

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2023 (Based on Japanese GAAP)

February 9, 2024

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 13, 2024
 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, 2023 (from July 1, 2023 to December 31, 2023)

(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, 2023	3,520	11.9	595	106.3	645	123.6	432	93.6
Six months ended December 31, 2022	3,146	(3.4)	288	(42.1)	288	(46.9)	223	(44.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended December 31, 2023	61.42		–	
Six months ended December 31, 2022	31.72		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	7,931	5,880	74.1
As of June 30, 2023	8,886	5,630	63.4

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, 2023	–	0.00	–	23.00	23.00
Year ending June 30, 2024	–	0.00			
Year ending June 30, 2024 (Forecast)			–	23.00	23.00

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	10,000	22.7	1,600	22.0	1,650	22.0	1,080	24.5	153.21

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2023
(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: No
- 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, 2023	7,078,400 shares	As of June 30, 2023	7,078,400 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	29,237 shares	As of June 30, 2023	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, 2023	7,049,184 shares	Six months ended December 31, 2022	7,049,201 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	2,112,685	2,270,450
Notes and accounts receivable - trade, and contract assets	3,995,173	2,802,612
Electronically recorded monetary claims - operating	312,064	270,464
Merchandise and finished goods	9,559	16,739
Work in process	121,618	300,198
Raw materials and supplies	398,970	372,731
Other	258,764	234,474
Allowance for doubtful accounts	(7,081)	(2,538)
Total current assets	7,201,755	6,265,133
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	704,308	692,816
Machinery, equipment and vehicles, net	199,666	200,575
Land	149,095	149,095
Leased assets, net	40,436	21,571
Construction in progress	8,122	7,060
Other, net	60,024	50,563
Total property, plant and equipment	1,161,654	1,121,682
Intangible assets		
Goodwill	19,151	16,757
Other	314,730	300,129
Total intangible assets	333,881	316,886
Investments and other assets		
Deferred tax assets	82,094	15,302
Other	107,531	211,999
Total investments and other assets	189,625	227,302
Total non-current assets	1,685,161	1,665,871
Total assets	8,886,916	7,931,004

(Thousands of yen)

	As of June 30, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	917,037	567,152
Short-term borrowings	953,643	466,891
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	33,524	9,924
Income taxes payable	206,539	92,265
Provision for bonuses	3,770	4,079
Provision for bonuses for directors (and other officers)	–	46,500
Other	841,686	576,101
Total current liabilities	2,966,200	1,772,913
Non-current liabilities		
Bonds payable	20,000	15,000
Long-term borrowings	160,460	155,498
Retirement benefit liability	80,530	80,238
Deferred tax liabilities	–	1,945
Other	29,146	25,307
Total non-current liabilities	290,136	277,988
Total liabilities	3,256,337	2,050,902
Net assets		
Shareholders' equity		
Share capital	1,253,241	1,253,241
Capital surplus	785,195	785,195
Retained earnings	3,121,648	3,392,480
Treasury shares	(20,106)	(20,146)
Total shareholders' equity	5,139,979	5,410,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	(1,622)
Deferred gains or losses on hedges	(15,253)	3,354
Foreign currency translation adjustment	505,853	467,599
Total accumulated other comprehensive income	490,600	469,331
Total net assets	5,630,579	5,880,102
Total liabilities and net assets	8,886,916	7,931,004

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, 2022	Six months ended December 31, 2023
Net sales	3,146,985	3,520,468
Cost of sales	2,168,957	2,044,092
Gross profit	978,027	1,476,376
Selling, general and administrative expenses	689,464	881,053
Operating profit	288,562	595,322
Non-operating income		
Interest income	2,616	3,189
Foreign exchange gains	567	10,808
Gain on sale of scraps	7,295	35,273
Subsidy income	10,504	11,012
Other	889	2,549
Total non-operating income	21,872	62,833
Non-operating expenses		
Interest expenses	19,386	12,996
Commission expenses	2,486	76
Other	91	2
Total non-operating expenses	21,964	13,075
Ordinary profit	288,471	645,080
Extraordinary income		
Gain on sale of non-current assets	–	310
Total extraordinary income	–	310
Extraordinary losses		
Loss on sale of non-current assets	–	336
Loss on retirement of non-current assets	123	438
Total extraordinary losses	123	774
Profit before income taxes	288,348	644,616
Income taxes - current	60,363	150,388
Income taxes - deferred	4,394	61,265
Total income taxes	64,758	211,653
Profit	223,589	432,963
Profit attributable to owners of parent	223,589	432,963

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
Profit	223,589	432,963
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(1,622)
Deferred gains or losses on hedges	60,603	18,608
Foreign currency translation adjustment	(187,745)	(38,254)
Total other comprehensive income	(127,141)	(21,268)
Comprehensive income	96,447	411,694
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	96,447	411,694

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2022	Six months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	288,348	644,616
Depreciation	111,321	91,760
Amortization of goodwill	2,393	2,393
Increase (decrease) in allowance for doubtful accounts	(494)	(4,542)
Increase (decrease) in provision for bonuses	1,891	309
Increase (decrease) in provision for bonuses for directors (and other officers)	17,250	46,500
Increase (decrease) in retirement benefit liability	725	(292)
Interest and dividend income	(2,654)	(3,189)
Interest expenses	19,386	12,996
Commission expenses	2,486	76
Loss on retirement of non-current assets	123	438
Foreign exchange losses (gains)	(3,283)	367
Decrease (increase) in trade receivables	(152,922)	1,234,961
Decrease (increase) in inventories	(28,353)	(161,695)
Increase (decrease) in trade payables	25,215	(348,883)
Increase (decrease) in accrued expenses	(67,340)	(66,580)
Increase (decrease) in contract liabilities	186,295	(53,611)
Other, net	(80,541)	(125,918)
Subtotal	319,846	1,269,706
Interest and dividends received	2,654	3,189
Interest paid	(20,769)	(15,832)
Income taxes paid	(251,240)	(237,815)
Net cash provided by (used in) operating activities	50,490	1,019,249
Cash flows from investing activities		
Purchase of investment securities	–	(99,137)
Purchase of property, plant and equipment	(11,001)	(32,707)
Purchase of intangible assets	(150)	(1,965)
Payments of guarantee deposits	(5,922)	(2,367)
Proceeds from refund of guarantee deposits	94	–
Other, net	325	17
Net cash provided by (used in) investing activities	(16,654)	(136,160)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(15,244)	(493,675)
Proceeds from long-term borrowings	77,000	–
Repayments of long-term borrowings	(123,662)	(28,562)
Redemption of bonds	(5,000)	(5,000)
Repayments of lease liabilities	(2,371)	(3,011)
Dividends paid	(140,809)	(161,930)
Other, net	(2,486)	(116)
Net cash provided by (used in) financing activities	(212,574)	(692,296)
Effect of exchange rate change on cash and cash equivalents	(67,893)	(33,026)
Net increase (decrease) in cash and cash equivalents	(246,631)	157,765
Cash and cash equivalents at beginning of period	2,027,293	2,021,456
Cash and cash equivalents at end of period	1,780,661	2,179,221