

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: NAGATANEN 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 03-3432-2511
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 28, 2021
 Scheduled date to commence dividend payments: June 28, 2021
 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, 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	102,611	(2.3)	4,688	37.0	4,570	45.6	1,869	62.7
Year ended March 31, 2020	105,063	0.3	3,422	45.2	3,138	27.1	1,149	8.6

	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	106.10	—	6.1	5.3	4.6
Year ended March 31, 2020	64.59	—	3.7	3.6	3.3

(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	85,194	31,034	34.9	1,689.64
As of March 31, 2020	86,391	32,292	36.0	1,758.74

(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	5,561	(3,580)	(1,981)	8,601
Year ended March 31, 2020	7,522	(4,294)	(3,071)	7,862

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	—	15.50	—	15.50	31.00	551	48.0	1.8
Year ended March 31, 2021	—	15.50	—	15.50	31.00	544	29.2	1.8
Year ending March 31, 2022 (Forecast)	—	15.50	—	15.50	31.00		23.7	

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
Full year	92,000	—	4,900	—	5,100	—	2,300	—	130.85

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	19,138,703 shares	As of March 31, 2020	19,138,703 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	1,561,699 shares	As of March 31, 2020	1,461,211 shares
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Average number of shares during the period

Year ended March 31, 2021	17,623,444 shares	Year ended March 31, 2020	17,802,335 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	7,870	8,609
Notes and accounts receivable - trade	14,316	13,976
Merchandise and finished goods	5,137	4,979
Work in process	1,403	1,219
Raw materials and supplies	5,073	5,464
Other	1,693	1,652
Allowance for doubtful accounts	(94)	(137)
Total current assets	35,400	35,764
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,564	19,697
Accumulated depreciation	(12,197)	(12,491)
Buildings and structures, net	6,367	7,205
Machinery, equipment and vehicles	27,407	28,051
Accumulated depreciation	(18,363)	(19,230)
Machinery, equipment and vehicles, net	9,043	8,821
Land	11,135	11,001
Leased assets	2,295	2,144
Accumulated depreciation	(1,203)	(1,090)
Leased assets, net	1,092	1,053
Construction in progress	1,225	767
Other	2,568	2,622
Accumulated depreciation	(2,026)	(2,101)
Other, net	541	521
Total property, plant and equipment	29,406	29,371
Intangible assets		
Goodwill	11,701	8,868
Other	285	363
Total intangible assets	11,986	9,231
Investments and other assets		
Investment securities	6,227	7,046
Investments in capital of subsidiaries and associates	190	179
Deferred tax assets	1,166	1,434
Deferred tax assets for land revaluation	239	—
Retirement benefit asset	163	296
Other	1,695	1,949
Allowance for doubtful accounts	(84)	(78)
Total investments and other assets	9,598	10,828
Total non-current assets	50,991	49,430
Total assets	86,391	85,194

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,982	5,919
Electronically recorded obligations - operating	2,801	2,650
Short-term borrowings	8,600	10,303
Current portion of bonds payable	—	5,000
Lease obligations	261	323
Income taxes payable	682	1,148
Provision for bonuses	637	662
Accounts payable - other	5,285	5,027
Other	3,681	2,236
Total current liabilities	27,934	33,271
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term borrowings	12,547	12,361
Lease obligations	991	937
Deferred tax liabilities	594	400
Deferred tax liabilities for land revaluation	334	334
Provision for retirement benefits for directors (and other officers)	92	112
Retirement benefit liability	237	213
Asset retirement obligations	261	309
Other	1,105	1,219
Total non-current liabilities	26,164	20,888
Total liabilities	54,098	54,159
Net assets		
Shareholders' equity		
Share capital	3,502	3,502
Capital surplus	6,197	3,759
Retained earnings	26,599	27,379
Treasury shares	(2,804)	(3,025)
Total shareholders' equity	33,495	31,616
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,057	1,807
Revaluation reserve for land	(3,154)	(2,610)
Foreign currency translation adjustment	(203)	(1,018)
Remeasurements of defined benefit plans	(104)	(96)
Total accumulated other comprehensive income	(2,405)	(1,917)
Non-controlling interests	1,202	1,335
Total net assets	32,292	31,034
Total liabilities and net assets	86,391	85,194

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	105,063	102,611
Cost of sales	63,391	60,829
Gross profit	41,672	41,782
Selling, general and administrative expenses		
Freight and packing costs	4,243	4,706
Advertising expenses	2,504	2,319
Promotion expenses	13,028	12,579
Salaries and bonuses	7,070	7,003
Provision for bonuses	343	353
Provision for retirement benefits for directors (and other officers)	24	24
Provision of allowance for doubtful accounts	23	48
Retirement benefit expenses	204	341
Depreciation	527	586
Other	10,281	9,130
Total selling, general and administrative expenses	38,249	37,093
Operating profit	3,422	4,688
Non-operating income		
Interest income	13	10
Dividend income	169	163
Subsidy income	18	87
Foreign exchange gains	—	27
Other	177	132
Total non-operating income	378	421
Non-operating expenses		
Interest expenses	259	276
Foreign exchange losses	252	—
Loss on retirement of non-current assets	71	72
Share of loss of entities accounted for using equity method	8	—
Other	69	189
Total non-operating expenses	662	539
Ordinary profit	3,138	4,570

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Extraordinary income		
Gain on sale of non-current assets	—	1,108
Gain on sale of investment securities	—	69
Subsidies income	—	127
Total extraordinary income	—	1,305
Extraordinary losses		
Impairment losses	346	2,025
Loss on retirement of non-current assets	—	23
Loss on valuation of investments in capital of subsidiaries and associates	88	—
Loss on valuation of shares of subsidiaries	—	189
Loss on valuation of membership	6	—
Loss on store closings	4	39
Bad debts written off	27	—
Retirement benefits for directors (and other officers)	6	—
Compensation for damage	30	—
Loss on temporary closure	—	179
Total extraordinary losses	509	2,458
Profit before income taxes	2,628	3,418
Income taxes - current	1,303	1,937
Income taxes - deferred	30	(620)
Total income taxes	1,334	1,316
Profit	1,294	2,101
Profit attributable to non-controlling interests	144	231
Profit attributable to owners of parent	1,149	1,869

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,294	2,101
Other comprehensive income		
Valuation difference on available-for-sale securities	(854)	750
Revaluation reserve for land	239	–
Foreign currency translation adjustment	(70)	(900)
Remeasurements of defined benefit plans, net of tax	(119)	7
Share of other comprehensive income of entities accounted for using equity method	2	–
Total other comprehensive income	(801)	(142)
Comprehensive income	493	1,959
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	361	1,814
Comprehensive income attributable to non-controlling interests	132	144

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	3,502	6,197	26,000	(2,353)	33,348
Changes during period					
Dividends of surplus			(554)		(554)
Profit attributable to owners of parent			1,149		1,149
Purchase of treasury shares				(451)	(451)
Disposal of treasury shares		0		0	0
Change in scope of consolidation			3		3
Purchase of shares of consolidated subsidiaries					—
Reversal of revaluation reserve for land					—
Net changes in items other than shareholders' equity					—
Total changes during period	—	0	598	(451)	147
Balance at end of period	3,502	6,197	26,599	(2,804)	33,495

	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	1,911	(3,394)	(148)	14	(1,616)	1,068	32,800
Changes during period							
Dividends of surplus							(554)
Profit attributable to owners of parent							1,149
Purchase of treasury shares							(451)
Disposal of treasury shares							0
Change in scope of consolidation							3
Purchase of shares of consolidated subsidiaries							—
Reversal of revaluation reserve for land							—
Net changes in items other than shareholders' equity	(854)	239	(55)	(119)	(788)	133	(654)
Total changes during period	(854)	239	(55)	(119)	(788)	133	(507)
Balance at end of period	1,057	(3,154)	(203)	(104)	(2,405)	1,202	32,292

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	3,502	6,197	26,599	(2,804)	33,495
Changes during period					
Dividends of surplus			(546)		(546)
Profit attributable to owners of parent			1,869		1,869
Purchase of treasury shares				(221)	(221)
Disposal of treasury shares					–
Change in scope of consolidation					–
Purchase of shares of consolidated subsidiaries		(2,438)			(2,438)
Reversal of revaluation reserve for land			(543)		(543)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(2,438)	779	(221)	(1,879)
Balance at end of period	3,502	3,759	27,379	(3,025)	31,616

	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	1,057	(3,154)	(203)	(104)	(2,405)	1,202	32,292
Changes during period							
Dividends of surplus							(546)
Profit attributable to owners of parent							1,869
Purchase of treasury shares							(221)
Disposal of treasury shares							–
Change in scope of consolidation							–
Purchase of shares of consolidated subsidiaries							(2,438)
Reversal of revaluation reserve for land							(543)
Net changes in items other than shareholders' equity	750	543	(814)	8	488	133	621
Total changes during period	750	543	(814)	8	488	133	(1,257)
Balance at end of period	1,807	(2,610)	(1,018)	(96)	(1,917)	1,335	31,034

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	2,628	3,418
Depreciation	2,940	2,785
Impairment losses	346	2,025
Loss on temporary close	—	179
Subsidy income	(18)	(215)
Amortization of goodwill	876	875
Depreciation and amortization on other	46	76
Increase (decrease) in allowance for doubtful accounts	37	80
Increase (decrease) in provision for bonuses	12	24
Increase (decrease) in provision for retirement benefits for directors (and other officers)	6	19
Increase (decrease) in retirement benefit liability	10	(43)
Interest and dividend income	(182)	(173)
Interest expenses	259	276
Loss (gain) on sale and retirement of property, plant and equipment	69	(1,016)
Loss (gain) on sale of investment securities	(3)	(69)
Loss on valuation of investments to subsidiaries and associates	88	189
Other non-operating expenses (income)	202	(40)
Decrease (increase) in trade receivables	(543)	234
Decrease (increase) in inventories	1,573	(551)
Increase (decrease) in trade payables	(1,031)	(126)
Increase (decrease) in accounts payable - other, and accrued expenses	468	(140)
Increase (decrease) in accrued consumption taxes	111	(73)
Increase/decrease in other assets/liabilities	(991)	(930)
Subtotal	6,909	6,805
Interest and dividends received	183	197
Proceeds from compensation for expropriation	1,549	—
Interest paid	(252)	(293)
Income taxes paid	(1,238)	(1,300)
Income taxes refund	353	82
Payments associated with temporary closure loss	—	(145)
Subsidies received	18	215
Net cash provided by (used in) operating activities	7,522	5,561

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,289)	(3,631)
Proceeds from sale of property, plant and equipment	31	148
Purchase of investment securities	(14)	(16)
Proceeds from sale of investment securities	6	115
Proceeds from liquidation of subsidiaries	—	24
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(137)
Payments of guarantee deposits	(68)	(114)
Proceeds from refund of guarantee deposits	46	110
Other, net	(6)	(79)
Net cash provided by (used in) investing activities	(4,294)	(3,580)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,071	1,667
Proceeds from long-term borrowings	64	2,746
Repayments of long-term borrowings	(2,779)	(2,816)
Repayments of finance lease obligations	(422)	(375)
Net decrease (increase) in treasury shares	(451)	(221)
Dividends paid	(553)	(545)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(2,438)
Net cash provided by (used in) financing activities	(3,071)	(1,981)
Effect of exchange rate change on cash and cash equivalents	0	741
Net increase (decrease) in cash and cash equivalents	158	739
Cash and cash equivalents at beginning of period	7,703	7,862
Cash and cash equivalents at end of period	7,862	8,601