

Translation

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

August 10, 2022

Company name: FUKUDA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 1899 URL <https://www.fkd.co.jp/>
 Representative: Representative Director and President Masanori Araaki
 Director and General Manager of Administration Department Katsuhiko Iwasaki TEL 025-266-9111
 Inquiries: Administration Department
 Scheduled date to file Quarterly Securities Report: August 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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 June 30, 2022 (from January 1, 2022 to June 30, 2022)

(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 June 30, 2022	69,517	(19.4)	2,584	(53.4)	2,725	(52.0)	1,901	(49.4)
Six months ended June 30, 2021	86,293	2.5	5,545	32.7	5,677	33.2	3,758	34.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	223.11	–
Six months ended June 30, 2021	441.13	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	129,383	77,105	59.1
As of December 31, 2021	130,755	76,412	57.9

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 December 31, 2021	–	0.00	–	130.00	130.00
Year ending December 31, 2022	–	0.00	–	–	–
Year ending December 31, 2022 (Forecast)	–	–	–	120.00	120.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	155,000	(13.8)	6,200	(30.3)	6,400	(30.0)	4,100	(30.1)	480.91

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022
 (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: Yes
- 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 June 30, 2022	8,988,111 shares	As of December 31, 2021	8,988,111 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	462,654 shares	As of December 31, 2021	464,902 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	8,524,288 shares	Six months ended June 30, 2021	8,520,360 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	23,288	47,197
Notes receivable, accounts receivable from completed construction contracts and other	63,660	39,647
Real estate for sale	816	665
Costs on construction contracts in progress	2,068	631
Costs on real estate business	2,335	2,412
Other inventories	358	366
Accounts receivable - other	1,885	2,203
Other	1,059	714
Allowance for doubtful accounts	(12)	(9)
Total current assets	95,462	93,829
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,745	23,002
Machinery, vehicles, tools, furniture and fixtures	13,732	13,741
Land	15,539	15,775
Other	1,057	944
Accumulated depreciation	(26,656)	(26,999)
Total property, plant and equipment	26,419	26,464
Intangible assets		
Other	523	495
Total intangible assets	523	495
Investments and other assets		
Investment securities	5,352	5,173
Long-term loans receivable	52	198
Retirement benefit asset	1,898	1,988
Deferred tax assets	407	602
Other	916	906
Allowance for doubtful accounts	(276)	(276)
Total investments and other assets	8,349	8,594
Total non-current assets	35,292	35,553
Total assets	130,755	129,383

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	34,862	31,784
Short-term borrowings	320	380
Income taxes payable	1,508	887
Advances received on uncompleted construction contracts	3,339	5,071
And Others		
Provisions	439	1,036
Other	6,553	5,578
Total current liabilities	47,024	44,739
Non-current liabilities		
Long-term borrowings	767	934
Deferred tax liabilities	79	79
Deferred tax liabilities for land revaluation	838	838
Provisions	542	546
Retirement benefit liability	2,632	2,625
Other	2,457	2,512
Total non-current liabilities	7,318	7,538
Total liabilities	54,342	52,277
Net assets		
Shareholders' equity		
Share capital	5,158	5,158
Capital surplus	6,169	6,169
Retained earnings	66,075	66,490
Treasury shares	(2,271)	(2,258)
Total shareholders' equity	75,131	75,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	677	694
Revaluation reserve for land	(112)	122
Remeasurements of defined benefit plans	72	43
Total accumulated other comprehensive income	636	860
Non-controlling interests	643	685
Total net assets	76,412	77,105
Total liabilities and net assets	130,755	129,383

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales		
Net sales of completed construction contracts	77,945	61,243
Sales in real estate business	1,961	1,461
Sales in other businesses	6,386	6,812
Total net sales	86,293	69,517
Cost of sales		
Cost of sales of completed construction contracts	69,367	55,512
Cost of sales in real estate business	1,374	950
Cost of sales in other businesses	5,431	5,795
Total cost of sales	76,173	62,257
Gross profit		
Gross profit on completed construction contracts	8,578	5,730
Gross profit - real estate business	586	511
Gross profit - other business	954	1,017
Total gross profit	10,119	7,259
Selling, general and administrative expenses	4,574	4,675
Operating profit	5,545	2,584
Non-operating income		
Interest income	6	7
Dividend income	115	117
Share of profit of entities accounted for using equity method	2	–
Other	112	67
Total non-operating income	236	193
Non-operating expenses		
Interest expenses	28	20
Commission for syndicated loans	24	15
Prepayment guarantee fee	17	10
Provision for loss on litigation	25	–
Share of loss of entities accounted for using equity method	–	3
Other	8	2
Total non-operating expenses	104	52
Ordinary profit	5,677	2,725
Extraordinary income		
Gain on sale of non-current assets	11	3
Gain on sale of investment securities	34	–
Reversal of provision for loss on liquidation of subsidiaries and associates	–	36
Other	0	–
Total extraordinary income	46	40

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Extraordinary losses		
Loss on retirement of non-current assets	1	17
Loss on valuation of investment securities	13	2
Loss on valuation of shares of subsidiaries and associates	64	–
Other	19	–
Total extraordinary losses	99	19
Profit before income taxes	5,624	2,745
Income taxes - current	1,904	905
Income taxes - deferred	(88)	(124)
Total income taxes	1,815	780
Profit	3,808	1,964
Profit attributable to non-controlling interests	50	62
Profit attributable to owners of parent	3,758	1,901

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	3,808	1,964
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	17
Remeasurements of defined benefit plans, net of tax	6	(29)
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(39)	(12)
Comprehensive income	3,769	1,952
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,718	1,889
Comprehensive income attributable to non-controlling interests	51	62

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	5,624	2,745
Depreciation	711	734
Increase (decrease) in allowance for doubtful accounts	(59)	(4)
Increase (decrease) in provision for bonuses	575	506
Increase (decrease) in provision for share awards	15	(0)
Increase (decrease) in retirement benefit liability	(12)	(6)
Decrease (increase) in retirement benefit asset	(93)	(90)
Increase (decrease) in provision for loss on construction contracts	(103)	33
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(12)	4
Increase (decrease) in other provisions	39	93
Interest and dividend income	(121)	(125)
Interest expenses	28	20
Loss (gain) on valuation of short-term and long-term investment securities	13	2
Loss (gain) on sale of short-term and long-term investment securities	(34)	–
Loss (gain) on sale of non-current assets	(11)	(3)
Loss on retirement of property, plant and equipment	1	17
Share of loss (profit) of entities accounted for using equity method	(2)	3
Decrease (increase) in trade receivables	18,707	24,013
Decrease (increase) in inventories	535	1,503
Decrease (increase) in other assets	(279)	(464)
Increase (decrease) in trade payables	1,951	(3,087)
Increase (decrease) in advances received on construction contracts in progress	268	1,727
Increase (decrease) in other liabilities	(810)	(1,207)
Other, net	79	(34)
Subtotal	27,011	26,380
Interest and dividends received	201	130
Interest paid	(28)	(20)
Income taxes paid	(1,520)	(1,506)
Net cash provided by (used in) operating activities	25,663	24,984

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from investing activities		
Payments into time deposits	(3)	(3)
Proceeds from withdrawal of time deposits	3	3
Proceeds from sale of securities	0	–
Purchase of property, plant and equipment	(350)	(557)
Proceeds from sale of property, plant and equipment	14	1
Purchase of intangible assets	(15)	(30)
Purchase of investment securities	(512)	(4)
Proceeds from sale of investment securities	39	2
Decrease (increase) in short-term loans receivable	0	(9)
Long-term loan advances	(0)	(190)
Proceeds from collection of long-term loans receivable	9	543
Proceeds from paid capital reduction of subsidiaries and associates	–	198
Other payments	(24)	(66)
Other proceeds	10	19
Net cash provided by (used in) investing activities	(828)	(93)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,200)	–
Proceeds from long-term borrowings	–	400
Repayments of long-term borrowings	(257)	(172)
Proceeds from sale of treasury shares	12	12
Purchase of treasury shares	(0)	(0)
Dividends paid	(946)	(1,118)
Dividends paid to non-controlling interests	(21)	(20)
Repayments of finance lease obligations	(81)	(82)
Net cash provided by (used in) financing activities	(5,495)	(982)
Net increase (decrease) in cash and cash equivalents	19,339	23,908
Cash and cash equivalents at beginning of period	23,116	23,285
Cash and cash equivalents at end of period	42,456	47,194