

Financial Section (See notes to consolidated financial statements.)

NEC Corporation and Subsidiaries
Years Ended March 31, 2017 and 2018

Consolidated Statements of Financial Position

	Millions of yen			Millions of yen	
	2017	2018		2017	2018
Assets			Liabilities and equity		
Current Assets			Liabilities		
Cash and cash equivalents (Note 16)	¥ 239,970	¥ 346,025	Current liabilities		
Trade and other receivables (Note 15)	952,258	931,231	Trade and other payables (Note 24)	¥ 497,051	¥ 512,115
Inventories (Note 14)	205,855	220,254	Bonds and borrowings (Note 20)	118,915	139,687
Other financial assets	4,485	6,350	Accruals	155,161	171,434
Other current assets	106,169	112,543	Other financial liabilities	12,507	9,835
Subtotal	1,508,737	1,616,403	Accrued income taxes	21,014	13,844
Assets held for sale (Note 17)	–	23,932	Provisions (Note 23)	52,210	45,621
Total current assets	1,508,737	1,640,335	Other current liabilities (Note 22)	145,683	158,840
			Subtotal	1,002,541	1,051,376
			Liabilities directly associated with assets held for sale (Note 17)	–	11,689
Non-current assets			Total current liabilities	1,002,541	1,063,065
Property, plant and equipment, net (Notes 8 and 10)	419,078	399,590	Non-current liabilities		
Goodwill (Notes 9 and 10)	63,220	103,967	Bonds and borrowings (Note 20)	342,854	376,383
Intangible assets (Notes 9 and 10)	142,139	156,248	Other financial liabilities	8,285	9,118
Investments accounted for using the equity method (Note 12)	68,132	67,747	Defined benefit liabilities (Note 21)	264,272	275,326
Other financial assets	262,284	245,852	Provisions (Note 23)	13,736	13,754
Deferred tax assets (Note 13)	156,622	142,402	Other non-current liabilities (Note 22)	36,242	29,420
Other non-current assets (Notes 10 and 21)	63,784	65,210	Total non-current liabilities	665,389	704,001
Total non-current assets	1,175,259	1,181,016	Total liabilities	1,667,930	1,767,066
			Equity		
Total assets	¥2,683,996	¥2,821,351	Share capital (Note 18)	397,199	397,199
			Share premium (Note 18)	147,879	138,704
			Retained earnings (Note 18)	235,601	265,879
			Treasury shares (Note 18)	(3,101)	(3,364)
			Other components of equity (Notes 18 and 21)	76,686	82,415
			Total equity attributable to owners of the parent	854,264	880,833
			Non-controlling interests (Note 11)	161,802	173,452
			Total equity	1,016,066	1,054,285
			Total liabilities and equity	¥2,683,996	¥2,821,351

Consolidated Statements of Profit or Loss

	Millions of yen	
	2017	2018
Revenue (Notes 6 and 25)	¥2,665,035	¥2,844,447
Cost of sales (Notes 14 and 28)	1,909,414	2,046,853
Gross profit	755,621	797,594
Selling, general and administrative expenses (Note 28)	698,413	729,855
Other operating income (loss) (Note 27)	(15,370)	(3,889)
Operating profit (Note 6)	41,838	63,850
Financial income (Notes 6 and 29)	38,420	29,553
Financial costs (Notes 6 and 29)	20,817	11,568
Share of profit of entities accounted for using the equity method (Note 6)	8,617	5,106
Income before income taxes	68,058	86,941
Income taxes (Note 13)	32,834	26,784
Net profit	¥ 35,224	¥ 60,157
Net profit attributable to		
Owners of the parent	27,310	45,870
Non-controlling interests	7,914	14,287
	¥ 35,224	¥ 60,157
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen) (Note 31)	105.10	176.54
Diluted earnings per share (yen) (Note 31)	105.10	176.54

Note: The Company implemented share consolidation with a ratio of 10 shares of common share to 1 share as of October 1, 2017. The basic earnings per share ("EPS") and diluted EPS on common share are calculated assuming that the share consolidation was carried out from the beginning of the fiscal year ended March 31, 2017 (April 1, 2016).

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2017	2018
Net profit	¥ 35,224	¥60,157
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans (Notes 18 and 21)	56,276	3,368
Share of other comprehensive income of associates (Note 18)	534	10
Total items that will not be reclassified to profit or loss	56,810	3,378
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations (Note 18)	(1,869)	(6,434)
Cash flow hedges (Note 18)	623	(92)
Available-for-sale financial assets (Note 18)	15,533	8,462
Share of other comprehensive income of associates (Note 18)	702	1,520
Total items that may be reclassified subsequently to profit or loss	14,989	3,456
Total other comprehensive income, net of tax	71,799	6,834
Total comprehensive income	¥107,023	¥66,991
Total comprehensive income attributable to		
Owners of the parent	99,929	51,599
Non-controlling interests	7,094	15,392
Total	¥107,023	¥66,991

Consolidated Statements of Cash Flows

	Millions of yen	
	2017	2018
Cash flows from operating activities		
Income before income taxes	¥ 68,058	¥ 86,941
Depreciation and amortization (Note 6)	80,376	96,037
Impairment loss (Notes 6 and 10)	2,571	1,530
Increase (decrease) in provisions	12,302	(7,450)
Financial income	(38,420)	(29,553)
Financial costs	20,817	11,568
Share of (profit) loss of entities accounted for using the equity method	(8,617)	(5,106)
Decrease (increase) in trade and other receivables	22,201	12,244
Decrease (increase) in inventories	22,659	(16,115)
Increase (decrease) in trade and other payables	(31,666)	17,036
Others, net	(43,141)	(16,701)
Subtotal	107,140	150,431
Interest and dividends received	5,866	6,076
Interest paid	(8,646)	(5,764)
Income taxes paid	(11,835)	(20,762)
Net cash provided by operating activities	92,525	129,981
Cash flows from investing activities		
Purchases of property, plant and equipment	(37,201)	(43,253)
Proceeds from sales of property, plant and equipment	2,676	6,334
Acquisitions of intangible assets	(7,888)	(10,134)
Purchases of available-for-sale financial assets	(4,117)	(2,336)
Proceeds from sales of available-for-sale financial assets	4,359	12,442
Purchase of shares of newly consolidated subsidiaries	(984)	(23,110)
Acquisitions of subsidiaries, net of cash acquired	11,220	5
Proceeds from sales of shares of subsidiaries	339	228
Purchases of investments in affiliated companies	(162)	(471)
Proceeds from sales of investments in affiliated companies	23,698	21,997
Proceeds from collection of loans receivable	12,958	25,466
Others, net	1,527	(1,399)
Net cash provided by / (used in) investing activities	6,425	(14,231)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net (Notes 16 and 20)	15,228	8,214
Proceeds from long-term borrowings (Notes 16 and 20)	204,082	11,512
Repayments of long-term borrowings (Notes 16 and 20)	(240,127)	(65,864)
Proceeds from issuance of bonds (Notes 16 and 20)	–	100,000
Redemption of bonds (Notes 16 and 20)	(10,000)	(40,000)
Dividends paid (Note 19)	(15,592)	(15,586)
Dividends paid to non-controlling interests	(2,386)	(4,258)
Others, net	(86)	(1,257)
Net cash used in financing activities	(48,881)	(7,239)
Effect of exchange rate changes on cash and cash equivalents	(2,422)	(2,447)
Net increase (decrease) in cash and cash equivalents	47,647	106,064
Cash and cash equivalents, at the beginning of the year	192,323	239,970
Decrease in cash and cash equivalents resulting from transfer to assets held for sale (Note 17)	–	(9)
Cash and cash equivalents, at the end of the year (Note 16)	¥ 239,970	¥ 346,025

Consolidated Statements of Changes in Equity

	Millions of yen							
	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, 2016	¥397,199	¥147,755	¥223,883	¥(3,077)	¥ 4,067	¥769,827	¥ 67,393	¥ 837,220
Net profit	-	-	27,310	-	-	27,310	7,914	35,224
Other comprehensive income (Note 18)	-	-	-	-	72,619	72,619	(820)	71,799
Comprehensive income	-	-	27,310	-	72,619	99,929	7,094	107,023
Purchase of treasury shares (Note 18)	-	-	-	(26)	-	(26)	-	(26)
Disposal of treasury shares (Note 18)	-	(2)	-	3	-	1	-	1
Cash dividends (Note 19)	-	-	(15,592)	-	-	(15,592)	(2,386)	(17,978)
Subscription rights to shares	-	5	-	-	-	5	-	5
Changes in interests in subsidiaries (Note 11)	-	121	-	-	-	121	89,701	89,822
Total transactions with owners ..	-	124	(15,592)	(23)	-	(15,491)	87,315	71,824
As of March 31, 2017	¥397,199	¥147,879	¥235,601	¥(3,101)	¥76,686	¥854,264	¥161,802	¥1,016,066

	Millions of yen							
	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, 2017	¥397,199	¥147,879	¥235,601	¥(3,101)	¥76,686	¥854,264	¥161,802	¥1,016,066
Net profit	-	-	45,870	-	-	45,870	14,287	60,157
Other comprehensive income (Note 18)	-	-	-	-	5,729	5,729	1,105	6,834
Comprehensive income	-	-	45,870	-	5,729	51,599	15,392	66,991
Purchase of treasury shares (Note 18)	-	-	-	(271)	-	(271)	-	(271)
Disposal of treasury shares (Note 18)	-	(5)	-	8	-	3	-	3
Cash dividends (Note 19)	-	-	(15,592)	-	-	(15,592)	(4,258)	(19,850)
Put option, written over shares held by a non-controlling interest shareholder	-	(2,113)	-	-	-	(2,113)	-	(2,113)
Changes in interests in subsidiaries (Note 11)	-	(7,057)	-	-	-	(7,057)	516	(6,541)
Total transactions with owners ..	-	(9,175)	(15,592)	(263)	-	(25,030)	(3,742)	(28,772)
As of March 31, 2018	¥397,199	¥138,704	¥265,879	¥(3,364)	¥82,415	¥880,833	¥173,452	¥1,054,285