

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2022 (Based on Japanese GAAP)

August 9, 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 of ordinary general meeting of shareholders: September 28, 2022
 Scheduled date to file Securities Report: September 28, 2022
 Scheduled date to commence dividend payments: September 29, 2022
 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, 2022 (from July 1, 2021 to June 30, 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 June 30, 2022	6,328	1.0	787	(2.8)	991	5.8	795	17.3
Year ended June 30, 2021	6,263	(2.7)	809	(24.8)	937	(10.4)	677	(3.7)

	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, 2022	112.78	–	17.8	14.2	12.4
Year ended June 30, 2021	96.72	–	19.4	14.6	12.9

(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, 2022	7,421	4,970	67.0	705.07
As of June 30, 2021	6,501	3,968	61.0	562.94

(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, 2022	152	(87)	206	2,027
Year ended June 30, 2021	1,693	(317)	(792)	1,584

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, 2021	–	0.00	–	15.00	15.00	105	15.5	3.0
Year ended June 30, 2022	–	0.00	–	20.00	20.00	140	17.7	3.2
Year ending June 30, 2023 (Forecast)	–	0.00	–	23.00	23.00		20.3	

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 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	7,800	23.3	1,140	44.8	1,160	17.0	800	0.6	113.49

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2022

(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: 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 June 30, 2022	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 June 30, 2022	29,199 shares	As of June 30, 2021	29,199 shares
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Average number of shares during the period

Year ended June 30, 2022	7,049,201 shares	Year ended June 30, 2021	7,009,119 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	1,676,213	2,118,522
Notes and accounts receivable - trade	1,972,837	–
Notes receivable - trade	–	67,886
Accounts receivable - trade	–	1,175,218
Contract assets	–	1,200,957
Electronically recorded monetary claims - operating	28,397	295,966
Merchandise and finished goods	8,649	11,547
Work in process	198,504	42,120
Raw materials and supplies	369,076	501,931
Other	406,255	301,525
Allowance for doubtful accounts	(3,022)	(3,445)
Total current assets	4,656,911	5,712,229
Non-current assets		
Property, plant and equipment		
Buildings and structures	949,072	1,145,550
Accumulated depreciation	(281,003)	(386,580)
Buildings and structures, net	668,068	758,969
Machinery, equipment and vehicles	750,156	1,016,467
Accumulated depreciation	(497,089)	(628,288)
Accumulated impairment	(16,269)	(16,269)
Machinery, equipment and vehicles, net	236,796	371,909
Tools, furniture and fixtures	355,950	389,254
Accumulated depreciation	(275,065)	(318,418)
Accumulated impairment	(536)	(536)
Tools, furniture and fixtures, net	80,348	70,299
Leased assets	175,982	207,871
Accumulated depreciation	(115,690)	(153,113)
Leased assets, net	60,292	54,758
Construction in progress	3,801	2,660
Total property, plant and equipment	1,049,307	1,258,597
Intangible assets		
Other	336,274	352,004
Total intangible assets	336,274	352,004
Investments and other assets		
Investments in capital of subsidiaries and associates	110,870	–
Long-term loans receivable	200,000	–
Deferred tax assets	102,726	27,830
Other	45,019	71,061
Total investments and other assets	458,616	98,891
Total non-current assets	1,844,198	1,709,493
Total assets	6,501,110	7,421,722

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	660,914	403,554
Short-term borrowings	514,915	929,305
Current portion of long-term borrowings	63,000	184,000
Lease liabilities	3,732	4,120
Accounts payable - other	164,150	236,503
Accrued expenses	160,809	170,074
Income taxes payable	143,760	160,453
Advances received	224,492	–
Contract liabilities	–	99,102
Asset retirement obligations	1,828	–
Other	23,679	14,611
Total current liabilities	1,961,283	2,201,724
Non-current liabilities		
Long-term borrowings	207,600	123,600
Lease liabilities	7,678	9,641
provision for penalty burden loss	230,504	–
Retirement benefit liability	75,863	78,118
Long-term unearned revenue	49,897	38,477
Total non-current liabilities	571,543	249,836
Total liabilities	2,532,827	2,451,561
Net assets		
Shareholders' equity		
Share capital	1,253,241	1,253,241
Capital surplus	785,195	785,195
Retained earnings	1,760,833	2,395,252
Treasury shares	(20,106)	(20,106)
Total shareholders' equity	3,779,164	4,413,582
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(6,424)	(6,726)
Foreign currency translation adjustment	195,542	563,305
Total accumulated other comprehensive income	189,118	556,579
Total net assets	3,968,283	4,970,161
Total liabilities and net assets	6,501,110	7,421,722

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

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Net sales	6,263,111	6,328,117
Cost of sales	4,215,076	4,075,037
Gross profit	2,048,035	2,253,080
Selling, general and administrative expenses	1,238,498	1,465,992
Operating profit	809,536	787,087
Non-operating income		
Interest income	7,397	11,574
Foreign exchange gains	86,467	168,699
Gain on sale of scraps	23,374	31,452
Subsidy income	15,700	19,242
Other	24,278	3,875
Total non-operating income	157,218	234,845
Non-operating expenses		
Interest expenses	26,647	26,490
Commission expenses	2,921	3,499
Other	94	323
Total non-operating expenses	29,663	30,314
Ordinary profit	937,091	991,618
Extraordinary income		
Gain on sale of non-current assets	3,552	–
Reversal of provision for penalty burden loss	–	244,633
Total extraordinary income	3,552	244,633
Extraordinary losses		
Loss on retirement of non-current assets	83	1,988
Loss on valuation of golf club membership	–	2,630
Total extraordinary losses	83	4,618
Profit before income taxes	940,560	1,231,633
Income taxes - current	299,705	357,601
Income taxes - deferred	(37,094)	78,999
Total income taxes	262,611	436,600
Profit	677,949	795,032
Profit attributable to owners of parent	677,949	795,032

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Profit	677,949	795,032
Other comprehensive income		
Deferred gains or losses on hedges	58,433	(302)
Foreign currency translation adjustment	179,124	349,860
Total other comprehensive income	237,558	349,558
Comprehensive income	915,507	1,144,590
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	915,507	1,144,590

Consolidated statements of changes in equity

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
Cumulative effects of changes in accounting policies					–
Restated balance	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
Change in scope of consolidation					
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
Cumulative effects of changes in accounting policies				–
Restated balance	(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
Change in scope of consolidation				
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

Fiscal year ended June 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,253,241	785,195	1,760,833	(20,106)	3,779,164
Cumulative effects of changes in accounting policies			3,298		3,298
Restated balance	1,253,241	785,195	1,764,132	(20,106)	3,782,463
Changes during period					
Dividends of surplus			(105,738)		(105,738)
Profit attributable to owners of parent			795,032		795,032
Purchase of treasury shares					–
Disposal of treasury shares					–
Change in scope of consolidation			(58,175)		(58,175)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	631,119	–	631,119
Balance at end of period	1,253,241	785,195	2,395,252	(20,106)	4,413,582

	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	(6,424)	195,542	189,118	3,968,283
Cumulative effects of changes in accounting policies				3,298
Restated balance	(6,424)	195,542	189,118	3,971,581
Changes during period				
Dividends of surplus				(105,738)
Profit attributable to owners of parent				795,032
Purchase of treasury shares				–
Disposal of treasury shares				–
Change in scope of consolidation				(58,175)
Net changes in items other than shareholders' equity	(302)	367,762	367,460	367,460
Total changes during period	(302)	367,762	367,460	998,579
Balance at end of period	(6,726)	563,305	556,579	4,970,161

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	940,560	1,231,633
Depreciation	166,910	202,617
Increase (decrease) in allowance for doubtful accounts	(3,785)	422
Increase (decrease) in retirement benefit liability	(335)	2,255
Interest and dividend income	(7,397)	(11,574)
Foreign exchange losses (gains)	375	987
Interest expenses	26,647	26,490
Commission expenses	2,921	3,499
Reversal of provision for penalty burden loss	–	(244,633)
Loss on valuation of golf club membership	–	2,630
Loss on retirement of non-current assets	83	1,988
Loss (gain) on sale of non-current assets	(3,552)	–
Decrease (increase) in trade receivables	863,954	(443,831)
Decrease (increase) in inventories	194,045	89,461
Increase (decrease) in trade payables	217,688	(341,249)
Increase (decrease) in accrued expenses	(12,282)	(6,017)
Increase (decrease) in advances received	(196,883)	(161,908)
Increase (decrease) in accounts payable - other	(66,554)	13,211
Other, net	(33,419)	150,182
Subtotal	2,088,976	516,165
Interest and dividends received	6,926	10,974
Interest paid	(26,462)	(20,575)
Income taxes paid	(375,531)	(354,297)
Net cash provided by (used in) operating activities	1,693,909	152,267
Cash flows from investing activities		
Purchase of property, plant and equipment	(81,923)	(79,476)
Purchase of intangible assets	(59,506)	(2,780)
Proceeds from sale of property, plant and equipment	28,679	–
Payments of guarantee deposits	(4,189)	(4,305)
Proceeds from refund of guarantee deposits	52	3,347
Loan advances	(200,000)	–
Other, net	(692)	(4,068)
Net cash provided by (used in) investing activities	(317,580)	(87,282)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(887,372)	282,510
Proceeds from long-term borrowings	200,000	100,000
Repayments of long-term borrowings	(29,400)	(63,000)
Repayments of lease liabilities	(3,718)	(4,205)
Dividends paid	(69,147)	(105,615)
Purchase of treasury shares	(30)	–
Other, net	(2,921)	(3,499)
Net cash provided by (used in) financing activities	(792,590)	206,190
Effect of exchange rate change on cash and cash equivalents	22,862	76,948
Net increase (decrease) in cash and cash equivalents	606,601	348,124
Cash and cash equivalents at beginning of period	978,383	1,584,985
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	94,184
Cash and cash equivalents at end of period	1,584,985	2,027,293