

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: NAGATANIEN HOLDINGS CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 2899 URL <https://www.nagatanien-hd.co.jp/>
 Representative: Representative Director and President Taijiro Nagatani
 Executive Officer General Accounting & Finance Division Teru Eguchi TEL 03-3432-2511
 Inquiries: Teru Eguchi
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 30, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	110,449	15.8	5,298	9.9	5,346	(11.7)	3,114	(9.5)
Year ended March 31, 2022	95,408	—	4,819	—	6,052	—	3,441	—

	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, 2023	177.37	—	8.7	5.7	4.8
Year ended March 31, 2022	195.80	—	10.9	6.8	5.1

(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, 2023	96,615	40,066	38.9	2,149.67
As of March 31, 2022	91,859	35,689	36.6	1,914.88

(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, 2023	5,972	(4,030)	(2,101)	8,819
Year ended March 31, 2022	5,285	(4,096)	(1,260)	9,142

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, 2022	—	15.50	—	15.50	31.00	544	15.8	1.7
Year ended March 31, 2023	—	15.50	—	15.50	31.00	543	17.5	1.5
Year ending March 31, 2024 (Forecast)	—	15.50	—	15.50	31.00		15.0	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	113,800	3.0	5,900	11.4	5,600	4.8	3,600	15.6	206.00

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	19,138,703 shares	As of March 31, 2022	19,138,703 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2023	1,663,619 shares	As of March 31, 2022	1,561,938 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2023	17,560,947 shares	Year ended March 31, 2022	17,576,920 shares
---------------------------	-------------------	---------------------------	-------------------

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	9,142	8,834
Notes and accounts receivable - trade	16,511	15,968
Merchandise and finished goods	6,119	7,482
Work in process	1,864	1,449
Raw materials and supplies	5,566	7,068
Other	1,764	1,840
Allowance for doubtful accounts	(66)	(87)
Total current assets	40,901	42,556
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,975	20,871
Accumulated depreciation	(12,720)	(13,237)
Buildings and structures, net	7,254	7,634
Machinery, equipment and vehicles	30,925	34,554
Accumulated depreciation	(20,998)	(23,307)
Machinery, equipment and vehicles, net	9,926	11,247
Land	11,010	11,108
Leased assets	1,788	2,603
Accumulated depreciation	(886)	(916)
Leased assets, net	902	1,687
Construction in progress	956	1,205
Other	2,675	2,808
Accumulated depreciation	(2,177)	(2,291)
Other, net	497	516
Total property, plant and equipment	30,548	33,399
Intangible assets		
Goodwill	8,781	9,309
Other	356	252
Total intangible assets	9,137	9,562
Investments and other assets		
Investment securities	7,307	7,460
Investments in capital of subsidiaries and associates	179	179
Deferred tax assets	1,242	1,167
Retirement benefit asset	745	379
Other	1,850	1,939
Allowance for doubtful accounts	(53)	(29)
Total investments and other assets	11,271	11,096
Total non-current assets	50,957	54,058
Total assets	91,859	96,615

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,896	7,205
Electronically recorded obligations - operating	2,220	2,584
Short-term borrowings	7,355	8,779
Current portion of bonds payable	–	5,000
Lease liabilities	254	464
Income taxes payable	919	797
Provision for bonuses	746	815
Accounts payable - other	5,368	6,052
Other	4,027	2,707
Total current liabilities	27,789	34,407
Non-current liabilities		
Bonds payable	15,000	10,060
Long-term borrowings	9,761	7,460
Lease liabilities	868	1,586
Deferred tax liabilities	805	973
Deferred tax liabilities for land revaluation	334	334
Provision for retirement benefits for directors (and other officers)	113	138
Retirement benefit liability	244	148
Asset retirement obligations	275	286
Other	977	1,153
Total non-current liabilities	28,380	22,141
Total liabilities	56,169	56,548
Net assets		
Shareholders' equity		
Share capital	3,502	3,502
Capital surplus	3,759	3,759
Retained earnings	30,134	32,690
Treasury shares	(3,026)	(3,231)
Total shareholders' equity	34,370	36,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,975	2,064
Revaluation reserve for land	(2,602)	(2,602)
Foreign currency translation adjustment	(150)	1,503
Remeasurements of defined benefit plans	64	(121)
Total accumulated other comprehensive income	(712)	844
Non-controlling interests	2,032	2,500
Total net assets	35,689	40,066
Total liabilities and net assets	91,859	96,615

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	95,408	110,449
Cost of sales	65,861	78,626
Gross profit	29,546	31,822
Selling, general and administrative expenses		
Freight and packing costs	4,483	4,450
Advertising expenses	2,469	2,562
Promotion expenses	582	761
Salaries and bonuses	6,978	7,476
Provision for bonuses	429	487
Provision for retirement benefits for directors (and other officers)	21	25
Retirement benefit expenses	238	198
Depreciation	567	482
Other	8,956	10,079
Total selling, general and administrative expenses	24,727	26,524
Operating profit	4,819	5,298
Non-operating income		
Interest income	3	1
Dividend income	160	163
Gain on forgiveness of debts	919	–
Subsidy income	80	–
Foreign exchange gains	233	233
Other	245	160
Total non-operating income	1,643	559
Non-operating expenses		
Interest expenses	213	309
Bond issuance costs	54	–
Loss on retirement of non-current assets	87	54
Other	54	146
Total non-operating expenses	410	510
Ordinary profit	6,052	5,346

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary income		
Gain on sale of non-current assets	1	–
Gain on sale of investment securities	–	13
National subsidies	–	24
Compensation income	7	–
Reversal of foreign currency translation adjustment - consolidated subsidiaries	–	43
Total extraordinary income	8	81
Extraordinary losses		
Loss on sale of non-current assets	5	–
Impairment losses	143	138
Loss on retirement of non-current assets	23	–
Loss on liquidation of subsidiaries	–	24
Loss on withdrawal from business	88	29
Loss on valuation of membership	1	–
Loss on store closings	36	1
Loss on temporary closure	10	–
Loss on tax purpose reduction entry of non-current assets	–	24
Total extraordinary losses	309	217
Profit before income taxes	5,752	5,210
Income taxes - current	1,609	1,701
Income taxes - deferred	183	(6)
Total income taxes	1,792	1,694
Profit	3,959	3,515
Profit attributable to non-controlling interests	518	400
Profit attributable to owners of parent	3,441	3,114

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,959	3,515
Other comprehensive income		
Valuation difference on available-for-sale securities	167	89
Foreign currency translation adjustment	1,045	1,986
Remeasurements of defined benefit plans, net of tax	160	(186)
Total other comprehensive income	1,373	1,889
Comprehensive income	5,333	5,404
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,637	4,672
Comprehensive income attributable to non-controlling interests	696	732

Consolidated statements of changes in equity

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	3,502	3,759	27,379	(3,025)	31,616
Cumulative effects of changes in accounting policies			(133)		(133)
Restated balance	3,502	3,759	27,246	(3,025)	31,482
Changes during period					
Dividends of surplus			(544)		(544)
Profit attributable to owners of parent			3,441		3,441
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation					–
Reversal of revaluation reserve for land			(8)		(8)
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	2,887	(0)	2,887
Balance at end of period	3,502	3,759	30,134	(3,026)	34,370

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,807	(2,610)	(1,018)	(96)	(1,917)	1,335	31,034
Cumulative effects of changes in accounting policies							(133)
Restated balance	1,807	(2,610)	(1,018)	(96)	(1,917)	1,335	30,901
Changes during period							
Dividends of surplus							(544)
Profit attributable to owners of parent							3,441
Purchase of treasury shares							(0)
Change in scope of consolidation							–
Reversal of revaluation reserve for land							(8)
Net changes in items other than shareholders' equity	167	8	867	160	1,204	696	1,900
Total changes during period	167	8	867	160	1,204	696	4,788
Balance at end of period	1,975	(2,602)	(150)	64	(712)	2,032	35,689

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	3,502	3,759	30,134	(3,026)	34,370
Cumulative effects of changes in accounting policies					–
Restated balance	3,502	3,759	30,134	(3,026)	34,370
Changes during period					
Dividends of surplus			(544)		(544)
Profit attributable to owners of parent			3,114		3,114
Purchase of treasury shares				(205)	(205)
Change in scope of consolidation			(13)		(13)
Reversal of revaluation reserve for land					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	2,556	(205)	2,350
Balance at end of period	3,502	3,759	32,690	(3,231)	36,721

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,975	(2,602)	(150)	64	(712)	2,032	35,689
Cumulative effects of changes in accounting policies							–
Restated balance	1,975	(2,602)	(150)	64	(712)	2,032	35,689
Changes during period							
Dividends of surplus						(264)	(809)
Profit attributable to owners of parent							3,114
Purchase of treasury shares							(205)
Change in scope of consolidation							(13)
Reversal of revaluation reserve for land							–
Net changes in items other than shareholders' equity	89	–	1,654	(186)	1,557	732	2,290
Total changes during period	89	–	1,654	(186)	1,557	468	4,376
Balance at end of period	2,064	(2,602)	1,503	(121)	844	2,500	40,066

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,752	5,210
Depreciation	3,018	3,181
Impairment losses	143	138
Loss on temporary close	10	–
Subsidy income	(80)	–
Amortization of goodwill	773	895
Depreciation and amortization on other	66	65
Increase (decrease) in allowance for doubtful accounts	(107)	(11)
Increase (decrease) in provision for bonuses	83	63
Interest and dividend income	(163)	(165)
Interest expenses	213	309
Amortization of bond issuance costs	54	–
Gain on forgiveness of debts	(919)	–
National subsidies	–	(24)
Compensation income	(7)	–
Loss on withdrawal from business	88	–
Loss (gain) on liquidation of subsidiaries	–	24
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiaries	–	43
Loss (gain) on sale and retirement of property, plant and equipment	116	60
Other non-operating expenses (income)	(425)	(460)
Decrease (increase) in trade receivables	(2,092)	1,184
Decrease (increase) in inventories	(1,370)	(1,546)
Increase (decrease) in trade payables	673	26
Increase (decrease) in accounts payable - other, and accrued expenses	824	308
Increase (decrease) in accrued consumption taxes	270	(248)
Increase/decrease in other assets/liabilities	(43)	(1,708)
Subtotal	6,878	7,346
Interest and dividends received	163	165
Interest paid	(221)	(286)
Income taxes paid	(1,793)	(1,489)
Income taxes refund	179	237
Payments associated with temporary closure loss	(10)	–
Proceeds from compensation	7	–
Subsidies received	80	–
Net cash provided by (used in) operating activities	5,285	5,972

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,437)	(3,554)
Proceeds from sale of property, plant and equipment	402	85
Purchase of investment securities	(16)	(17)
Proceeds from sale of investment securities	2	16
Proceeds from liquidation of subsidiaries	–	14
Purchase of shares of subsidiaries	(0)	(217)
Payments for acquisition of businesses	–	(278)
Payments of guarantee deposits	(115)	(180)
Proceeds from refund of guarantee deposits	168	75
Subsidies received	–	24
Other, net	(100)	1
Net cash provided by (used in) investing activities	(4,096)	(4,030)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,872)	1,031
Proceeds from long-term borrowings	168	465
Repayments of long-term borrowings	(2,669)	(2,556)
Proceeds from issuance of bonds	10,000	–
Redemption of bonds	(5,000)	–
Repayments of finance lease liabilities	(339)	(294)
Net decrease (increase) in treasury shares	(0)	(205)
Dividends paid	(547)	(543)
Net cash provided by (used in) financing activities	(1,260)	(2,101)
Effect of exchange rate change on cash and cash equivalents	613	(164)
Net increase (decrease) in cash and cash equivalents	540	(323)
Cash and cash equivalents at beginning of period	8,601	9,142
Cash and cash equivalents at end of period	9,142	8,819