

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

July 27, 2020

Company name: NAGAWA Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9663 URL <https://group.nagawa.co.jp/>
 Representative: President Osamu Takahashi
 Inquiries: Chief Financial Officer Ryoh Shimmura TEL 03-5288-8666
 Scheduled date to file Quarterly Securities Report: August 6, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	6,123	(2.9)	812	34.5	981	39.8	652	45.2
Three months ended June 30, 2019	6,303	5.7	604	(10.2)	702	(2.0)	449	3.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	41.89		–	
Three months ended June 30, 2019	29.21		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	48,579	44,768	92.2
As of March 31, 2020	49,917	44,678	89.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	–	0.00	–	60.00	60.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	0.00	–	50.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2020	10,800	(22.3)	1,080	(36.5)	1,120	(39.3)	720	(37.6)	46.42
Full year	27,000	(7.0)	2,700	(23.6)	2,800	(24.7)	1,800	(14.5)	116.05

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020	16,357,214 shares	As of March 31, 2020	16,357,214 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	777,414 shares	As of March 31, 2020	776,869 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	15,580,097 shares	Three months ended June 30, 2019	15,390,316 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	14,575	13,391
Notes receivable - trade	1,897	1,797
Electronically recorded monetary claims - operating	1,618	1,633
Accounts receivable - trade	4,775	3,625
Merchandise and finished goods	1,767	2,101
Work in process	132	231
Raw materials and supplies	204	262
Other	188	215
Allowance for doubtful accounts	(0)	(0)
Total current assets	25,159	23,258
Non-current assets		
Property, plant and equipment		
Assets for rent, net	7,866	7,966
Buildings and structures, net	1,646	1,614
Land	6,442	6,442
Construction in progress	7	7
Other, net	151	144
Total property, plant and equipment	16,115	16,176
Intangible assets	126	119
Investments and other assets		
Investment securities	6,994	7,661
Leasehold and guarantee deposits	553	554
Deferred tax assets	674	509
Other	295	300
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	8,516	9,025
Total non-current assets	24,757	25,320
Total assets	49,917	48,579

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	2,069	1,817
Income taxes payable	690	334
Provision for bonuses	234	344
Provision for bonuses for directors (and other officers)	64	12
Provision for loss on liquidation of subsidiaries and associates	56	40
Asset retirement obligations	0	0
Other	1,943	1,094
Total current liabilities	5,059	3,643
Non-current liabilities		
Long-term accounts payable - other	30	27
Retirement benefit liability	62	51
Asset retirement obligations	80	81
Other	6	6
Total non-current liabilities	179	166
Total liabilities	5,239	3,810
Net assets		
Shareholders' equity		
Share capital	2,855	2,855
Capital surplus	7,419	7,419
Retained earnings	36,708	36,426
Treasury shares	(1,731)	(1,731)
Total shareholders' equity	45,251	44,969
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(572)	(198)
Foreign currency translation adjustment	(1)	(2)
Total accumulated other comprehensive income	(573)	(200)
Non-controlling interests	–	–
Total net assets	44,678	44,768
Total liabilities and net assets	49,917	48,579

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	6,303	6,123
Cost of sales	3,878	3,458
Gross profit	2,425	2,665
Selling, general and administrative expenses	1,821	1,852
Operating profit	604	812
Non-operating income		
Interest income	0	2
Dividend income	45	176
Rental income	4	6
Purchase discounts	36	–
Foreign exchange gains	9	–
Miscellaneous income	2	3
Total non-operating income	99	188
Non-operating expenses		
Foreign exchange losses	–	15
Miscellaneous loss	1	3
Total non-operating expenses	1	19
Ordinary profit	702	981
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on disposal of non-current assets	7	0
Total extraordinary losses	7	0
Profit before income taxes	695	981
Income taxes - current	255	328
Income taxes - deferred	(8)	0
Total income taxes	247	329
Profit	447	652
Loss attributable to non-controlling interests	(1)	–
Profit attributable to owners of parent	449	652

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	447	652
Other comprehensive income		
Valuation difference on available-for-sale securities	(156)	373
Foreign currency translation adjustment	(4)	(0)
Total other comprehensive income	(161)	372
Comprehensive income	286	1,025
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	294	1,025
Comprehensive income attributable to non-controlling interests	(7)	—