

Translation

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Summary of Consolidated Financial Results for the Six Months Ended December 31, 2020 (Based on Japanese GAAP)

February 10, 2021

Company name: Nagaoka International Corporation
 Stock exchange listing: Tokyo
 Stock code: 6239 URL <http://www.nagaokajapan.co.jp/>
 Representative: President & CEO Yasuhisa Umezu
 Inquiries: Director, Administrative Headquarters Toshiya Tatamoto TEL 06(6261)6600
 Scheduled date to file Quarterly Securities Report: February 12, 2021
 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, 2020 (from July 1, 2020 to December 31, 2020)

(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, 2020	2,897	(15.7)	453	(33.1)	491	(26.5)	324	(35.3)
Six months ended December 31, 2019	3,436	65.0	677	201.8	668	237.4	501	213.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended December 31, 2020	46.54	–
Six months ended December 31, 2019	72.35	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	6,070	3,509	57.8
As of June 30, 2020	6,345	3,031	47.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2020	–	0.00	–	10.00	10.00
Year ending June 30, 2021	–	0.00			
Year ending June 30, 2021 (Forecast)			–	7.00	7.00

3. Forecast of consolidated financial results for the year ending June 30, 2021 (from July 1, 2020 to June 30, 2021)

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	5,800	(9.9)	700	(35.0)	700	(33.0)	500	(28.9)	72.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2020
(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: Yes
- 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, 2020	7,078,400 shares	As of June 30, 2020	7,078,400 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	29,160 shares	As of June 30, 2020	149,160 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, 2020	6,969,675 shares	Six months ended December 31, 2019	6,934,250 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	1,069,612	951,000
Notes and accounts receivable - trade	2,697,707	2,227,509
Merchandise and finished goods	5,915	6,684
Work in process	165,040	261,256
Raw materials and supplies	560,428	494,105
Other	296,830	370,405
Allowance for doubtful accounts	(6,808)	(5,261)
Total current assets	4,788,726	4,305,700
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	635,222	641,513
Machinery, equipment and vehicles, net	238,457	248,581
Leased assets, net	70,188	64,668
Construction in progress	18,303	2,656
Other, net	74,448	83,611
Total property, plant and equipment	1,036,621	1,041,030
Intangible assets	300,567	328,945
Investments and other assets		
Deferred tax assets	66,055	36,683
Other	153,428	357,715
Total investments and other assets	219,484	394,399
Total non-current assets	1,556,672	1,764,375
Total assets	6,345,399	6,070,075

(Thousands of yen)

	As of June 30, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	412,121	410,160
Short-term borrowings	1,329,308	928,762
Income taxes payable	226,310	92,983
Provision for bonuses for directors (and other officers)	—	73,300
Other	891,205	399,985
Total current liabilities	2,858,946	1,905,192
Non-current liabilities		
Long-term borrowings	100,000	300,000
provision for penalty burden loss	204,937	213,819
Retirement benefit liability	76,198	76,064
Asset retirement obligations	1,826	1,827
Other	71,512	64,050
Total non-current liabilities	454,474	655,761
Total liabilities	3,313,421	2,560,953
Net assets		
Shareholders' equity		
Share capital	1,253,241	1,253,241
Capital surplus	777,755	785,195
Retained earnings	1,152,176	1,407,275
Treasury shares	(102,755)	(20,075)
Total shareholders' equity	3,080,417	3,425,636
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(64,857)	5,829
Foreign currency translation adjustment	16,418	77,656
Total accumulated other comprehensive income	(48,439)	83,485
Total net assets	3,031,978	3,509,121
Total liabilities and net assets	6,345,399	6,070,075

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, 2019	Six months ended December 31, 2020
Net sales	3,436,804	2,897,798
Cost of sales	2,207,027	1,856,883
Gross profit	1,229,777	1,040,914
Selling, general and administrative expenses	552,108	587,772
Operating profit	677,669	453,142
Non-operating income		
Interest income	6,824	3,490
Foreign exchange gains	—	17,900
Gain on sales of scraps	14,471	14,388
Subsidy income	7,485	7,587
Other	3,443	11,788
Total non-operating income	32,224	55,155
Non-operating expenses		
Interest expenses	17,316	14,737
Foreign exchange losses	22,440	—
Commission expenses	212	2,000
Other	1,025	70
Total non-operating expenses	40,994	16,807
Ordinary profit	668,899	491,490
Extraordinary income		
Gain on sales of non-current assets	—	3,453
Total extraordinary income	—	3,453
Extraordinary losses		
Loss on retirement of non-current assets	234	83
Total extraordinary losses	234	83
Profit before income taxes	668,665	494,860
Income taxes	166,964	145,484
Income taxes - deferred	—	24,984
Total income taxes	166,964	170,469
Profit	501,701	324,391
Profit attributable to owners of parent	501,701	324,391

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended December 31, 2019	Six months ended December 31, 2020
Profit	501,701	324,391
Other comprehensive income		
Deferred gains or losses on hedges	(45,804)	70,686
Foreign currency translation adjustment	12,294	61,237
Total other comprehensive income	(33,509)	131,924
Comprehensive income	468,191	456,316
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	468,191	456,316

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2019	Six months ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	668,665	494,860
Depreciation	70,138	75,951
Increase (decrease) in allowance for doubtful accounts	1,111	(1,546)
Increase (decrease) in provision for bonuses for directors (and other officers)	26,700	(85,700)
Increase (decrease) in retirement benefit liability	4,068	(134)
Interest and dividend income	(6,824)	(3,490)
Interest expenses	17,316	14,737
Commission expenses	212	2,000
Loss on retirement of non-current assets	234	83
Loss (gain) on sales of non-current assets	—	(3,453)
Foreign exchange losses (gains)	1,225	303
Decrease (increase) in trade receivables	(639,099)	530,556
Decrease (increase) in inventories	(78,805)	(17,830)
Increase (decrease) in trade payables	172,218	(6,181)
Increase (decrease) in accrued expenses	(49,126)	(110,832)
Increase (decrease) in advances received	306,852	(183,760)
Other, net	7,680	78,391
Subtotal	502,567	783,955
Interest and dividends received	6,824	3,490
Interest paid	(26,705)	(14,642)
Income taxes paid	(105,207)	(303,133)
Net cash provided by (used in) operating activities	377,478	469,669
Cash flows from investing activities		
Purchase of property, plant and equipment	(126,933)	(62,692)
Proceeds from sales of property, plant and equipment	—	28,580
Purchase of intangible assets	(5,483)	(52,240)
Payments of guarantee deposits	(1,719)	(11,018)
Proceeds from refund of guarantee deposits	195	6,325
Loan advances	—	(200,000)
Other, net	(5,040)	(285)
Net cash provided by (used in) investing activities	(138,982)	(291,331)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(64,329)	(431,524)
Proceeds from long-term borrowings	—	200,000
Repayments of lease obligations	(1,910)	(1,857)
Dividends paid	—	(69,106)
Purchase of treasury shares	(77,802)	—
Other, net	—	(2,000)
Net cash provided by (used in) financing activities	(144,041)	(304,488)
Effect of exchange rate change on cash and cash equivalents	3,831	7,537
Net increase (decrease) in cash and cash equivalents	98,286	(118,612)
Cash and cash equivalents at beginning of period	1,058,555	978,383
Cash and cash equivalents at end of period	1,156,841	859,771