

**Consolidated Financial Statements  
as of March 31,2019**

**NIKKI CO.,LTD.**

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

( in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31,2018)		Current Fiscal Year (As of March 31,2019)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
<b>Assets</b>					
<b>Current assets</b>					
Cash and deposits	3,145,337		3,975,730		830,393
Notes and accounts receivable-trade	1,435,786		1,239,058		Δ 196,728
Electronically recorded monetary claims-operating	448,964		228,827		Δ 220,136
Merchandise and finished goods	508,728		651,300		142,571
Work in process	1,163,396		1,100,357		Δ 63,038
Raw materials and supplies	49,507		51,148		1,640
Short-term loans receivable	438		366		Δ 71
Short-term Deferred tax assets	—		—		—
Other	246,233		213,798		Δ 32,435
Allowance for doubtful accounts	Δ 6,856		Δ 5,005		1,850
<b>Total current assets</b>	<b>6,991,537</b>	<b>53.0</b>	<b>7,455,582</b>	<b>55.3</b>	<b>464,044</b>
<b>Noncurrent assets</b>					
<b>Property, plant and equipment</b>					
Buildings and structures, net	2,588,813		2,663,045		74,231
Machinery, equipment and vehicles, net	1,208,790		993,076		Δ 215,714
Land	406,395		402,891		Δ 3,503
Lease assets, net	13,825		983		Δ 12,842
Construction in progress	50,178		13,516		Δ 36,661
Other, net	108,973		136,402		27,428
<b>Total property, plant and equipment</b>	<b>4,376,977</b>	<b>33.2</b>	<b>4,209,916</b>	<b>31.2</b>	<b>Δ 167,061</b>
Intangible assets	110,992	0.8	66,707	0.5	Δ 44,285
Investments and other assets					
Investment securities	1,678,211		1,680,908		2,696
Long-term loans receivable	706		340		Δ 366
Long-term Deferred tax assets	9,001		40,914		31,912
Other	26,252		24,727		Δ 1,525
<b>Total investments and other assets</b>	<b>1,714,173</b>	<b>13.0</b>	<b>1,746,890</b>	<b>13.0</b>	<b>32,717</b>
<b>Total noncurrent assets</b>	<b>6,202,142</b>	<b>47.0</b>	<b>6,023,513</b>	<b>44.7</b>	<b>Δ 178,628</b>
<b>Total assets</b>	<b>13,193,680</b>	<b>100.0</b>	<b>13,479,096</b>	<b>100.0</b>	<b>285,415</b>

( in thousands of yen)

Accounts	Prior Fiscal Year (As of March 31,2018)		Current Fiscal Year (As of March 31,2019)		Increase Decrease(Δ)
	Amounts	Ratio (%)	Amounts	Ratio (%)	
<b>Liabilities</b>					
Current liabilities					
Notes and accounts payable-trade	379,545		249,007		Δ 130,537
Electronically recorded monetary debt-operating	482,720		426,410		Δ 56,310
Short-term loans payable	2,408,300		2,308,148		Δ 100,151
Lease obligations	39,287		5,127		Δ 34,160
Accrued expenses	209,324		173,686		Δ 35,638
Income taxes payable	210,907		111,825		Δ 99,082
Provision for bonuses	147,466		154,050		6,583
Other	183,674		370,089		186,414
Total current liabilities	4,061,227	30.8	3,798,345	28.2	Δ 262,881
Noncurrent liabilities					
Long-term loans payable	62,449		154,073		91,623
Lease obligations	8,770		3,643		Δ 5,127
Deferred tax liabilities	221,598		182,295		Δ 39,302
Provision for directors' retirement benefits	167,834		—		Δ 167,834
Provision for environmental measures	892		—		Δ 892
Long-term lease deposited	515,563		515,563		—
Net defined benefit liability	1,043,221		908,213		Δ 135,007
Other	13,176		185,431		172,255
Total noncurrent liabilities	2,033,506	15.4	1,949,220	14.5	Δ 84,285
Total liabilities	6,094,733	46.2	5,747,566	42.6	Δ 347,167
<b>Net assets</b>					
Shareholders' equity					
Capital stock	500,000		500,000		—
Capital surplus	44,762		45,257		495
Retained earnings	5,864,384		6,516,452		652,068
Treasury stock	Δ 297,350		Δ 277,732		19,617
Total shareholders' equity	6,111,796	46.3	6,783,977	50.3	672,181
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	860,893		867,851		6,957
Foreign currency translation adjustment	122,432		52,627		Δ 69,804
Remeasurements of defined benefit plans	Δ 30,699		Δ 4,266		26,432
Total accumulated other comprehensive income	952,627	7.2	916,212	6.8	Δ 36,414
Minority Interests	34,523	0.3	31,340	0.2	Δ 3,183
Total net assets	7,098,947	53.8	7,731,530	57.4	632,583
Total liabilities and net assets	13,193,680	100.0	13,479,096	100.0	285,415

## (2) Consolidated Statement of Income

(in thousands of yen)

Accounts	Prior Fiscal Year From April 1, 2017 To March 31, 2018		Current Fiscal Year From April 1, 2018 To March 31, 2019		Increase Decrease(Δ)
		Ratio (%)		Ratio (%)	
Net Sales	9,185,467	100.0	7,867,447	100.0	Δ 1,318,020
Cost of Sales	6,672,933	72.6	5,594,104	71.1	Δ 1,078,829
Gross Profit	2,512,534	27.4	2,273,342	28.9	Δ 239,191
Selling, general administrative expenses	1,617,152	17.6	1,491,312	19.0	Δ 125,839
Operating Income	895,381	9.7	782,030	9.9	Δ 113,351
Non-operating income					
Interest income	11,536		12,843		1,307
Dividends income	44,232		54,046		9,814
Exchange gain	—		115,193		115,193
Other	23,659		39,776		16,117
Total non-operating income	79,428	0.9	221,860	2.8	142,431
Non-operating expenses					
Interest expenses	31,026		27,344		Δ 3,682
Exchange loss	51,245		—		Δ 51,245
Other	0		0		0
Total non-operating expenses	82,271	0.9	27,344	0.3	Δ 54,926
Ordinary income	892,538	9.7	976,545	12.4	84,007
Extraordinary income					
Gain on sales of noncurrent assets	421		—		Δ 421
Gain on sales of investment securities	0		16		15
Total extraordinary income	421	0.0	16	0.0	Δ 405
Extraordinary loss					
Loss on sales and retirement of noncurrent assets	903		1,099		196
Total extraordinary loss	903	0.0	1,099	0.0	196
Income before income taxes	892,056	9.7	975,462	12.4	83,405
Income taxes-current	261,897		252,486		Δ 9,410
Income taxes deferred	1,515		Δ 76,316		Δ 77,832
Total income taxes-current	263,413		176,169		Δ 87,243
Income before minority interests	628,643	6.8	799,292	10.2	170,648
Minority interests in income	Δ 28,586		Δ 2,697		25,889
Net income	657,229	7.2	801,989	10.2	144,759

## (3) Consolidated Statement of Comprehensive Income

( in thousands of yen)

	Prior Fiscal Year From April 1, 2017 To March 31,2018	Current Fiscal Year From April 1, 2018 To March 31,2019	Increase Decrease(Δ)
Accounts			
Income before minority interests	628,643	799,292	170,648
Other comprehensive income			
Valuation difference on available-for-sale securities	57,325	6,957	Δ 50,368
Foreign currency translation adjustment	Δ 26,951	Δ 70,291	Δ 43,339
Remeasurements of defined benefit plans	9,776	26,432	16,656
Total Other comprehensive income	40,150	Δ 36,901	Δ 77,051
Comprehensive income	668,793	762,391	93,597
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	696,027	765,574	69,547
Comprehensive income attributable to minority interests	Δ 27,233	Δ 3,183	24,050

## (4) Consolidated Statement of Changes in Shareholders' Equity

Current fiscal year (April 1, 2018 to March 31, 2019)

( 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	5,864,384	△ 297,350	6,111,796
Changes of items during the period					
Dividends paid			△ 149,920		△ 149,920
Net income			801,989		801,989
Purchase of treasury shares				△ 215	△ 215
Disposal of treasury shares		495		19,832	20,328
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	652,068	19,617	672,181
Balance at end of current period	500,000	45,257	6,516,452	△ 277,732	6,783,977

	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	860,893	122,432	△ 30,699	952,627	34,523	7,098,947
Changes of items during the period						
Dividends paid						△ 149,920
Net income						801,989
Purchase of treasury shares						△ 215
Disposal of treasury shares						20,328
Change in treasury shares of parent arising from transactions with non-controlling shareholders						—
Net changes of items other than shareholders' equity	6,957	△ 69,804	26,432	△ 36,414	△ 3,183	△ 39,598
Total changes of items during the period	6,957	△ 69,804	26,432	△ 36,414	△ 3,183	632,583
Balance at end of current period	867,851	52,627	△ 4,266	916,212	31,340	7,731,530

## (5) Consolidated Statements of Cash Flows

( in thousands of yen)

	Current Fiscal Year From April 1, 2017 To March 31,2018	Current Fiscal Year From April 1, 2018 To March 31,2019	Increase Decrease(Δ)
<b>Net cash provided by (used in) operating activities</b>			
Income before income taxes	892,056	975,462	83,405
Depreciation and amortization	646,426	609,840	Δ 36,586
Increase (decrease) in provision for directors' retirement benefits	11,297	Δ 167,833	Δ 179,131
Increase (decrease) in allowance for doubtful accounts	Δ 82	Δ 1,850	Δ 1,768
Increase (decrease) in provision for bonuses	6,326	6,803	476
Increase (decrease) in provision for environmental measure	0	Δ 892	Δ 893
Increase (decrease) in net defined benefit liability	Δ 132,236	Δ 98,793	33,443
Interest and dividends income	Δ 55,768	Δ 66,890	Δ 11,121
Interest expenses	31,026	27,344	Δ 3,682
Loss (gain) on sales and retirement of noncurrent assets	481	1,099	617
Exchange gain(loss)	Δ 17,709	Δ 23,687	Δ 5,978
Decrease (increase) in notes and accounts receivable-trade	Δ 51,863	404,919	456,783
Decrease (increase) in inventories	Δ 68,852	Δ 105,554	Δ 36,702
Decrease (increase) in other current assets	Δ 95,484	25,456	120,941
Increase (decrease) in notes and accounts payable-trade	Δ 11,095	Δ 184,215	Δ 173,120
Increase (decrease) in other current liabilities	Δ 52,500	Δ 47,030	5,469
Other	4,094	185,785	181,690
subtotal	1,106,116	1,539,962	433,845
Interest and dividends income received	55,768	66,890	11,121
Interest expenses paid	Δ 31,100	Δ 27,344	3,756
Income taxes paid	Δ 150,572	Δ 347,563	Δ 196,990
Net cash provided by (used in) operating activities	980,213	1,231,945	251,732

( in thousands of yen)

	Current Fiscal Year From April 1, 2016 To March 31,2017	Current Fiscal Year From April 1, 2017 To March 31,2018	Increase Decrease(Δ)
<b>Net cash provided by (used in) investing activities</b>			
Payments into time deposits	Δ 194,755	Δ 190,011	4,744
Proceeds from withdrawal of time deposits	210,770	189,118	Δ 21,652
Purchase of investments in capital of subsidiaries	Δ 62,611	—	62,611
Payments for purchases of investment securities	Δ 76,048	—	76,048
Proceeds from sales of investment securities	0	103	102
Purchase of property, plant and equipment	Δ 246,672	Δ 225,953	20,719
Proceeds from sales of property, plant and equipment	10,547	—	Δ 10,547
Purchase of intangible assets	Δ 5,560	—	5,560
Payment on lending	Δ 1,329	Δ 373	956
Collection of loans receivable	822	810	Δ 12
Other investment payment	Δ 2,506	Δ 237	2,268
Other investment income	1,737	213	Δ 1,523
Net cash provided by (used in) investing activities	Δ 365,604	Δ 226,329	139,274
<b>Net cash provided by (used in) financing activities</b>			
Repayments of lease obligations	Δ 52,701	Δ 39,287	13,413
Proceeds from long-term loans payable	—	100,000	100,000
Repayment of long-term loans payable	Δ 7,689	Δ 107,186	Δ 99,497
Purchase of treasury stock	Δ 632	Δ 215	417
Dividend payment	Δ 131,205	Δ 149,920	Δ 18,715
Net cash provided by (used in) financing activities	Δ 192,228	Δ 196,610	Δ 4,382
Effect of exchange rate change on cash and cash equivalents	40,976	24,188	Δ 16,787
Increase and decrease in cash and cash equivalents	463,356	833,193	369,837
Cash and cash equivalents at the start of the period	2,525,468	2,988,825	463,356
Cash and cash equivalents at the end of the period	2,988,825	3,822,019	833,193