

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

October 26, 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 to file Quarterly Securities Report: November 6, 2020
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	13,445	(3.3)	1,847	8.6	2,043	10.8	1,370	18.8
Six months ended September 30, 2019	13,905	3.3	1,700	(4.0)	1,844	(1.0)	1,153	(2.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	87.99		–	
Six months ended September 30, 2019	74.42		–	

(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, 2020	50,230	45,688	91.0	2,932.71
As of March 31, 2020	49,917	44,678	89.5	2,867.61

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	–	0.00	–	60.00	60.00
Year ending March 31, 2021	–	0.00			
Year ending March 31, 2021 (Forecast)			–	60.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	28,000	(3.5)	3,600	1.8	3,800	2.2	2,500	18.7	160.46

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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: No
 - 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, 2020	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 September 30, 2020	778,192 shares	As of March 31, 2020	776,869 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, 2020	15,579,723 shares	Six months ended September 30, 2019	15,501,016 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	14,575	13,887
Notes receivable - trade	1,897	1,600
Electronically recorded monetary claims - operating	1,618	1,659
Accounts receivable - trade	4,775	4,481
Merchandise and finished goods	1,767	1,857
Work in process	132	184
Raw materials and supplies	204	209
Other	188	194
Allowance for doubtful accounts	(0)	(0)
Total current assets	25,159	24,075
Non-current assets		
Property, plant and equipment		
Assets for rent, net	7,866	8,391
Buildings and structures, net	1,646	1,590
Land	6,442	6,442
Construction in progress	7	7
Other, net	151	314
Total property, plant and equipment	16,115	16,746
Intangible assets	126	170
Investments and other assets		
Investment securities	6,994	7,969
Leasehold and guarantee deposits	553	556
Deferred tax assets	674	413
Other	295	299
Allowance for doubtful accounts	(1)	(0)
Total investments and other assets	8,516	9,237
Total non-current assets	24,757	26,155
Total assets	49,917	50,230

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	2,069	2,044
Income taxes payable	690	721
Provision for bonuses	234	266
Provision for bonuses for directors (and other officers)	64	24
Provision for loss on liquidation of subsidiaries and associates	56	11
Asset retirement obligations	0	0
Other	1,943	1,318
Total current liabilities	5,059	4,387
Non-current liabilities		
Long-term accounts payable - other	30	27
Retirement benefit liability	62	38
Asset retirement obligations	80	81
Other	6	6
Total non-current liabilities	179	153
Total liabilities	5,239	4,541
Net assets		
Shareholders' equity		
Share capital	2,855	2,855
Capital surplus	7,419	7,419
Retained earnings	36,708	37,144
Treasury shares	(1,731)	(1,732)
Total shareholders' equity	45,251	45,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(572)	5
Foreign currency translation adjustment	(1)	(3)
Total accumulated other comprehensive income	(573)	1
Non-controlling interests	–	–
Total net assets	44,678	45,688
Total liabilities and net assets	49,917	50,230

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, 2019	Six months ended September 30, 2020
Net sales	13,905	13,445
Cost of sales	8,532	7,791
Gross profit	5,372	5,653
Selling, general and administrative expenses	3,671	3,806
Operating profit	1,700	1,847
Non-operating income		
Interest income	3	3
Dividend income	48	179
Rental income	9	12
Purchase discounts	76	–
Foreign exchange gains	5	–
Miscellaneous income	6	14
Total non-operating income	150	209
Non-operating expenses		
Commission expenses	3	–
Foreign exchange losses	–	2
Share-based remuneration expenses	–	8
Miscellaneous loss	3	1
Total non-operating expenses	6	12
Ordinary profit	1,844	2,043
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	–	24
Total extraordinary income	0	24
Extraordinary losses		
Loss on disposal of non-current assets	6	10
Loss on valuation of investment securities	23	–
Provision for loss on liquidation of subsidiaries and associates	40	–
Total extraordinary losses	70	10
Profit before income taxes	1,774	2,057
Income taxes - current	638	680
Income taxes - deferred	(8)	6
Total income taxes	629	686
Profit	1,144	1,370
Loss attributable to non-controlling interests	(9)	–
Profit attributable to owners of parent	1,153	1,370

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	1,144	1,370
Other comprehensive income		
Valuation difference on available-for-sale securities	(191)	577
Foreign currency translation adjustment	(0)	(2)
Total other comprehensive income	(192)	575
Comprehensive income	951	1,946
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	967	1,946
Comprehensive income attributable to non-controlling interests	(15)	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,774	2,057
Depreciation	1,477	1,435
Cost of sales of assets for rent	14	13
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses for directors (and other officers)	(28)	(40)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	40	(45)
Interest and dividend income	(52)	(182)
Foreign exchange losses (gains)	(22)	2
Loss (gain) on disposal of non-current assets	6	10
Loss (gain) on sales of investment securities	–	(24)
Loss (gain) on valuation of investment securities	23	–
Purchase of assets for rental	(1,591)	(1,855)
Decrease (increase) in trade receivables	1,007	549
Decrease (increase) in inventories	(217)	(146)
Increase (decrease) in trade payables	(59)	(24)
Other, net	(59)	267
Subtotal	2,311	2,017
Proceeds from insurance income	–	2
Interest and dividends received	52	185
Income taxes paid	(483)	(649)
Net cash provided by (used in) operating activities	1,880	1,555
Cash flows from investing activities		
Purchase of own-used assets	(156)	(159)
Proceeds from sales of own-used assets	0	1
Purchase of investment securities	(2,237)	(1,872)
Proceeds from sales of investment securities	–	735
Other, net	(21)	(7)
Net cash provided by (used in) investing activities	(2,414)	(1,303)
Cash flows from financing activities		
Purchase of treasury shares	–	(0)
Proceeds from disposal of treasury shares	1,219	–
Dividends paid	(922)	(934)
Net cash provided by (used in) financing activities	297	(935)
Effect of exchange rate change on cash and cash equivalents	21	(4)
Net increase (decrease) in cash and cash equivalents	(215)	(687)
Cash and cash equivalents at beginning of period	15,719	14,575
Cash and cash equivalents at end of period	15,504	13,887