

# Financial Section (See notes to consolidated financial statements.)

NEC Corporation and Subsidiaries  
Years Ended March 31, 2018 and 2019

## Consolidated Statements of Financial Position

	Millions of yen			Millions of yen	
	2018	2019		2018	2019
<b>Assets</b>			<b>Liabilities and Equity</b>		
<b>Current assets</b>			<b>Liabilities</b>		
Cash and cash equivalents (Note 16) . . . . .	¥ 346,025	¥ 278,314	<b>Current liabilities</b>		
Trade and other receivables (Note 15) . . . . .	931,231	734,431	Trade and other payables (Note 24) . . . . .	¥ 512,115	¥ 482,596
Contract assets (Note 25) . . . . .	–	265,725	Contract liabilities (Note 25) . . . . .	–	184,059
Inventories (Note 14) . . . . .	220,254	234,621	Bonds and borrowings (Notes 16 and 20) . . . . .	139,687	158,678
Other financial assets . . . . .	6,350	5,875	Accruals . . . . .	171,434	178,911
Other current assets . . . . .	112,543	110,199	Other financial liabilities . . . . .	9,835	16,169
Subtotal . . . . .	1,616,403	1,629,165	Accrued income taxes . . . . .	13,844	8,296
Assets held for sale (Note 17) . . . . .	23,932	9,071	Provisions (Note 23) . . . . .	45,621	58,330
<b>Total current assets</b> . . . . .	1,640,335	1,638,236	Other current liabilities (Note 22) . . . . .	158,840	61,142
			Subtotal . . . . .	1,051,376	1,148,181
			Liabilities directly associated with assets held for sale (Note 17) . . . . .	11,689	9,071
			<b>Total current liabilities</b> . . . . .	1,063,065	1,157,252
			<b>Non-current liabilities</b>		
			Bonds and borrowings (Notes 16 and 20) . . . . .	376,383	388,128
			Other financial liabilities . . . . .	9,118	47,417
			Defined benefit liabilities (Note 21) . . . . .	275,326	241,759
			Provisions (Note 23) . . . . .	13,754	23,168
			Other non-current liabilities (Note 22) . . . . .	29,420	32,590
			<b>Total non-current liabilities</b> . . . . .	704,001	733,062
			<b>Total liabilities</b> . . . . .	1,767,066	1,890,314
			<b>Equity</b>		
			Share capital (Note 18) . . . . .	397,199	397,199
			Share premium (Note 18) . . . . .	138,704	138,824
			Retained earnings (Note 18) . . . . .	265,879	355,102
			Treasury shares (Note 18) . . . . .	(3,364)	(3,547)
			Other components of equity (Notes 18 and 21) . . . . .	82,415	(27,995)
			<b>Total equity attributable to owners of the parent</b> . . . . .	880,833	859,583
			Non-controlling interests (Note 11) . . . . .	173,452	200,742
			<b>Total equity</b> . . . . .	1,054,285	1,060,325
<b>Total assets</b> . . . . .	¥2,821,351	¥2,950,639	<b>Total liabilities and equity</b> . . . . .	¥2,821,351	¥2,950,639

## Consolidated Statements of Profit or Loss

	Millions of yen	
	2018	2019
Revenue (Notes 6 and 25) . . . . .	¥2,844,447	¥2,913,446
Cost of sales (Notes 14 and 27) . . . . .	2,046,853	2,083,517
<b>Gross profit</b> . . . . .	797,594	829,929
Selling, general and administrative expenses (Note 27) . . . . .	729,855	742,336
Other operating income (loss) (Note 26) . . . . .	(3,889)	(29,128)
<b>Operating profit</b> (Note 6) . . . . .	63,850	58,465
Financial income (Notes 6 and 28) . . . . .	29,553	21,989
Financial costs (Notes 6 and 28) . . . . .	11,568	8,377
Share of profit of entities accounted for using the equity method (Note 6) . . . . .	5,106	5,916
<b>Income before income taxes</b> . . . . .	86,941	77,993
Income taxes (Note 13) . . . . .	26,784	25,543
<b>Net profit</b> . . . . .	¥ 60,157	¥ 52,450
<b>Net profit attributable to owners of the parent</b>		
Owners of the parent . . . . .	45,870	40,195
Non-controlling interests . . . . .	14,287	12,255
	¥ 60,157	¥ 52,450
<b>Earnings per share attributable to owners of the parent</b>		
Basic earnings per share (yen) (Note 30) . . . . .	176.54	154.75
Diluted earnings per share (yen) (Note 30) . . . . .	176.54	154.75

## Consolidated Statements of Comprehensive Income

	Millions of yen	
	2018	2019
<b>Net profit</b>	¥60,157	¥ 52,450
<b>Other comprehensive income, net of tax items that will not be reclassified to profit or loss</b>		
Equity instruments measured at fair value through other comprehensive income (Note 18) . . . . .	–	(3,035)
Remeasurements of defined benefit plans (Notes 18 and 21) . . . . .	3,368	(40,348)
Share of other comprehensive income of associates (Note 18) . . . . .	10	(371)
Total items that will not be reclassified to profit or loss . . . . .	3,378	(43,754)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange differences on translating foreign operations (Note 18) . . . . .	(6,434)	(611)
Cash flow hedges (Note 18) . . . . .	(92)	(61)
Available-for-sale financial assets (Note 18) . . . . .	8,462	–
Share of other comprehensive income of associates (Note 18) . . . . .	1,520	26
Total items that may be reclassified subsequently to profit or loss . . . . .	3,456	(646)
<b>Total other comprehensive income, net of tax</b> . . . . .	6,834	(44,400)
<b>Total comprehensive income</b> . . . . .	¥66,991	¥ 8,050
<b>Total comprehensive income attributable to owners of the parent</b>		
Owners of the parent . . . . .	51,599	(4,311)
Non-controlling interests . . . . .	15,392	12,361
<b>Total</b> . . . . .	¥66,991	¥ 8,050

## Consolidated Statements of Cash Flows

	Millions of yen	
	2018	2019
<b>Cash flows from operating activities</b>		
Income before income taxes . . . . .	¥ 86,941	¥ 77,993
Depreciation and amortization (Note 6) . . . . .	96,037	99,082
Impairment loss (Notes 6 and 10) . . . . .	1,530	12,607
Increase (decrease) in provisions . . . . .	(7,450)	15,101
Financial income . . . . .	(29,553)	(21,989)
Financial costs . . . . .	11,568	8,377
Share of (profit) loss of entities accounted for using the equity method . . . . .	(5,106)	(5,916)
Decrease (increase) in trade and other receivables . . . . .	12,244	(41,470)
Decrease (increase) in contract assets . . . . .	–	(16,951)
Decrease (increase) in inventories . . . . .	(16,115)	(16,716)
Increase (decrease) in trade and other payables . . . . .	17,036	4,415
Increase (decrease) in contract liabilities . . . . .	–	21,500
Others, net . . . . .	(16,701)	(48,566)
Subtotal . . . . .	150,431	87,467
Interest and dividends received . . . . .	6,076	7,580
Interest paid . . . . .	(5,764)	(6,350)
Income taxes paid . . . . .	(20,762)	(24,462)
<b>Net cash provided by operating activities</b> . . . . .	129,981	64,235
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment . . . . .	(43,253)	(48,929)
Proceeds from sales of property, plant and equipment . . . . .	6,334	4,283
Acquisitions of intangible assets . . . . .	(10,134)	(11,764)
Purchases of available-for-sale financial assets . . . . .	(2,336)	–
Purchase of equity instruments measured at fair value through other comprehensive income . . . . .	–	(7,375)
Proceeds from sales of available-for-sale financial assets . . . . .	12,442	–
Proceeds from sales of equity instruments measured at fair value through other comprehensive income . . . . .	–	2,293
Purchase of shares of newly consolidated subsidiaries . . . . .	(23,110)	(47,930)
Acquisitions of subsidiaries, net of cash acquired . . . . .	5	17
Proceeds from sales of shares of subsidiaries (Note 17) . . . . .	228	20,230
Purchases of investments in affiliated companies . . . . .	(471)	(1,148)
Proceeds from sales of investments in affiliated companies (Note 17) . . . . .	21,997	13,816
Proceeds from collection of loans receivable . . . . .	25,466	94
Others, net . . . . .	(1,399)	(262)
<b>Net cash used in investing activities</b> . . . . .	(14,231)	(76,675)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings, net (Notes 16 and 20) . . . . .	8,214	48,234
Proceeds from long-term borrowings (Notes 16 and 20) . . . . .	11,512	9,681
Repayments of long-term borrowings (Notes 16 and 20) . . . . .	(65,864)	(157,778)
Proceeds from issuance of bonds (Notes 16 and 20) . . . . .	100,000	50,011
Redemption of bonds (Notes 16 and 20) . . . . .	(40,000)	–
Proceeds from sales of interests in subsidiaries to noncontrolling interests . . . . .	–	18,810
Dividends paid (Note 19) . . . . .	(15,586)	(15,586)
Dividends paid to non-controlling interests . . . . .	(4,258)	(4,261)
Others, net . . . . .	(1,257)	386
<b>Net cash used in financing activities</b> . . . . .	(7,239)	(50,503)
<b>Effect of exchange rate changes on cash and cash equivalents</b> . . . . .	(2,447)	(1,275)
<b>Net increase (decrease) in cash and cash equivalents</b> . . . . .	106,064	(64,218)
<b>Cash and cash equivalents, at the beginning of the period</b> . . . . .	239,970	346,025
<b>Decrease in cash and cash equivalents resulting from transfer to assets held for sale (Note 17)</b> . . . . .	(9)	(3,493)
<b>Cash and cash equivalents, at the end of the year (Note 16)</b> . . . . .	¥ 346,025	¥ 278,314

## 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		
<b>As of April 1, 2017</b> .....	¥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
<b>Comprehensive income</b> .....	-	-	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)
<b>Total transactions with owners</b> .....	-	(9,175)	(15,592)	(263)	-	(25,030)	(3,742)	(28,772)
<b>As of March 31, 2018</b> .....	¥397,199	¥138,704	¥265,879	¥(3,364)	¥82,415	¥880,833	¥173,452	¥1,054,285

	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		
<b>As of April 1, 2018</b> .....	¥397,199	¥138,704	¥265,879	¥(3,364)	¥ 82,415	¥880,833	¥173,452	¥1,054,285
Impact of changes in accounting policies .....	-	-	64,619	-	(65,904)	(1,285)	-	(1,285)
Recalculated beginning balance ..	397,199	138,704	330,498	(3,364)	16,511	879,548	173,452	1,053,000
Net profit (loss) .....	-	-	40,195	-	-	40,195	12,255	52,450
Other comprehensive income (loss) (Note 18) .....	-	-	-	-	(44,506)	(44,506)	106	(44,400)
<b>Comprehensive income</b> .....	-	-	40,195	-	(44,506)	(4,311)	12,361	8,050
Purchase of treasury shares (Note 18) .....	-	-	-	(215)	-	(215)	-	(215)
Disposal of treasury shares (Note 18) .....	-	2	-	32	-	34	-	34
Cash dividends (Note 19) .....	-	-	(15,591)	-	-	(15,591)	(4,302)	(19,893)
Put option, written over shares held by a noncontrolling interest shareholder .....	-	836	-	-	-	836	-	836
Changes in interests in subsidiaries (Note 11) .....	-	(718)	-	-	-	(718)	19,231	18,513
<b>Total transactions with owners</b> .....	-	120	(15,591)	(183)	-	(15,654)	14,929	(725)
<b>As of March 31, 2019</b> .....	¥397,199	¥138,824	¥355,102	¥(3,547)	¥(27,995)	¥859,583	¥200,742	¥1,060,325