

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 11, 2022

Company name: NAGATANEN HOLDINGS CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 2899 URL <https://www.nagatanen-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 to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 9, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	51,840	13.1	2,473	(9.5)	3,119	(5.5)	1,914	6.2
Six months ended September 30, 2021	45,833	—	2,733	—	3,301	—	1,802	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	108.93	—
Six months ended September 30, 2021	102.57	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	96,086	38,941	38.1
As of March 31, 2022	91,859	35,689	36.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	—	15.50	—	15.50	31.00
Year ending March 31, 2023	—	15.50	—	—	—
Year ending March 31, 2023 (Forecast)	—	—	—	15.50	31.00

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 six months ended September 30, 2022
(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, 2022	19,138,703 shares	As of March 31, 2022	19,138,703 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	1,562,199 shares	As of March 31, 2022	1,561,938 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, 2022	17,576,650 shares	Six months ended September 30, 2021	17,576,980 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	9,142	7,355
Notes and accounts receivable - trade	16,511	15,670
Merchandise and finished goods	6,119	8,745
Work in process	1,864	2,120
Raw materials and supplies	5,566	7,207
Other	1,764	1,709
Allowance for doubtful accounts	(66)	(69)
Total current assets	40,901	42,738
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,975	20,577
Accumulated depreciation	(12,720)	(13,004)
Buildings and structures, net	7,254	7,573
Machinery, equipment and vehicles	30,925	33,772
Accumulated depreciation	(20,998)	(22,842)
Machinery, equipment and vehicles, net	9,926	10,930
Land	11,010	11,050
Leased assets	1,788	2,367
Accumulated depreciation	(886)	(922)
Leased assets, net	902	1,444
Construction in progress	956	1,293
Other	2,675	2,740
Accumulated depreciation	(2,177)	(2,254)
Other, net	497	486
Total property, plant and equipment	30,548	32,777
Intangible assets		
Goodwill	8,781	9,546
Other	356	304
Total intangible assets	9,137	9,850
Investments and other assets		
Investment securities	7,307	6,861
Other	4,016	3,888
Allowance for doubtful accounts	(53)	(30)
Total investments and other assets	11,271	10,719
Total non-current assets	50,957	53,348
Total assets	91,859	96,086

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,896	8,823
Electronically recorded obligations - operating	2,220	2,356
Short-term borrowings	7,355	7,783
Current portion of bonds payable	—	5,000
Income taxes payable	919	1,158
Provision for bonuses	746	702
Other	9,651	8,697
Total current liabilities	27,789	34,522
Non-current liabilities		
Bonds payable	15,000	10,000
Long-term borrowings	9,761	8,481
Provision for retirement benefits for directors (and other officers)	113	125
Retirement benefit liability	244	155
Asset retirement obligations	275	277
Other	2,985	3,582
Total non-current liabilities	28,380	22,622
Total liabilities	56,169	57,144
Net assets		
Shareholders' equity		
Share capital	3,502	3,502
Capital surplus	3,759	3,759
Retained earnings	30,134	31,762
Treasury shares	(3,026)	(3,026)
Total shareholders' equity	34,370	35,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,975	1,660
Revaluation reserve for land	(2,602)	(2,602)
Foreign currency translation adjustment	(150)	1,456
Remeasurements of defined benefit plans	64	57
Total accumulated other comprehensive income	(712)	572
Non-controlling interests	2,032	2,370
Total net assets	35,689	38,941
Total liabilities and net assets	91,859	96,086

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, 2021	Six months ended September 30, 2022
Net sales	45,833	51,840
Cost of sales	31,185	36,730
Gross profit	14,648	15,109
Selling, general and administrative expenses		
Provision for bonuses	320	335
Retirement benefit expenses	117	108
Salaries and bonuses	3,270	3,559
Promotion expenses	286	380
Freight and packing costs	2,189	2,200
Other	5,731	6,051
Total selling, general and administrative expenses	11,915	12,636
Operating profit	2,733	2,473
Non-operating income		
Interest income	3	0
Dividend income	94	90
Foreign exchange gains	—	683
Gain on forgiveness of debts	649	—
Other	153	111
Total non-operating income	901	885
Non-operating expenses		
Interest expenses	107	158
Bond issuance costs	54	—
Foreign exchange losses	86	—
Other	84	81
Total non-operating expenses	332	239
Ordinary profit	3,301	3,119
Extraordinary income		
Gain on sale of non-current assets	1	—
Gain on sale of investment securities	—	13
Gain on reversal of foreign currency translation adjustments resulting from liquidation of foreign subsidiaries	—	43
Total extraordinary income	1	57
Extraordinary losses		
Impairment losses	—	2
Loss on retirement of non-current assets	31	—
Loss on liquidation of subsidiaries	—	23
Loss on withdrawal from business	88	7
Loss on store closings	33	1
Loss on temporary closure	9	—
Total extraordinary losses	163	33
Profit before income taxes	3,139	3,142
Income taxes	960	1,022
Profit	2,179	2,119
Profit attributable to non-controlling interests	376	205
Profit attributable to owners of parent	1,802	1,914

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,179	2,119
Other comprehensive income		
Valuation difference on available-for-sale securities	45	(314)
Foreign currency translation adjustment	1,053	1,989
Remeasurements of defined benefit plans, net of tax	171	(6)
Total other comprehensive income	1,271	1,667
Comprehensive income	3,450	3,787
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,954	3,200
Comprehensive income attributable to non-controlling interests	495	587

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,139	3,142
Depreciation	1,557	1,687
Impairment losses	—	2
Loss on temporary close	9	—
Amortization of goodwill	374	424
Depreciation and amortization on other	34	31
Increase (decrease) in allowance for doubtful accounts	(10)	(28)
Increase (decrease) in provision for bonuses	(14)	(43)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	12
Increase (decrease) in retirement benefit liability	(81)	(58)
Interest and dividend income	(98)	(91)
Interest expenses	107	158
Amortization of bond issuance costs	54	—
Loss (gain) on liquidation of subsidiaries	—	23
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	76	16
Other non-operating expenses (income)	(768)	(890)
Decrease (increase) in trade receivables	(923)	1,561
Decrease (increase) in inventories	(355)	(3,233)
Increase (decrease) in trade payables	285	1,303
Increase (decrease) in accounts payable - other, and accrued expenses	14	(650)
Increase (decrease) in accrued consumption taxes	49	(201)
Increase/decrease in other assets/liabilities	(512)	(879)
Subtotal	2,939	2,328
Interest and dividends received	38	91
Interest paid	(49)	(155)
Income taxes paid	(1,044)	(859)
Income taxes refund	91	131
Payments associated with temporary closure loss	(9)	—
Net cash provided by (used in) operating activities	1,965	1,536

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	20	—
Purchase of property, plant and equipment and intangible assets	(2,137)	(1,461)
Purchase of investment securities	(8)	(8)
Proceeds from sale of investment securities	0	13
Proceeds from liquidation of subsidiaries	—	14
Payments of guarantee deposits	(53)	(56)
Proceeds from refund of guarantee deposits	99	36
Other, net	(24)	(8)
Net cash provided by (used in) investing activities	(2,103)	(1,469)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,020)	(188)
Repayments of long-term borrowings	(1,345)	(1,277)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(5,000)	—
Repayments of finance lease liabilities	(199)	(141)
Net decrease (increase) in treasury shares	0	(0)
Dividends paid	(273)	(271)
Net cash provided by (used in) financing activities	(839)	(1,879)
Effect of exchange rate change on cash and cash equivalents	272	25
Net increase (decrease) in cash and cash equivalents	(704)	(1,786)
Cash and cash equivalents at beginning of period	8,601	9,142
Cash and cash equivalents at end of period	7,897	7,355