

Consolidated Statement of Cash Flows

Dentsu Inc. and Consolidated Subsidiaries
December 31, 2017

	Notes	(Millions of Yen)		(Millions of U.S. Dollars)	
		FY2016 (Year ended December 31, 2016)	FY2017 (Year ended December 31, 2017)	FY2017 (Year ended December 31, 2017)	FY2017 (Year ended December 31, 2017)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		¥132,918	¥149,662	\$1,324	
ADJUSTMENTS FOR:					
Depreciation and amortization		45,860	55,587	492	
Impairment loss		522	1,093	10	
Interest and dividend income		(4,326)	(5,544)	(49)	
Interest expense		7,491	11,391	101	
Share of profits of investments accounted for using the equity method		(3,362)	(4,222)	(37)	
Increase (decrease) in liability for retirement benefits		(3,055)	2,462	22	
Other — net		2,481	(19,558)	(173)	
Cash flows from operating activities before adjusting changes in working capital and others		178,528	190,870	1,689	
CHANGES IN WORKING CAPITAL:					
(Increase) decrease in trade and other receivables		(49,992)	(93,833)	(830)	
(Increase) decrease in inventories		649	(2,158)	(19)	
(Increase) decrease in other current assets		(19)	(11,059)	(98)	
Increase (decrease) in trade and other payables		41,035	111,943	991	
Increase (decrease) in other current liabilities		13,175	10,402	92	
Change in working capital		4,847	15,293	135	
Subtotal		183,376	206,164	1,824	
Interest received		1,776	2,082	18	
Dividends received		5,137	5,792	51	
Interest paid		(7,623)	(11,424)	(101)	
Income taxes paid		(39,080)	(61,058)	(540)	
Net cash flows from operating activities		143,585	141,557	1,253	
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for purchase of property, plant and equipment, intangible assets and investment property	6	(22,234)	(27,767)	(246)	
Proceeds from sale of property, plant and equipment, intangible assets and investment property		12,006	18,420	163	
Net cash (paid) received on acquisition of subsidiaries	7	(170,419)	(67,299)	(596)	
Net cash (paid) received on disposal of subsidiaries		121	86	1	
Payments for purchases of securities		(13,610)	(14,985)	(133)	
Proceeds from sales of securities		40,430	6,754	60	
Other — net		(2,456)	(739)	(7)	
Net cash flows from investing activities		(156,161)	(85,531)	(757)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase (decrease) in short-term borrowings		99,683	(95,990)	(849)	
Proceeds from long-term borrowings		28,511	155,773	1,379	
Repayment of long-term borrowings		(89,257)	(4,131)	(37)	
Payment for acquisition of interest in subsidiaries from non-controlling interests		(6,093)	(5,396)	(48)	
Payments for repurchase of treasury shares	24	(13)	(20,014)	(177)	
Dividends paid	25	(22,811)	(25,516)	(226)	
Dividends paid to non-controlling interests		(4,121)	(2,983)	(26)	
Other — net		(3,359)	(513)	(5)	
Net cash flows from financing activities		2,539	1,226	11	
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(10,874)	6,097	54	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(20,911)	63,349	561	
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8	263,322	242,410	2,145	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	¥242,410	¥305,760	\$2,706	