

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 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
 Inquiries: General Accounting & Finance Division Teru Eguchi TEL 03-3432-3105
 Scheduled date to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: December 8, 2023
 Preparation of supplementary material on quarterly financial results: No
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	55,637	7.3	2,890	16.9	3,363	7.8	2,021	5.6
Six months ended September 30, 2022	51,840	13.1	2,473	(9.5)	3,119	(5.5)	1,914	6.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	115.66		-	
Six months ended September 30, 2022	108.93		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	102,218	44,540	40.7
As of March 31, 2023	96,615	40,066	38.9

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, 2023	-	15.50	-	15.50	31.00
Year ending March 31, 2024	-	15.50	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	15.50	31.00

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	206.01

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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: Yes
- (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, 2023	19,138,703 shares	As of March 31, 2023	19,138,703 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,663,937 shares	As of March 31, 2023	1,663,619 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, 2023	17,474,963 shares	Six months ended September 30, 2022	17,576,650 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	8,834	9,734
Notes and accounts receivable - trade	15,968	16,796
Merchandise and finished goods	7,482	7,995
Work in process	1,449	1,960
Raw materials and supplies	7,068	6,336
Other	1,840	1,713
Allowance for doubtful accounts	(87)	(74)
Total current assets	42,556	44,462
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,871	20,976
Accumulated depreciation	(13,237)	(13,423)
Buildings and structures, net	7,634	7,552
Machinery, equipment and vehicles	34,554	37,722
Accumulated depreciation	(23,307)	(24,849)
Machinery, equipment and vehicles, net	11,247	12,872
Land	11,108	11,002
Leased assets	2,603	3,050
Accumulated depreciation	(916)	(1,098)
Leased assets, net	1,687	1,952
Construction in progress	1,205	1,721
Other	2,808	2,591
Accumulated depreciation	(2,291)	(2,049)
Other, net	516	541
Total property, plant and equipment	33,399	35,643
Intangible assets		
Goodwill	9,309	9,436
Other	252	201
Total intangible assets	9,562	9,638
Investments and other assets		
Investment securities	7,460	9,163
Other	3,665	3,340
Allowance for doubtful accounts	(29)	(29)
Total investments and other assets	11,096	12,474
Total non-current assets	54,058	57,755
Total assets	96,615	102,218

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,205	8,746
Electronically recorded obligations - operating	2,584	2,731
Current portion of bonds payable	5,000	–
Short-term borrowings	8,779	11,750
Income taxes payable	797	1,557
Provision for bonuses	815	744
Other	9,224	9,388
Total current liabilities	34,407	34,918
Non-current liabilities		
Bonds payable	10,060	10,060
Long-term borrowings	7,460	7,151
Provision for retirement benefits for directors (and other officers)	138	138
Retirement benefit liability	148	133
Asset retirement obligations	286	293
Other	4,047	4,982
Total non-current liabilities	22,141	22,759
Total liabilities	56,548	57,678
Net assets		
Shareholders' equity		
Share capital	3,502	3,502
Capital surplus	3,759	3,759
Retained earnings	32,690	34,448
Treasury shares	(3,231)	(3,232)
Total shareholders' equity	36,721	38,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,064	3,136
Revaluation reserve for land	(2,602)	(2,602)
Foreign currency translation adjustment	1,503	2,698
Remeasurements of defined benefit plans	(121)	(119)
Total accumulated other comprehensive income	844	3,114
Non-controlling interests	2,500	2,948
Total net assets	40,066	44,540
Total liabilities and net assets	96,615	102,218

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, 2022	Six months ended September 30, 2023
Net sales	51,840	55,637
Cost of sales	36,730	38,723
Gross profit	15,109	16,913
Selling, general and administrative expenses		
Retirement benefit expenses	108	118
Provision for bonuses	335	360
Salaries and bonuses	3,559	3,945
Freight and packing costs	2,200	2,204
Other	6,432	7,393
Total selling, general and administrative expenses	12,636	14,023
Operating profit	2,473	2,890
Non-operating income		
Interest income	0	13
Dividend income	90	135
Foreign exchange gains	683	476
Other	111	104
Total non-operating income	885	730
Non-operating expenses		
Interest expenses	158	189
Other	81	67
Total non-operating expenses	239	257
Ordinary profit	3,119	3,363
Extraordinary income		
Gain on sale of investment securities	13	34
Gain on sale of shares of subsidiaries	–	391
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiaries	43	–
Total extraordinary income	57	426
Extraordinary losses		
Impairment losses	2	3
Loss on liquidation of subsidiaries	23	–
Loss on withdrawal from business	7	1
Loss on store closings	1	–
Total extraordinary losses	33	5
Profit before income taxes	3,142	3,784
Income taxes	1,022	1,384
Profit	2,119	2,399
Profit attributable to non-controlling interests	205	378
Profit attributable to owners of parent	1,914	2,021

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	2,119	2,399
Other comprehensive income		
Valuation difference on available-for-sale securities	(314)	1,072
Foreign currency translation adjustment	1,989	1,432
Remeasurements of defined benefit plans, net of tax	(6)	2
Total other comprehensive income	1,667	2,507
Comprehensive income	3,787	4,906
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,200	4,290
Comprehensive income attributable to non-controlling interests	587	616

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,142	3,784
Depreciation	1,687	1,403
Impairment losses	2	3
Amortization of goodwill	424	500
Depreciation and amortization on other	31	34
Increase (decrease) in allowance for doubtful accounts	(28)	(18)
Increase (decrease) in provision for bonuses	(43)	(71)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	12	(0)
Increase (decrease) in retirement benefit liability	(58)	(58)
Interest and dividend income	(91)	(148)
Interest expenses	158	189
Loss (gain) on sale of shares of subsidiaries	–	(391)
Loss (gain) on liquidation of subsidiaries	23	–
Loss (gain) on sale and retirement of property, plant and equipment	16	22
Loss (gain) on sale of investment securities	(13)	(34)
Other non-operating expenses (income)	(890)	(468)
Decrease (increase) in trade receivables	1,561	(367)
Decrease (increase) in inventories	(3,233)	253
Increase (decrease) in trade payables	1,303	1,080
Increase (decrease) in accounts payable - other, and accrued expenses	(650)	(535)
Increase (decrease) in accrued consumption taxes	(201)	63
Increase/decrease in other assets/liabilities	(821)	794
Subtotal	2,328	6,037
Interest and dividends received	91	133
Interest paid	(155)	(168)
Income taxes paid	(859)	(612)
Income taxes refund	131	140
Net cash provided by (used in) operating activities	1,536	5,529

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,461)	(2,287)
Proceeds from sale of property, plant and equipment	–	19
Purchase of investment securities	(8)	(61)
Proceeds from sale of investment securities	13	39
Proceeds from liquidation of subsidiaries	14	–
Purchase of shares of subsidiaries	–	(95)
Payments of guarantee deposits	(56)	(47)
Proceeds from refund of guarantee deposits	36	10
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	826
Other, net	(8)	53
Net cash provided by (used in) investing activities	(1,469)	(1,543)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(188)	3,020
Proceeds from long-term borrowings	–	655
Repayments of long-term borrowings	(1,277)	(1,337)
Redemption of bonds	–	(5,000)
Repayments of finance lease liabilities	(141)	(266)
Net decrease (increase) in treasury shares	(0)	(0)
Dividends paid	(271)	(546)
Net cash provided by (used in) financing activities	(1,879)	(3,474)
Effect of exchange rate change on cash and cash equivalents	25	389
Net increase (decrease) in cash and cash equivalents	(1,786)	900
Cash and cash equivalents at beginning of period	9,142	8,819
Cash and cash equivalents at end of period	7,355	9,719