

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 14, 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 of ordinary general meeting of shareholders: June 23, 2021  
 Scheduled date to file Securities Report: June 23, 2021  
 Scheduled date to commence dividend payments: June 24, 2021  
 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, 2021 (from April 1, 2020 to March 31, 2021)

#### (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, 2021	29,384	1.3	4,282	21.1	4,537	22.0	3,036	44.2
Year ended March 31, 2020	29,018	2.4	3,536	(6.8)	3,717	(6.6)	2,105	(20.0)

	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, 2021	194.88	—	6.5	8.8	14.6
Year ended March 31, 2020	135.78	—	4.8	7.7	12.2

#### (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, 2021	53,409	48,072	90.0	3,084.71
As of March 31, 2020	49,917	44,678	89.5	2,867.61

#### (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, 2021	3,145	(3,148)	(351)	14,215
Year ended March 31, 2020	2,504	(3,493)	(163)	14,575

### 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, 2020	—	0.00	—	60.00	60.00	934	44.2	2.1
Year ended March 31, 2021	—	0.00	—	60.00	60.00	938	30.8	2.0
Year ending March 31, 2022 (Forecast)	—	0.00	—	60.00	60.00		28.3	

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
Six months ending September 30, 2021	14,000	4.1	1,950	5.6	2,150	5.2	1,450	5.8	93.07
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 year ended March 31, 2021

(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, 2021	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 March 31, 2021	772,967 shares	As of March 31, 2020	776,869 shares
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Average number of shares during the period

Year ended March 31, 2021	15,579,596 shares	Year ended March 31, 2020	15,510,439 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	14,575	14,215
Notes receivable - trade	1,897	1,686
Electronically recorded monetary claims - operating	1,618	1,851
Accounts receivable - trade	4,775	4,655
Securities	0	2
Merchandise and finished goods	1,767	1,830
Work in process	132	111
Raw materials and supplies	204	172
Other	187	218
Allowance for doubtful accounts	(0)	(1)
Total current assets	25,159	24,743
Non-current assets		
Property, plant and equipment		
Assets for rent	31,328	30,949
Accumulated depreciation	(23,461)	(22,516)
Assets for rent, net	7,866	8,433
Buildings and structures	5,361	5,443
Accumulated depreciation	(3,715)	(3,871)
Buildings and structures, net	1,646	1,572
Land	6,442	6,442
Construction in progress	7	4
Other	1,128	1,219
Accumulated depreciation	(977)	(958)
Other, net	151	261
Total property, plant and equipment	16,115	16,713
Intangible assets	126	214
Investments and other assets		
Investment securities	6,994	10,401
Leasehold and guarantee deposits	553	579
Retirement benefit asset	-	84
Deferred tax assets	674	152
Other	295	519
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	8,516	11,737
Total non-current assets	24,757	28,665
Total assets	49,917	53,409

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	2,069	2,181
Accounts payable - other	1,101	158
Income taxes payable	690	992
Provision for bonuses	234	295
Provision for bonuses for directors (and other officers)	64	55
Provision for loss on liquidation of subsidiaries and associates	56	7
Asset retirement obligations	0	–
Other	842	753
<b>Total current liabilities</b>	<b>5,059</b>	<b>4,444</b>
<b>Non-current liabilities</b>		
Long-term borrowings	–	587
Long-term accounts payable - other	30	27
Retirement benefit liability	62	0
Asset retirement obligations	80	81
Other	6	195
<b>Total non-current liabilities</b>	<b>179</b>	<b>892</b>
<b>Total liabilities</b>	<b>5,239</b>	<b>5,336</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,855	2,855
Capital surplus	7,419	7,933
Retained earnings	36,708	38,809
Treasury shares	(1,731)	(2,171)
<b>Total shareholders' equity</b>	<b>45,251</b>	<b>47,427</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(572)	648
Foreign currency translation adjustment	(1)	(3)
<b>Total accumulated other comprehensive income</b>	<b>(573)</b>	<b>645</b>
<b>Non-controlling interests</b>	–	–
<b>Total net assets</b>	<b>44,678</b>	<b>48,072</b>
<b>Total liabilities and net assets</b>	<b>49,917</b>	<b>53,409</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	29,018	29,384
Cost of sales	17,983	17,452
Gross profit	11,035	11,931
Selling, general and administrative expenses		
Transportation costs	415	520
house maintenance cost	586	598
Advertising expenses	334	354
Salaries and allowances	2,158	2,310
Remuneration for directors (and other officers)	143	113
Provision for bonuses	192	262
Provision for bonuses for directors (and other officers)	60	50
Retirement benefit expenses	141	(21)
Welfare expenses	403	426
Share-based payment expenses	–	38
Depreciation	219	216
Repair expenses	144	153
Rent expenses on land and buildings	1,107	1,129
Other	1,589	1,495
Total selling, general and administrative expenses	7,498	7,649
Operating profit	3,536	4,282
Non-operating income		
Interest income	12	7
Dividend income	84	218
Rental income	19	25
Purchase discounts	76	–
Miscellaneous income	10	25
Total non-operating income	202	276
Non-operating expenses		
Commission expenses	7	0
Foreign exchange losses	7	4
Share-based remuneration expenses	–	16
Miscellaneous losses	5	0
Total non-operating expenses	21	21
Ordinary profit	3,717	4,537
Extraordinary income		
Gain on sale of non-current assets	0	8
Gain on sale of investment securities	–	24
Total extraordinary income	0	32
Extraordinary losses		
Loss on disposal of non-current assets	33	26
Loss on valuation of investment securities	412	–
Provision for loss on liquidation of subsidiaries and associates	76	–
Total extraordinary losses	522	26

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit before income taxes	3,195	4,543
Income taxes - current	1,261	1,524
Income taxes - deferred	(150)	(16)
Total income taxes	1,111	1,507
Profit	2,084	3,036
Loss attributable to non-controlling interests	(21)	—
Profit attributable to owners of parent	2,105	3,036

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	2,084	3,036
Other comprehensive income		
Valuation difference on available-for-sale securities	(427)	1,221
Foreign currency translation adjustment	5	(2)
Total other comprehensive income	(422)	1,218
Comprehensive income	1,661	4,255
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,681	4,255
Comprehensive income attributable to non-controlling interests	(20)	—

## Consolidated statements of changes in equity

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



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

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,195	4,543
Depreciation	3,169	3,056
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)	(0)	(9)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	56	(48)
Share-based payment expenses	–	54
Interest and dividend income	(96)	(225)
Loss (gain) on sale of investment securities	–	(24)
Loss (gain) on valuation of investment securities	412	–
Loss (gain) on disposal of non-current assets	33	18
Purchase of assets for rental	(3,169)	(3,414)
Foreign exchange losses (gains)	7	4
Decrease (increase) in trade receivables	268	109
Decrease (increase) in inventories	(356)	6
Increase (decrease) in trade payables	24	88
Other, net	(70)	(54)
Subtotal	3,504	4,131
Proceeds from insurance income	20	5
Interest and dividends received	96	232
Income taxes paid	(1,116)	(1,223)
Net cash provided by (used in) operating activities	2,504	3,145
Cash flows from investing activities		
Purchase of own-used assets	(274)	(424)
Proceeds from sale of own-used assets	0	48
Purchase of investment securities	(3,175)	(3,380)
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	(28)	(25)
Other, net	(15)	(9)
Net cash provided by (used in) investing activities	(3,493)	(3,148)
Cash flows from financing activities		
Purchase of treasury shares	(1,049)	(2)
Proceeds from disposal of treasury shares	1,818	586
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10)	–
Dividends paid	(923)	(935)
Net cash provided by (used in) financing activities	(163)	(351)
Effect of exchange rate change on cash and cash equivalents	9	(5)
Net increase (decrease) in cash and cash equivalents	(1,143)	(359)
Cash and cash equivalents at beginning of period	15,719	14,575
Cash and cash equivalents at end of period	14,575	14,215