initial application using a practical expedient of IFRS 16. Accordingly, the NEC Group grandfathers its previous assessment of whether a contract is, or contains, a lease based on IAS 17 and IFRIC 4, "Determining whether an Arrangement Contains a Lease." In addition, the adoption of IFRS 16 does not significantly affect the retained earnings at the beginning of fiscal year ended March 31, 2020.

Leases previously classified as operating leases applying IAS 17

In transitioning to IFRS 16, the NEC Group has elected to apply the following practical expedients for leases previously classified as operating leases applying IAS 17:

- As an alternative to performing an impairment review, the NEC Group relied on its assessment of whether leases were onerous by applying IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," immediately before the date of initial application.
- The NEC Group elected not to recognize right-of-use assets and lease liabilities for leases for which the lease term ends within 12 months of the date of initial application.
- The NEC Group excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

In addition, at the date of initial application, the lease liabilities were measured at the present value of the remaining lease payments discounted using the NEC Group's incremental borrowing rate. The weighted average of the lessee's incremental borrowing rates was 1.3%.

Leases previously classified as finance leases applying IAS 17

For leases that the NEC Group as a lessee previously classified as finance leases applying IAS 17, the carrying amounts of the right-of-use assets and the lease liabilities at the date of initial application were the carrying amounts of the leased assets and the lease liabilities immediately before that date measured applying IAS 17.

The following is a reconciliation of non-cancellable operating lease commitments applying IAS 17 as of March 31, 2019, and the lease liabilities recognized at the date of initial application:

	JPY (millions)
Non-cancellable operating lease commitments discounted using the incremental borrowing rate as of March 31, 2019	59,469
Finance lease liabilities as of March 31, 2019	5,713
Cancellable operating lease contracts, etc.	81,800
Extension options reasonably certain to be exercised	33,849
Lease liabilities as of April 1, 2019	180,831

Right-of-use assets additionally recognized at the date of initial application in the condensed consolidated statement of financial position were 175,716 million JPY.

BALANCE SHEET
(Non-consolidated: Japanese GAAP)
(As of March 31, 2020)

JPY (millions)

Account	Amount
Assets	
<u>Current assets</u>	1,015,365
Cash and deposits	26,487
Notes receivable-trade	4,444
Accounts receivable-trade	415,585
Contract assets	180,810
Lease investment assets	1,296
Short-term investment securities	141,000
Merchandise and finished goods	26,077
Work in process	37,020
Raw materials and supplies	9,223
Advance payments-trade	51,998
Prepaid expenses	20,243
Accounts receivable-other	80,939
Other	20,256
Allowance for doubtful accounts	(12)
<u>Non-current assets</u>	1,084,809
Property, plant and equipment	235,080
Buildings, net	132,257
Structures, net	3,248
Machinery and equipment, net	9,764
Vehicles, net	323
Tools, furniture and fixtures, net	42,812
Land	37,018
Construction in progress	9,657
Intangible assets	50,465
Patent right	956
Right of using facilities	128
Software	49,140
Other	241
Investments and other assets	799,264
Investment securities	129,451
Stocks of subsidiaries and affiliates	551,152
Investments in capital	198
Long-term loans receivable	66
Long-term loans receivable from subsidiaries and affiliates	2,368
Deferred tax assets	38,647
Prepaid pension cost	48,407
Other	38,145
Allowance for doubtful accounts	(9,170)
Total assets	2,100,174

JPY (millions)

Account	Amount
Liabilities	
<u>Current liabilities</u>	954,738
Accounts payable-trade	406,947
Current portion of long-term loans payable	1,000
Current portion of bonds payable	55,000
Lease obligations	448
Accounts payable-other	40,643
Accrued expenses	59,448
Income taxes payable	3,700
Contract liabilities	136,447
Deposits received	195,980
Provision for product warranties	8,561
Provision for directors' bonuses	217
Provision for loss on construction contracts and others	11,744
Provision for business structure improvement	418
Provision for contingent loss	20,708
Other	13,478
<u>Non-current liabilities</u>	426,003
Bonds payable	145,000
Long-term loans payable	214,500
Lease obligations	1,095
Provision for product warranties	2,944
Provision for loss on guarantees	38,770
Provision for business structure improvement	1,464
Provision for contingent loss	1,393
Asset retirement obligations	1,253
Other	19,583
Total liabilities	1,380,741
Net Assets	
<u>Shareholders' equity</u>	694,757
Capital stock	397,199
Capital surplus	106,010
Legal capital surplus	59,260
Other capital surplus	46,750
<u>Retained earnings</u>	195,678
Legal retained earnings	10,655
Other retained earnings	185,023
Retained earnings brought forward	185,023
<u>Treasury stock</u>	(4,129)
<u>Valuation and translation adjustments</u>	24,676
Valuation difference on available-for-sale securities	24,852
Deferred gains or losses on hedges	(175)
Total net assets	719,433
Total liabilities and net assets	2,100,174

STATEMENT OF OPERATIONS
(Non-consolidated: Japanese GAAP)
(For the fiscal year ended March 31, 2020)

JPY (millions)

Account	Amount
Net sales	1,789,661
Cost of sales	1,346,678
Gross profit	442,983
Selling, general and administrative expenses	386,168
Operating income	56,815
Non-operating income	17,828
Interest income	547
Dividends income	13,146
Other	4,134
Non-operating expenses	10,135
Interest expenses	3,516
Loss on disposal of non-current assets	2,223
Foreign exchange losses	657
Other	3,740
Ordinary income	64,508
Extraordinary income	11,626
Gain on sales of investment securities	5,636
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	1,921
Gain on sales of subsidiaries and affiliates' stocks	1,746
Reversal of provision for loss on guarantees	1,352
Gain on sales of non-current assets	971
Extraordinary loss	20,962
Provision for loss on guarantees	13,261
Loss on valuation of stocks of subsidiaries and affiliates	2,912
Impairment loss	1,989
Loss on valuation of investment securities	1,698
Loss on sales of subsidiaries and affiliates' stocks	528
Provision of allowance for doubtful accounts for subsidiaries and affiliates	298
Loss on sales of investment securities	276
Income before income taxes	55,172
Income taxes	16,329
Income taxes – current	(3,343)
Income taxes – deferred	19,672
Net income	38,843

STATEMENT OF CHANGES IN NET ASSETS

(Non-consolidated: Japanese GAAP)

(For the fiscal year ended March 31, 2020)

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 Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	397,199	59,260	46,751	106,010	8,836	166,187	175,023
Changes of items during the period							
Dividends from surplus	-	-	-	-	-	(18,188)	(18,188)
Provision of legal retained earnings	-	-	-	-	1,819	(1,819)	-
Net income	-	-	-	-	-	38,843	38,843
Purchase of treasury stock	-	-	-	-	-	-	-
Disposal of treasury stock	-	-	(0)	(0)	-	-	-
Total changes of items other than shareholders' equity	-	-	-	-	-	-	-
Total changes of items during the period	-	-	(0)	(0)	1,819	18,836	20,655
Balance at the end of current period	397,199	59,260	46,750	106,010	10,655	185,023	195,678

	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	(3,516)	674,716	46,049	(190)	45,859	720,575
Changes of items during the period						
Dividends from surplus	-	(18,188)	-	-	-	(18,188)
Provision of legal retained earnings	-	-	-	-	-	-
Net income	-	38,843	-	-	-	38,843
Purchase of treasury stock	(674)	(674)	-	-	-	(674)
Disposal of treasury stock	60	60	-	-	-	60
Total changes of items other than shareholders' equity	-	-	(21,198)	15	(21,183)	(21,183)
Total changes of items during the period	(613)	20,041	(21,198)	15	(21,183)	(1,141)
Balance at the end of current period	(4,129)	694,757	24,852	(175)	24,676	719,433

Independent Auditor's Report

May 8, 2020

To the Board of Directors of NEC Corporation:

KPMG AZSA LLC
Tokyo Office, Japan
Tetsuzo Hamajima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Kondo (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshiaki Hasegawa (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, 2020 and for the year from April 1, 2019 to March 31, 2020 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.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Reader of Independent Auditor's Report:

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

Independent Auditor's Report

May 8, 2020

To the Board of Directors of NEC Corporation:

KPMG AZSA LLC

Tokyo Office, Japan

Tetsuzo Hamajima (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Kondo (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshiaki Hasegawa (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the BALANCE SHEET, the STATEMENT OF OPERATIONS, the STATEMENT OF CHANGES IN NET ASSETS and the related notes, and the supplementary schedules of NEC Corporation ("the Company") as at March 31, 2020 and for the 182nd year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the 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 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 Others* 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.

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

Management is responsible for the preparation and fair presentation of the financial statements and the 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 supplementary schedules that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the 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 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 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 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 supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Notes to the Reader of Independent Auditor's Report:

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

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

With respect to the performance of duties by the Directors for the 182nd business period from April 1, 2019 to March 31, 2020, the Audit & Supervisory Board (KANSAYAKU-KAI) has prepared this audit report through deliberation based on the audit reports prepared by the respective Audit & Supervisory Board Members (KANSAYAKU) and hereby reports, as follows:

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

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

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

2. Results of audit

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

- (iii) We confirm that the contents of the resolution of the Board of Directors on the internal control system of the Company are fair and appropriate. Furthermore, we confirm that the establishment and operation of the internal control system, which are described as appropriate in the business report, are fair and appropriate.
- (iv) We have found no matters that must be pointed out with regards to “Policy on the Control over the Company” stated in the business report.
- (2) Audit results concerning consolidated financial statements
- We confirm that the methods and results of the audit conducted by KMPG 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, 2020

Audit & Supervisory Board (KANSAYAKU-KAI)
NEC Corporation

Full-time Audit & Supervisory Board Member (KANSAYAKU)	Hajime Kinoshita (Seal)
Full-time Audit & Supervisory Board Member (KANSAYAKU)	Isamu Kawashima (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Kazuyasu Yamada (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Taeko Ishii (Seal)
Outside Audit & Supervisory Board Member (KANSAYAKU)	Nobuo Nakata (Seal)