

**Consolidated Financial Statements
as of March 31,2021**

NIKKI CO.,LTD.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31, 2020)		Current Fiscal Year (As of March 31, 2021)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Assets					
Current assets					
Cash and deposits	4,199,350		3,870,104		Δ 329,245
Notes and accounts receivable-trade	892,428		860,557		Δ 31,870
Electronically recorded monetary claims-operating	294,824		287,917		Δ 6,906
Merchandise and finished goods	970,746		900,743		Δ 70,002
Work in process	1,069,691		1,050,617		Δ 19,073
Raw materials and supplies	73,228		66,030		Δ 7,198
Short-term loans receivable	340		—		Δ 340
Other	178,860		214,231		35,370
Allowance for doubtful accounts	Δ 6,415		Δ 7,972		Δ 1,556
Total current assets	7,673,054	58.8	7,242,231	54.3	Δ 430,823
Noncurrent assets					
Property, plant and equipment					
Buildings and structures, net	2,650,303		2,376,542		Δ 273,761
Machinery, equipment and vehicles, net	880,845		776,202		Δ 104,643
Land	391,920		393,935		2,014
Lease assets, net	63,740		48,047		Δ 15,693
Construction in progress	47,128		583,893		536,764
Other, net	173,452		140,263		Δ 33,188
Total property, plant and equipment	4,207,392	32.2	4,318,884	32.4	111,491
Intangible assets	53,395	0.4	44,144	0.3	Δ 9,250
Investments and other assets					
Investment securities	1,071,139		1,707,879		636,739
Long-term loans receivable	—		—		—
Long-term Deferred tax assets	29,667		14,287		Δ 15,380
Other	22,060		20,386		Δ 1,673
Total investments and other assets	1,122,867	8.6	1,742,553	13.1	619,685
Total noncurrent assets	5,383,655	41.2	6,105,582	45.7	721,926
Total assets	13,056,709	100.0	13,347,813	100.0	291,103

(in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31,2020)		Current Fiscal Year (As of March 31,2021)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Liabilities					
Current liabilities					
Notes and accounts payable-trade	355,844		92,372		Δ 263,472
Electronically recorded monetary debt-operating	323,950		335,830		11,880
Short-term loans payable	2,404,014		2,300,000		Δ 104,014
Lease obligations	15,400		13,261		Δ 2,138
Accrued expenses	154,567		145,680		Δ 8,887
Income taxes payable	57,285		28,907		Δ 28,378
Provision for bonuses	150,316		144,012		Δ 6,304
Other	375,956		358,139		Δ 17,816
Total current liabilities	3,837,335	29.4	3,418,203	25.6	Δ 419,132
Noncurrent liabilities					
Long-term loans payable	50,000		150,000		100,000
Lease obligations	53,820		39,079		Δ 14,740
Deferred tax liabilities	3,205		202,482		199,276
Long-term lease deposited	515,563		515,563		—
Net defined benefit liability	882,360		646,205		Δ 236,155
Other	183,881		161,026		Δ 22,854
Total noncurrent liabilities	1,688,832	12.9	1,714,356	12.8	25,524
Total liabilities	5,526,167	42.3	5,132,559	38.5	Δ 393,607
Net assets					
Shareholders' equity					
Capital stock	500,000		500,000		—
Capital surplus	44,762		44,762		—
Retained earnings	6,844,872		6,936,372		91,500
Treasury stock	Δ 253,426		Δ 229,815		23,610
Total shareholders' equity	7,136,208	54.7	7,251,319	54.3	115,110
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	436,031		921,662		485,630
Foreign currency translation adjustment	Δ 42,553		Δ 38,883		3,669
Remeasurements of defined benefit plans	Δ 34,811		59,052		93,864
Total accumulated other comprehensive income	358,666	2.7	941,831	7.1	583,164
Minority Interests	35,667	0.3	22,103	0.2	Δ 13,564
Total net assets	7,530,541	57.7	8,215,253	61.5	684,711
Total liabilities and net assets	13,056,709	100.0	13,347,813	100.0	291,103

(2) Consolidated Statement of Income

(in thousands of yen)

Accounts	Prior Fiscal Year From April 1, 2019 To March 31,2020		Current Fiscal Year From April 1, 2020 To March 31,2021		Increase Decrease(Δ)
		Ratio (%)		Ratio (%)	
Net Sales	7,526,505	100.0	5,895,873	100.0	△ 1,630,632
Cost of Sales	5,464,650	72.6	4,356,962	73.9	△ 1,107,688
Gross Profit	2,061,855	27.4	1,538,911	26.1	△ 522,943
Selling,general administrative expenses	1,422,738	18.9	1,314,861	22.3	△ 107,877
Operating Income	639,116	8.5	224,050	3.8	△ 415,066
Non-operating income					
Interest income	15,549		15,529		△ 20
Dividends income	47,041		33,550		△ 13,490
Royalty income	5,021		10,915		5,893
Exchange gain	11,992		70,741		58,748
Subsidy income	18,489		11,352		△ 7,137
Other	14,142		15,091		949
Total non-operating income	112,237	1.5	157,180	2.7	44,943
Non-operating expenses					
Interest expenses	32,430		30,810		△ 1,619
Other	0		0		0
Total non-operating expenses	32,430	0.4	30,810	0.5	△ 1,619
Ordinary income	718,923	9.6	350,419	5.9	△ 368,503
Extraordinary income					
Gain on sales of noncurrent assets	27		1,255		1,228
Gain on sales of investment securities	—		100,237		100,237
Gain on transfer of business	3,000		—		△ 3,000
Total extraordinary income	3,027	0.0	101,493	1.7	98,466
Extraordinary loss					
Loss on sales and retirement of noncurrent assets	95		60		△ 35
Impairment loss	22,210		154,661		132,450
Total extraordinary loss	22,306	0.3	154,721	2.6	132,415
Income before income taxes	699,643	9.3	297,191	5.0	△ 402,452
Income taxes-current	158,123		102,325		△ 55,797
Income taxes deferred	24,825		△ 32,491		△ 57,316
Income taxes for prior periods	22,144		△ 17,981		△ 40,125
Total income taxes-current	205,093		51,853		△ 153,240
Income berofe minority interests	494,550	6.6	245,338	4.2	△ 249,212
Minority interests in income	2,977		△ 11,638		△ 14,616
Net income	491,572	6.5	256,977	4.4	△ 234,595

(3) Consolidated Statement of Comprehensive Income

(in thousands of yen)

	Prior Fiscal Year From April 1, 2019 To March 31,2020	Current Fiscal Year From April 1, 2020 To March 31,2021	Increase Decrease(Δ)
Accounts			
Income before minority interests	494,550	245,338	Δ 249,212
Other comprehensive income			
Valuation difference on available-for-sale securities	Δ 431,820	485,630	917,450
Foreign currency translation adjustment	Δ 93,831	1,744	95,575
Remeasurements of defined benefit plans	Δ 30,545	93,864	124,409
Total Other comprehensive income	Δ 556,197	581,239	1,137,436
Comprehensive income	Δ 61,646	826,578	888,224
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	Δ 65,973	840,142	906,115
Comprehensive income attributable to minority interests	4,327	Δ 13,564	Δ 17,891

(4) Consolidated Statement of Changes in Shareholders' Equity

Current fiscal year (April 1, 2020 to March 31, 2021)

(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	44,762	6,844,872	△ 253,426	7,136,208
Changes of items during the period					
Dividends paid			△ 160,876		△ 160,876
Net income			256,977		256,977
Purchase of treasury shares					—
Disposal of treasury shares			△ 4,600	23,610	19,010
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	—	—	91,500	23,610	115,110
Balance at end of current period	500,000	44,762	6,936,372	△ 229,815	7,251,319

	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	436,031	△ 42,553	△ 34,811	358,666	35,667	7,530,541
Changes of items during the period						
Dividends paid						△ 160,876
Net income						256,977
Purchase of treasury shares						—
Disposal of treasury shares						19,010
Change in treasury shares of parent arising from transactions with non-controlling shareholders						—
Net changes of items other than shareholders' equity	485,630	3,669	93,864	583,164	△ 13,564	569,600
Total changes of items during the period	485,630	3,669	93,864	583,164	△ 13,564	684,711
Balance at end of current period	921,662	△ 38,883	59,052	941,831	22,103	8,215,253

(5) Consolidated Statements of Cash Flows

(in thousands of yen)

	Current Fiscal Year From April 1, 2019 To March 31,2020	Current Fiscal Year From April 1, 2020 To March 31,2021	Increase Decrease(Δ)
Net cash provided by (used in) operating activities			
Income before income taxes	699,643	297,191	Δ 402,452
Depreciation and amortization	537,098	529,830	Δ 7,267
Impairment loss	22,210	154,661	132,450
Increase (decrease) in allowance for doubtful accounts	1,409	1,461	51
Increase (decrease) in provision for bonuses	Δ 3,138	Δ 6,527	Δ 3,388
Increase (decrease) in net defined benefit liability	Δ 68,954	Δ 101,931	Δ 32,976
Interest and dividends income	Δ 62,590	Δ 49,079	13,511
Interest expenses	32,430	30,810	Δ 1,619
Gain on sales of investment securities	—	Δ 100,237	Δ 100,237
Loss (gain) on sales and retirement of noncurrent assets	68	Δ 1,195	Δ 1,263
Exchange gain(loss)	Δ 16,589	33,898	50,487
Decrease (increase) in notes and accounts receivable-trade	274,502	31,224	Δ 243,278
Decrease (increase) in inventories	Δ 334,269	59,118	393,387
Decrease (increase) in other current assets	24,035	Δ 33,130	Δ 57,166
Increase (decrease) in notes and accounts payable-trade	4,290	Δ 248,540	Δ 252,831
Increase (decrease) in other current liabilities	Δ 22,351	Δ 9,987	12,364
Other	17,046	6,953	Δ 10,093
subtotal	1,104,844	594,521	Δ 510,322
Interest and dividends income received	62,590	49,079	Δ 13,511
Interest expenses paid	Δ 32,399	Δ 30,879	1,519
Income taxes paid	Δ 225,361	Δ 116,322	109,038
Net cash provided by (used in) operating activities	909,673	496,398	Δ 413,275

(in thousands of yen)

	Current Fiscal Year From April 1, 2019 To March 31,2020	Current Fiscal Year From April 1, 2020 To March 31,2021	Increase Decrease(Δ)
Net cash provided by (used in) investing activities			
Payments into time deposits	△ 188,709	△ 223,253	△ 34,543
Proceeds from withdrawal of time deposits	187,829	222,345	34,515
Proceeds from sales of investment securities	—	156,589	156,589
Purchase of property, plant and equipment	△ 509,226	△ 810,655	△ 301,429
Proceeds from sales of property, plant and equipment	60	2,217	2,157
Purchase of intangible assets	△ 1,723	—	1,723
Payment on lending	△ 459	△ 209	249
Collection of loans receivable	826	550	△ 276
Other investment payment	△ 2,424	△ 560	1,863
Other investment income	2,841	2,833	△ 8
Net cash provided by (used in) investing activities	△ 510,986	△ 650,144	△ 139,157
Net cash provided by (used in) financing activities			
Repayments of lease obligations	△ 16,868	△ 15,661	1,207
Proceeds from long-term loans payable	—	100,000	100,000
Repayment of long-term loans payable	△ 6,968	△ 103,530	△ 96,561
Purchase of treasury stock	△ 12	—	12
Dividend payment	△ 160,001	△ 160,876	△ 874
Net cash provided by (used in) financing activities	△ 183,851	△ 180,067	3,783
Effect of exchange rate change on cash and cash equivalents	9,532	2,950	△ 6,581
Increase and decrease in cash and cash equivalents	224,367	△ 330,863	△ 555,231
Cash and cash equivalents at the start of the period	3,822,019	4,046,386	224,367
Cash and cash equivalents at the end of the period	4,046,386	3,715,523	△ 330,863