Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 8, 2024

Company name: FUKUDA CORPORATION
Stock exchange listing: Tokyo
Stock code: 1899 URL https://www.fkd.co.jp/
Representative: Representative Director and President Masanori Araaki
Inquiries: Director and General Manager of Administration Department Toshio Omi TEL 025-266-9111
Scheduled date to file Semi-annual Securities Report: August 9, 2024
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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, 2024	75,718	8.3	3,530	129.9	3,708	117.7	2,460	126.4
Six months ended June 30, 2023	69,890	0.5	1,535	(40.6)	1,703	(37.5)	1,086	(42.9)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	297.35	–
Six months ended June 30, 2023	128.06	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	142,221	82,251	57.3
As of December 31, 2023	136,731	80,333	58.2

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, 2023	–	0.00	–	110.00	110.00
Year ending December 31, 2024	–	0.00			
Year ending December 31, 2024 (Forecast)			–	110.00	110.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 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	166,400	2.6	5,800	11.4	6,000	9.5	3,900	15.2	471.27

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: No

(2) Application of special accounting methods for preparing interim 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 June 30, 2024	8,988,111 shares	As of December 31, 2023	8,988,111 shares

Number of treasury shares at the end of the period

As of June 30, 2024	712,719 shares	As of December 31, 2023	714,907 shares

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

Six months ended June 30, 2024	8,274,555 shares	Six months ended June 30, 2023	8,485,594 shares

Interim consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	29,421	56,908
Notes receivable, accounts receivable from completed construction contracts and other	58,903	38,168
Securities	49	–
Real estate for sale	1,305	1,554
Costs on construction contracts in progress	1,201	1,168
Costs on real estate business	4,579	2,437
Other inventories	345	429
Accounts receivable - other	3,264	2,627
Other	770	1,490
Allowance for doubtful accounts	(38)	(32)
Total current assets	99,801	104,752
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,468	24,077
Machinery, vehicles, tools, furniture and fixtures	14,148	14,269
Land	15,871	15,981
Other	1,496	946
Accumulated depreciation	(27,900)	(28,236)
Total property, plant and equipment	27,084	27,039
Intangible assets		
Other	416	389
Total intangible assets	416	389
Investments and other assets		
Investment securities	5,925	6,461
Long-term loans receivable	324	324
Retirement benefit asset	1,752	1,804
Deferred tax assets	780	831
Other	940	914
Allowance for doubtful accounts	(295)	(295)
Total investments and other assets	9,428	10,040
Total non-current assets	36,929	37,468
Total assets	136,731	142,221

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	36,818	35,023
Short-term borrowings	745	530
Income taxes payable	1,015	1,460
Advances received on uncompleted construction contracts And Others	4,245	9,564
Provisions	683	1,139
Other	5,444	5,082
Total current liabilities	48,953	52,801
Non-current liabilities		
Long-term borrowings	754	613
Deferred tax liabilities	269	263
Deferred tax liabilities for land revaluation	811	796
Provisions	561	560
Retirement benefit liability	2,507	2,442
Other	2,539	2,491
Total non-current liabilities	7,444	7,168
Total liabilities	56,397	59,970
Net assets		
Shareholders' equity		
Share capital	5,158	5,158
Capital surplus	6,169	6,169
Retained earnings	70,651	72,191
Treasury shares	(3,531)	(3,520)
Total shareholders' equity	78,448	79,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,355	1,658
Revaluation reserve for land	65	81
Remeasurements of defined benefit plans	(245)	(229)
Total accumulated other comprehensive income	1,175	1,509
Non-controlling interests	709	741
Total net assets	80,333	82,251
Total liabilities and net assets	136,731	142,221

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, 2023	Six months ended June 30, 2024
Net sales		
Net sales of completed construction contracts	62,196	65,298
Sales in real estate business	1,099	4,512
Sales in other businesses	6,594	5,907
Total net sales	69,890	75,718
Cost of sales		
Cost of sales of completed construction contracts	57,263	59,266
Cost of sales in real estate business	793	3,244
Cost of sales in other businesses	5,593	4,812
Total cost of sales	63,650	67,322
Gross profit		
Gross profit on completed construction contracts	4,932	6,032
Gross profit - real estate business	305	1,268
Gross profit - other business	1,001	1,095
Total gross profit	6,239	8,396
Selling, general and administrative expenses	4,703	4,866
Operating profit	1,535	3,530
Non-operating income		
Interest income	9	7
Dividend income	120	131
Reversal of allowance for doubtful accounts	0	–
Share of profit of entities accounted for using equity method	11	19
Other	70	60
Total non-operating income	210	219
Non-operating expenses		
Interest expenses	13	14
Commission for syndicated loans	15	11
Prepayment guarantee fee	10	10
Other	3	4
Total non-operating expenses	42	41
Ordinary profit	1,703	3,708
Extraordinary income		
Gain on sale of non-current assets	5	9
Gain on sale of investment securities	34	–
Subsidy income	–	59
Total extraordinary income	39	68

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Extraordinary losses		
Loss on retirement of non-current assets	7	0
Loss on valuation of investment securities	0	0
Provision for loss on litigation	45	–
Loss on tax purpose reduction entry of non-current assets	–	59
Total extraordinary losses	53	59
Profit before income taxes	1,688	3,717
Income taxes - current	803	1,356
Income taxes - deferred	(230)	(155)
Total income taxes	573	1,200
Profit	1,114	2,517
Profit attributable to non-controlling interests	28	56
Profit attributable to owners of parent	1,086	2,460

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	1,114	2,517
Other comprehensive income		
Valuation difference on available-for-sale securities	232	296
Revaluation reserve for land	–	15
Remeasurements of defined benefit plans, net of tax	2	15
Share of other comprehensive income of entities accounted for using equity method	0	8
Total other comprehensive income	236	336
Comprehensive income	1,351	2,853
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,321	2,794
Comprehensive income attributable to non-controlling interests	29	58

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,688	3,717
Depreciation	672	669
Increase (decrease) in allowance for doubtful accounts	10	(5)
Increase (decrease) in provision for bonuses	500	583
Increase (decrease) in provision for share awards	21	8
Increase (decrease) in retirement benefit liability	(29)	(64)
Decrease (increase) in retirement benefit asset	(43)	(51)
Increase (decrease) in provision for loss on construction contracts	35	(49)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	8	(9)
Increase (decrease) in other provisions	(70)	(79)
Interest and dividend income	(129)	(139)
Interest expenses	13	14
Loss (gain) on valuation of short-term and long-term investment securities	0	0
Loss (gain) on sale of short-term and long-term investment securities	(34)	–
Loss (gain) on sale of non-current assets	(5)	(9)
Loss on tax purpose reduction entry of non-current assets	–	59
Loss on retirement of property, plant and equipment	7	0
Share of loss (profit) of entities accounted for using equity method	(11)	(19)
Decrease (increase) in trade receivables	19,113	20,734
Decrease (increase) in inventories	(302)	1,850
Decrease (increase) in other assets	607	(64)
Increase (decrease) in trade payables	2,366	(1,785)
Increase (decrease) in advances received on construction contracts in progress	386	5,932
Increase (decrease) in other liabilities	2,402	(999)
Other, net	10	27
Subtotal	27,220	30,321
Interest and dividends received	130	141
Interest paid	(12)	(12)
Income taxes paid	(566)	(925)
Net cash provided by (used in) operating activities	26,772	29,525

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from investing activities		
Payments into time deposits	(3)	–
Proceeds from withdrawal of time deposits	3	–
Purchase of securities	(50)	–
Proceeds from redemption of securities	300	49
Purchase of property, plant and equipment	(880)	(592)
Proceeds from sale of property, plant and equipment	11	14
Purchase of intangible assets	(19)	(15)
Purchase of investment securities	(99)	(123)
Proceeds from sale of investment securities	104	0
Decrease (increase) in short-term loans receivable	0	(0)
Long-term loan advances	(0)	(1)
Proceeds from collection of long-term loans receivable	1	1
Other payments	(53)	(9)
Other proceeds	18	4
Net cash provided by (used in) investing activities	(667)	(673)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,200)	–
Proceeds from long-term borrowings	700	200
Repayments of long-term borrowings	(338)	(555)
Proceeds from sale of treasury shares	9	12
Purchase of treasury shares	(276)	(1)
Dividends paid	(1,031)	(918)
Dividends paid to non-controlling interests	(24)	(26)
Repayments of finance lease liabilities	(79)	(74)
Net cash provided by (used in) financing activities	(3,241)	(1,364)
Net increase (decrease) in cash and cash equivalents	22,864	27,487
Cash and cash equivalents at beginning of period	28,146	29,418
Cash and cash equivalents at end of period	51,010	56,905