

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

October 25, 2021

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: November 8, 2021  
 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 six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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	%
Six months ended September 30, 2021	14,286	6.3	2,075	12.4	2,248	10.0	1,488	8.6
Six months ended September 30, 2020	13,445	(3.3)	1,847	8.6	2,043	10.8	1,370	18.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	95.14	–
Six months ended September 30, 2020	87.99	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	54,484	49,696	91.2	3,167.31
As of March 31, 2021	53,409	48,072	90.0	3,084.71

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	60.00	60.00
Year ending March 31, 2022	–	0.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	65.00	65.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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
Full year	31,000	5.5	4,600	7.4	4,800	5.8	3,300	8.7	211.81

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021  
(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: Yes
- 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 September 30, 2021	16,357,214 shares	As of March 31, 2021	16,357,214 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	666,847 shares	As of March 31, 2021	772,967 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	15,644,731 shares	Six months ended September 30, 2020	15,579,723 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	14,215	13,343
Notes receivable - trade	1,686	1,655
Electronically recorded monetary claims - operating	1,851	1,793
Accounts receivable - trade	4,655	4,436
Contract assets	–	220
Merchandise and finished goods	1,830	1,821
Work in process	111	169
Raw materials and supplies	172	231
Other	220	211
Allowance for doubtful accounts	(1)	(0)
Total current assets	24,743	23,881
Non-current assets		
Property, plant and equipment		
Assets for rent, net	8,433	9,107
Buildings and structures, net	1,572	1,500
Land	6,442	6,442
Construction in progress	4	451
Other, net	261	216
Total property, plant and equipment	16,713	17,718
Intangible assets	214	202
Investments and other assets		
Investment securities	10,401	11,498
Leasehold and guarantee deposits	579	580
Retirement benefit asset	84	99
Deferred tax assets	152	23
Other	519	480
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	11,737	12,680
Total non-current assets	28,665	30,602
Total assets	53,409	54,484

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,181	1,875
Income taxes payable	992	774
Provision for bonuses	295	257
Provision for bonuses for directors (and other officers)	55	30
Provision for loss on liquidation of subsidiaries and associates	7	6
Asset retirement obligations	–	23
Other	912	996
<b>Total current liabilities</b>	<b>4,444</b>	<b>3,964</b>
<b>Non-current liabilities</b>		
Long-term borrowings	587	558
Long-term accounts payable - other	27	26
Retirement benefit liability	0	0
Asset retirement obligations	81	51
Other	195	185
<b>Total non-current liabilities</b>	<b>892</b>	<b>823</b>
<b>Total liabilities</b>	<b>5,336</b>	<b>4,788</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,855	2,855
Capital surplus	7,933	8,559
Retained earnings	38,809	39,359
Treasury shares	(2,171)	(1,910)
<b>Total shareholders' equity</b>	<b>47,427</b>	<b>48,864</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	648	836
Foreign currency translation adjustment	(3)	(4)
<b>Total accumulated other comprehensive income</b>	<b>645</b>	<b>831</b>
<b>Non-controlling interests</b>	<b>–</b>	<b>–</b>
<b>Total net assets</b>	<b>48,072</b>	<b>49,696</b>
<b>Total liabilities and net assets</b>	<b>53,409</b>	<b>54,484</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	13,445	14,286
Cost of sales	7,791	8,212
Gross profit	5,653	6,073
Selling, general and administrative expenses	3,806	3,998
Operating profit	1,847	2,075
Non-operating income		
Interest income	3	28
Dividend income	179	140
Rental income	12	12
Foreign exchange gains	–	1
Miscellaneous income	14	11
Total non-operating income	209	195
Non-operating expenses		
Commission expenses	–	4
Foreign exchange losses	2	–
Share-based remuneration expenses	8	17
Miscellaneous losses	1	0
Total non-operating expenses	12	21
Ordinary profit	2,043	2,248
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	24	–
Total extraordinary income	24	0
Extraordinary losses		
Loss on disposal of non-current assets	10	5
Total extraordinary losses	10	5
Profit before income taxes	2,057	2,243
Income taxes - current	680	708
Income taxes - deferred	6	46
Total income taxes	686	755
Profit	1,370	1,488
Profit attributable to owners of parent	1,370	1,488

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	1,370	1,488
Other comprehensive income		
Valuation difference on available-for-sale securities	577	187
Foreign currency translation adjustment	(2)	(1)
Total other comprehensive income	575	186
Comprehensive income	1,946	1,674
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,946	1,674
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,057	2,243
Depreciation	1,435	1,424
Amortization of goodwill	–	5
Cost of sales of assets for rent	13	17
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses for directors (and other officers)	(40)	(25)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(45)	(1)
Share-based payment expenses	32	35
Interest and dividend income	(182)	(169)
Foreign exchange losses (gains)	2	(1)
Loss (gain) on disposal of non-current assets	10	4
Loss (gain) on sale of investment securities	(24)	–
Purchase of assets for rental	(1,855)	(1,971)
Decrease (increase) in trade receivables	549	87
Decrease (increase) in inventories	(146)	(107)
Increase (decrease) in trade payables	(24)	(305)
Other, net	235	20
Subtotal	2,017	1,258
Proceeds from insurance income	2	0
Interest and dividends received	185	172
Income taxes paid	(649)	(930)
Net cash provided by (used in) operating activities	1,555	499
Cash flows from investing activities		
Purchase of own-used assets	(159)	(459)
Proceeds from sale of own-used assets	1	0
Purchase of investment securities	(1,872)	(832)
Proceeds from sale of investment securities	735	–
Other, net	(7)	(0)
Net cash provided by (used in) investing activities	(1,303)	(1,292)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(2)
Proceeds from disposal of treasury shares	–	861
Dividends paid	(934)	(938)
Net cash provided by (used in) financing activities	(935)	(79)
Effect of exchange rate change on cash and cash equivalents	(4)	0
Net increase (decrease) in cash and cash equivalents	(687)	(871)
Cash and cash equivalents at beginning of period	14,575	14,215
Cash and cash equivalents at end of period	13,887	13,343