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Consolidated Financial Results for the Six Months Ended June 30, 2023 [Japanese GAAP]



August 10, 2023

Company name: Future Innovation Group, Inc.
 Stock exchange listing: Tokyo and Fukuoka
 Code number: 4392
 URL: <https://www.figinc.jp/>
 Representative: MURAI Yuji, President and CEO
 Contact: KIBE Kazuhisa, Director and Managing Executive Officer
 Phone: +81-97-576-8730
 Scheduled date of filing quarterly securities report: August 10, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended June 30, 2023 (January 1, 2023 - June 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2023	7,004	8.3	469	(24.4)	478	(21.6)	342	(20.3)
June 30, 2022	6,467	8.6	621	85.6	610	77.3	429	81.5

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

Six months ended June 30, 2022: ¥337 million [(41.2)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	11.38	11.23
June 30, 2022	14.67	14.47

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	21,822	9,808	44.3
As of December 31, 2022	21,463	9,709	44.6

(Reference) Equity: As of June 30, 2023: ¥9,671 million

As of December 31, 2022: ¥9,576 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, 2022	–	0.00	–	10.00	10.00
Fiscal year ending December 31, 2023	–	0.00			
Fiscal year ending December 31, 2023 (Forecast)			–	5.00	5.00

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

The breakdown of year-end dividends for the fiscal year ended December 31, 2022 is as follows:

Ordinary dividend: ¥5.00

Commemorative dividend: ¥5.00

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,500	4.5	800	(14.2)	765	(20.7)	535	(22.0)	17.40

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

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – (), Excluded: – ()
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

June 30, 2023:	31,393,015 shares
December 31, 2022:	31,300,315 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2023:	1,218,370 shares
December 31, 2022:	1,218,356 shares
 - 3) Average number of shares during the period:

Six months ended June 30, 2023:	30,107,560 shares
Six months ended June 30, 2022:	29,289,547 shares

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

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.

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,199	2,383
Notes and accounts receivable, and contract assets	4,631	4,730
Investments in leases	4,441	4,367
Inventories	2,089	2,239
Other	740	492
Allowance for doubtful accounts	(44)	(77)
Total current assets	14,058	14,135
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,928	1,884
Land	1,718	1,718
Other, net	435	502
Total property, plant and equipment	4,082	4,105
Intangible assets		
Goodwill	282	253
Other	539	595
Total intangible assets	821	848
Investments and other assets		
Investment securities	1,338	1,569
Deferred tax assets	93	99
Long-term accounts receivable	883	883
Other	196	191
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	2,501	2,733
Total non-current assets	7,405	7,687
Total assets	21,463	21,822

(Million yen)

	As of December 31, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable	1,759	1,687
Short-term borrowings	1,925	2,034
Current portion of bonds payable	17	8
Current portion of long-term borrowings	930	1,090
Income taxes payable	249	185
Accrued consumption taxes	128	164
Provision for bonuses	58	83
Provision for bonuses for directors (and other officers)	-	7
Provision for product warranties	29	33
Other	705	684
Total current liabilities	5,803	5,980
Non-current liabilities		
Long-term borrowings	5,681	5,754
Provision for retirement benefits for directors (and other officers)	57	64
Retirement benefit liability	135	145
Deferred tax liabilities	59	46
Provision for repairs	11	18
Other	5	4
Total non-current liabilities	5,951	6,033
Total liabilities	11,754	12,013
Net assets		
Shareholders' equity		
Capital stock	2,030	2,044
Capital surplus	4,008	4,022
Retained earnings	3,575	3,616
Treasury shares	(312)	(312)
Total shareholders' equity	9,301	9,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	269	289
Foreign currency translation adjustment	5	11
Total accumulated other comprehensive income	275	300
Share acquisition rights	124	124
Non-controlling interests	8	12
Total net assets	9,709	9,808
Total liabilities and net assets	21,463	21,822

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended June 30

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	6,467	7,004
Cost of sales	4,431	4,903
Gross profit	2,035	2,101
Selling, general and administrative expenses	1,413	1,631
Operating profit (loss)	621	469
Non-operating income		
Interest income	0	0
Settlement income	-	20
Other	22	29
Total non-operating income	22	49
Non-operating expenses		
Interest expenses	24	21
Commission expenses	-	11
Other	9	8
Total non-operating expenses	34	41
Ordinary profit	610	478
Extraordinary income		
Gain on sale of investment securities	-	70
Total extraordinary income	-	70
Extraordinary losses		
Settlement payments	-	57
Total extraordinary losses	-	57
Profit before income taxes	610	491
Income taxes - current	190	169
Income taxes - deferred	(6)	(24)
Total income taxes	184	145
Profit	425	345
Profit (loss) attributable to non-controlling interests	(3)	3
Profit attributable to owners of parent	429	342

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended June 30

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Profit	425	345
Other comprehensive income		
Valuation difference on available-for-sale securities	(98)	19
Foreign currency translation adjustment	9	7
Total other comprehensive income	(88)	27
Comprehensive income	337	372
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	339	368
Comprehensive income attributable to non-controlling interests	(1)	4

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	610	491
Depreciation	191	199
Amortization of goodwill	31	29
Increase (decrease) in allowance for doubtful accounts	(11)	32
Increase (decrease) in provision for product warranties	1	4
Increase (decrease) in retirement benefit liability	6	9
Increase (decrease) in provision for bonuses	17	25
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(1)	6
Increase (decrease) in provision for repairs	-	6
Interest and dividend income	(11)	(7)
Interest expenses	24	21
Commission expenses	-	11
Loss (gain) on sale of investment securities	-	(70)
Settlement payments	-	57
Settlement income	-	(20)
Decrease (increase) in trade receivables and contract assets	309	(98)
Decrease (increase) in inventories	356	(149)
Increase (decrease) in trade payables	(367)	(71)
Net decrease (increase) in investments in leases	81	73
Other	(160)	190
Subtotal	1,077	741
Interest and dividends received	11	7
Interest paid	(23)	(22)
Fee paid	-	(10)
Subsidies received	1	7
Settlement paid	-	(60)
Settlement received	-	20
Income taxes refund	44	66
Income taxes paid	(109)	(254)
Net cash provided by (used in) operating activities	1,002	495

(Million yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from investing activities		
Payments into time deposits	(4)	(0)
Proceeds from withdrawal of time deposits	31	13
Purchase of property, plant and equipment	(1,038)	(88)
Purchase of intangible assets	(99)	(131)
Purchase of investment securities	(300)	(475)
Proceeds from sale of investment securities	-	222
Proceeds from redemption of investment securities	-	116
Proceeds from collection of loans receivable	101	-
Proceeds from cancellation of insurance funds	-	53
Payments of leasehold deposits	(0)	(48)
Other	(4)	3
Net cash provided by (used in) investing activities	(1,316)	(334)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,304)	109
Proceeds from long-term borrowings	4,038	800
Repayments of long-term borrowings	(460)	(567)
Redemption of bonds	(8)	(8)
Purchase of treasury shares	(0)	(0)
Dividends paid	(145)	(300)
Repayments of lease obligations	(1)	(0)
Other	0	-
Net cash provided by (used in) financing activities	117	33
Effect of exchange rate change on cash and cash equivalents	7	2
Net increase (decrease) in cash and cash equivalents	(187)	196
Cash and cash equivalents at beginning of period	2,376	2,185
Cash and cash equivalents at end of period	2,188	2,382