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Consolidated Financial Results for the Six Months Ended June 30, 2024 [Japanese GAAP]

August 9, 2024

Company name: Future Innovation Group, Inc.
 Listing: Tokyo, Fukuoka
 Securities code: 4392
 URL: <https://www.figinc.jp>
 Representative: MURAI Yuji, President and CEO
 Inquiries: KIBE Kazuhisa, Director and Managing Executive Officer
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 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 briefing: Yes (for individual investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2024 (January 1, 2024 to June 30, 2024)

(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 | % |
| Six months ended June 30, 2024 | 5,862 | (16.3) | 270 | (42.4) | 268 | (43.8) | 295 | (13.8) |
| June 30, 2023 | 7,004 | 8.3 | 469 | (24.4) | 478 | (21.6) | 342 | (20.3) |

(Note) Comprehensive income: Six months ended June 30, 2024: ¥ 423 million [13.7%]
 Six months ended June 30, 2023: ¥ 372 million [10.5%]

| | Basic earnings per share | Diluted earnings per share |
|------------------|--------------------------|----------------------------|
| Six months ended | Yen | Yen |
| June 30, 2024 | 9.77 | 9.65 |
| June 30, 2023 | 11.38 | 11.23 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| June 30, 2024 | 17,606 | 9,898 | 55.4 |
| December 31, 2023 | 22,835 | 9,595 | 41.4 |

(Reference) Equity: As of June 30, 2024: ¥ 9,751 million
 As of December 31, 2023: ¥ 9,453 million

2. Dividends

| | Annual dividends | | | | |
|---|------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2023 | - | 0.00 | - | 5.00 | 5.00 |
| Fiscal year ending December 31, 2024 | - | 0.00 | | | |
| Fiscal year ending December 31, 2024 (Forecast) | | | - | 5.00 | 5.00 |

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024(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 | | Basic earnings per share |
|-----------|-----------------|------|------------------|------|-----------------|------|---|-------|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 15,000 | 10.8 | 1,123 | 55.2 | 1,092 | 52.7 | 1,000 | 375.7 | 33.14 |

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - (Company name:)
 Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024: 31,474,315 shares

December 31, 2023: 31,393,015 shares

2) Number of treasury shares at the end of the period:

June 30, 2024: 1,218,616 shares

December 31, 2023: 1,218,496 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2024: 30,195,917 shares

Six months ended June 30, 2023: 30,107,560 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements herein are based on information currently available and certain assumptions that the Company regards as reasonable, and are not intended as a guarantee that the Company will achieve these targets. Actual results may therefore differ materially from these statements for various reasons.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Millions of yen)

| | As of December 31, 2023 | As of June 30, 2024 |
|--|-------------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 2,203 | 2,131 |
| Notes and accounts receivable - trade, and contract assets | 5,860 | 4,720 |
| Investments in leases | 4,268 | 1,590 |
| Inventories | 2,405 | 2,419 |
| Other | 552 | 539 |
| Allowance for doubtful accounts | (74) | (69) |
| Total current assets | 15,215 | 11,331 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 1,904 | 1,060 |
| Land | 1,753 | 763 |
| Other, net | 620 | 633 |
| Total property, plant and equipment | 4,278 | 2,457 |
| Intangible assets | | |
| Goodwill | 224 | 194 |
| Other | 552 | 566 |
| Total intangible assets | 776 | 761 |
| Investments and other assets | | |
| Investment securities | 1,335 | 1,897 |
| Deferred tax assets | 175 | 120 |
| Long-term accounts receivable - other | 881 | 880 |
| Other | 181 | 167 |
| Allowance for doubtful accounts | (9) | (9) |
| Total investments and other assets | 2,564 | 3,056 |
| Total non-current assets | 7,620 | 6,275 |
| Total assets | 22,835 | 17,606 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 1,273 | 917 |
| Short-term borrowings | 2,530 | 1,433 |
| Current portion of long-term borrowings | 1,455 | 1,327 |
| Income taxes payable | 100 | 181 |
| Accrued consumption taxes | 257 | 424 |
| Provision for bonuses | 51 | 69 |
| Provision for bonuses for directors (and other officers) | - | 4 |
| Provision for product warranties | 40 | 42 |
| Other | 936 | 743 |
| Total current liabilities | 6,645 | 5,144 |
| Non-current liabilities | | |
| Long-term borrowings | 6,301 | 2,309 |
| Provision for retirement benefits for directors (and other officers) | 71 | 28 |
| Retirement benefit liability | 143 | 163 |
| Deferred tax liabilities | 48 | 61 |
| Other | 31 | 0 |

(Millions of yen)

| | As of December 31, 2023 | As of June 30, 2024 |
|---|-------------------------|---------------------|
| Total non-current liabilities | 6,595 | 2,563 |
| Total liabilities | 13,240 | 7,708 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,044 | 2,059 |
| Capital surplus | 4,022 | 4,037 |
| Retained earnings | 3,484 | 3,628 |
| Treasury shares | (312) | (312) |
| Total shareholders' equity | 9,238 | 9,413 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 207 | 317 |
| Foreign currency translation adjustment | 7 | 19 |
| Total accumulated other comprehensive income | 215 | 337 |
| Share acquisition rights | 124 | 124 |
| Non-controlling interests | 16 | 22 |
| Total net assets | 9,595 | 9,898 |
| Total liabilities and net assets | 22,835 | 17,606 |

Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

| | For the six months ended June 30, 2023 | For the six months ended June 30, 2024 |
|--|---|---|
| Net sales | 7,004 | 5,862 |
| Cost of sales | 4,903 | 3,947 |
| Gross profit | 2,101 | 1,915 |
| Selling, general and administrative expenses | 1,631 | 1,644 |
| Operating profit | 469 | 270 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 7 | 8 |
| Subsidy income | 7 | 7 |
| Settlement received | 20 | - |
| Other | 14 | 5 |
| Total non-operating income | 49 | 21 |
| Non-operating expenses | | |
| Interest expenses | 21 | 20 |
| Commission expenses | 11 | - |
| Other | 8 | 2 |
| Total non-operating expenses | 41 | 23 |
| Ordinary profit | 478 | 268 |
| Extraordinary income | | |
| Gain on sale of non-current assets | - | 212 |
| Gain on sale of investment securities | 70 | - |
| Total extraordinary income | 70 | 212 |
| Extraordinary losses | | |
| Settlement payments | 57 | - |
| Total extraordinary losses | 57 | - |
| Profit before income taxes | 491 | 481 |
| Income taxes - current | 169 | 147 |
| Income taxes - deferred | (24) | 34 |
| Total income taxes | 145 | 182 |
| Profit | 345 | 298 |
| Profit attributable to non-controlling interests | 3 | 3 |
| Profit attributable to owners of parent | 342 | 295 |

(Millions of yen)

| | For the six months ended June 30, 2023 | For the six months ended June 30, 2024 |
|---|---|---|
| Profit | 345 | 298 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 19 | 109 |
| Foreign currency translation adjustment | 7 | 14 |
| Total other comprehensive income | 27 | 124 |
| Comprehensive income | 372 | 423 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 368 | 417 |
| Comprehensive income attributable to non-controlling interests | 4 | 6 |

Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

| | For the six months ended June 30, 2023 | For the six months ended June 30, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 491 | 481 |
| Depreciation | 199 | 230 |
| Amortization of goodwill | 29 | 29 |
| Increase (decrease) in allowance for doubtful accounts | 32 | (4) |
| Increase (decrease) in provision for product warranties | 4 | 2 |
| Increase (decrease) in retirement benefit liability | 9 | 20 |
| Increase (decrease) in provision for bonuses | 25 | 18 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | 6 | (43) |
| Interest and dividend income | (7) | (8) |
| Interest expenses | 21 | 20 |
| Commission expenses | 11 | - |
| Gain on sales of investment securities | (70) | - |
| Gain on sale of non-current assets | (1) | (212) |
| Settlement payments | 57 | - |
| Received settlement fee | (20) | - |
| Decrease (increase) in trade receivables and contract assets | (98) | 1,076 |
| Decrease (increase) in inventories | (149) | (14) |
| Increase (decrease) in trade payables | (71) | (355) |
| Decrease (increase) in investments in leases | 73 | 76 |
| Other, net | 199 | 191 |
| Subtotal | 741 | 1,507 |
| Interest and dividends received | 7 | 8 |
| Interest paid | (22) | (21) |
| Commission fee paid | (10) | - |
| Subsidies received | 7 | 17 |
| Settlement paid | (60) | - |
| The receipt of settlement fee | 20 | - |
| Income taxes refund | 66 | 38 |
| Income taxes paid | (254) | (87) |
| Net cash provided by (used in) operating activities | 495 | 1,462 |
| Cash flows from investing activities | | |
| Payments into time deposits | (0) | (0) |
| Proceeds from withdrawal of time deposits | 13 | - |
| Purchase of property, plant and equipment | (88) | (239) |
| Proceeds from sale of property, plant and equipment | 1 | 4,625 |
| Purchase of intangible assets | (131) | (147) |
| Purchase of investment securities | (475) | (418) |
| Proceeds from sale of investment securities | 222 | 1 |
| Proceeds from redemption of investment securities | 116 | - |
| Proceeds from collection of loans receivable | - | 0 |
| Proceeds from cancellation of insurance funds | 53 | - |
| Payments of leasehold deposits | (48) | (0) |
| Other, net | 3 | 6 |
| Net cash provided by (used in) investing activities | (334) | 3,827 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 109 | (1,097) |
| Proceeds from long-term borrowings | 800 | 500 |

(Millions of yen)

| | For the six months ended June 30, 2023 | For the six months ended June 30, 2024 |
|---|---|---|
| Repayments of long-term borrowings | (567) | (4,619) |
| Redemption of bonds | (8) | - |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (300) | (150) |
| Repayments of lease liabilities | (0) | (0) |
| Net cash provided by (used in) financing activities | 33 | (5,367) |
| Effect of exchange rate change on cash and cash equivalents | 2 | 5 |
| Net increase (decrease) in cash and cash equivalents | 196 | (72) |
| Cash and cash equivalents at beginning of period | 2,185 | 2,202 |
| Cash and cash equivalents at end of period | 2,382 | 2,129 |