

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**

May 18, 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 of ordinary general meeting of shareholders: June 16, 2020
 Scheduled date to file Securities Report: June 16, 2020
 Scheduled date to commence dividend payments: June 17, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

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	%
Year ended March 31, 2020	29,018	2.4	3,536	(6.8)	3,717	(6.6)	2,105	(20.0)
Year ended March 31, 2019	28,344	3.3	3,794	(11.4)	3,979	(10.8)	2,632	(9.9)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	135.78	—	4.8	7.7	12.2
Year ended March 31, 2019	176.51	—	6.4	8.8	13.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	49,917	44,678	89.5	2,867.61
As of March 31, 2019	46,951	42,896	91.3	2,785.94

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	2,504	(3,493)	(163)	14,575
Year ended March 31, 2019	2,909	(1,761)	930	15,719

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	—	0.00	—	60.00	60.00	923	34.0	2.1
Year ended March 31, 2020	—	0.00	—	60.00	60.00	934	44.2	2.1
Year ending March 31, 2021 (Forecast)	—	—	—	—	—	—	—	—

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2020
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2020	16,357,214 shares	As of March 31, 2019	16,357,214 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	776,869 shares	As of March 31, 2019	966,898 shares
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Average number of shares during the period

Year ended March 31, 2020	15,510,439 shares	Year ended March 31, 2019	14,915,630 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	15,719	14,575
Notes and accounts receivable - trade	8,559	8,292
Securities	20	0
Merchandise and finished goods	1,455	1,767
Work in process	105	132
Raw materials and supplies	187	204
Other	156	187
Allowance for doubtful accounts	–	(0)
Total current assets	26,203	25,159
Non-current assets		
Property, plant and equipment		
Assets for rent	30,204	31,328
Accumulated depreciation	(22,613)	(23,461)
Assets for rent, net	7,590	7,866
Buildings and structures	5,476	5,361
Accumulated depreciation	(3,772)	(3,715)
Buildings and structures, net	1,703	1,646
Land	6,425	6,442
Construction in progress	8	7
Other	1,114	1,128
Accumulated depreciation	(963)	(977)
Other, net	151	151
Total property, plant and equipment	15,880	16,115
Intangible assets	116	126
Investments and other assets		
Investment securities	3,852	6,994
Leasehold and guarantee deposits	534	553
Deferred tax assets	335	674
Other	30	295
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	4,750	8,516
Total non-current assets	20,748	24,757
Total assets	46,951	49,917

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	2,044	2,069
Accounts payable - other	132	1,101
Income taxes payable	537	690
Provision for bonuses	251	234
Provision for bonuses for directors (and other officers)	65	64
Provision for loss on liquidation of subsidiaries and associates	–	56
Asset retirement obligations	0	0
Other	864	842
Total current liabilities	3,895	5,059
Non-current liabilities		
Long-term accounts payable - other	28	30
Retirement benefit liability	40	62
Asset retirement obligations	83	80
Other	7	6
Total non-current liabilities	159	179
Total liabilities	4,055	5,239
Net assets		
Shareholders' equity		
Share capital	2,855	2,855
Capital surplus	5,872	7,419
Retained earnings	35,525	36,708
Treasury shares	(1,228)	(1,731)
Total shareholders' equity	43,025	45,251
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(144)	(572)
Foreign currency translation adjustment	(4)	(1)
Total accumulated other comprehensive income	(149)	(573)
Non-controlling interests	19	–
Total net assets	42,896	44,678
Total liabilities and net assets	46,951	49,917

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	28,344	29,018
Cost of sales	17,327	17,983
Gross profit	11,016	11,035
Selling, general and administrative expenses		
Transportation costs	319	415
house maintenance cost	569	586
Advertising expenses	229	334
Salaries and allowances	2,185	2,158
Remuneration for directors (and other officers)	139	143
Provision for bonuses	202	192
Provision for bonuses for directors (and other officers)	60	60
Retirement benefit expenses	165	141
Welfare expenses	412	403
Depreciation	197	219
Repair expenses	177	144
Rent expenses on land and buildings	1,068	1,107
Other	1,494	1,589
Total selling, general and administrative expenses	7,221	7,498
Operating profit	3,794	3,536
Non-operating income		
Interest income	8	12
Dividend income	31	84
Rental income	19	19
Purchase discounts	140	76
Miscellaneous income	30	10
Total non-operating income	229	202
Non-operating expenses		
Commission expenses	7	7
Foreign exchange losses	27	7
Loss on disposal of inventories	1	–
Miscellaneous loss	9	5
Total non-operating expenses	45	21
Ordinary profit	3,979	3,717
Extraordinary income		
Gain on sales of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on disposal of non-current assets	25	33
Impairment loss	20	–
Loss on valuation of investment securities	5	412
Provision for loss on liquidation of subsidiaries and associates	–	76
Loss on liquidation of subsidiaries	43	–
Total extraordinary losses	94	522

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit before income taxes	3,886	3,195
Income taxes - current	1,259	1,261
Income taxes - deferred	10	(150)
Total income taxes	1,270	1,111
Profit	2,616	2,084
Loss attributable to non-controlling interests	(16)	(21)
Profit attributable to owners of parent	2,632	2,105

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	2,616	2,084
Other comprehensive income		
Valuation difference on available-for-sale securities	(194)	(427)
Foreign currency translation adjustment	25	5
Total other comprehensive income	(168)	(422)
Comprehensive income	2,447	1,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,466	1,681
Comprehensive income attributable to non-controlling interests	(18)	(20)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,855	5,892	33,596	(2,901)	39,443
Changes during period					
Dividends of surplus			(703)		(703)
Profit attributable to owners of parent			2,632		2,632
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(19)		1,674	1,654
Net changes in items other than shareholders' equity					
Total changes during period	–	(19)	1,929	1,673	3,582
Balance at end of period	2,855	5,872	35,525	(1,228)	43,025

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	49	(32)	17	27	39,487
Changes during period					
Dividends of surplus					(703)
Profit attributable to owners of parent					2,632
Purchase of treasury shares					(1)
Disposal of treasury shares					1,654
Net changes in items other than shareholders' equity	(194)	27	(166)	(7)	(173)
Total changes during period	(194)	27	(166)	(7)	3,408
Balance at end of period	(144)	(4)	(149)	19	42,896

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,855	5,872	35,525	(1,228)	43,025
Changes during period					
Dividends of surplus			(923)		(923)
Profit attributable to owners of parent			2,105		2,105
Purchase of treasury shares				(1,049)	(1,049)
Disposal of treasury shares		1,557		545	2,103
Purchase of shares of consolidated subsidiaries		(10)			(10)
Net changes in items other than shareholders' equity					
Total changes during period	-	1,546	1,182	(503)	2,226
Balance at end of period	2,855	7,419	36,708	(1,731)	45,251

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(144)	(4)	(149)	19	42,896
Changes during period					
Dividends of surplus					(923)
Profit attributable to owners of parent					2,105
Purchase of treasury shares					(1,049)
Disposal of treasury shares					2,103
Purchase of shares of consolidated subsidiaries					(10)
Net changes in items other than shareholders' equity	(427)	3	(424)	(19)	(443)
Total changes during period	(427)	3	(424)	(19)	1,782
Balance at end of period	(572)	(1)	(573)	-	44,678

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	3,886	3,195
Depreciation	3,091	3,169
Impairment loss	20	–
Cost of sales of assets for rent	47	30
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses for directors (and other officers)	(10)	(0)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	–	56
Interest and dividend income	(39)	(96)
Loss (gain) on valuation of investment securities	5	412
Loss (gain) on disposal of non-current assets	23	33
Loss on liquidation of subsidiaries	43	–
Purchase of assets for rental	(2,107)	(3,169)
Foreign exchange losses (gains)	27	7
Decrease (increase) in trade receivables	(355)	268
Decrease (increase) in inventories	(165)	(356)
Increase (decrease) in trade payables	64	24
Other, net	(51)	(70)
Subtotal	4,481	3,504
Proceeds from insurance income	8	20
Interest and dividends received	39	96
Income taxes paid	(1,620)	(1,116)
Net cash provided by (used in) operating activities	2,909	2,504
Cash flows from investing activities		
Purchase of own-used assets	(308)	(274)
Proceeds from sales of own-used assets	108	0
Purchase of investment securities	(1,548)	(3,175)
Payments of leasehold and guarantee deposits	(43)	(28)
Other, net	31	(15)
Net cash provided by (used in) investing activities	(1,761)	(3,493)
Cash flows from financing activities		
Purchase of treasury shares	(1)	(1,049)
Proceeds from disposal of treasury shares	1,654	1,818
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(10)
Dividends paid	(703)	(923)
Other, net	(19)	–
Net cash provided by (used in) financing activities	930	(163)
Effect of exchange rate change on cash and cash equivalents	(11)	9
Net increase (decrease) in cash and cash equivalents	2,067	(1,143)
Cash and cash equivalents at beginning of period	13,651	15,719
Cash and cash equivalents at end of period	15,719	14,575