

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

August 10, 2023

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
 Inquiries: Administration Department Toshio Omi TEL 025-266-9111
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 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, 2023 (from January 1, 2023 to June 30, 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 June 30, 2023	69,890	0.5	1,535	(40.6)	1,703	(37.5)	1,086	(42.9)
Six months ended June 30, 2022	69,517	(19.4)	2,584	(53.4)	2,725	(52.0)	1,901	(49.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	128.06		–	
Six months ended June 30, 2022	223.11		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	138,315	78,530	56.3
As of December 31, 2022	134,351	78,504	57.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	–	0.00	–	120.00	120.00
Year ending December 31, 2023	–	0.00			
Year ending December 31, 2023 (Forecast)			–	110.00	110.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	161,000	4.3	5,200	(0.2)	5,400	(1.0)	3,400	(6.9)	401.46

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 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: 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, 2023	8,988,111 shares	As of December 31, 2022	8,988,111 shares
---------------------	------------------	-------------------------	------------------

Number of treasury shares at the end of the period

As of June 30, 2023	519,044 shares	As of December 31, 2022	460,709 shares
---------------------	----------------	-------------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2023	8,485,594 shares	Six months ended June 30, 2022	8,524,288 shares
--------------------------------	------------------	--------------------------------	------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	28,149	51,013
Notes receivable, accounts receivable from completed construction contracts and other	61,477	42,364
Securities	359	49
Real estate for sale	702	664
Costs on construction contracts in progress	926	811
Costs on real estate business	3,833	4,255
Other inventories	301	333
Accounts receivable - other	2,738	1,837
Other	607	911
Allowance for doubtful accounts	(12)	(22)
Total current assets	99,083	102,219
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,770	23,253
Machinery, vehicles, tools, furniture and fixtures	14,181	14,170
Land	15,759	15,922
Other	932	976
Accumulated depreciation	(27,159)	(27,622)
Total property, plant and equipment	26,483	26,701
Intangible assets		
Other	472	457
Total intangible assets	472	457
Investments and other assets		
Investment securities	5,116	5,529
Long-term loans receivable	337	335
Retirement benefit asset	1,351	1,394
Deferred tax assets	863	1,012
Other	896	920
Allowance for doubtful accounts	(253)	(253)
Total investments and other assets	8,311	8,938
Total non-current assets	35,268	36,096
Total assets	134,351	138,315

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	31,871	34,182
Short-term borrowings	2,690	575
Income taxes payable	513	762
Advances received on uncompleted construction contracts	7,618	8,402
And Others		
Provisions	852	1,362
Other	5,105	7,035
Total current liabilities	48,652	52,320
Non-current liabilities		
Long-term borrowings	656	932
Deferred tax liabilities	206	209
Deferred tax liabilities for land revaluation	835	835
Provisions	555	585
Retirement benefit liability	2,555	2,526
Other	2,387	2,375
Total non-current liabilities	7,195	7,464
Total liabilities	55,847	59,785
Net assets		
Shareholders' equity		
Share capital	5,158	5,158
Capital surplus	6,169	6,169
Retained earnings	68,250	68,302
Treasury shares	(2,248)	(2,515)
Total shareholders' equity	77,329	77,115
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	802	1,035
Revaluation reserve for land	115	115
Remeasurements of defined benefit plans	(414)	(411)
Total accumulated other comprehensive income	504	739
Non-controlling interests	670	675
Total net assets	78,504	78,530
Total liabilities and net assets	134,351	138,315

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, 2022	Six months ended June 30, 2023
Net sales		
Net sales of completed construction contracts	61,243	62,196
Sales in real estate business	1,461	1,099
Sales in other businesses	6,812	6,594
Total net sales	69,517	69,890
Cost of sales		
Cost of sales of completed construction contracts	55,512	57,263
Cost of sales in real estate business	950	793
Cost of sales in other businesses	5,795	5,593
Total cost of sales	62,257	63,650
Gross profit		
Gross profit on completed construction contracts	5,730	4,932
Gross profit - real estate business	511	305
Gross profit - other business	1,017	1,001
Total gross profit	7,259	6,239
Selling, general and administrative expenses	4,675	4,703
Operating profit	2,584	1,535
Non-operating income		
Interest income	7	9
Dividend income	117	120
Reversal of allowance for doubtful accounts	–	0
Share of profit of entities accounted for using equity method	–	11
Other	67	70
Total non-operating income	193	210
Non-operating expenses		
Interest expenses	20	13
Commission for syndicated loans	15	15
Prepayment guarantee fee	10	10
Share of loss of entities accounted for using equity method	3	–
Other	2	3
Total non-operating expenses	52	42
Ordinary profit	2,725	1,703
Extraordinary income		
Gain on sale of non-current assets	3	5
Gain on sale of investment securities	–	34
Reversal of provision for loss on liquidation of subsidiaries and associates	36	–
Total extraordinary income	40	39

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Extraordinary losses		
Loss on retirement of non-current assets	17	7
Loss on valuation of investment securities	2	0
Provision for loss on litigation	–	45
Total extraordinary losses	19	53
Profit before income taxes	2,745	1,688
Income taxes - current	905	803
Income taxes - deferred	(124)	(230)
Total income taxes	780	573
Profit	1,964	1,114
Profit attributable to non-controlling interests	62	28
Profit attributable to owners of parent	1,901	1,086

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	1,964	1,114
Other comprehensive income		
Valuation difference on available-for-sale securities	17	232
Remeasurements of defined benefit plans, net of tax	(29)	2
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(12)	236
Comprehensive income	1,952	1,351
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,889	1,321
Comprehensive income attributable to non-controlling interests	62	29

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,745	1,688
Depreciation	734	672
Increase (decrease) in allowance for doubtful accounts	(4)	10
Increase (decrease) in provision for bonuses	506	500
Increase (decrease) in provision for share awards	(0)	21
Increase (decrease) in retirement benefit liability	(6)	(29)
Decrease (increase) in retirement benefit asset	(90)	(43)
Increase (decrease) in provision for loss on construction contracts	33	35
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4	8
Increase (decrease) in other provisions	93	(70)
Interest and dividend income	(125)	(129)
Interest expenses	20	13
Loss (gain) on valuation of short-term and long-term investment securities	2	0
Loss (gain) on sale of short-term and long-term investment securities	–	(34)
Loss (gain) on sale of non-current assets	(3)	(5)
Loss on retirement of property, plant and equipment	17	7
Share of loss (profit) of entities accounted for using equity method	3	(11)
Decrease (increase) in trade receivables	24,013	19,113
Decrease (increase) in inventories	1,503	(302)
Decrease (increase) in other assets	(464)	607
Increase (decrease) in trade payables	(3,087)	2,366
Increase (decrease) in advances received on construction contracts in progress	1,727	386
Increase (decrease) in other liabilities	(1,207)	2,402
Other, net	(34)	10
Subtotal	26,380	27,220
Interest and dividends received	130	130
Interest paid	(20)	(12)
Income taxes paid	(1,506)	(566)
Net cash provided by (used in) operating activities	24,984	26,772

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from investing activities		
Payments into time deposits	(3)	(3)
Proceeds from withdrawal of time deposits	3	3
Purchase of securities	–	(50)
Proceeds from redemption of securities	–	300
Purchase of property, plant and equipment	(557)	(880)
Proceeds from sale of property, plant and equipment	1	11
Purchase of intangible assets	(30)	(19)
Purchase of investment securities	(4)	(99)
Proceeds from sale of investment securities	2	104
Decrease (increase) in short-term loans receivable	(9)	0
Long-term loan advances	(190)	(0)
Proceeds from collection of long-term loans receivable	543	1
Proceeds from paid capital reduction of subsidiaries and associates	198	–
Other payments	(66)	(53)
Other proceeds	19	18
Net cash provided by (used in) investing activities	(93)	(667)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(2,200)
Proceeds from long-term borrowings	400	700
Repayments of long-term borrowings	(172)	(338)
Proceeds from sale of treasury shares	12	9
Purchase of treasury shares	(0)	(276)
Dividends paid	(1,118)	(1,031)
Dividends paid to non-controlling interests	(20)	(24)
Repayments of finance lease liabilities	(82)	(79)
Net cash provided by (used in) financing activities	(982)	(3,241)
Net increase (decrease) in cash and cash equivalents	23,908	22,864
Cash and cash equivalents at beginning of period	23,285	28,146
Cash and cash equivalents at end of period	47,194	51,010