

## Consolidated Statement of Cash Flows

Dentsu Inc. and Consolidated Subsidiaries  
December 31, 2018

	Notes	(Millions of Yen)		(Millions of U.S. Dollars)
		FY2017 (Year ended December 31, 2017)	FY2018 (Year ended December 31, 2018)	FY2018 (Year ended December 31, 2018)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		¥149,662	¥148,751	\$1,340
<b>ADJUSTMENTS FOR:</b>				
Depreciation and amortization		55,587	59,739	538
Impairment loss		1,093	27	0
Interest and dividend income		(5,544)	(6,032)	(54)
Interest expense		11,391	13,364	120
Share of profits of investments accounted for using the equity method		(4,222)	(2,699)	(24)
Gain on sale of investments in subsidiaries and associates		–	(52,133)	(470)
Increase (decrease) in liability for retirement benefits		2,462	1,249	11
Other — net		(19,558)	11,213	101
Cash flows from operating activities before adjusting changes in working capital and others		190,870	173,481	1,563
<b>CHANGES IN WORKING CAPITAL:</b>				
(Increase) decrease in trade and other receivables		(93,833)	(13,409)	(121)
(Increase) decrease in inventories		(2,158)	(6,028)	(54)
(Increase) decrease in other current assets		(11,059)	(35,736)	(322)
Increase (decrease) in trade and other payables		111,943	14,161	128
Increase (decrease) in other current liabilities		10,402	48,878	440
Change in working capital		15,293	7,865	71
Subtotal		206,164	181,347	1,634
Interest received		2,082	2,563	23
Dividends received		5,792	8,063	73
Interest paid		(11,424)	(12,956)	(117)
Income taxes paid		(61,058)	(45,968)	(414)
Net cash flows from operating activities		141,557	133,049	1,199
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payment for purchase of property, plant and equipment, intangible assets and investment property	6	(27,767)	(31,631)	(285)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		18,420	309	3
Net cash (paid) received on acquisition of subsidiaries	7	(67,299)	(50,804)	(458)
Net cash (paid) received on disposal of subsidiaries		86	249	2
Payments for purchases of securities		(14,985)	(65,114)	(587)
Proceeds from sales of securities		6,754	86,539	780
Other — net		(739)	(931)	(8)
Net cash flows from investing activities		(85,531)	(61,382)	(553)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net increase (decrease) in short-term borrowings	21	(95,990)	25,893	233
Proceeds from long-term borrowings	21	155,773	38,818	350
Repayment of long-term borrowings	21	(4,131)	(45,134)	(407)
Proceeds from issuance of bonds	21	–	79,739	718
Payment for acquisition of interest in subsidiaries from non-controlling interests		(5,396)	(21,505)	(194)
Proceeds from sale of interest in subsidiaries to non-controlling interests		–	11,588	104
Payments for repurchase of treasury shares	24	(20,014)	(12)	(0)
Dividends paid	25	(25,516)	(25,370)	(229)
Dividends paid to non-controlling interests		(2,983)	(6,685)	(60)
Other — net		(513)	192	2
Net cash flows from financing activities		1,226	57,522	518
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
		6,097	(18,281)	(165)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		63,349	110,907	999
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8	242,410	305,760	2,755
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	¥305,760	¥416,668	\$3,754