

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2021 (Based on Japanese GAAP)

August 11, 2021

Company name: EF-ON INC.
 Stock exchange listing: Tokyo
 Stock code: 9514 URL <http://www.ef-on.co.jp/>
 Representative: President and Representative Director TOMOTADA SHIMAZAKI
 Inquiries: Executive Director HISAHITO KOIKE TEL 03-5299-8521
 Scheduled date of ordinary general meeting of shareholders: September 28, 2021
 Scheduled date to file Securities Report: September 28, 2021
 Scheduled date to commence dividend payments: September 8, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2021 (from July 1, 2020 to June 30, 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 June 30, 2021	13,144	7.6	2,584	(11.7)	2,397	(15.2)	1,673	(4.8)
Year ended June 30, 2020	12,218	10.6	2,927	2.7	2,826	8.7	1,757	(15.7)

	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 June 30, 2021	77.35	—	10.4	5.6	19.7
Year ended June 30, 2020	81.22	81.21	12.0	7.7	24.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	45,603	16,924	37.1	782.22
As of June 30, 2020	39,847	15,434	38.7	712.89

(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 June 30, 2021	4,079	(6,120)	3,040	4,931
Year ended June 30, 2020	2,829	(7,702)	4,571	3,931

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 June 30, 2020	—	0.00	—	8.00	8.00	173	9.9	2.2
Year ended June 30, 2021	—	0.00	—	8.00	8.00	173	10.3	2.0
Year ending June 30, 2022 (Forecast)	—	0.00	—	8.00	8.00		8.7	

3. Forecast of consolidated financial results for the year ending June 30, 2022 (from July 1, 2021 to June 30, 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
Six months ending December 31, 2021	7,500	12.1	1,500	0.0	1,300	(9.1)	1,000	0.5	46.22
Full year	16,000	21.7	3,100	19.9	2,900	20.9	2,000	19.5	92.43

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 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 June 30, 2021	21,636,579 shares	As of June 30, 2020	21,638,199 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	– shares	As of June 30, 2020	– shares
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Average number of shares during the period

Year ended June 30, 2021	21,637,234 shares	Year ended June 30, 2020	21,635,579 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	4,248	5,272
Notes and accounts receivable - trade	1,298	1,270
Supplies	708	874
Consumption taxes receivable	851	31
Deferred income tax - non current	236	508
Other	181	123
Total current assets	7,524	8,081
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,180	8,847
Accumulated depreciation	(1,279)	(1,589)
Buildings and structures, net	6,900	7,257
Machinery, equipment and vehicles	20,404	21,243
Accumulated depreciation	(5,334)	(6,483)
Machinery, equipment and vehicles, net	15,070	14,760
Tools, furniture and fixtures	217	236
Accumulated depreciation	(126)	(156)
Tools, furniture and fixtures, net	91	79
Land	3,127	3,229
Leased assets	985	772
Accumulated depreciation	(818)	(695)
Leased assets, net	166	77
Trees	539	770
Construction in progress	5,777	10,839
Total property, plant and equipment	31,673	37,015
Intangible assets		
Right to use electricity supply facilities	354	329
Other	6	8
Total intangible assets	361	338
Investments and other assets		
Deferred tax assets	196	88
Other	92	80
Total investments and other assets	288	168
Total non-current assets	32,322	37,521
Total assets	39,847	45,603

(Millions of yen)

	As of June 30, 2020	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	948	1,000
Short-term borrowings	200	200
Current portion of long-term borrowings	1,526	1,938
Accounts payable - other	293	1,145
Current portion of long-term accounts payable-other	153	70
Lease obligations	103	58
Income taxes payable	197	308
Provision for bonuses	38	44
Provision for maintenance	447	403
Other	149	175
Total current liabilities	4,057	5,344
Non-current liabilities		
Long-term borrowings	20,188	23,194
Long-term accounts payable - other	66	0
Lease obligations	90	32
Deferred tax liabilities	9	107
Total non-current liabilities	20,355	23,334
Total liabilities	24,412	28,678
Net assets		
Shareholders' equity		
Share capital	2,292	2,292
Capital surplus	1,292	1,292
Retained earnings	11,840	13,339
Total shareholders' equity	15,425	16,924
Share acquisition rights	8	–
Total net assets	15,434	16,924
Total liabilities and net assets	39,847	45,603

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

(Millions of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Net sales	12,218	13,144
Cost of sales	8,620	9,757
Gross profit	3,597	3,387
Selling, general and administrative expenses	669	802
Operating profit	2,927	2,584
Non-operating income		
Interest income	0	0
Gain on sale of scraps	6	2
Gain on sale of non-current assets	3	–
Subsidy income	6	9
Subsidy income	–	4
Adjustment received	28	–
Interest on tax refund	–	3
Other	10	5
Total non-operating income	55	25
Non-operating expenses		
Interest expenses	141	150
Commission expenses	6	35
Share issuance costs	0	0
Loss on retirement of non-current assets	4	4
Other	3	21
Total non-operating expenses	156	212
Ordinary profit	2,826	2,397
Extraordinary income		
Gain on reversal of share acquisition rights	19	8
Total extraordinary income	19	8
Profit before income taxes	2,845	2,406
Income taxes - current	426	527
Income taxes - deferred	662	205
Total income taxes	1,088	733
Profit	1,757	1,673
Profit attributable to owners of parent	1,757	1,673

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Profit	1,757	1,673
Other comprehensive income		
Deferred gains or losses on hedges	—	—
Total other comprehensive income	—	—
Comprehensive income	1,757	1,673
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,757	1,673
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended June 30, 2020

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	2,288	1,288	10,256	–	13,833	–	–	28	13,862
Changes during period									
Issuance of new shares - exercise of share acquisition rights	4	4			8				8
Dividends of surplus			(173)		(173)				(173)
Profit attributable to owners of parent			1,757		1,757				1,757
Purchase of treasury shares				(0)	(0)				(0)
Cancellation of treasury shares			(0)	0	–				–
Change in scope of consolidation					–				–
Net changes in items other than shareholders' equity					–			(19)	(19)
Total changes during period	4	4	1,583	–	1,592	–	–	(19)	1,572
Balance at end of period	2,292	1,292	11,840	–	15,425	–	–	8	15,434

Fiscal year ended June 30, 2021

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	2,292	1,292	11,840	–	15,425	–	–	8	15,434
Changes during period									
Issuance of new shares - exercise of share acquisition rights					–				–
Dividends of surplus			(173)		(173)				(173)
Profit attributable to owners of parent			1,673		1,673				1,673
Purchase of treasury shares				(1)	(1)				(1)
Cancellation of treasury shares			(1)	1	–				–
Change in scope of consolidation					–				–
Net changes in items other than shareholders' equity					–			(8)	(8)
Total changes during period	–	–	1,498	–	1,498	–	–	(8)	1,490
Balance at end of period	2,292	1,292	13,339	–	16,924	–	–	–	16,924

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,845	2,406
Depreciation	1,348	1,620
Loss (gain) on sale of non-current assets	(3)	–
Loss on retirement of non-current assets	4	4
Share issuance costs	0	0
Gain on reversal of share acquisition rights	(19)	(8)
Provision for maintenance	134	(43)
Interest and dividend income	(0)	(0)
Interest expenses	141	150
Commission expenses	6	35
Decrease (increase) in trade receivables	(260)	27
Decrease (increase) in inventories	(367)	(166)
Decrease (increase) in other assets	245	70
Increase (decrease) in trade payables	309	51
Increase (decrease) in deposits received	(7)	3
Decrease (increase) in consumption taxes refund receivable	(813)	819
Increase (decrease) in accrued consumption taxes	9	20
Increase (decrease) in other liabilities	(158)	(386)
Subtotal	3,414	4,607
Interest and dividends received	0	0
Interest paid	(141)	(150)
Income taxes paid	(443)	(411)
Income taxes refund	–	34
Net cash provided by (used in) operating activities	2,829	4,079
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,798)	(6,142)
Proceeds from sale of property, plant and equipment	5	0
Purchase of intangible assets	–	(3)
Subsidies received	93	26
Payments of guarantee deposits	(6)	(0)
Proceeds from refund of guarantee deposits	4	0
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	(7,702)	(6,120)

(Millions of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from financing activities		
Proceeds from long-term borrowings	6,500	5,000
Repayments of long-term borrowings	(1,355)	(1,581)
Repayments of installment payables	(147)	(40)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	7	–
Repayments of lease obligations	(114)	(103)
Dividends paid	(173)	(172)
Decrease (increase) in collateral money payable for loan transactions	(137)	(23)
Other, net	(7)	(37)
Net cash provided by (used in) financing activities	4,571	3,040
Net increase (decrease) in cash and cash equivalents	(300)	999
Cash and cash equivalents at beginning of period	4,232	3,931
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	–
Cash and cash equivalents at end of period	3,931	4,931