

Translation

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

August 12, 2022

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 03-4500-6450
 Scheduled date of ordinary general meeting of shareholders: September 27, 2022
 Scheduled date to file Securities Report: September 27, 2022
 Scheduled date to commence dividend payments: September 7, 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	13,258	0.9	1,299	(49.7)	1,174	(51.0)	893	(46.6)
Year ended June 30, 2021	13,144	7.6	2,584	(11.7)	2,397	(15.2)	1,673	(4.8)

	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	41.46	–	5.2	2.5	9.8
Year ended June 30, 2021	77.35	–	10.4	5.6	19.7

(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, 2022	47,241	17,539	37.1	816.26
As of June 30, 2021	45,603	16,924	37.1	782.22

(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	2,775	(4,245)	708	4,169
Year ended June 30, 2021	4,079	(6,120)	3,040	4,931

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, 2021	–	0.00	–	8.00	8.00	173	10.3	2.0
Year ended June 30, 2022	–	0.00	–	8.00	8.00	171	19.3	1.9
Year ending June 30, 2023 (Forecast)	–	0.00	–	8.00	8.00		11.5	

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
Six months ending December 31, 2022	8,000	19.4	1,200	51.3	1,050	47.0	700	44.8	32.49
Full year	17,000	28.2	2,500	92.4	2,200	87.4	1,500	67.9	69.62

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	21,635,819 shares	As of June 30, 2021	21,636,579 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	148,500 shares	As of June 30, 2021	– shares
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Average number of shares during the period

Year ended June 30, 2022	21,546,838 shares	Year ended June 30, 2021	21,637,234 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	5,272	4,534
Notes and accounts receivable - trade	1,270	–
Accounts receivable - trade	–	1,304
Supplies	874	1,244
Consumption taxes refund receivable	31	89
Deferred income tax - non current	508	657
Other	123	200
Total current assets	8,081	8,031
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,847	9,114
Accumulated depreciation	(1,589)	(1,847)
Buildings and structures, net	7,257	7,266
Machinery, equipment and vehicles	21,243	20,745
Accumulated depreciation	(6,483)	(6,688)
Machinery, equipment and vehicles, net	14,760	14,056
Tools, furniture and fixtures	236	269
Accumulated depreciation	(156)	(188)
Tools, furniture and fixtures, net	79	80
Land	3,229	3,334
Leased assets	772	652
Accumulated depreciation	(695)	(629)
Leased assets, net	77	23
Trees	770	846
Construction in progress	10,839	12,999
Total property, plant and equipment	37,015	38,607
Intangible assets		
Right to use electricity supply facilities	329	305
Other	8	12
Total intangible assets	338	317
Investments and other assets		
Deferred tax assets	88	69
Other	80	215
Total investments and other assets	168	284
Total non-current assets	37,521	39,210
Total assets	45,603	47,241

(Millions of yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,000	1,543
Short-term borrowings	200	–
Current portion of long-term borrowings	1,938	2,343
Accounts payable - other	1,145	680
Current portion of long-term accounts payable-other	70	0
Lease liabilities	58	24
Income taxes payable	308	109
Provision for bonuses	44	44
Provision for maintenance	403	418
Other	175	204
Total current liabilities	5,344	5,368
Non-current liabilities		
Long-term borrowings	23,194	24,099
Long-term accounts payable - other	0	–
Lease liabilities	32	7
Provision for share awards	–	29
Deferred tax liabilities	107	197
Total non-current liabilities	23,334	24,334
Total liabilities	28,678	29,702
Net assets		
Shareholders' equity		
Share capital	2,292	2,292
Capital surplus	1,292	1,292
Retained earnings	13,339	14,058
Treasury shares	–	(104)
Total shareholders' equity	16,924	17,539
Total net assets	16,924	17,539
Total liabilities and net assets	45,603	47,241

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

(Millions of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Net sales	13,144	13,258
Cost of sales	9,757	10,920
Gross profit	3,387	2,337
Selling, general and administrative expenses	802	1,038
Operating profit	2,584	1,299
Non-operating income		
Interest income	0	0
Gain on sale of scraps	2	4
Gain on sale of non-current assets	–	1
Subsidy income	9	44
Subsidy income	4	6
Interest on tax refund	3	0
Other	5	6
Total non-operating income	25	63
Non-operating expenses		
Interest expenses	150	168
Commission expenses	35	6
Share issuance costs	0	–
Loss on retirement of non-current assets	4	0
Other	21	14
Total non-operating expenses	212	188
Ordinary profit	2,397	1,174
Extraordinary income		
Gain on reversal of share acquisition rights	8	–
Subsidy income	–	228
Total extraordinary income	8	228
Extraordinary losses		
Head office relocation expenses	–	65
Other	–	0
Total extraordinary losses	–	66
Profit before income taxes	2,406	1,336
Income taxes - current	527	334
Income taxes - deferred	205	109
Total income taxes	733	443
Profit	1,673	893
Profit attributable to owners of parent	1,673	893

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Profit	1,673	893
Comprehensive income	1,673	893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,673	893
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended June 30, 2021

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
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	–		–
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

Fiscal year ended June 30, 2022

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	2,292	1,292	13,339	–	16,924	–	16,924
Changes during period							
Issuance of new shares - exercise of share acquisition rights							
Dividends of surplus			(173)		(173)		(173)
Profit attributable to owners of parent			893		893		893
Purchase of treasury shares				(105)	(105)		(105)
Cancellation of treasury shares			(0)	0	0		0
Net changes in items other than shareholders' equity					–		–
Total changes during period	–	–	719	(104)	614	–	614
Balance at end of period	2,292	1,292	14,058	(104)	17,539	–	17,539

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,406	1,336
Depreciation	1,620	1,669
Increase (decrease) in provision for share awards	–	29
Loss (gain) on sale of non-current assets	–	(1)
Loss on retirement of non-current assets	4	0
Share issuance costs	0	–
Gain on reversal of share acquisition rights	(8)	–
Subsidy income	–	(228)
Provision for maintenance	(43)	14
Interest and dividend income	(0)	(0)
Interest expenses	150	168
Commission expenses	35	6
Decrease (increase) in trade receivables	27	(33)
Decrease (increase) in inventories	(166)	(369)
Decrease (increase) in other assets	70	106
Increase (decrease) in trade payables	51	542
Decrease (increase) in consumption taxes refund receivable	819	(57)
Increase (decrease) in accrued consumption taxes	20	(22)
Increase (decrease) in other liabilities	(382)	69
Subtotal	4,607	3,229
Interest and dividends received	0	0
Interest paid	(150)	(166)
Income taxes paid	(411)	(519)
Income taxes refund	34	3
Subsidies received	–	228
Net cash provided by (used in) operating activities	4,079	2,775
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,142)	(4,130)
Proceeds from sale of property, plant and equipment	0	4
Purchase of intangible assets	(3)	(7)
Long-term loan advances	–	(60)
Subsidies received	26	101
Payments of guarantee deposits	(0)	(262)
Proceeds from refund of guarantee deposits	0	110
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(6,120)	(4,245)

(Millions of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	(200)
Proceeds from long-term borrowings	5,000	3,500
Repayments of long-term borrowings	(1,581)	(2,189)
Repayments of installment payables	(40)	(40)
Repayments of lease liabilities	(103)	(58)
Purchase of treasury shares	–	(105)
Dividends paid	(172)	(172)
Decrease (increase) in collateral money payable for loan transactions	(23)	(19)
Other, net	(37)	(6)
Net cash provided by (used in) financing activities	3,040	708
Net increase (decrease) in cash and cash equivalents	999	(761)
Cash and cash equivalents at beginning of period	3,931	4,931
Cash and cash equivalents at end of period	4,931	4,169