

Financial Section (See notes to consolidated financial statements.)

NEC Corporation and Subsidiaries
Years Ended March 31, 2019 and 2020

Consolidated Statements of Financial Position

	Millions of yen	
	2019	2020
Assets		
Current assets		
Cash and cash equivalents (Note 16)	¥ 278,314	¥ 359,252
Trade and other receivables (Note 15)	734,431	737,484
Contract assets (Note 26)	265,725	247,625
Inventories (Note 14)	234,621	199,326
Other financial assets (Note 31)	5,875	5,584
Other current assets (Note 17)	110,199	108,436
Subtotal	1,629,165	1,657,707
Assets held for sale (Note 17)	9,071	41,210
Total current assets	1,638,236	1,698,917
Non-current assets		
Property, plant and equipment, net (Notes 8 and 10)	408,821	558,077
Goodwill (Notes 9 and 10)	188,183	182,334
Intangible assets, net (Notes 9 and 10)	218,581	199,093
Investments accounted for using the equity method (Note 12)	72,421	74,092
Other financial assets (Note 31)	250,409	219,326
Deferred tax assets (Note 13)	150,511	165,183
Other non-current assets (Notes 10 and 17)	36,060	26,232
Total non-current assets	1,324,986	1,424,337
Total assets	¥2,963,222	¥3,123,254

	Millions of yen	
	2019	2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables (Note 24)	¥ 482,596	¥ 460,881
Contract liabilities (Note 26)	184,059	195,152
Bonds and borrowings (Note 21)	158,678	154,992
Accruals	178,911	191,440
Lease liabilities (Notes 31 and 37)	-	47,085
Other financial liabilities (Note 31)	16,169	14,995
Accrued income taxes	8,296	12,624
Provisions (Note 23)	58,448	59,412
Other current liabilities (Note 25)	61,985	55,153
Subtotal	1,149,142	1,191,734
Liabilities directly associated with assets held for sale (Note 18)	9,071	30,133
Total current liabilities	1,158,213	1,221,867
Non-current liabilities		
Bonds and borrowings (Note 21)	388,128	364,828
Lease liabilities (Notes 31 and 37)	-	108,514
Other financial liabilities (Note 31)	47,417	42,402
Net defined benefit liabilities (Note 22)	241,759	224,469
Provisions (Note 23)	24,803	12,369
Other non-current liabilities (Note 25)	43,221	34,282
Total non-current liabilities	745,328	786,864
Total liabilities	1,903,541	2,008,731
Equity		
Share capital (Note 19)	397,199	397,199
Share premium (Note 19)	138,824	139,735
Retained earnings (Note 19)	354,582	436,361
Treasury shares (Note 19)	(3,547)	(4,157)
Other components of equity (Note 19)	(28,119)	(58,464)
Total equity attributable to owners of the parent	858,939	910,674
Non-controlling interests (Note 11)	200,742	203,849
Total equity	1,059,681	1,114,523
Total liabilities and equity	¥2,963,222	¥3,123,254

Consolidated Statements of Profit or Loss

	Millions of yen	
	2019	2020
Revenue (Notes 6 and 26)	¥2,913,446	¥3,095,234
Cost of sales (Notes 14 and 28)	2,083,517	2,207,675
Gross profit	829,929	887,559
Selling, general and administrative expenses (Note 27)	743,021	752,690
Other operating expenses (Note 27)	(29,128)	(7,260)
Operating profit (Note 6)	57,780	127,609
Finance income (Notes 6 and 29)	21,989	8,477
Finance costs (Notes 6 and 29)	8,377	15,464
Share of profit of entities accounted for using the equity method (Note 6 and 12)	5,916	3,347
Profit before income taxes	77,308	123,969
Income taxes (Note 13)	25,378	11,250
Net profit	¥ 51,930	¥ 112,719
Net profit attributable to		
Owners of the parent	39,675	99,967
Non-controlling interests	12,255	12,752
Total	¥ 51,930	¥ 112,719
Earnings per share attributable to owners of the parent		
Basic earnings per share (JPY) (Note 30)	152.75	385.02
Diluted earnings per share (JPY) (Note 30)	152.75	385.01

Consolidated Statements of Comprehensive Income

	Millions of yen	
	2019	2020
Net profit	¥ 51,930	¥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 (Note 19)	(3,035)	(20,297)
Remeasurements of defined benefit plans (Notes 19 and 22)	(40,348)	2,160
Share of other comprehensive income of entities accounted for using the equity method (Note 19)	(371)	(84)
Total items that will not be reclassified to profit or loss	(43,754)	(18,221)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations (Note 19)	(735)	(14,776)
Cash flow hedges (Note 19)	(61)	22
Share of other comprehensive income of entities accounted for using the equity method (Note 19)	26	(175)
Total items that may be reclassified subsequently to profit or loss	(770)	(14,929)
Total other comprehensive income, net of tax	(44,524)	(33,150)
Total comprehensive income	¥ 7,406	¥ 79,569
Total comprehensive income attributable to		
Owners of the parent	(4,955)	69,622
Non-controlling interests	12,361	9,947
Total	¥ 7,406	¥ 79,569

Consolidated Statements of Cash Flows

	Millions of yen	
	2019	2020
Cash flows from operating activities		
Profit before income taxes	¥ 77,308	¥ 123,969
Depreciation and amortization (Note 6)	99,745	166,360
Impairment loss (Notes 6 and 10)	12,607	6,384
(Decrease) increase in provisions	15,101	(5,639)
Finance income (Note 29)	(21,989)	(8,477)
Finance costs	8,377	15,464
Share of profit of entities accounted for using the equity method	(5,916)	(3,347)
Decrease (increase) in trade and other receivables	(41,470)	(26,263)
(Increase) decrease in contract assets	(16,951)	11,911
(Increase) decrease in inventories	(16,716)	11,430
Increase in trade and other payables	4,415	1,653
Increase in contract liabilities	21,500	11,536
Others, net	(48,544)	(20,517)
Subtotal	87,467	284,464
Interest and dividends received	7,580	6,947
Interest paid	(6,350)	(9,052)
Income taxes paid	(24,462)	(20,496)
Net cash provided by operating activities	64,235	261,863
Cash flows from investing activities		
Purchases of property, plant and equipment	(48,929)	(72,825)
Proceeds from sales of property, plant and equipment	4,283	6,903
Acquisitions of intangible assets	(11,764)	(16,372)
Purchase of equity instruments designated as measured at fair value through other comprehensive income	(7,375)	(1,820)
Proceeds from sales of equity instruments designated as measured at fair value through other comprehensive income	2,293	12,279
Purchase of shares of newly consolidated subsidiaries (Note 7)	(47,930)	(6,935)
Increase in cash flows resulting in change in scope of consolidation, net of consideration transferred (Note 7)	17	52
Proceeds from sales of shares of subsidiaries (Note 18)	20,230	-
Decrease in cash flows resulting in change in scope of consolidation, net of consideration transferred	-	(220)
Purchases of investments in associates or joint ventures	(1,148)	(376)
Proceeds from sales of investments in associates or joint ventures (Note 18)	13,816	2,098
Proceeds from collection of loans receivable	94	44
Others, net	(262)	(6,851)
Net cash used in investing activities	(76,675)	(84,023)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net (Note 21)	48,234	(4,349)
Proceeds from long-term borrowings (Note 21)	9,681	37,879
Repayments of long-term borrowings (Note 21)	(157,778)	(48,723)
Proceeds from issuance of bonds (Note 21)	50,011	-
Repayments of lease liabilities (Note 32)	-	(53,620)
Proceeds from sales of interests in subsidiaries to noncontrolling interests	18,810	-
Dividends paid (Note 20)	(15,586)	(18,177)
Dividends paid to non-controlling interests	(4,261)	(4,939)
Others, net	386	182
Net cash used in financing activities	(50,503)	(91,747)
Effect of exchange rate changes on cash and cash equivalents	(1,275)	(4,496)
Net increase (decrease) in cash and cash equivalents	(64,218)	81,597
Cash and cash equivalents, at the beginning of the year	346,025	278,314
Decrease in cash and cash equivalents resulting from transfer to assets held for sale (Note 18)	(3,493)	(659)
Cash and cash equivalents, at the end of the year (Note 16)	¥ 278,314	¥ 359,252

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, 2018	¥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	–	–	39,675	–	–	39,675	12,255	51,930
Other comprehensive income (Note 19)	–	–	–	–	(44,630)	(44,630)	106	(44,524)
Comprehensive income	–	–	39,675	–	(44,630)	(4,955)	12,361	7,406
Purchase of treasury shares (Note 19)	–	–	–	(215)	–	(215)	–	(215)
Disposal of treasury shares (Note 19)	–	2	–	32	–	34	–	34
Cash dividends (Note 20)	–	–	(15,591)	–	–	(15,591)	(4,302)	(19,893)
Put option, written over shares held by a non-controlling interest shareholder	–	836	–	–	–	836	–	836
Changes in interests in subsidiaries (Note 11)	–	(718)	–	–	–	(718)	19,231	18,513
Total transactions with owners	–	120	(15,591)	(183)	–	(15,654)	14,929	(725)
As of March 31, 2019	¥397,199	¥138,824	¥354,582	¥(3,547)	¥(28,119)	¥858,939	¥200,742	¥1,059,681

Note: The cumulative impact of changes in accounting policies is due to the application of IFRS 9, "Financial Instruments (2014)" and IFRS 15, "Revenue from Contracts with Customers."

	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, 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 (Note 19)	–	–	–	–	(30,345)	(30,345)	(2,805)	(33,150)
Comprehensive income	–	–	99,967	–	(30,345)	69,622	9,947	79,569
Purchase of treasury shares (Note 19)	–	–	–	(674)	–	(674)	–	(674)
Disposal of treasury shares (Note 19)	–	(0)	–	63	–	63	–	63
Cash dividends (Note 20)	–	–	(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 (Note 11)	–	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