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Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 15, 2023

Company name: NAGAWA Co.,Ltd.

Stock exchange listing: Tokyo

Code number: 9663

URL: <https://group.nagawa.co.jp/>

Representative: Osamu Takahashi

President

Contact: Ryo Shimmura

Senior Managing Director

Phone: +81-3-5288-8666

Scheduled date of Annual General Meeting of Shareholders: June 20, 2023

Scheduled date of commencing dividend payments: June 21, 2023

Scheduled date of filing annual securities report: June 20, 2023

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one millions of yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	31,652	3.5	4,308	(2.8)	4,674	(0.3)	3,130	3.8
March 31, 2022	30,587	4.1	4,432	3.5	4,689	3.3	3,017	(0.6)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 3,432 million [28.9%]
Fiscal year ended March 31, 2022: ¥ 2,662 million [(37.4)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2023	199.15	-	6.0	8.2	13.6
March 31, 2022	192.51	-	6.1	8.6	14.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
Fiscal year ended March 31, 2022: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	58,806	53,480	90.9	3,401.25
March 31, 2022	55,902	51,009	91.2	3,244.32

(Reference) Equity: As of March 31, 2023: ¥ 53,480 million
As of March 31, 2022: ¥ 51,009 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	524	(1,427)	(1,022)	10,870
March 31, 2022	2,202	(3,245)	(377)	12,794

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	-	0.00	-	65.00	65.00	1,021	33.8	2.1
March 31, 2023	-	0.00	-	60.00	60.00	943	30.1	1.8
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	60.00	60.00		25.5	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2023 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	15,700	8.9	2,300	12.6	2,400	4.8	1,650	2.9	104.94
Full year	35,000	10.6	5,200	20.7	5,400	15.5	3,700	18.2	235.31

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New	-	(Company name:)
Exclusion:	-	(Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

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

March 31, 2023:	16,357,214 shares
March 31, 2022:	16,357,214 shares

2) Number of treasury shares at the end of the period:

March 31, 2023:	633,507 shares
March 31, 2022:	634,588 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023:	15,720,042 shares
Fiscal Year ended March 31, 2022:	15,672,339 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	31,555	3.5	4,407	(2.1)	4,715	0.4	3,069	0.6
March 31, 2022	30,500	4.5	4,503	4.1	4,697	3.9	3,052	0.6

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	195.24	-
March 31, 2022	194.74	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	58,856	53,545	91.0	3,405.42
March 31, 2022	56,012	51,136	91.3	3,252.41

(Reference) Equity: As of March 31, 2023: ¥ 53,545 million
As of March 31, 2022: ¥ 51,136 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

Six months ending	Net sales		Ordinary profit		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
September 30, 2023	15,700	9.3	2,400	5.3	1,650	8.0	104.94
Full year	35,000	10.9	5,400	14.5	3,700	20.5	235.31

Consolidated Financial Statements
Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	12,794	10,870
Notes receivable - trade	1,430	1,372
Electronically recorded monetary claims - operating	1,655	1,618
Accounts receivable - trade	4,861	4,559
Contract assets	88	815
Securities	4	1
Merchandise and finished goods	2,123	2,708
Work in process	153	267
Raw materials and supplies	328	922
Other	213	292
Allowance for doubtful accounts	(0)	(1)
Total current assets	23,653	23,428
Non-current assets		
Property, plant and equipment		
Assets for rent	32,199	33,705
Accumulated depreciation	(22,431)	(22,164)
Assets for rent, net	9,768	11,541
Buildings and structures	5,230	6,161
Accumulated depreciation	(3,781)	(3,724)
Buildings and structures, net	1,448	2,437
Land	7,081	7,340
Construction in progress	308	245
Other	1,213	1,271
Accumulated depreciation	(1,031)	(1,058)
Other, net	181	212
Total property, plant and equipment	18,788	21,777
Intangible assets	248	244
Investments and other assets		
Investment securities	11,975	12,193
Leasehold and guarantee deposits	563	683
Retirement benefit asset	76	12
Deferred tax assets	276	137
Other	321	329
Allowance for doubtful accounts	(0)	-
Total investments and other assets	13,211	13,356
Total non-current assets	32,248	35,378
Total assets	55,902	58,806

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	2,719	2,777
Accounts payable - other	233	351
Income taxes payable	825	768
Contract liabilities	156	439
Provision for bonuses	251	280
Provision for bonuses for directors (and other officers)	66	69
Provision for loss on liquidation of subsidiaries and associates	1	-
Asset retirement obligations	5	1
Other	551	556
Total current liabilities	4,811	5,246
Non-current liabilities		
Long-term accounts payable - other	26	24
Retirement benefit liability	0	-
Asset retirement obligations	51	52
Other	2	2
Total non-current liabilities	81	80
Total liabilities	4,893	5,326
Net assets		
Shareholders' equity		
Share capital	2,855	2,855
Capital surplus	8,812	8,855
Retained earnings	40,888	42,996
Treasury shares	(1,838)	(1,820)
Total shareholders' equity	50,717	52,887
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	296	608
Foreign currency translation adjustment	(4)	(15)
Total accumulated other comprehensive income	291	593
Non-controlling interests	-	-
Total net assets	51,009	53,480
Total liabilities and net assets	55,902	58,806

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	30,587	31,652
Cost of sales	18,066	18,790
Gross profit	12,521	12,862
Selling, general and administrative expenses		
Transportation costs	551	599
House maintenance cost	611	614
Advertising expenses	416	521
Salaries and allowances	2,462	2,510
Remuneration for directors (and other officers)	103	105
Provision of allowance for doubtful accounts	1	-
Provision for bonuses	199	253
Provision for bonuses for directors (and other officers)	60	64
Retirement benefit expenses	108	189
Welfare expenses	434	448
Share-based payment expenses	34	35
Depreciation	211	234
Repair expenses	144	148
Rent expenses on land and buildings	1,138	1,162
Other	1,609	1,665
Total selling, general and administrative expenses	8,089	8,553
Operating profit	4,432	4,308
Non-operating income		
Interest income	33	11
Dividend income	229	286
Rental income	22	19
Compensation income	-	43
Foreign exchange gains	0	20
Miscellaneous income	32	24
Total non-operating income	317	405
Non-operating expenses		
Commission expenses	6	0
Share-based remuneration expenses	33	37
Miscellaneous losses	19	1
Total non-operating expenses	60	38
Ordinary profit	4,689	4,674
Extraordinary income		
Gain on sale of non-current assets	3	5
Gain on sale of investment securities	-	0
Total extraordinary income	3	6
Extraordinary losses		
Loss on disposal of non-current assets	86	35
Loss on valuation of investment securities	43	-
Provision for loss on liquidation of subsidiaries and associates	4	-
Loss on liquidation of subsidiaries	-	28
Total extraordinary losses	134	64
Profit before income taxes	4,558	4,616
Income taxes - current	1,508	1,478
Income taxes - deferred	32	8
Total income taxes	1,540	1,486
Profit	3,017	3,130
Profit attributable to owners of parent	3,017	3,130

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	3,017	3,130
Other comprehensive income		
Valuation difference on available-for-sale securities	(352)	312
Foreign currency translation adjustment	(1)	(10)
Total other comprehensive income	(354)	301
Comprehensive income	2,662	3,432
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,662	3,432
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,855	7,933	38,809	(2,171)	47,427
Changes during period					
Dividends of surplus			(938)		(938)
Profit attributable to owners of parent			3,017		3,017
Purchase of treasury shares				(565)	(565)
Disposal of treasury shares		878		898	1,777
Net changes in items other than shareholders' equity					
Total changes during period	-	878	2,078	333	3,290
Balance at end of period	2,855	8,812	40,888	(1,838)	50,717

	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	648	(3)	645	-	48,072
Changes during period					
Dividends of surplus					(938)
Profit attributable to owners of parent					3,017
Purchase of treasury shares					(565)
Disposal of treasury shares					1,777
Net changes in items other than shareholders' equity	(352)	(1)	(354)		(354)
Total changes during period	(352)	(1)	(354)	-	2,936
Balance at end of period	296	(4)	291	-	51,009

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,855	8,812	40,888	(1,838)	50,717
Changes during period					
Dividends of surplus			(1,021)		(1,021)
Profit attributable to owners of parent			3,130		3,130
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		32		18	50
Change in scope of consolidation		10			10
Net changes in items other than shareholders' equity					
Total changes during period	-	42	2,108	17	2,169
Balance at end of period	2,855	8,855	42,996	(1,820)	52,887

	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	296	(4)	291	-	51,009
Changes during period					
Dividends of surplus					(1,021)
Profit attributable to owners of parent					3,130
Purchase of treasury shares					(0)
Disposal of treasury shares					50
Change in scope of consolidation					10
Net changes in items other than shareholders' equity	312	(10)	301		301
Total changes during period	312	(10)	301	-	2,471
Balance at end of period	608	(15)	593	-	53,480

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,558	4,616
Depreciation	3,071	3,257
Cost of sales of assets for rent	30	25
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for bonuses for directors (and other officers)	10	3
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(6)	(1)
Share-based payment expenses	68	73
Interest and dividend income	(262)	(297)
Compensation income	-	(43)
Loss (gain) on sale of investment securities	-	(0)
Loss (gain) on valuation of investment securities	43	-
Loss (gain) on disposal of non-current assets	83	29
Loss on liquidation of subsidiaries	-	28
Purchase of assets for rental	(4,147)	(4,709)
Foreign exchange losses (gains)	(0)	(20)
Decrease (increase) in trade receivables	157	(330)
Decrease (increase) in inventories	(490)	(1,292)
Increase (decrease) in trade payables	538	57
Other, net	(245)	237
Subtotal	3,410	1,634
Proceeds from insurance income	1	68
Interest and dividends received	269	313
Proceeds from compensation	-	38
Income taxes paid	(1,478)	(1,531)
Net cash provided by (used in) operating activities	2,202	524
Cash flows from investing activities		
Purchase of own-used assets	(1,143)	(1,485)
Proceeds from sale of own-used assets	62	18
Purchase of investment securities	(2,138)	(287)
Proceeds from sale of investment securities	-	2
Proceeds from redemption of investment securities	-	500
Payments of leasehold and guarantee deposits	(23)	(135)
Other, net	(2)	(41)
Net cash provided by (used in) investing activities	(3,245)	(1,427)
Cash flows from financing activities		
Repayments of long-term borrowings	(587)	-
Purchase of treasury shares	(565)	(0)
Proceeds from disposal of treasury shares	1,714	-
Dividends paid	(938)	(1,021)
Net cash provided by (used in) financing activities	(377)	(1,022)
Effect of exchange rate change on cash and cash equivalents	(1)	1
Net increase (decrease) in cash and cash equivalents	(1,420)	(1,924)
Cash and cash equivalents at beginning of period	14,215	12,794
Cash and cash equivalents at end of period	12,794	10,870

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	12,734	10,840
Notes receivable - trade	1,430	1,372
Electronically recorded monetary claims - operating	1,655	1,618
Accounts receivable - trade	4,855	4,559
Contract assets	88	815
Securities	4	1
Merchandise and finished goods	2,123	2,708
Work in process	153	267
Raw materials and supplies	328	922
Advance payments to suppliers	0	4
Prepaid expenses	191	192
Other	9	89
Allowance for doubtful accounts	(1)	(1)
Total current assets	23,574	23,391
Non-current assets		
Property, plant and equipment		
Assets for rent	9,768	11,541
Buildings	1,138	1,883
Structures	298	554
Machinery and equipment	35	93
Vehicles	36	34
Tools, furniture and fixtures	104	83
Land	7,081	7,340
Construction in progress	308	245
Total property, plant and equipment	18,772	21,777
Intangible assets		
Leasehold interests in land	20	20
Telephone subscription right	16	16
Software	162	174
Software in progress	7	3
Goodwill	41	30
Total intangible assets	248	244

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Investments and other assets		
Investment securities	11,966	12,184
Shares of subsidiaries and associates	9	9
Investments in capital	0	0
Long-term loans receivable from subsidiaries and associates	205	-
Distressed receivables	0	0
Long-term prepaid expenses	276	281
Deferred tax assets	405	226
Leasehold and guarantee deposits	560	681
Prepaid pension costs	76	12
Other	43	46
Allowance for doubtful accounts	(127)	-
Total investments and other assets	13,416	13,443
Total non-current assets	32,437	35,464
Total assets	56,012	58,856
Liabilities		
Current liabilities		
Accounts payable - trade	2,716	2,777
Accounts payable - other	231	349
Accrued expenses	110	116
Income taxes payable	825	768
Accrued consumption taxes	39	-
Contract liabilities	156	439
Advances received	266	311
Deposits received	67	48
Provision for bonuses	251	280
Provision for bonuses for directors (and other officers)	66	69
Asset retirement obligations	5	1
Other	60	66
Total current liabilities	4,797	5,230
Non-current liabilities		
Long-term accounts payable - other	24	24
Asset retirement obligations	51	52
Other	2	2
Total non-current liabilities	78	80
Total liabilities	4,875	5,310

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	2,855	2,855
Capital surplus		
Legal capital surplus	4,586	4,586
Other capital surplus	4,236	4,268
Total capital surplus	8,823	8,855
Retained earnings		
Legal retained earnings	713	713
Other retained earnings		
General reserve	35,900	37,900
Retained earnings brought forward	4,386	4,433
Total retained earnings	40,999	43,047
Treasury shares	(1,838)	(1,820)
Total shareholders' equity	50,840	52,937
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	296	608
Total valuation and translation adjustments	296	608
Total net assets	51,136	53,545
Total liabilities and net assets	56,012	58,856

Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	30,500	31,555
Cost of sales	17,988	18,704
Gross profit	12,511	12,851
Selling, general and administrative expenses	8,008	8,444
Operating profit	4,503	4,407
Non-operating income		
Interest income	34	11
Dividend income	229	286
Rental income	22	19
Compensation income	-	43
Miscellaneous income	30	26
Total non-operating income	317	386
Non-operating expenses		
Provision of allowance for doubtful accounts	62	39
Commission expenses	6	0
Share-based remuneration expenses	33	37
Miscellaneous losses	19	0
Total non-operating expenses	122	77
Ordinary profit	4,697	4,715
Extraordinary income		
Gain on sale of non-current assets	3	3
Gain on sale of investment securities	-	0
Gain on extinguishment of tie-in shares	7	-
Total extraordinary income	10	4
Extraordinary losses		
Loss on disposal of non-current assets	86	31
Loss on valuation of investment securities	43	-
Provision for loss on liquidation of subsidiaries and associates	4	-
Loss on liquidation of subsidiaries	-	100
Total extraordinary losses	134	131
Profit before income taxes	4,573	4,588
Income taxes - current	1,508	1,478
Income taxes - deferred	12	40
Total income taxes	1,521	1,519
Profit	3,052	3,069

Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	2,855	4,586	3,357	7,944	713	34,000	4,172	38,886
Changes during period								
Provision of general reserve						1,900	(1,900)	-
Dividends of surplus							(938)	(938)
Profit							3,052	3,052
Purchase of treasury shares								
Disposal of treasury shares			878	878				
Net changes in items other than shareholders' equity								
Total changes during period	-	-	878	878	-	1,900	213	2,113
Balance at end of period	2,855	4,586	4,236	8,823	713	35,900	4,386	40,999

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(2,171)	47,514	648	648	48,163
Changes during period					
Provision of general reserve		-			-
Dividends of surplus		(938)			(938)
Profit		3,052			3,052
Purchase of treasury shares	(565)	(565)			(565)
Disposal of treasury shares	898	1,777			1,777
Net changes in items other than shareholders' equity			(352)	(352)	(352)
Total changes during period	333	3,325	(352)	(352)	2,972
Balance at end of period	(1,838)	50,840	296	296	51,136

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	2,855	4,586	4,236	8,823	713	35,900	4,386	40,999
Changes during period								
Provision of general reserve						2,000	(2,000)	-
Dividends of surplus							(1,021)	(1,021)
Profit							3,069	3,069
Purchase of treasury shares								
Disposal of treasury shares			32	32				
Net changes in items other than shareholders' equity								
Total changes during period	-	-	32	32	-	2,000	47	2,047
Balance at end of period	2,855	4,586	4,268	8,855	713	37,900	4,433	43,047

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,838)	50,840	296	296	51,136
Changes during period					
Provision of general reserve		-			-
Dividends of surplus		(1,021)			(1,021)
Profit		3,069			3,069
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	18	50			50
Net changes in items other than shareholders' equity			312	312	312
Total changes during period	17	2,097	312	312	2,409
Balance at end of period	(1,820)	52,937	608	608	53,545