

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2023 (Based on Japanese GAAP)

August 9, 2023

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, 2023
 Scheduled date to file Securities Report: September 28, 2023
 Scheduled date to commence dividend payments: September 29, 2023
 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, 2023 (from July 1, 2022 to June 30, 2023)

(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, 2023	8,148	28.8	1,310	66.6	1,352	36.4	867	9.1
Year ended June 30, 2022	6,328	1.0	787	(2.8)	991	5.8	795	17.3

	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, 2023	123.05	–	16.4	16.6	16.1
Year ended June 30, 2022	112.78	–	17.8	14.2	12.4

(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, 2023	8,886	5,630	63.4	798.75
As of June 30, 2022	7,421	4,970	67.0	705.07

(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, 2023	365	(49)	(309)	2,021
Year ended June 30, 2022	152	(87)	206	2,027

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, 2022	–	0.00	–	20.00	20.00	140	17.7	3.2
Year ended June 30, 2023	–	0.00	–	23.00	23.00	162	18.7	3.1
Year ending June 30, 2024 (Forecast)	–	0.00	–	23.00	23.00		17.8	

3. Forecast of consolidated financial results for the year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

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	9,866	21.1	1,412	7.8	1,399	3.5	909	4.8	129.00

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2023

(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, 2023	7,078,400 shares	As of June 30, 2022	7,078,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	29,199 shares	As of June 30, 2022	29,199 shares
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Average number of shares during the period

Year ended June 30, 2023	7,049,201 shares	Year ended June 30, 2022	7,049,201 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,118,522	2,112,685
Notes receivable - trade	67,886	110,435
Accounts receivable - trade	1,175,218	1,544,314
Contract assets	1,200,957	2,340,424
Electronically recorded monetary claims - operating	295,966	312,064
Merchandise and finished goods	11,547	9,559
Work in process	42,120	121,618
Raw materials and supplies	501,931	398,970
Other	301,525	258,764
Allowance for doubtful accounts	(3,445)	(7,081)
Total current assets	5,712,229	7,201,755
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,145,550	1,224,972
Accumulated depreciation	(386,580)	(508,293)
Accumulated impairment	–	(12,371)
Buildings and structures, net	758,969	704,308
Machinery, equipment and vehicles	1,016,467	1,036,890
Accumulated depreciation	(628,288)	(729,413)
Accumulated impairment	(16,269)	(107,811)
Machinery, equipment and vehicles, net	371,909	199,666
Tools, furniture and fixtures	389,254	415,310
Accumulated depreciation	(318,418)	(353,485)
Accumulated impairment	(536)	(1,799)
Tools, furniture and fixtures, net	70,299	60,024
Land	–	149,095
Leased assets	207,871	208,701
Accumulated depreciation	(153,113)	(168,264)
Leased assets, net	54,758	40,436
Construction in progress	2,660	8,122
Total property, plant and equipment	1,258,597	1,161,654
Intangible assets		
Goodwill	–	19,151
Other	352,004	314,730
Total intangible assets	352,004	333,881
Investments and other assets		
Deferred tax assets	27,830	82,094
Other	71,061	107,531
Total investments and other assets	98,891	189,625
Total non-current assets	1,709,493	1,685,161
Total assets	7,421,722	8,886,916

(Thousands of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	403,554	917,037
Short-term borrowings	929,305	953,643
Current portion of bonds payable	–	10,000
Current portion of long-term borrowings	184,000	33,524
Lease liabilities	4,120	5,113
Accounts payable - other	236,503	296,706
Accrued expenses	170,074	232,493
Income taxes payable	160,453	206,539
Contract liabilities	99,102	258,497
Provision for bonuses	–	3,770
Other	14,611	48,875
Total current liabilities	2,201,724	2,966,200
Non-current liabilities		
Bonds payable	–	20,000
Long-term borrowings	123,600	160,460
Lease liabilities	9,641	11,610
Retirement benefit liability	78,118	80,530
Long-term unearned revenue	38,477	17,536
Total non-current liabilities	249,836	290,136
Total liabilities	2,451,561	3,256,337
Net assets		
Shareholders' equity		
Share capital	1,253,241	1,253,241
Capital surplus	785,195	785,195
Retained earnings	2,395,252	3,121,648
Treasury shares	(20,106)	(20,106)
Total shareholders' equity	4,413,582	5,139,979
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(6,726)	(15,253)
Foreign currency translation adjustment	563,305	505,853
Total accumulated other comprehensive income	556,579	490,600
Total net assets	4,970,161	5,630,579
Total liabilities and net assets	7,421,722	8,886,916

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

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	6,328,117	8,148,016
Cost of sales	4,075,037	5,266,101
Gross profit	2,253,080	2,881,915
Selling, general and administrative expenses	1,465,992	1,570,951
Operating profit	787,087	1,310,963
Non-operating income		
Interest income	11,574	4,531
Foreign exchange gains	168,699	24,748
Gain on sale of scraps	31,452	24,723
Subsidy income	19,242	20,831
Other	3,875	3,412
Total non-operating income	234,845	78,246
Non-operating expenses		
Interest expenses	26,490	32,087
Commission expenses	3,499	4,415
Other	323	313
Total non-operating expenses	30,314	36,816
Ordinary profit	991,618	1,352,393
Extraordinary income		
Reversal of provision for penalty burden loss	244,633	–
Total extraordinary income	244,633	–
Extraordinary losses		
Impairment losses	–	105,405
Loss on retirement of non-current assets	1,988	111
Loss on valuation of golf club membership	2,630	–
Total extraordinary losses	4,618	105,516
Profit before income taxes	1,231,633	1,246,876
Income taxes - current	357,601	413,815
Income taxes - deferred	78,999	(34,319)
Total income taxes	436,600	379,495
Profit	795,032	867,380
Profit attributable to owners of parent	795,032	867,380

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit	795,032	867,380
Other comprehensive income		
Deferred gains or losses on hedges	(302)	(8,527)
Foreign currency translation adjustment	349,860	(57,451)
Total other comprehensive income	349,558	(65,978)
Comprehensive income	1,144,590	801,402
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,144,590	801,402

Consolidated statements of changes in equity

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
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
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

Fiscal year ended June 30, 2023

(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	2,395,252	(20,106)	4,413,582
Changes during period					
Dividends of surplus			(140,984)		(140,984)
Profit attributable to owners of parent			867,380		867,380
Net changes in items other than shareholders' equity					
Total changes during period	–	–	726,396	–	726,396
Balance at end of period	1,253,241	785,195	3,121,648	(20,106)	5,139,979

	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	(6,726)	563,305	556,579	4,970,161
Changes during period				
Dividends of surplus				(140,984)
Profit attributable to owners of parent				867,380
Net changes in items other than shareholders' equity	(8,527)	(57,451)	(65,978)	(65,978)
Total changes during period	(8,527)	(57,451)	(65,978)	660,418
Balance at end of period	(15,253)	505,853	490,600	5,630,579

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,231,633	1,246,876
Depreciation	202,617	220,255
Amortization of goodwill	–	4,787
Impairment losses	–	105,405
Increase (decrease) in allowance for doubtful accounts	422	3,635
Increase (decrease) in retirement benefit liability	2,255	2,412
Interest and dividend income	(11,574)	(4,569)
Foreign exchange losses (gains)	987	(9,533)
Interest expenses	26,490	32,087
Commission expenses	3,499	4,415
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	1,988	111
Decrease (increase) in trade receivables	(443,831)	(1,488,658)
Decrease (increase) in inventories	89,461	151,746
Increase (decrease) in trade payables	(341,249)	380,305
Increase (decrease) in accrued expenses	(6,017)	44,334
Increase (decrease) in advances received	(161,908)	140,651
Increase (decrease) in accounts payable - other	13,211	(33,026)
Other, net	150,182	15,828
Subtotal	516,165	817,065
Interest and dividends received	10,974	4,569
Interest paid	(20,575)	(34,551)
Income taxes paid	(354,297)	(421,615)
Net cash provided by (used in) operating activities	152,267	365,468
Cash flows from investing activities		
Purchase of property, plant and equipment	(79,476)	(31,565)
Purchase of intangible assets	(2,780)	(1,591)
Payments of guarantee deposits	(4,305)	(21,884)
Proceeds from refund of guarantee deposits	3,347	2,154
Other, net	(4,068)	3,046
Net cash provided by (used in) investing activities	(87,282)	(49,840)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	282,510	44,535
Proceeds from long-term borrowings	100,000	77,000
Repayments of long-term borrowings	(63,000)	(270,624)
Redemption of bonds	–	(10,000)
Repayments of lease liabilities	(4,205)	(4,928)
Dividends paid	(105,615)	(140,828)
Other, net	(3,499)	(4,415)
Net cash provided by (used in) financing activities	206,190	(309,260)
Effect of exchange rate change on cash and cash equivalents	76,948	(12,204)
Net increase (decrease) in cash and cash equivalents	348,124	(5,837)
Cash and cash equivalents at beginning of period	1,584,985	2,027,293
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	94,184	–
Cash and cash equivalents at end of period	2,027,293	2,021,456