Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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
Inquiries: Executive Officer General Accounting & Finance Division Teru Eguchi TEL 03-3432-2511
Scheduled date of ordinary general meeting of shareholders: June 29, 2022
Scheduled date to file Securities Report: June 30, 2022
Scheduled date to commence dividend payments: June 30, 2022
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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	95,408	–	4,819	–	6,052	–	3,441	–
Year ended March 31, 2021	102,611	(2.3)	4,688	37.0	4,570	45.6	1,869	62.7

	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, 2022	195.80	–	10.9	6.8	5.1
Year ended March 31, 2021	106.10	–	6.1	5.3	4.6

(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, 2022	91,859	35,689	36.6	1,914.88
As of March 31, 2021	85,194	31,034	34.9	1,689.64

(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, 2022	5,285	(4,096)	(1,260)	9,142
Year ended March 31, 2021	5,561	(3,580)	(1,981)	8,601

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, 2021	–	15.50	–	15.50	31.00	544	29.2	1.8
Year ended March 31, 2022	–	15.50	–	15.50	31.00	544	15.8	1.7
Year ending March 31, 2023 (Forecast)	–	15.50	–	15.50	31.00		18.8	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	100,400	5.2	5,200	7.9	5,000	(17.4)	2,900	(15.7)	164.99

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

(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: Yes

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, 2022	19,138,703 shares	As of March 31, 2021	19,138,703 shares

Number of treasury shares at the end of the period

As of March 31, 2022	1,561,938 shares	As of March 31, 2021	1,561,699 shares

Average number of shares during the period

Year ended March 31, 2022	17,576,920 shares	Year ended March 31, 2021	17,623,444 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	8,609	9,142
Notes and accounts receivable - trade	13,976	16,511
Merchandise and finished goods	4,979	6,119
Work in process	1,219	1,864
Raw materials and supplies	5,464	5,566
Other	1,652	1,764
Allowance for doubtful accounts	(137)	(66)
Total current assets	35,764	40,901
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,697	19,975
Accumulated depreciation	(12,491)	(12,720)
Buildings and structures, net	7,205	7,254
Machinery, equipment and vehicles	28,051	30,925
Accumulated depreciation	(19,230)	(20,998)
Machinery, equipment and vehicles, net	8,821	9,926
Land	11,001	11,010
Leased assets	2,144	1,788
Accumulated depreciation	(1,090)	(886)
Leased assets, net	1,053	902
Construction in progress	767	956
Other	2,622	2,675
Accumulated depreciation	(2,101)	(2,177)
Other, net	521	497
Total property, plant and equipment	29,371	30,548
Intangible assets		
Goodwill	8,868	8,781
Other	363	356
Total intangible assets	9,231	9,137
Investments and other assets		
Investment securities	7,046	7,307
Investments in capital of subsidiaries and associates	179	179
Deferred tax assets	1,434	1,242
Retirement benefit asset	296	745
Other	1,949	1,850
Allowance for doubtful accounts	(78)	(53)
Total investments and other assets	10,828	11,271
Total non-current assets	49,430	50,957
Total assets	85,194	91,859

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,919	6,896
Electronically recorded obligations - operating	2,650	2,220
Short-term borrowings	10,303	7,355
Current portion of bonds payable	5,000	–
Lease liabilities	323	254
Income taxes payable	1,148	919
Provision for bonuses	662	746
Accounts payable - other	5,027	5,368
Other	2,236	4,027
Total current liabilities	33,271	27,789
Non-current liabilities		
Bonds payable	5,000	15,000
Long-term borrowings	12,361	9,761
Lease liabilities	937	868
Deferred tax liabilities	400	805
Deferred tax liabilities for land revaluation	334	334
Provision for retirement benefits for directors (and other officers)	112	113
Retirement benefit liability	213	244
Asset retirement obligations	309	275
Other	1,219	977
Total non-current liabilities	20,888	28,380
Total liabilities	54,159	56,169
Net assets		
Shareholders' equity		
Share capital	3,502	3,502
Capital surplus	3,759	3,759
Retained earnings	27,379	30,134
Treasury shares	(3,025)	(3,026)
Total shareholders' equity	31,616	34,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,807	1,975
Revaluation reserve for land	(2,610)	(2,602)
Foreign currency translation adjustment	(1,018)	(150)
Remeasurements of defined benefit plans	(96)	64
Total accumulated other comprehensive income	(1,917)	(712)
Non-controlling interests	1,335	2,032
Total net assets	31,034	35,689
Total liabilities and net assets	85,194	91,859

Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	102,611	95,408
Cost of sales	60,829	65,861
Gross profit	41,782	29,546
Selling, general and administrative expenses		
Freight and packing costs	4,706	4,483
Advertising expenses	2,319	2,469
Promotion expenses	12,579	582
Salaries and bonuses	7,003	6,978
Provision for bonuses	353	429
Provision for retirement benefits for directors (and other officers)	24	21
Provision of allowance for doubtful accounts	48	–
Retirement benefit expenses	341	238
Depreciation	586	567
Other	9,130	8,956
Total selling, general and administrative expenses	37,093	24,727
Operating profit	4,688	4,819
Non-operating income		
Interest income	10	3
Dividend income	163	160
Gain on forgiveness of debts	–	919
Subsidy income	87	80
Foreign exchange gains	27	233
Other	132	245
Total non-operating income	421	1,643
Non-operating expenses		
Interest expenses	276	213
Bond issuance costs	–	54
Loss on retirement of non-current assets	72	87
Bad debt expenses	54	–
Other	135	54
Total non-operating expenses	539	410
Ordinary profit	4,570	6,052

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of non-current assets	1,108	1
Gain on sale of investment securities	69	–
Compensation income	–	7
Subsidies income	127	–
Total extraordinary income	1,305	8
Extraordinary losses		
Loss on sale of non-current assets	–	5
Impairment losses	2,025	143
Loss on retirement of non-current assets	23	23
Loss on valuation of shares of subsidiaries	189	–
Loss on withdrawal from business	–	88
Loss on valuation of membership	–	1
Loss on store closings	39	36
Loss on temporary closure	179	10
Total extraordinary losses	2,458	309
Profit before income taxes	3,418	5,752
Income taxes - current	1,937	1,609
Income taxes - deferred	(620)	183
Total income taxes	1,316	1,792
Profit	2,101	3,959
Profit attributable to non-controlling interests	231	518
Profit attributable to owners of parent	1,869	3,441

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	2,101	3,959
Other comprehensive income		
Valuation difference on available-for-sale securities	750	167
Foreign currency translation adjustment	(900)	1,045
Remeasurements of defined benefit plans, net of tax	7	160
Total other comprehensive income	(142)	1,373
Comprehensive income	1,959	5,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,814	4,637
Comprehensive income attributable to non-controlling interests	144	696

Consolidated statements of changes in equity

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
Cumulative effects of changes in accounting policies					–
Restated balance	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)
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
Cumulative effects of changes in accounting policies							–
Restated balance	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)
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

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)
Purchase of shares of consolidated subsidiaries					–
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)
Purchase of shares of consolidated subsidiaries							–
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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,418	5,752
Depreciation	2,785	3,018
Impairment losses	2,025	143
Loss on temporary close	179	10
Subsidy income	(215)	(80)
Amortization of goodwill	875	773
Depreciation and amortization on other	76	66
Increase (decrease) in allowance for doubtful accounts	80	(107)
Increase (decrease) in provision for bonuses	24	83
Increase (decrease) in provision for retirement benefits for directors (and other officers)	19	0
Increase (decrease) in retirement benefit liability	(43)	11
Interest and dividend income	(173)	(163)
Interest expenses	276	213
Amortization of bond issuance costs	–	54
Gain on forgiveness of debt	–	(919)
Compensation income	–	(7)
Loss on withdrawal from business	–	88
Loss (gain) on sale and retirement of property, plant and equipment	(1,016)	116
Loss (gain) on sale of investment securities	(69)	0
Loss on valuation of investments to subsidiaries and associates	189	–
Other non-operating expenses (income)	(40)	(425)
Decrease (increase) in trade receivables	234	(2,092)
Decrease (increase) in inventories	(551)	(1,370)
Increase (decrease) in trade payables	(126)	673
Increase (decrease) in accounts payable - other, and accrued expenses	(140)	824
Increase (decrease) in accrued consumption taxes	(73)	270
Increase/decrease in other assets/liabilities	(930)	(54)
Subtotal	6,805	6,878
Interest and dividends received	197	163
Interest paid	(293)	(221)
Income taxes paid	(1,300)	(1,793)
Income taxes refund	82	179
Payments associated with temporary closure loss	(145)	(10)
Proceeds from compensation	–	7
Subsidies received	215	80
Net cash provided by (used in) operating activities	5,561	5,285

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(3,631)	(4,437)
Proceeds from sale of property, plant and equipment	148	402
Purchase of investment securities	(16)	(16)
Proceeds from sale of investment securities	115	2
Proceeds from liquidation of subsidiaries	24	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(137)	–
Payments of guarantee deposits	(114)	(115)
Proceeds from refund of guarantee deposits	110	168
Other, net	(79)	(101)
Net cash provided by (used in) investing activities	(3,580)	(4,096)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,667	(2,872)
Proceeds from long-term borrowings	2,746	168
Repayments of long-term borrowings	(2,816)	(2,669)
Proceeds from issuance of bonds	–	10,000
Redemption of bonds	–	(5,000)
Repayments of finance lease liabilities	(375)	(339)
Net decrease (increase) in treasury shares	(221)	0
Dividends paid	(545)	(547)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,438)	–
Net cash provided by (used in) financing activities	(1,981)	(1,260)
Effect of exchange rate change on cash and cash equivalents	741	613
Net increase (decrease) in cash and cash equivalents	739	540
Cash and cash equivalents at beginning of period	7,862	8,601
Cash and cash equivalents at end of period	8,601	9,142