

**Consolidated Financial Statements
as of March 31,2023**

NIKKI CO.,LTD.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31,2022)		Current Fiscal Year (As of March 31,2023)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Assets					
Current assets					
Cash and deposits	3,257,415		4,675,856		1,418,440
Accounts receivable-trade	1,313,498		1,737,785		424,287
Electronically recorded monetary claims-operating	416,000		187,488		△ 228,512
Merchandise and finished goods	1,255,332		1,464,870		209,538
Work in process	1,161,657		1,144,668		△ 16,988
Raw materials and supplies	78,285		95,294		17,008
Other	529,251		450,775		△ 78,475
Allowance for doubtful accounts	△ 11,307		△ 4,292		7,015
Total current assets	8,000,134	44.8	9,752,447	48.1	1,752,312
Noncurrent assets					
Property, plant and equipment					
Buildings and structures, net	2,331,385		6,460,564		4,129,178
Machinery, equipment and vehicles, net	682,518		600,609		△ 81,909
Land	405,723		379,569		△ 26,153
Lease assets, net	36,181		82,156		45,974
Construction in progress	4,582,516		1,052,886		△ 3,529,630
Other, net	136,946		239,566		102,619
Total property, plant and equipment	8,175,272	45.8	8,815,352	43.5	640,080
Intangible assets	53,184	0.3	52,861	0.3	△ 322
Investments and other assets					
Investment securities	1,558,562		1,531,697		△ 26,864
Long-term Deferred tax assets	30,487		57,022		26,535
Other	21,534		67,555		46,021
Total investments and other assets	1,610,584	9.0	1,656,276	8.2	45,692
Total noncurrent assets	9,839,041	55.2	10,524,491	51.9	685,450
Total assets	17,839,176	100.0	20,276,939	100.0	2,437,762

(in thousands of yen)

Accounts	Current Fiscal Year (As of March 31,2022)		Current Fiscal Year (As of March 31,2023)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
Liabilities					
Current liabilities					
Notes and accounts payable-trade	199,410		399,017		199,606
Electronically recorded monetary debt-operating	389,550		401,670		12,120
Short-term loans payable	2,441,740		3,509,188		1,067,448
Lease obligations	6,354		10,130		3,776
Accrued expenses	154,587		139,212		△ 15,374
Income taxes payable	349,708		14,314		△ 335,394
Provision for bonuses	149,264		144,922		△ 4,341
Provision for head office transfer cost	—		3,450		3,450
Notes payable - facilities	2,002,190		194,190		△ 1,808,000
Other	171,918		345,596		173,677
Total current liabilities	5,864,723	32.9	5,161,691	25.5	△ 703,031
Noncurrent liabilities					
Long-term loans payable	1,448,260		3,858,554		2,410,294
Lease obligations	32,919		75,673		42,754
Deferred tax liabilities	145,112		227,129		82,016
Long-term lease deposited	515,713		515,713		—
Net defined benefit liability	527,597		450,529		△ 77,068
Other	159,476		157,926		△ 1,550
Total noncurrent liabilities	2,829,079	15.9	5,285,525	26.1	2,456,445
Total liabilities	8,693,803	48.7	10,447,217	51.5	1,753,413
Net assets					
Shareholders' equity					
Capital stock	500,000		500,000		—
Capital surplus	49,175		49,175		—
Retained earnings	7,750,913		8,489,291		738,377
Treasury stock	△ 205,496		△ 327,669		△ 122,172
Total shareholders' equity	8,094,592	45.4	8,710,797	43.0	616,204
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	822,969		804,325		△ 18,644
Foreign currency translation adjustment	161,701		291,189		129,488
Remeasurements of defined benefit plans	44,912		△ 504		△ 45,417
Total accumulated other comprehensive income	1,029,583	5.8	1,095,010	5.4	65,426
Minority Interests	21,196	0.1	23,913	0.1	2,717
Total net assets	9,145,372	51.3	9,829,721	48.5	684,349
Total liabilities and net assets	17,839,176	100.0	20,276,939	100.0	2,437,762

(2) Consolidated Statement of Income

(in thousands of yen)

Accounts	Current Fiscal Year From April 1, 2021 To March 31,2022		Current Fiscal Year From April 1, 2022 To March 31,2023		Increase Decrease(Δ)
		Ratio (%)		Ratio (%)	
Net Sales	8,844,286	100.0	8,802,961	100.0	△ 41,325
Cost of Sales	6,367,690	72.0	6,049,239	68.7	△ 318,450
Gross Profit	2,476,596	28.0	2,753,722	31.3	277,125
Selling,general administrative expenses	1,392,159	15.7	1,584,694	18.0	192,534
Operating Income	1,084,437	12.3	1,169,028	13.3	84,590
Non-operating income					
Interest income	13,133		23,381		10,247
Dividends income	41,536		44,633		3,096
Royalty income	7,960		897		△ 7,062
Exchange gain	242,207		199,609		△ 42,598
Subsidy income	11,535		—		△ 11,535
Other	22,324		16,140		△ 6,183
Total non-operating income	338,698	3.8	284,662	3.2	△ 54,036
Non-operating expenses					
Interest expenses	30,293		47,493		17,200
Commission fee	20,000		—		△ 20,000
Other	0		329		329
Total non-operating expenses	50,293	0.6	47,823	0.5	△ 2,740
Ordinary income	1,372,842	15.5	1,405,866	16.0	33,024
Extraordinary income					
Gain on sales of noncurrent assets	243		359,141		358,898
Gain on sales of investment securities	1,804		58		△ 1,745
Other	—		10,000		10,000
Total extraordinary income	2,047	0.0	369,199	4.2	367,152
Extraordinary loss					
Loss on sales and retirement of noncurrent assets	48,307		309,652		261,344
Environmental expenses	24,140		108,083		83,943
Provision for head office transfer cost	—		3,450		3,450
Head office transfer cost	—		166,647		166,647
Impairment loss	5,975		—		△ 5,975
Total extraordinary loss	78,422	0.9	587,833	6.7	509,410
Income before income taxes	1,296,466	14.7	1,187,233	13.5	△ 109,233
Income taxes-current	398,808		225,172		△ 173,636
Income taxes deferred	△ 24,984		83,456		108,440
Total income taxes-current	373,824		308,628		△ 65,195
Income berofe minority interests	922,642	10.4	878,604	10.0	△ 44,038
Minority interests in income	△ 842		371		1,213
Net income	923,484	10.4	878,232	10.0	△ 45,251

(3) Consolidated Statement of Comprehensive Income

(in thousands of yen)

	Current Fiscal Year From April 1, 2021 To March 31,2022	Current Fiscal Year From April 1, 2022 To March 31,2023	Increase Decrease(Δ)
Accounts			
Income before minority interests	922,642	878,604	Δ 44,038
Other comprehensive income			
Valuation difference on available-for-sale securities	Δ 98,692	Δ 18,644	80,048
Foreign currency translation adjustment	200,520	131,834	Δ 68,686
Remeasurements of defined benefit plans	Δ 14,140	Δ 45,417	Δ 31,276
Total Other comprehensive income	87,687	67,772	Δ 19,915
Comprehensive income	1,010,329	946,376	Δ 63,953
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	1,011,236	943,658	Δ 67,577
Comprehensive income attributable to minority interests	Δ 906	2,717	3,624

(4) Consolidated Statement of Changes in Shareholders' Equity

Current fiscal year (April 1,2022 to March 31,2023)

(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	49,175	7,750,913	△ 205,496	8,094,592
Changes of items during the period					
Dividends paid			△ 133,907		△ 133,907
Net income			878,232		878,232
Purchase of treasury shares				△ 147,200	△ 147,200
Disposal of treasury shares			△ 5,947	25,027	19,080
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	—	—	738,377	△ 122,172	616,204
Balance at end of current period	500,000	49,175	8,489,291	△ 327,669	8,710,797

	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	822,969	161,701	44,912	1,029,583	21,196	9,145,372
Changes of items during the period						
Dividends paid						△ 133,907
Net income						878,232
Purchase of treasury shares						△ 147,200
Disposal of treasury shares						19,080
Change in treasury shares of parent arising from transactions with non-controlling shareholders						—
Net changes of items other than shareholders' equity	△ 18,644	129,488	△ 45,417	65,426	2,717	68,144
Total changes of items during the period	△ 18,644	129,488	△ 45,417	65,426	2,717	684,349
Balance at end of current period	804,325	291,189	△ 504	1,095,010	23,913	9,829,721

(5) Consolidated Statements of Cash Flows

(in thousands of yen)

	Current Fiscal Year From April 1, 2022 To March 31,2021	Current Fiscal Year From April 1, 2022 To March 31,2023	Increase Decrease(Δ)
Net cash provided by (used in) operating activities			
Income before income taxes	1,296,466	1,187,233	△ 109,233
Depreciation and amortization	473,501	545,035	71,534
Impairment loss	5,975	—	△ 5,975
Increase (decrease) in allowance for doubtful accounts	3,028	△ 7,052	△ 10,080
Increase (decrease) in provision for bonuses	4,765	△ 4,384	△ 9,150
Increase (decrease) in provision for head office transfer cost	—	3,450	3,450
Increase (decrease) in net defined benefit liability	△ 139,754	△ 142,333	△ 2,579
Interest and dividends income	△ 54,670	△ 68,014	△ 13,344
Interest expenses	30,293	47,493	17,200
Gain on sales of investment securities	△ 1,804	△ 58	1,745
Loss (gain) on sales and retirement of noncurrent assets	48,064	△ 49,488	△ 97,553
Exchange gain(loss)	△ 34,421	△ 1,613	32,808
Decrease (increase) in notes and accounts receivable-trade	△ 483,153	△ 127,630	355,523
Decrease (increase) in inventories	△ 327,314	4,527	331,841
Decrease (increase) in long-term loans payable	—	△ 11,027	△ 11,027
Decrease (increase) in other current assets	△ 307,134	△ 27,883	279,250
Increase (decrease) in notes and accounts payable-trade	177,245	△ 109,406	△ 286,652
Increase (decrease) in other current liabilities	40,699	17,705	△ 22,994
Other	7,689	17,025	9,336
subtotal	739,477	1,273,577	534,099
Interest and dividends income received	54,670	68,014	13,344
Interest expenses paid	△ 27,381	△ 50,362	△ 22,980
Income taxes paid	△ 89,375	△ 489,716	△ 400,341
Net cash provided by (used in) operating activities	677,391	801,512	124,121

(in thousands of yen)

	Current Fiscal Year From April 1, 2021 To March 31,2022	Current Fiscal Year From April 1, 2022 To March 31,2023	Increase Decrease(Δ)
Net cash provided by (used in) investing activities			
Payments into time deposits	Δ 205,614	Δ 100,000	105,614
Proceeds from withdrawal of time deposits	247,384	121,372	Δ 126,012
Proceeds from sales of investment securities	9,504	174	Δ 9,329
Purchase of property, plant and equipment	Δ 2,510,600	Δ 3,237,738	Δ 727,138
Proceeds from sales of property, plant and equipment	3,753	584,334	580,581
Purchase of intangible assets	Δ 11,285	Δ 2,280	9,004
Other investment payment	Δ 554	Δ 35,485	Δ 34,931
Other investment income	1,688	581	Δ 1,106
Net cash provided by (used in) investing activities	Δ 2,465,723	Δ 2,669,042	Δ 203,318
Net cash provided by (used in) financing activities			
Repayments of lease obligations	Δ 13,979	Δ 8,230	5,748
Net increase (decrease) in short-term loans payable	—	1,000,000	1,000,000
Proceeds from long-term loans payable	1,440,000	2,660,000	1,220,000
Repayment of long-term loans payable	—	Δ 182,258	Δ 182,258
Purchase of treasury stock	—	Δ 147,200	Δ 147,200
Dividend payment	Δ 104,646	Δ 133,907	Δ 29,260
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	Δ 2,633	—	2,633
Net cash provided by (used in) financing activities	1,318,740	3,188,403	1,869,662
Effect of exchange rate change on cash and cash equivalents	Δ 108,820	117,870	226,690
Increase and decrease in cash and cash equivalents	Δ 578,411	1,438,744	2,017,156
Cash and cash equivalents at the start of the period	3,715,523	3,137,111	Δ 578,411
Cash and cash equivalents at the end of the period	3,137,111	4,575,856	1,438,744