

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: NAGAWA Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 9663 URL <https://group.nagawa.co.jp/>  
 Representative: President Osamu Takahashi  
 Inquiries: Senior Managing Director Ryoh Shimmura TEL 03-5288-8666  
 Scheduled date of ordinary general meeting of shareholders: June 21, 2022  
 Scheduled date to file Securities Report: June 21, 2022  
 Scheduled date to commence dividend payments: June 22, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

#### (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, 2022	30,587	4.1	4,432	3.5	4,689	3.3	3,017	(0.6)
Year ended March 31, 2021	29,384	1.3	4,282	21.1	4,537	22.0	3,036	44.2

	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, 2022	192.51	—	6.1	8.6	14.5
Year ended March 31, 2021	194.88	—	6.5	8.8	14.6

#### (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, 2022	55,902	51,009	91.2	3,244.32
As of March 31, 2021	53,409	48,072	90.0	3,084.71

#### (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, 2022	2,202	(3,245)	(377)	12,794
Year ended March 31, 2021	3,145	(3,148)	(351)	14,215

### 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, 2021	—	0.00	—	60.00	60.00	938	30.8	2.0
Year ended March 31, 2022	—	0.00	—	65.00	65.00	1,021	33.8	2.1
Year ending March 31, 2023 (Forecast)	—	0.00	—	60.00	60.00		25.5	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	16,000	12.0	2,350	13.2	2,450	9.0	1,650	10.9	104.94
Full year	35,000	14.4	5,200	17.3	5,400	15.2	3,700	22.6	235.33

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	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 March 31, 2022	634,588 shares	As of March 31, 2021	772,967 shares
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Average number of shares during the period

Year ended March 31, 2022	15,672,339 shares	Year ended March 31, 2021	15,579,596 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	14,215	12,794
Notes receivable - trade	1,686	1,430
Electronically recorded monetary claims - operating	1,851	1,655
Accounts receivable - trade	4,655	4,861
Contract assets	–	88
Securities	2	4
Merchandise and finished goods	1,830	2,123
Work in process	111	153
Raw materials and supplies	172	328
Other	218	213
Allowance for doubtful accounts	(1)	(0)
Total current assets	24,743	23,653
Non-current assets		
Property, plant and equipment		
Assets for rent	30,949	32,199
Accumulated depreciation	(22,516)	(22,431)
Assets for rent, net	8,433	9,768
Buildings and structures	5,443	5,230
Accumulated depreciation	(3,871)	(3,781)
Buildings and structures, net	1,572	1,448
Land	6,442	7,081
Construction in progress	4	308
Other	1,219	1,213
Accumulated depreciation	(958)	(1,031)
Other, net	261	181
Total property, plant and equipment	16,713	18,788
Intangible assets	214	248
Investments and other assets		
Investment securities	10,401	11,975
Leasehold and guarantee deposits	579	563
Retirement benefit asset	84	76
Deferred tax assets	152	276
Other	519	321
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	11,737	13,211
Total non-current assets	28,665	32,248
Total assets	53,409	55,902

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,181	2,719
Accounts payable - other	158	233
Income taxes payable	992	825
Contract liabilities	–	156
Provision for bonuses	295	251
Provision for bonuses for directors (and other officers)	55	66
Provision for loss on liquidation of subsidiaries and associates	7	1
Asset retirement obligations	–	5
Other	753	551
<b>Total current liabilities</b>	<b>4,444</b>	<b>4,811</b>
<b>Non-current liabilities</b>		
Long-term borrowings	587	–
Long-term accounts payable - other	27	26
Retirement benefit liability	0	0
Asset retirement obligations	81	51
Other	195	2
<b>Total non-current liabilities</b>	<b>892</b>	<b>81</b>
<b>Total liabilities</b>	<b>5,336</b>	<b>4,893</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,855	2,855
Capital surplus	7,933	8,812
Retained earnings	38,809	40,888
Treasury shares	(2,171)	(1,838)
<b>Total shareholders' equity</b>	<b>47,427</b>	<b>50,717</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	648	296
Foreign currency translation adjustment	(3)	(4)
<b>Total accumulated other comprehensive income</b>	<b>645</b>	<b>291</b>
<b>Non-controlling interests</b>	–	–
<b>Total net assets</b>	<b>48,072</b>	<b>51,009</b>
<b>Total liabilities and net assets</b>	<b>53,409</b>	<b>55,902</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	29,384	30,587
Cost of sales	17,452	18,066
Gross profit	11,931	12,521
Selling, general and administrative expenses		
Transportation costs	520	551
house maintenance cost	598	611
Advertising expenses	354	416
Salaries and allowances	2,310	2,462
Remuneration for directors (and other officers)	113	103
Provision of allowance for doubtful accounts	–	1
Provision for bonuses	262	199
Provision for bonuses for directors (and other officers)	50	60
Retirement benefit expenses	(21)	108
Welfare expenses	426	434
Share-based payment expenses	38	34
Depreciation	216	211
Repair expenses	153	144
Rent expenses on land and buildings	1,129	1,138
Other	1,495	1,609
Total selling, general and administrative expenses	7,649	8,089
Operating profit	4,282	4,432
Non-operating income		
Interest income	7	33
Dividend income	218	229
Rental income	25	22
Foreign exchange gains	–	0
Miscellaneous income	25	32
Total non-operating income	276	317
Non-operating expenses		
Commission expenses	0	6
Foreign exchange losses	4	–
Share-based remuneration expenses	16	33
Miscellaneous losses	0	19
Total non-operating expenses	21	60
Ordinary profit	4,537	4,689
Extraordinary income		
Gain on sale of non-current assets	8	3
Gain on sale of investment securities	24	–
Total extraordinary income	32	3
Extraordinary losses		
Loss on disposal of non-current assets	26	86
Loss on valuation of investment securities	–	43
Provision for loss on liquidation of subsidiaries and associates	–	4
Total extraordinary losses	26	134

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit before income taxes	4,543	4,558
Income taxes - current	1,524	1,508
Income taxes - deferred	(16)	32
Total income taxes	1,507	1,540
Profit	3,036	3,017
Profit attributable to owners of parent	3,036	3,017

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	3,036	3,017
Other comprehensive income		
Valuation difference on available-for-sale securities	1,221	(352)
Foreign currency translation adjustment	(2)	(1)
Total other comprehensive income	1,218	(354)
Comprehensive income	4,255	2,662
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,255	2,662
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,855	7,419	36,708	(1,731)	45,251
Changes during period					
Dividends of surplus			(934)		(934)
Profit attributable to owners of parent			3,036		3,036
Purchase of treasury shares				(588)	(588)
Disposal of treasury shares		514		148	663
Net changes in items other than shareholders' equity					
Total changes during period	–	514	2,101	(440)	2,175
Balance at end of period	2,855	7,933	38,809	(2,171)	47,427

	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	(572)	(1)	(573)	–	44,678
Changes during period					
Dividends of surplus					(934)
Profit attributable to owners of parent					3,036
Purchase of treasury shares					(588)
Disposal of treasury shares					663
Net changes in items other than shareholders' equity	1,221	(2)	1,218		1,218
Total changes during period	1,221	(2)	1,218	–	3,394
Balance at end of period	648	(3)	645	–	48,072



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

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	4,543	4,558
Depreciation	3,056	3,071
Cost of sales of assets for rent	25	30
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses for directors (and other officers)	(9)	10
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(48)	(6)
Share-based payment expenses	54	68
Interest and dividend income	(225)	(262)
Loss (gain) on sale of investment securities	(24)	–
Loss (gain) on valuation of investment securities	–	43
Loss (gain) on disposal of non-current assets	18	83
Purchase of assets for rental	(3,414)	(4,147)
Foreign exchange losses (gains)	4	(0)
Decrease (increase) in trade receivables	109	157
Decrease (increase) in inventories	6	(490)
Increase (decrease) in trade payables	88	538
Other, net	(54)	(245)
Subtotal	4,131	3,410
Proceeds from insurance income	5	1
Interest and dividends received	232	269
Income taxes paid	(1,223)	(1,478)
Net cash provided by (used in) operating activities	3,145	2,202
Cash flows from investing activities		
Purchase of own-used assets	(424)	(1,143)
Proceeds from sale of own-used assets	48	62
Purchase of investment securities	(3,380)	(2,138)
Proceeds from sale of investment securities	735	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(92)	–
Payments of leasehold and guarantee deposits	(25)	(23)
Other, net	(9)	(2)
Net cash provided by (used in) investing activities	(3,148)	(3,245)
Cash flows from financing activities		
Repayments of long-term borrowings	–	(587)
Purchase of treasury shares	(2)	(565)
Proceeds from disposal of treasury shares	586	1,714
Dividends paid	(935)	(938)
Net cash provided by (used in) financing activities	(351)	(377)
Effect of exchange rate change on cash and cash equivalents	(5)	(1)
Net increase (decrease) in cash and cash equivalents	(359)	(1,420)
Cash and cash equivalents at beginning of period	14,575	14,215
Cash and cash equivalents at end of period	14,215	12,794