

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2021 (Based on Japanese GAAP)

February 10, 2022

Company name: Nagaoka International Corporation
 Stock exchange listing: Tokyo
 Stock code: 6239 URL <https://www.nagaokajapan.co.jp/>
 Representative: President & CEO Yasuhisa Umezu
 Inquiries: Director, Administrative Headquarters Toshiya Tatemoto TEL 06(6261)6600
 Scheduled date to file Quarterly Securities Report: February 14, 2022
 Scheduled date to commence dividend payments: –
 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 December 31, 2021 (from July 1, 2021 to December 31, 2021)

(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 December 31, 2021	3,258	12.4	498	10.0	542	10.4	405	24.9
Six months ended December 31, 2020	2,897	(15.7)	453	(33.1)	491	(26.5)	324	(35.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended December 31, 2021	57.49		–	
Six months ended December 31, 2020	46.54		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	6,673	4,358	65.3
As of June 30, 2021	6,501	3,968	61.0

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended June 30, 2021	–	0.00	–	15.00	15.00
Year ending June 30, 2022	–	0.00	–	–	–
Year ending June 30, 2022 (Forecast)	–	–	–	20.00	20.00

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 six months ended December 31, 2021
(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: No
- (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: Yes
- 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 December 31, 2021	7,078,400 shares	As of June 30, 2021	7,078,400 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	29,199 shares	As of June 30, 2021	29,199 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2021	7,049,201 shares	Six months ended December 31, 2020	6,969,675 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	1,676,213	1,295,261
Notes and accounts receivable - trade	2,001,234	–
Notes and accounts receivable - trade, and contract assets	–	2,837,645
Merchandise and finished goods	8,649	20,565
Work in process	198,504	121,506
Raw materials and supplies	369,076	342,244
Other	406,255	179,241
Allowance for doubtful accounts	(3,022)	(4,048)
Total current assets	4,656,911	4,792,415
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	668,068	686,122
Machinery, equipment and vehicles, net	236,796	245,309
Leased assets, net	60,292	59,174
Construction in progress	3,801	23,318
Other, net	80,348	74,278
Total property, plant and equipment	1,049,307	1,088,203
Intangible assets	336,274	335,920
Investments and other assets		
Deferred tax assets	102,726	93,736
Other	355,889	363,516
Total investments and other assets	458,616	457,253
Total non-current assets	1,844,198	1,881,377
Total assets	6,501,110	6,673,793

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	660,914	295,041
Short-term borrowings	514,915	781,463
Current portion of long-term borrowings	63,000	84,000
Income taxes payable	143,760	70,193
Provision for bonuses for directors (and other officers)	–	86,000
Asset retirement obligations	1,828	–
Other	576,865	456,368
Total current liabilities	1,961,283	1,773,066
Non-current liabilities		
Long-term borrowings	207,600	165,600
provision for penalty burden loss	230,504	243,153
Retirement benefit liability	75,863	78,470
Other	57,575	54,958
Total non-current liabilities	571,543	542,182
Total liabilities	2,532,827	2,315,249
Net assets		
Shareholders' equity		
Share capital	1,253,241	1,253,241
Capital surplus	785,195	785,195
Retained earnings	1,760,833	2,063,634
Treasury shares	(20,106)	(20,106)
Total shareholders' equity	3,779,164	4,081,964
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(6,424)	(830)
Foreign currency translation adjustment	195,542	277,409
Total accumulated other comprehensive income	189,118	276,579
Total net assets	3,968,283	4,358,543
Total liabilities and net assets	6,501,110	6,673,793

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Net sales	2,897,798	3,258,247
Cost of sales	1,856,883	2,013,075
Gross profit	1,040,914	1,245,172
Selling, general and administrative expenses	587,772	746,648
Operating profit	453,142	498,523
Non-operating income		
Interest income	3,490	3,429
Foreign exchange gains	17,900	21,350
Gain on sale of scraps	14,388	21,186
Subsidy income	7,587	8,473
Other	11,788	3,473
Total non-operating income	55,155	57,912
Non-operating expenses		
Interest expenses	14,737	11,082
Commission expenses	2,000	2,486
Other	70	34
Total non-operating expenses	16,807	13,603
Ordinary profit	491,490	542,832
Extraordinary income		
Gain on sale of non-current assets	3,453	–
Total extraordinary income	3,453	–
Extraordinary losses		
Loss on retirement of non-current assets	83	1,988
Total extraordinary losses	83	1,988
Profit before income taxes	494,860	540,844
Income taxes - current	145,484	123,024
Income taxes - deferred	24,984	12,580
Total income taxes	170,469	135,605
Profit	324,391	405,239
Profit attributable to owners of parent	324,391	405,239

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Profit	324,391	405,239
Other comprehensive income		
Deferred gains or losses on hedges	70,686	5,593
Foreign currency translation adjustment	61,237	81,866
Total other comprehensive income	131,924	87,460
Comprehensive income	456,316	492,699
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	456,316	492,699

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	494,860	540,844
Depreciation	75,951	89,228
Increase (decrease) in allowance for doubtful accounts	(1,546)	1,026
Increase (decrease) in provision for bonuses for directors (and other officers)	(85,700)	86,000
Increase (decrease) in retirement benefit liability	(134)	2,607
Interest and dividend income	(3,490)	(3,429)
Interest expenses	14,737	11,082
Commission expenses	2,000	2,486
Loss on retirement of non-current assets	83	1,988
Loss (gain) on sale of non-current assets	(3,453)	–
Foreign exchange losses (gains)	303	251
Decrease (increase) in trade receivables	530,556	(754,123)
Decrease (increase) in inventories	(17,830)	104,461
Increase (decrease) in trade payables	(6,181)	(387,481)
Increase (decrease) in accrued expenses	(110,832)	(96,973)
Increase (decrease) in advances received	(183,760)	(65,465)
Other, net	78,391	243,676
Subtotal	783,955	(223,821)
Interest and dividends received	3,490	3,126
Interest paid	(14,642)	(4,788)
Income taxes paid	(303,133)	(195,822)
Net cash provided by (used in) operating activities	469,669	(421,306)
Cash flows from investing activities		
Purchase of property, plant and equipment	(62,692)	(63,095)
Proceeds from sale of property, plant and equipment	28,580	–
Purchase of intangible assets	(52,240)	(720)
Payments of guarantee deposits	(11,018)	(4,220)
Proceeds from refund of guarantee deposits	6,325	1,529
Loan advances	(200,000)	–
Other, net	(285)	(4,068)
Net cash provided by (used in) investing activities	(291,331)	(70,575)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(431,524)	229,457
Proceeds from long-term borrowings	200,000	–
Repayments of long-term borrowings	–	(21,000)
Repayments of lease obligations	(1,857)	(2,022)
Dividends paid	(69,106)	(105,594)
Other, net	(2,000)	(2,486)
Net cash provided by (used in) financing activities	(304,488)	98,354
Effect of exchange rate change on cash and cash equivalents	7,537	12,575
Net increase (decrease) in cash and cash equivalents	(118,612)	(380,952)
Cash and cash equivalents at beginning of period	978,383	1,584,985
Cash and cash equivalents at end of period	859,771	1,204,032