

**Consolidated Financial Statements
as of March 31,2020**

NIKKI CO.,LTD.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31, 2019)		Current Fiscal Year (As of March 31, 2020)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Assets					
Current assets					
Cash and deposits	3,975,730		4,199,350		223,619
Notes and accounts receivable-trade	1,239,058		892,428		△ 346,629
Electronically recorded monetary claims-operating	228,827		294,824		65,996
Merchandise and finished goods	651,300		970,746		319,445
Work in process	1,100,357		1,069,691		△ 30,666
Raw materials and supplies	51,148		73,228		22,080
Short-term loans receivable	366		340		△ 26
Other	213,798		178,860		△ 34,937
Allowance for doubtful accounts	△ 5,005		△ 6,415		△ 1,409
Total current assets	7,455,582	55.3	7,673,054	58.8	217,472
Noncurrent assets					
Property, plant and equipment					
Buildings and structures, net	2,663,045		2,650,303		△ 12,741
Machinery, equipment and vehicles, net	993,076		880,845		△ 112,230
Land	402,891		391,920		△ 10,970
Lease assets, net	983		63,740		62,757
Construction in progress	13,516		47,128		33,611
Other, net	136,402		173,452		37,050
Total property, plant and equipment	4,209,916	31.2	4,207,392	32.2	△ 2,524
Intangible assets	66,707	0.5	53,395	0.4	△ 13,312
Investments and other assets					
Investment securities	1,680,908		1,071,139		△ 609,768
Long-term loans receivable	340		—		△ 340
Long-term Deferred tax assets	40,914		29,667		△ 11,246
Other	24,727		22,060		△ 2,666
Total investments and other assets	1,746,890	13.0	1,122,867	8.6	△ 624,022
Total noncurrent assets	6,023,513	44.7	5,383,655	41.2	△ 639,858
Total assets	13,479,096	100.0	13,056,709	100.0	△ 422,386

(in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31,2019)		Current Fiscal Year (As of March 31,2020)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Liabilities					
Current liabilities					
Notes and accounts payable-trade	249,007		355,844		106,836
Electronically recorded monetary debt-operating	426,410		323,950		△ 102,460
Short-term loans payable	2,308,148		2,404,014		95,866
Lease obligations	5,127		15,400		10,273
Accrued expenses	173,686		154,567		△ 19,118
Income taxes payable	111,825		57,285		△ 54,539
Provision for bonuses	154,050		150,316		△ 3,733
Other	370,089		375,956		5,866
Total current liabilities	3,798,345	28.2	3,837,335	29.4	38,990
Noncurrent liabilities					
Long-term loans payable	154,073		50,000		△ 104,073
Lease obligations	3,643		53,820		50,176
Deferred tax liabilities	182,295		3,205		△ 179,089
Provision for directors' retirement benefits	—		—		—
Provision for environmental measures	—		—		—
Long-term lease deposited	515,563		515,563		—
Net defined benefit liability	908,213		882,360		△ 25,852
Other	185,431		183,881		△ 1,550
Total noncurrent liabilities	1,949,220	14.5	1,688,832	12.9	△ 260,388
Total liabilities	5,747,566	42.6	5,526,167	42.3	△ 221,398
Net assets					
Shareholders' equity					
Capital stock	500,000		500,000		—
Capital surplus	45,257		44,762		△ 495
Retained earnings	6,516,452		6,844,872		328,419
Treasury stock	△ 277,732		△ 253,426		24,306
Total shareholders' equity	6,783,977	50.3	7,136,208	54.7	352,230
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	867,851		436,031		△ 431,820
Foreign currency translation adjustment	52,627		△ 42,553		△ 95,180
Remeasurements of defined benefit plans	△ 4,266		△ 34,811		△ 30,545
Total accumulated other comprehensive income	916,212	6.8	358,666	2.7	△ 557,546
Minority Interests	31,340	0.2	35,667	0.3	4,327
Total net assets	7,731,530	57.4	7,530,541	57.7	△ 200,988
Total liabilities and net assets	13,479,096	100.0	13,056,709	100.0	△ 422,386

(2) Consolidated Statement of Income

(in thousands of yen)

Accounts	Prior Fiscal Year From April 1, 2018 To March 31,2019		Current Fiscal Year From April 1, 2019 To March 31,2020		Increase Decrease(Δ)
		Ratio (%)		Ratio (%)	
Net Sales	7,867,447	100.0	7,526,505	100.0	△ 340,941
Cost of Sales	5,594,104	71.1	5,464,650	72.6	△ 129,453
Gross Profit	2,273,342	28.9	2,061,855	27.4	△ 211,487
Selling,general administrative expenses	1,491,312	19.0	1,422,738	18.9	△ 68,573
Operating Income	782,030	9.9	639,116	8.5	△ 142,913
Non-operating income					
Interest income	12,843		15,549		2,705
Dividends income	54,046		47,041		△ 7,005
Exchange gain	115,193		11,992		△ 103,200
Subsidy income	26,060		18,489		△ 7,570
Other	13,715		19,164		5,448
Total non-operating income	221,860	2.8	112,237	10.5	△ 109,622
Non-operating expenses					
Interest expenses	27,344		32,430		5,086
Other	0		0		0
Total non-operating expenses	27,344	0.3	32,430	0.4	5,086
Ordinary income	976,545	12.4	718,923	9.6	△ 257,622
Extraordinary income					
Gain on sales of noncurrent assets	—		27		27
Gain on sales of investment securities	16		—		△ 16
Gain on transfer of business	—		3,000		3,000
Total extraordinary income	16	0.0	3,027	0.0	3,010
Extraordinary loss					
Loss on sales and retirement of noncurrent assets	1,099		95		△ 1,004
Impairment loss	—		22,210		22,210
Total extraordinary loss	1,099	0.0	22,306	0.3	21,206
Income before income taxes	975,462	12.4	699,643	9.3	△ 275,818
Income taxes-current	252,486		158,123		△ 94,362
Income taxes deferred	△ 76,316		24,825		101,141
Income taxes for prior periods	—		22,144		22,144
Total income taxes-current	176,169		205,093		28,923
Income berofe minority interests	799,292	10.2	494,550	6.6	△ 304,741
Minority interests in income	△ 2,697		2,977		5,674
Net income	801,989	10.2	491,572	6.5	△ 310,416

(3) Consolidated Statement of Comprehensive Income

(in thousands of yen)

	Prior Fiscal Year From April 1, 2018 To March 31,2019	Current Fiscal Year From April 1, 2019 To March 31,2020	Increase Decrease(Δ)
Accounts			
Income before minority interests	799,292	494,550	Δ 304,741
Other comprehensive income			
Valuation difference on available-for-sale securities	6,957	Δ 431,820	Δ 438,777
Foreign currency translation adjustment	Δ 70,291	Δ 93,831	Δ 23,540
Remeasurements of defined benefit plans	26,432	Δ 30,545	Δ 56,978
Total Other comprehensive income	Δ 36,901	Δ 556,197	Δ 519,296
Comprehensive income	762,391	Δ 61,646	Δ 824,037
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	765,574	Δ 65,973	Δ 831,548
Comprehensive income attributable to minority interests	Δ 3,183	4,327	7,510

(4) Consolidated Statement of Changes in Shareholders' Equity

Current fiscal year (April 1, 2019 to March 31, 2020)

(in thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	500,000	45,257	6,516,452	△ 277,732	6,783,977
Changes of items during the period					
Dividends paid			△ 160,001		△ 160,001
Net income			491,572		491,572
Purchase of treasury shares				△ 12	△ 12
Disposal of treasury shares		△ 495	△ 3,151	24,319	20,672
Change in treasury shares of parent arising from transactions with non-controlling shareholders					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	△ 495	328,419	24,306	352,230
Balance at end of current period	500,000	44,762	6,844,872	△ 253,426	7,136,208

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income		
Balance at beginning of current period	867,851	52,627	△ 4,266	916,212	31,340	7,731,530
Changes of items during the period						
Dividends paid						△ 160,001
Net income						491,572
Purchase of treasury shares						△ 12
Disposal of treasury shares						20,672
Change in treasury shares of parent arising from transactions with non-controlling shareholders						—
Net changes of items other than shareholders' equity	△ 431,820	△ 95,180	△ 30,545	△ 557,546	4,327	△ 553,219
Total changes of items during the period	△ 431,820	△ 95,180	△ 30,545	△ 557,546	4,327	△ 200,988
Balance at end of current period	436,031	△ 42,553	△ 34,811	358,666	35,667	7,530,541

(5) Consolidated Statements of Cash Flows

(in thousands of yen)

	Current Fiscal Year From April 1, 2018 To March 31,2019	Current Fiscal Year From April 1, 2019 To March 31,2020	Increase Decrease(Δ)
Net cash provided by (used in) operating activities			
Income before income taxes	975,462	699,643	Δ 275,818
Depreciation and amortization	609,840	537,098	Δ 72,742
Impairment loss	—	22,210	22,210
Increase (decrease) in provision for directors' retirement benefits	Δ 167,833	—	167,833
Increase (decrease) in allowance for doubtful accounts	Δ 1,850	1,409	3,260
Increase (decrease) in provision for bonuses	6,803	Δ 3,138	Δ 9,941
Increase (decrease) in provision for environmental measure	Δ 892	—	892
Increase (decrease) in net defined benefit liability	Δ 98,793	Δ 68,954	29,838
Interest and dividends income	Δ 66,890	Δ 62,590	4,299
Interest expenses	27,344	32,430	5,086
Loss (gain) on sales and retirement of noncurrent assets	1,099	68	Δ 1,031
Exchange gain(loss)	Δ 23,687	Δ 16,589	7,098
Decrease (increase) in notes and accounts receivable-trade	404,919	274,502	Δ 130,417
Decrease (increase) in inventories	Δ 105,554	Δ 334,269	Δ 228,715
Decrease (increase) in other current assets	25,456	24,035	Δ 1,421
Increase (decrease) in notes and accounts payable-trade	Δ 184,215	4,290	188,506
Increase (decrease) in other current liabilities	Δ 47,030	Δ 22,351	24,679
Other	185,785	17,046	Δ 168,738
subtotal	1,539,962	1,104,844	Δ 435,118
Interest and dividends income received	66,890	62,590	Δ 4,299
Interest expenses paid	Δ 27,344	Δ 32,399	Δ 5,055
Income taxes paid	Δ 347,563	Δ 225,361	122,201
Net cash provided by (used in) operating activities	1,231,945	909,673	Δ 322,271

(in thousands of yen)

	Current Fiscal Year From April 1, 2018 To March 31,2019	Current Fiscal Year From April 1, 2019 To March 31,2020	Increase Decrease(Δ)
Net cash provided by (used in) investing activities			
Payments into time deposits	△ 190,011	△ 188,709	1,301
Proceeds from withdrawal of time deposits	189,118	187,829	△ 1,288
Proceeds from sales of investment securities	103	—	△ 103
Purchase of property, plant and equipment	△ 225,953	△ 509,226	△ 283,272
Proceeds from sales of property, plant and equipment	—	60	60
Purchase of intangible assets	—	△ 1,723	△ 1,723
Payment on lending	△ 373	△ 459	△ 85
Collection of loans receivable	810	826	15
Other investment payment	△ 237	△ 2,424	△ 2,186
Other investment income	213	2,841	2,627
Net cash provided by (used in) investing activities	△ 226,329	△ 510,986	△ 284,656
Net cash provided by (used in) financing activities			
Repayments of lease obligations	△ 39,287	△ 16,868	22,418
Proceeds from long-term loans payable	100,000	—	△ 100,000
Repayment of long-term loans payable	△ 107,186	△ 6,968	100,217
Purchase of treasury stock	△ 215	△ 12	202
Dividend payment	△ 149,920	△ 160,001	△ 10,080
Net cash provided by (used in) financing activities	△ 196,610	△ 183,851	12,758
Effect of exchange rate change on cash and cash equivalents	24,188	9,532	△ 14,656
Increase and decrease in cash and cash equivalents	833,193	224,367	△ 608,826
Cash and cash equivalents at the start of the period	2,988,825	3,822,019	833,193
Cash and cash equivalents at the end of the period	3,822,019	4,046,386	224,367