

**Consolidated Financial Statements
as of March 31,2022**

NIKKI CO.,LTD.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31,2021)		Current Fiscal Year (As of March 31,2022)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Assets					
Current assets					
Cash and deposits	3,870,104		3,257,415		Δ 612,688
Notes and accounts receivable-trade	860,557		—		Δ 860,557
Accounts receivable-trade	—		1,313,498		1,313,498
Electronically recorded monetary claims-operating	287,917		416,000		128,083
Merchandise and finished goods	900,743		1,255,332		354,588
Work in process	1,050,617		1,161,657		111,039
Raw materials and supplies	66,030		78,285		12,255
Other	214,231		529,251		315,019
Allowance for doubtful accounts	Δ 7,972		Δ 11,307		Δ 3,335
Total current assets	7,242,231	54.3	8,000,134	44.8	757,903
Noncurrent assets					
Property, plant and equipment					
Buildings and structures, net	2,376,542		2,331,385		Δ 45,156
Machinery, equipment and vehicles, net	776,202		682,518		Δ 93,683
Land	393,935		405,723		11,788
Lease assets, net	48,047		36,181		Δ 11,866
Construction in progress	583,893		4,582,516		3,998,623
Other, net	140,263		136,946		Δ 3,317
Total property, plant and equipment	4,318,884	32.4	8,175,272	45.8	3,856,388
Intangible assets	44,144	0.3	53,184	0.3	9,039
Investments and other assets					
Investment securities	1,707,879		1,558,562		Δ 149,316
Long-term Deferred tax assets	14,287		30,487		16,200
Other	20,386		21,534		1,147
Total investments and other assets	1,742,553	13.1	1,610,584	9.0	Δ 131,969
Total noncurrent assets	6,105,582	45.7	9,839,041	55.2	3,733,459
Total assets	13,347,813	100.0	17,839,176	100.0	4,491,362

(in thousands of yen)

Accounts	Current Fiscal Year (As of March 31,2021)		Current Fiscal Year (As of March 31,2022)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Liabilities					
Current liabilities					
Notes and accounts payable-trade	92,372		199,410		107,038
Electronically recorded monetary debt-operating	335,830		389,550		53,720
Short-term loans payable	2,300,000		2,441,740		141,740
Lease obligations	13,261		6,354		△ 6,907
Accrued expenses	145,680		154,587		8,907
Income taxes payable	28,907		349,708		320,800
Provision for bonuses	144,012		149,264		5,252
Notes payable - facilities	230,700		2,002,190		1,771,490
Other	127,439		171,918		44,479
Total current liabilities	3,418,203	25.6	5,864,723	32.9	2,446,520
Noncurrent liabilities					
Long-term loans payable	150,000		1,448,260		1,298,260
Lease obligations	39,079		32,919		△ 6,159
Deferred tax liabilities	202,482		145,112		△ 57,369
Long-term lease deposited	515,563		515,713		150
Net defined benefit liability	646,205		527,597		△ 118,607
Other	161,026		159,476		△ 1,550
Total noncurrent liabilities	1,714,356	12.8	2,829,079	15.9	1,114,723
Total liabilities	5,132,559	38.5	8,693,803	48.7	3,561,243
Net assets					
Shareholders' equity					
Capital stock	500,000		500,000		—
Capital surplus	44,762		49,175		4,413
Retained earnings	6,936,372		7,750,913		814,541
Treasury stock	△ 229,815		△ 205,496		24,318
Total shareholders' equity	7,251,319	54.3	8,094,592	45.4	843,273
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	921,662		822,969		△ 98,692
Foreign currency translation adjustment	△ 38,883		161,701		200,585
Remeasurements of defined benefit plans	59,052		44,912		△ 14,140
Total accumulated other comprehensive income	941,831	7.1	1,029,583	5.8	87,752
Minority Interests	22,103	0.2	21,196	0.1	△ 906
Total net assets	8,215,253	61.5	9,145,372	51.3	930,119
Total liabilities and net assets	13,347,813	100.0	17,839,176	100.0	4,491,362

(2) Consolidated Statement of Income

(in thousands of yen)

Accounts	Current Fiscal Year From April 1, 2020 To March 31,2021		Current Fiscal Year From April 1, 2021 To March 31,2022		Increase Decrease(Δ)
		Ratio (%)		Ratio (%)	
Net Sales	5,895,873	100.0	8,844,286	100.0	2,948,412
Cost of Sales	4,356,962	73.9	6,367,690	72.0	2,010,727
Gross Profit	1,538,911	26.1	2,476,596	28.0	937,685
Selling,general administrative expenses	1,314,861	22.3	1,392,159	15.7	77,298
Operating Income	224,050	3.8	1,084,437	12.3	860,386
Non-operating income					
Interest income	15,529		13,133		Δ 2,395
Dividends income	33,550		41,536		7,986
Royalty income	10,915		7,960		Δ 2,954
Exchange gain	70,741		242,207		171,466
Subsidy income	11,352		11,535		183
Other	15,091		22,324		7,232
Total non-operating income	157,180	2.7	338,698	3.8	181,518
Non-operating expenses					
Interest expenses	30,810		30,293		Δ 517
Commission fee	—		20,000		20,000
Other	0		0		0
Total non-operating expenses	30,810	0.5	50,293	0.6	19,482
Ordinary income	350,419	5.9	1,372,842	15.5	1,022,422
Extraordinary income					
Gain on sales of noncurrent assets	1,255		243		Δ 1,012
Gain on sales of investment securities	100,237		1,804		Δ 98,433
Total extraordinary income	101,493	1.7	2,047	0.0	Δ 99,446
Extraordinary loss					
Loss on sales and retirement of noncurrent assets	60		48,307		48,247
Environmental expenses	—		24,140		24,140
Impairment loss	154,661		5,975		Δ 148,686
Total extraordinary loss	154,721	2.6	78,422	0.9	Δ 76,298
Income before income taxes	297,191	5.0	1,296,466	14.7	999,274
Income taxes-current	102,325		398,808		296,482
Income taxes deferred	Δ 32,491		Δ 24,984		7,507
Income taxes for prior periods	Δ 17,981		—		17,981
Total income taxes-current	51,853		373,824		321,971
Income berofe minority interests	245,338	4.2	922,642	10.4	677,303
Minority interests in income	Δ 11,638		Δ 842		10,796
Net income	256,977	4.4	923,484	10.4	666,506

(3) Consolidated Statement of Comprehensive Income

(in thousands of yen)

	Current Fiscal Year From April 1, 2020 To March 31,2021	Current Fiscal Year From April 1, 2021 To March 31,2022	Increase Decrease(Δ)
Accounts			
Income before minority interests	245,338	922,642	677,303
Other comprehensive income			
Valuation difference on available-for-sale securities	485,630	Δ 98,692	Δ 584,323
Foreign currency translation adjustment	1,744	200,520	198,776
Remeasurements of defined benefit plans	93,864	Δ 14,140	Δ 108,005
Total Other comprehensive income	581,239	87,687	Δ 493,551
Comprehensive income	826,578	1,010,329	183,751
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	840,142	1,011,236	171,094
Comprehensive income attributable to minority interests	Δ 13,564	Δ 906	12,657

(4) Consolidated Statement of Changes in Shareholders' Equity

Current fiscal year (April 1,2021 to March 31,2022)

(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	6,936,372	△ 229,815	7,251,319
Cumulative effects of changes in accounting policies			1,163		1,163
Restated balance	500,000	44,762	6,937,535	△ 229,815	7,252,482
Changes of items during the period					
Dividends paid			△ 104,646		△ 104,646
Net income			923,484		923,484
Disposal of treasury shares			△ 5,459	24,318	18,859
Change in treasury shares of parent arising from transactions with non-controlling shareholders		4,413			4,413
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	4,413	813,378	24,318	842,110
Balance at end of current period	500,000	49,175	7,750,913	△ 205,496	8,094,592

	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	921,662	△ 38,883	59,052	941,831	22,103	8,215,253
Cumulative effects of changes in accounting policies						1,163
Restated balance	921,662	△ 38,883	59,052	941,831	22,103	8,216,416
Changes of items during the period						
Dividends paid						△ 104,646
Net income						923,484
Disposal of treasury shares						18,859
Change in treasury shares of parent arising from transactions with non-controlling shareholders						4,413
Net changes of items other than shareholders' equity	△ 98,692	200,585	△ 14,140	87,752	△ 906	86,845
Total changes of items during the period	△ 98,692	200,585	△ 14,140	87,752	△ 906	928,955
Balance at end of current period	822,969	161,701	44,912	1,029,583	21,196	9,145,372

(5) Consolidated Statements of Cash Flows

(in thousands of yen)

	Current Fiscal Year From April 1, 2020 To March 31,2021	Current Fiscal Year From April 1, 2021 To March 31,2022	Increase Decrease(Δ)
Net cash provided by (used in) operating activities			
Income before income taxes	297,191	1,296,466	999,274
Depreciation and amortization	529,830	473,501	Δ 56,328
Impairment loss	154,661	5,975	Δ 148,686
Increase (decrease) in allowance for doubtful accounts	1,461	3,028	1,566
Increase (decrease) in provision for bonuses	Δ 6,527	4,765	11,293
Increase (decrease) in net defined benefit liability	Δ 101,931	Δ 139,754	Δ 37,822
Interest and dividends income	Δ 49,079	Δ 54,670	Δ 5,591
Interest expenses	30,810	30,293	Δ 517
Gain on sales of investment securities	Δ 100,237	Δ 1,804	98,433
Loss (gain) on sales and retirement of noncurrent assets	Δ 1,195	48,064	49,259
Exchange gain(loss)	33,898	Δ 34,421	Δ 68,320
Decrease (increase) in notes and accounts receivable-trade	31,224	Δ 483,153	Δ 514,377
Decrease (increase) in inventories	59,118	Δ 327,314	Δ 386,432
Decrease (increase) in other current assets	Δ 33,130	Δ 307,134	Δ 274,003
Increase (decrease) in notes and accounts payable-trade	Δ 248,540	177,245	425,786
Increase (decrease) in other current liabilities	Δ 9,987	40,699	50,686
Other	6,953	7,689	735
subtotal	594,521	739,477	144,956
Interest and dividends income received	49,079	54,670	5,591
Interest expenses paid	Δ 30,879	Δ 27,381	3,498
Income taxes paid	Δ 116,322	Δ 89,375	26,947
Net cash provided by (used in) operating activities	496,398	677,391	180,993

(in thousands of yen)

	Current Fiscal Year From April 1, 2020 To March 31,2021	Current Fiscal Year From April 1, 2021 To March 31,2022	Increase Decrease(Δ)
Net cash provided by (used in) investing activities			
Payments into time deposits	△ 223,253	△ 205,614	17,638
Proceeds from withdrawal of time deposits	222,345	247,384	25,039
Proceeds from sales of investment securities	156,589	9,504	△ 147,085
Purchase of property, plant and equipment	△ 810,655	△ 2,510,600	△ 1,699,944
Proceeds from sales of property, plant and equipment	2,217	3,753	1,536
Purchase of intangible assets	—	△ 11,285	△ 11,285
Payment on lending	△ 209	—	209
Collection of loans receivable	550	—	△ 550
Other investment payment	△ 560	△ 554	6
Other investment income	2,833	1,688	△ 1,144
Net cash provided by (used in) investing activities	△ 650,144	△ 2,465,723	△ 1,815,579
Net cash provided by (used in) financing activities			
Repayments of lease obligations	△ 15,661	△ 13,979	1,682
Proceeds from long-term loans payable	100,000	1,440,000	1,340,000
Repayment of long-term loans payable	△ 103,530	—	103,530
Dividend payment	△ 160,876	△ 104,646	56,229
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	△ 2,633	△ 2,633
Net cash provided by (used in) financing activities	△ 180,067	1,318,740	1,498,808
Effect of exchange rate change on cash and cash equivalents	2,950	△ 108,820	△ 111,770
Increase and decrease in cash and cash equivalents	△ 330,863	△ 578,411	△ 247,547
Cash and cash equivalents at the start of the period	4,046,386	3,715,523	△ 330,863
Cash and cash equivalents at the end of the period	3,715,523	3,137,111	△ 578,411