

Translation

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

August 6, 2021

Company name: Nagaoka International Corporation  
 Stock exchange listing: Tokyo  
 Stock code: 6239 URL <http://www.nagaokajapan.co.jp/>  
 Representative: President & CEO Yasuhisa Umezu  
 Inquiries: Director, Administrative Headquarters Toshiya Tatemoto TEL 06(6261)6600  
 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 29, 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	6,263	(2.7)	809	(24.8)	937	(10.4)	677	(3.7)
Year ended June 30, 2020	6,436	46.9	1,076	117.5	1,045	149.7	703	93.9

	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	96.72	–	19.4	14.6	12.9
Year ended June 30, 2020	101.51	–	25.7	18.9	16.7

#### (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	6,501	3,968	61.0	562.94
As of June 30, 2020	6,345	3,031	47.8	437.56

#### (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	1,693	(317)	(792)	1,584
Year ended June 30, 2020	5	(375)	300	978

### 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	–	10.00	10.00	69	9.9	2.5
Year ended June 30, 2021	–	0.00	–	15.00	15.00	105	15.5	3.0
Year ending June 30, 2022 (Forecast)	–	0.00	–	20.00	20.00		19.9	

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
Full year	7,200	15.0	933	15.3	1,010	7.8	710	4.7	100.72

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	7,078,400 shares	As of June 30, 2020	7,078,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	29,199 shares	As of June 30, 2020	149,160 shares
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Average number of shares during the period

Year ended June 30, 2021	7,009,119 shares	Year ended June 30, 2020	6,931,759 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,069,612	1,676,213
Notes and accounts receivable - trade	2,697,707	2,001,234
Merchandise and finished goods	5,915	8,649
Work in process	165,040	198,504
Raw materials and supplies	560,428	369,076
Other	296,830	406,255
Allowance for doubtful accounts	(6,808)	(3,022)
<b>Total current assets</b>	<b>4,788,726</b>	<b>4,656,911</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	847,096	949,072
Accumulated depreciation	(211,873)	(281,003)
Buildings and structures, net	635,222	668,068
Machinery, equipment and vehicles	720,515	750,156
Accumulated depreciation	(465,787)	(497,089)
Accumulated impairment	(16,269)	(16,269)
Machinery, equipment and vehicles, net	238,457	236,796
Tools, furniture and fixtures	306,870	355,950
Accumulated depreciation	(231,886)	(275,065)
Accumulated impairment	(536)	(536)
Tools, furniture and fixtures, net	74,448	80,348
Leased assets	158,938	175,982
Accumulated depreciation	(88,749)	(115,690)
Leased assets, net	70,188	60,292
Construction in progress	18,303	3,801
<b>Total property, plant and equipment</b>	<b>1,036,621</b>	<b>1,049,307</b>
<b>Intangible assets</b>		
Other	300,567	336,274
<b>Total intangible assets</b>	<b>300,567</b>	<b>336,274</b>
<b>Investments and other assets</b>		
Investments in capital of subsidiaries and associates	110,870	110,870
Long-term loans receivable	–	200,000
Deferred tax assets	66,055	102,726
Other	42,558	45,019
<b>Total investments and other assets</b>	<b>219,484</b>	<b>458,616</b>
<b>Total non-current assets</b>	<b>1,556,672</b>	<b>1,844,198</b>
<b>Total assets</b>	<b>6,345,399</b>	<b>6,501,110</b>

(Thousands of yen)

	As of June 30, 2020	As of June 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	412,121	660,914
Short-term borrowings	1,329,308	514,915
Current portion of long-term borrowings	–	63,000
Lease obligations	3,718	3,732
Accounts payable - other	207,411	164,150
Accrued expenses	168,428	160,809
Income taxes payable	226,310	143,760
Advances received	405,261	224,492
Asset retirement obligations	–	1,828
Other	106,384	23,679
<b>Total current liabilities</b>	<b>2,858,946</b>	<b>1,961,283</b>
<b>Non-current liabilities</b>		
Long-term borrowings	100,000	207,600
Lease obligations	11,411	7,678
provision for penalty burden loss	204,937	230,504
Retirement benefit liability	76,198	75,863
Asset retirement obligations	1,826	–
Long-term unearned revenue	60,101	49,897
<b>Total non-current liabilities</b>	<b>454,474</b>	<b>571,543</b>
<b>Total liabilities</b>	<b>3,313,421</b>	<b>2,532,827</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,253,241	1,253,241
Capital surplus	777,755	785,195
Retained earnings	1,152,176	1,760,833
Treasury shares	(102,755)	(20,106)
<b>Total shareholders' equity</b>	<b>3,080,417</b>	<b>3,779,164</b>
<b>Accumulated other comprehensive income</b>		
Deferred gains or losses on hedges	(64,857)	(6,424)
Foreign currency translation adjustment	16,418	195,542
<b>Total accumulated other comprehensive income</b>	<b>(48,439)</b>	<b>189,118</b>
<b>Total net assets</b>	<b>3,031,978</b>	<b>3,968,283</b>
<b>Total liabilities and net assets</b>	<b>6,345,399</b>	<b>6,501,110</b>

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

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Net sales	6,436,887	6,263,111
Cost of sales	4,080,320	4,215,076
Gross profit	2,356,566	2,048,035
Selling, general and administrative expenses	1,280,128	1,238,498
Operating profit	1,076,437	809,536
Non-operating income		
Interest income	9,733	7,397
Foreign exchange gains	–	86,467
Gain on sale of scraps	25,258	23,374
Subsidy income	14,970	15,700
Other	8,260	24,278
Total non-operating income	58,223	157,218
Non-operating expenses		
Interest expenses	28,253	26,647
Foreign exchange losses	60,247	–
Commission expenses	212	2,921
Other	435	94
Total non-operating expenses	89,148	29,663
Ordinary profit	1,045,513	937,091
Extraordinary income		
Gain on sale of non-current assets	158	3,552
Total extraordinary income	158	3,552
Extraordinary losses		
Loss on sale of non-current assets	7	–
Loss on retirement of non-current assets	1,258	83
Total extraordinary losses	1,266	83
Profit before income taxes	1,044,405	940,560
Income taxes - current	342,482	299,705
Income taxes - deferred	(1,713)	(37,094)
Total income taxes	340,768	262,611
Profit	703,636	677,949
Profit attributable to owners of parent	703,636	677,949

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Profit	703,636	677,949
Other comprehensive income		
Deferred gains or losses on hedges	(41,886)	58,433
Foreign currency translation adjustment	(32,316)	179,124
Total other comprehensive income	(74,202)	237,558
Comprehensive income	629,433	915,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	629,433	915,507

## Consolidated statements of changes in equity

Fiscal year ended June 30, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,253,241	785,075	448,540	(76,226)	2,410,631
Changes during period					
Dividends of surplus			–		–
Profit attributable to owners of parent			703,636		703,636
Purchase of treasury shares				(77,589)	(77,589)
Disposal of treasury shares		(7,320)		51,060	43,740
Net changes in items other than shareholders' equity					
Total changes during period	–	(7,320)	703,636	(26,529)	669,786
Balance at end of period	1,253,241	777,755	1,152,176	(102,755)	3,080,417

	Accumulated other comprehensive income			Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(22,971)	48,734	25,763	2,436,394
Changes during period				
Dividends of surplus				–
Profit attributable to owners of parent				703,636
Purchase of treasury shares				(77,589)
Disposal of treasury shares				43,740
Net changes in items other than shareholders' equity	(41,886)	(32,316)	(74,202)	(74,202)
Total changes during period	(41,886)	(32,316)	(74,202)	595,583
Balance at end of period	(64,857)	16,418	(48,439)	3,031,978

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,253,241	777,755	1,152,176	(102,755)	3,080,417
Changes during period					
Dividends of surplus			(69,292)		(69,292)
Profit attributable to owners of parent			677,949		677,949
Purchase of treasury shares				(30)	(30)
Disposal of treasury shares		7,440		82,680	90,120
Net changes in items other than shareholders' equity					
Total changes during period	-	7,440	608,657	82,649	698,746
Balance at end of period	1,253,241	785,195	1,760,833	(20,106)	3,779,164

	Accumulated other comprehensive income			Total net assets
	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	(64,857)	16,418	(48,439)	3,031,978
Changes during period				
Dividends of surplus				(69,292)
Profit attributable to owners of parent				677,949
Purchase of treasury shares				(30)
Disposal of treasury shares				90,120
Net changes in items other than shareholders' equity	58,433	179,124	237,558	237,558
Total changes during period	58,433	179,124	237,558	936,305
Balance at end of period	(6,424)	195,542	189,118	3,968,283



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,044,405	940,560
Depreciation	143,255	166,910
Increase (decrease) in allowance for doubtful accounts	5,246	(3,785)
Increase (decrease) in retirement benefit liability	8,237	(335)
Interest and dividend income	(9,733)	(7,397)
Foreign exchange losses (gains)	950	375
Interest expenses	28,253	26,647
Commission expenses	212	2,921
Loss on retirement of non-current assets	1,258	83
Loss (gain) on sale of non-current assets	(150)	(3,552)
Decrease (increase) in trade receivables	(1,495,252)	863,954
Decrease (increase) in inventories	(143,102)	194,045
Increase (decrease) in trade payables	187,258	217,688
Increase (decrease) in accrued expenses	36,018	(12,282)
Increase (decrease) in advances received	238,412	(196,883)
Increase (decrease) in accounts payable - other	120,288	(66,554)
Other, net	25,451	(33,419)
Subtotal	191,008	2,088,976
Interest and dividends received	9,733	6,926
Interest paid	(37,736)	(26,462)
Income taxes paid	(157,977)	(375,531)
Net cash provided by (used in) operating activities	5,027	1,693,909
Cash flows from investing activities		
Purchase of property, plant and equipment	(196,276)	(81,923)
Purchase of intangible assets	(63,025)	(59,506)
Proceeds from sale of property, plant and equipment	–	28,679
Payments of guarantee deposits	(1,905)	(4,189)
Proceeds from refund of guarantee deposits	1,770	52
Loan advances	–	(200,000)
Payments for investments in capital of subsidiaries and associates	(110,870)	–
Other, net	(5,038)	(692)
Net cash provided by (used in) investing activities	(375,345)	(317,580)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	281,112	(887,372)
Proceeds from long-term borrowings	100,000	200,000
Repayments of long-term borrowings	–	(29,400)
Repayments of lease obligations	(3,237)	(3,718)
Dividends paid	–	(69,147)
Purchase of treasury shares	(77,802)	(30)
Other, net	–	(2,921)
Net cash provided by (used in) financing activities	300,072	(792,590)
Effect of exchange rate change on cash and cash equivalents	(9,926)	22,862
Net increase (decrease) in cash and cash equivalents	(80,171)	606,601
Cash and cash equivalents at beginning of period	1,058,555	978,383
Cash and cash equivalents at end of period	978,383	1,584,985