

# Translation

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## Summary of Consolidated Financial Results for the Year Ended June 30, 2020 (Based on Japanese GAAP)

August 12, 2020

Company name: EF-ON INC.  
 Stock exchange listing: Tokyo  
 Stock code: 9514 URL <http://www.ef-on.co.jp/>  
 Representative: Director, President TOMOTADA SHIMAZAKI  
 Inquiries: Executive Director HISAHITO KOIKE TEL 03-5299-8521  
 Scheduled date of ordinary general meeting of shareholders: September 25, 2020  
 Scheduled date to file Securities Report: September 25, 2020  
 Scheduled date to commence dividend payments: September 7, 2020  
 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, 2020 (from July 1, 2019 to June 30, 2020)

#### (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, 2020	12,218	10.6	2,927	2.7	2,826	8.7	1,757	(15.7)
Year ended June 30, 2019	11,049	0.1	2,849	(7.3)	2,600	(9.9)	2,084	(11.9)

	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, 2020	81.22	81.21	12.0	7.7	24.0
Year ended June 30, 2019	96.40	96.03	16.2	8.5	25.8

#### (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, 2020	39,847	15,434	38.7	712.89
As of June 30, 2019	33,360	13,862	41.5	639.64

#### (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, 2020	2,829	(7,702)	4,571	3,931
Year ended June 30, 2019	2,866	(6,211)	3,856	4,232

### 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, 2019	—	0.00	—	8.00	8.00	173	8.3	1.3
Year ended June 30, 2020	—	0.00	—	8.00	8.00	173	9.9	2.2
Year ending June 30, 2021 (Forecast)	—	0.00	—	8.00	8.00		8.7	

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

	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, 2020	7,000	28.8	1,500	14.1	1,400	12.6	1,000	39.3	46.22
Full year	14,500	18.7	3,000	2.5	2,700	(4.5)	2,000	13.8	92.44

Percentages indicate year-on-year changes

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2020

(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, 2020	21,638,199 shares	As of June 30, 2019	21,626,959 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	– shares	As of June 30, 2019	– shares
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Average number of shares during the period

Year ended June 30, 2020	21,635,579 shares	Year ended June 30, 2019	21,618,452 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of June 30, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	4,412	4,248
Notes and accounts receivable - trade	1,037	1,298
Supplies	340	708
Other	496	1,269
Total current assets	6,286	7,524
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,400	8,180
Accumulated depreciation	(1,441)	(1,279)
Buildings and structures, net	3,959	6,900
Machinery, equipment and vehicles	16,350	20,404
Accumulated depreciation	(8,248)	(5,334)
Machinery, equipment and vehicles, net	8,101	15,070
Tools, furniture and fixtures	169	217
Accumulated depreciation	(96)	(126)
Tools, furniture and fixtures, net	72	91
Land	3,014	3,127
Leased assets	985	985
Accumulated depreciation	(712)	(818)
Leased assets, net	272	166
Trees	131	539
Construction in progress	10,441	5,777
Total property, plant and equipment	25,993	31,673
Intangible assets		
Right to use electricity supply facilities	130	354
Other	9	6
Total intangible assets	140	361
Investments and other assets		
Deferred tax assets	849	196
Other	89	92
Total investments and other assets	938	288
Total non-current assets	27,073	32,322
Total assets	33,360	39,847

(Millions of yen)

	As of June 30, 2019	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	639	948
Short-term borrowings	200	200
Current portion of long-term borrowings	1,192	1,526
Accounts payable - other	407	293
Current portion of long-term accounts payable-other	319	153
Lease obligations	114	103
Income taxes payable	162	197
Provision for bonuses	36	38
Provision for maintenance	312	447
Other	151	149
Total current liabilities	3,536	4,057
Non-current liabilities		
Long-term borrowings	15,378	20,188
Long-term accounts payable - other	388	66
Lease obligations	193	90
Deferred tax liabilities	—	9
Total non-current liabilities	15,961	20,355
Total liabilities	19,497	24,412
Net assets		
Shareholders' equity		
Share capital	2,288	2,292
Capital surplus	1,288	1,292
Retained earnings	10,256	11,840
Total shareholders' equity	13,833	15,425
Share acquisition rights	28	8
Total net assets	13,862	15,434
Total liabilities and net assets	33,360	39,847

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

(Millions of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Net sales	11,049	12,218
Cost of sales	7,548	8,620
Gross profit	3,501	3,597
Selling, general and administrative expenses	651	669
Operating profit	2,849	2,927
Non-operating income		
Interest income	0	0
Gain on sales of scraps	2	6
Insurance claim income	13	—
Gain on sales of non-current assets	4	3
Subsidy income	—	6
Miscellaneous income	—	28
Other	7	10
Total non-operating income	27	55
Non-operating expenses		
Interest expenses	119	141
Commission expenses	92	6
Share issuance costs	0	0
Loss on retirement of non-current assets	28	4
Loss on disposal of non-current assets	28	—
Other	7	3
Total non-operating expenses	277	156
Ordinary profit	2,600	2,826
Extraordinary income		
Gain on reversal of share acquisition rights	2	19
Total extraordinary income	2	19
Profit before income taxes	2,602	2,845
Income taxes - current	314	426
Income taxes - deferred	203	662
Total income taxes	518	1,088
Profit	2,084	1,757
Profit attributable to owners of parent	2,084	1,757

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Profit	2,084	1,757
Other comprehensive income		
Deferred gains or losses on hedges	3	—
Total other comprehensive income	3	—
Comprehensive income	2,087	1,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,087	1,757
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended June 30, 2019

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	2,276	1,276	8,321	—	11,874	(3)	(3)	31	11,902
Changes during period									
Issuance of new shares - exercise of share acquisition rights	12	12			24				24
Dividends of surplus			(144)		(144)				(144)
Profit attributable to owners of parent			2,084		2,084				2,084
Purchase of treasury shares				(4)	(4)				(4)
Cancellation of treasury shares			(4)	4	—				—
Change in scope of consolidation			(0)		(0)				(0)
Net changes in items other than shareholders' equity					—	3	3	(3)	0
Total changes during period	12	12	1,934	—	1,959	3	3	(3)	1,959
Balance at end of period	2,288	1,288	10,256	—	13,833	—	—	28	13,862

Fiscal year ended June 30, 2020

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	2,288	1,288	10,256	—	13,833	—	—	28	13,862
Changes during period									
Issuance of new shares - exercise of share acquisition rights	4	4			8				8
Dividends of surplus			(173)		(173)				(173)
Profit attributable to owners of parent			1,757		1,757				1,757
Purchase of treasury shares				(0)	(0)				(0)
Cancellation of treasury shares			(0)	0	—				—
Change in scope of consolidation					—				—
Net changes in items other than shareholders' equity					—			(19)	(19)
Total changes during period	4	4	1,583	—	1,592	—	—	(19)	1,572
Balance at end of period	2,292	1,292	11,840	—	15,425	—	—	8	15,434



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,602	2,845
Depreciation	1,209	1,348
Loss (gain) on sales of non-current assets	0	(3)
Loss on retirement of non-current assets	28	4
Loss (gain) on disposal of non-current assets	28	—
Share issuance costs	0	0
Gain on reversal of share acquisition rights	(2)	(19)
Provision for maintenance	(73)	134
Interest and dividend income	(0)	(0)
Interest expenses	119	141
Commission expenses	92	6
Decrease (increase) in trade receivables	6	(260)
Decrease (increase) in inventories	(57)	(367)
Decrease (increase) in other assets	(365)	245
Increase (decrease) in trade payables	27	309
Increase (decrease) in deposits received	5	(7)
Decrease (increase) in consumption taxes refund receivable	(17)	(813)
Increase (decrease) in accrued consumption taxes	22	9
Increase (decrease) in other liabilities	(164)	(158)
Other, net	(2)	—
Subtotal	3,460	3,414
Interest and dividends received	0	0
Interest paid	(119)	(141)
Income taxes paid	(473)	(443)
Net cash provided by (used in) operating activities	2,866	2,829
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,220)	(7,798)
Proceeds from sales of property, plant and equipment	62	5
Purchase of intangible assets	(3)	—
Subsidies received	—	93
Payments of guarantee deposits	(4)	(6)
Proceeds from refund of guarantee deposits	3	4
Payments for asset retirement obligations	(48)	—
Other, net	(1)	(1)
Net cash provided by (used in) investing activities	(6,211)	(7,702)

(Millions of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Cash flows from financing activities		
Proceeds from long-term borrowings	5,600	6,500
Repayments of long-term borrowings	(1,585)	(1,355)
Repayments of installment payables	(309)	(147)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	22	7
Redemption of bonds	(72)	–
Repayments of lease obligations	(129)	(114)
Dividends paid	(143)	(173)
Decrease (increase) in collateral money payable for loan transactions	570	(137)
Other, net	(96)	(7)
Net cash provided by (used in) financing activities	3,856	4,571
Effect of exchange rate change on cash and cash equivalents	–	
Net increase (decrease) in cash and cash equivalents	512	(300)
Cash and cash equivalents at beginning of period	3,684	4,232
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	35	–
Cash and cash equivalents at end of period	4,232	3,931