

Disclaimer: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. This document is a partial English translation of the Japanese Financial Statements disclosed at the Tokyo Stock Exchange on October 17, 2022 presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between the translation and the Japanese original, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended November 30, 2022 [Japanese GAAP]



January 16, 2023

Company name: JDC CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Code number: 1887

URL: <https://www.n-kokudo.co.jp/>

Representative: Takeo Asakura, Representative Director and President

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Scheduled date of filing quarterly securities report: January 16, 2023

Scheduled date of commencing dividend payments: February 1, 2023

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (To prevent the spread of the novel coronavirus (COVID-19) disease, the session will be held live through the Internet on January 23, 2023, and the video clip will be available on JDC CORPORATION's website later.)

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

1. Consolidated Financial Results for the Six Months Ended November 30, 2022 (June 1, 2022 to November 30, 2022)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
November 30, 2022	65,068	11.9	1,025	(59.7)	1,058	(65.6)	672	(69.4)
November 30, 2021	58,138	(3.9)	2,541	(52.0)	3,078	(41.9)	2,200	(45.5)

(Note) Comprehensive income: Six months ended November 30, 2022: ¥836 million [(59.9)%]
Six months ended November 30, 2021: ¥2,089 million [(48.0)%]

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
Six months ended				
November 30, 2022	7.87		7.86	
November 30, 2021	25.21		25.14	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Equity Ratio	
	Million yen		Million yen		%	
As of November 30, 2022	152,001		76,482		50.3	
As of May 31, 2022	154,724		79,946		51.2	

(Reference) Equity: As of November 30, 2022: ¥76,403 million
As of May 31, 2022: ¥79,148 million

2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Fiscal year ended May 31, 2022	Yen -	Yen 10.00	Yen -	Yen 16.00	Yen 26.00
Fiscal year ending May 31, 2023	-	10.00			
Fiscal year ending May 31, 2023 (Forecast)			-	16.00	26.00

(Note) Revision to the dividend forecast announced most recently: No

(Note) Breakdown of dividends

Interim dividends for

the six months ended November 30, 2021: ¥10.00 ordinary dividends

Year-end dividends for

the fiscal year ended May 31, 2022: ¥10.00 ordinary dividends and ¥6.00 special dividends

Interim dividends for the six months ended

November 30, 2022: ¥10.00 ordinary dividends

Year-end dividends for the fiscal year ending

May 31, 2023 (forecast): ¥10.00 ordinary dividends and ¥6.00 special dividends

3. Forecast of Consolidated Financial Results for Fiscal Year Ending May 31, 2023 (June 1, 2022 to May 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	171,000	34.9	9,000	13.1	9,100	8.3	6,300	(14.7)	71.00

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: One company (Company name) Silent partnership operated by Community Symbiosis Power Plant LLC as proprietor

Excluded: One company (Company name) Silent partnership operated by Utsunomiya-Kita Solar Power Generation LLC as proprietor

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(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): No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

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

November 30, 2022: 98,255,000 shares

May 31, 2022: 98,255,000 shares

2) Total number of treasury shares at the end of the period:

November 30, 2022: 14,047,346 shares

May 31, 2022: 10,399,046 shares

3) Average number of shares during the period:

Six months ended November 30, 2022: 85,411,271 shares

Six months ended November 30, 2021: 87,305,269 shares

- (Notes)
1. The total number of treasury shares at the end of the period includes shares owned by Custody Bank of Japan, Ltd. (trust account E) as trust property of the Board Benefit Trust (J-ESOP) (984,400 shares as of November 30, 2022 and 1,037,500 shares as of May 31, 2022). The shares of JDC Corporation owned by Custody Bank of Japan, Ltd. (trust account E) constitute the treasury shares that are deducted in the calculation of the average number of shares during the period (1,009,191 shares for the six months ended November 30, 2022 and 1,090,923 shares for the six months ended November 30, 2021).
 2. The total number of treasury shares at the end of the period includes shares owned by Custody Bank of Japan, Ltd. (trust account E) as trust property of the Stock Benefit Trust (Employee Stockholding Association Purchase-type) (46,500 shares as of November 30, 2022 and 197,400 shares as of May 31, 2022). The shares of JDC Corporation owned by Custody Bank of Japan, Ltd. (trust account E) constitute the treasury shares that are deducted in the calculation of the average number of shares during the period (131,699 shares for the six months ended November 30, 2022 and 421,290 shares for the six months ended November 30, 2021).

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

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

The forecasts are based on certain assumptions relating to economic situations and market trends deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

Financial results briefing will be held live through the Internet on Monday, January 23, 2023, and the video clip will be available on JDC CORPORATION's website later. The briefing material used in this session will also be posted on the website immediately after the session ends.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Six Months Ended November 30, 2022 (June 1, 2022 to November 30, 2022)

(1) Non-consolidated Operating Results

(% indicates changes from the corresponding period of the previous fiscal year.)

	Net Sales		Operating Profit		Ordinary Profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended November 30, 2022	56,799	11.2	498	(72.3)	1,183	(64.9)	965	(64.6)
November 30, 2021	51,067	(5.7)	1,798	(62.3)	3,372	(30.3)	2,724	(26.1)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Six months ended November 30, 2022	11.30	11.28
November 30, 2021	31.20	31.11

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of November 30, 2022	132,744	72,120	54.3
As of May 31, 2022	133,497	74,619	55.9

(Reference) Equity: As of November 30, 2022: ¥72,120 million

As of May 31, 2022: ¥74,619 million

2. Forecast of Non-consolidated Financial Results for the Fiscal Year Ending May 31, 2023 (June 1, 2022 to May 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net Sales		Ordinary Profit		Profit		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	146,600	29.6	7,500	(10.9)	5,200	(33.4)	59.00

(Note) Revision to the financial results forecast announced most recently: No

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

The forecasts are based on certain assumptions relating to economic situations and market trends deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

1. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of May 31, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	47,591	24,373
Notes receivable, accounts receivable from completed construction contracts and other	47,541	58,519
Real estate for sale	5,645	8,869
Costs on construction contracts in progress	866	1,070
Costs on development business and other	2,933	4,886
Advances paid	1,335	1,331
Other	4,623	4,814
Allowance for doubtful accounts	(4)	(27)
Total current assets	110,532	103,838
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,688	6,511
Machinery, vehicles, tools, furniture and fixtures, net	11,419	10,825
Land	8,158	8,158
Other, net	3,684	5,680
Total property, plant and equipment	29,951	31,175
Intangible assets	1,817	1,867
Investments and other assets		
Investment securities	8,249	10,756
Retirement benefit asset	1,647	1,769
Deferred tax assets	162	95
Other	2,396	2,554
Allowance for doubtful accounts	(31)	(55)
Total investments and other assets	12,424	15,119
Total non-current assets	44,192	48,163
Total assets	154,724	152,001

(Million yen)

	As of May 31, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	23,447	28,570
Short-term borrowings	1,151	1,280
Income taxes payable	1,858	175
Advances received on construction contracts in progress	7,282	4,956
Advances received on development projects	25	34
Deposits received	4,724	5,842
Provision for warranties for completed construction	780	714
Provision for loss on construction contracts	114	264
Provision for bonuses for directors (and other officers)	48	35
Provision for loss on business liquidation	142	148
Other	4,232	3,310
Total current liabilities	43,809	45,333
Non-current liabilities		
Bonds payable	3,000	3,000
Long-term borrowings	24,101	23,185
Provision for share awards	529	502
Provision for loss on litigation	7	7
Retirement benefit liability	518	490
Other	2,811	2,999
Total non-current liabilities	30,968	30,185
Total liabilities	74,778	75,518
Net assets		
Shareholders' equity		
Share capital	5,012	5,012
Capital surplus	18,551	18,573
Retained earnings	56,427	55,675
Treasury shares	(2,168)	(4,338)
Total shareholders' equity	77,823	74,923
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,626	1,748
Deferred gains or losses on hedges	(38)	(11)
Remeasurements of defined benefit plans	(262)	(256)
Total accumulated other comprehensive income	1,324	1,480
Non-controlling interests	797	79
Total net assets	79,946	76,482
Total liabilities and net assets	154,724	152,001

(2) Quarterly Consolidated Statements of Income and Quarterly Comprehensive Income

Quarterly Consolidated Statement of Income

Six months ended November 30

(Million yen)

	For the six months ended November 30, 2021	For the six months ended November 30, 2022
Net sales		
Net sales of completed construction contracts	53,990	62,056
Net sales in development business and other	4,148	3,012
Total net sales	58,138	65,068
Cost of sales		
Cost of sales of completed construction contracts	48,790	57,803
Cost of sales in development business and other	2,533	1,775
Total cost of sales	51,323	59,578
Gross profit		
Gross profit on completed construction contracts	5,199	4,252
Gross profit on development business and other	1,614	1,237
Total gross profit	6,814	5,490
Selling, general and administrative expenses	4,273	4,464
Operating profit	2,541	1,025
Non-operating income		
Interest income	0	1
Dividend income	180	196
Foreign exchange gains	33	101
Surrender value of insurance policies	625	37
Other	20	21
Total non-operating income	859	358
Non-operating expenses		
Interest expenses	189	132
Interest expenses of rental payments	29	34
Bad debt expenses		80
Other	104	77
Total non-operating expenses	323	325
Ordinary profit	3,078	1,058
Extraordinary income		
Gain on sale of non-current assets	21	34
Gain on sale of investment securities	-	11
Total extraordinary income	21	45
Extraordinary losses		
Loss on valuation of investment securities	-	16
Total extraordinary losses	-	16
Profit before income taxes	3,099	1,087
Income taxes - current	819	252
Income taxes - deferred	51	152
Total income taxes	871	405
Profit	2,228	681
Profit attributable to non-controlling interests	27	9
Profit attributable to owners of parent	2,200	672

Quarterly Consolidated Statement of Comprehensive Income

Six months ended November 30

(Million yen)

	For the six months ended November 30, 2021	For the six months ended November 30, 2022
Profit	2,228	681
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	121
Deferred gains or losses on hedges	(104)	27
Remeasurements of defined benefit plans, net of tax	(24)	5
Total other comprehensive income	(138)	155
Comprehensive income	2,089	836
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,062	827
Comprehensive income attributable to non-controlling interests	27	9

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended November 30, 2021	For the six months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,099	1,087
Depreciation	1,059	1,021
Amortization of goodwill	-	47
Increase (decrease) in allowance for doubtful accounts	(7)	46
Increase (decrease) in provision for warranties for completed construction	(112)	(65)
Increase (decrease) in provision for loss on construction contracts	(14)	150
Increase (decrease) in provision for bonuses	13	-
Increase (decrease) in provision for bonuses for directors (and other officers)	32	2
Increase (decrease) in provision for loss on business liquidation	2	5
Increase (decrease) in retirement benefit liability	(7)	(27)
Decrease (increase) in retirement benefit asset	(32)	(122)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(10)	(4)
Increase (decrease) in provision for loss on litigation	14	-
Interest and dividend income	(181)	(198)
Interest expenses and interest expenses of rental payments	218	167
Loss (gain) on cancellation of insurance policies	(625)	(37)
Foreign exchange losses (gains)	(29)	(56)
Bad debt expenses	-	80
Loss (gain) on sale of non-current assets	(21)	(34)
Loss (gain) on sale of investment securities	-	(11)
Loss (gain) on valuation of investment securities	-	16
Decrease (increase) in trade receivables	(10,856)	(10,972)
Decrease (increase) in real estate for sale	96	(3,209)
Decrease (increase) in costs on construction contracts in progress	(171)	(204)
Decrease (increase) in costs on uncompleted development projects	(169)	(1,952)
Decrease (increase) in advances paid	505	3
Decrease (increase) in consumption taxes refund receivable	(2,135)	767
Increase (decrease) in trade payables	1,735	5,122
Increase (decrease) in advances received on construction contracts in progress	(323)	(2,326)
Increase (decrease) in advances received on development projects	(67)	9
Increase (decrease) in deposits received	(596)	1,117
Increase (decrease) in accrued consumption taxes	(2,355)	(749)
Other, net	688	(823)
Subtotal	(10,251)	(11,148)
Interest and dividends received	181	198
Interest paid	(221)	(180)
Income taxes paid	(1,974)	(2,380)
Net cash provided by (used in) operating activities	(12,265)	(13,510)

(Million yen)

	For the six months ended November 30, 2021	For the six months ended November 30, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(960)	(1,989)
Proceeds from sale of property, plant and equipment	27	39
Purchase of intangible assets	(125)	(198)
Purchase of investment securities	(454)	(2,424)
Proceeds from sale and redemption of investment securities	260	81
Loan advances	(43)	(91)
Proceeds from collection of loans receivable	7	6
Proceeds from cancellation of insurance funds	939	66
Other, net	(13)	(0)
Net cash provided by (used in) investing activities	(362)	(4,510)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	43
Repayments of long-term borrowings	(2,285)	(831)
Repayments to non-controlling shareholders	-	(228)
Repayments of lease liabilities	(72)	(90)
Purchase of treasury shares	-	(2,310)
Proceeds from sale of treasury shares	116	99
Dividends paid	(1,419)	(1,424)
Dividends paid to non-controlling interests	(37)	(510)
Net cash provided by (used in) financing activities	(3,698)	(5,253)
Effect of exchange rate change on cash and cash equivalents	29	56
Net increase (decrease) in cash and cash equivalents	(16,297)	(23,217)
Cash and cash equivalents at beginning of period	46,954	47,170
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	60	-
Cash and cash equivalents at end of period	30,716	23,952

2. Supplementary Information

(1) [Non-consolidated] Status of orders, net sales and projects in process

1) Orders

(Million yen)

Category		For the six months ended November 30, 2021		For the six months ended November 30, 2022		Change		For the fiscal year ended May 31, 2022	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage	Amount	Composition ratio
Civil Engineering Business	Public sector in Japan	3,955	14.7%	3,900	9.9%	(55)	(1.4)%	12,135	8.8%
	Private sector in Japan	9,899	36.9%	5,153	13.1%	(4,746)	(47.9)%	23,781	17.3%
	Overseas	-	-	-	-	-	-	-	-
	Subtotal	13,854	51.6%	9,053	23.0%	(4,801)	(34.7)%	35,917	26.1%
Building Business	Public sector in Japan	71	0.3%	333	0.8%	262	367.2%	80	0.1%
	Private sector in Japan	9,998	37.3%	20,740	52.6%	10,741	107.4%	82,979	60.4%
	Overseas	617	2.3%	7,521	19.1%	6,904	1118.6%	5,496	4.0%
	Subtotal	10,687	39.8%	28,595	72.6%	17,908	167.6%	88,556	64.4%
Total	Public sector in Japan	4,026	15.0%	4,234	10.7%	207	5.2%	12,215	8.9%
	Private sector in Japan	19,898	74.1%	25,893	65.7%	5,995	30.1%	106,761	77.7%
	Overseas	617	2.3%	7,521	19.1%	6,904	1118.6%	5,496	4.0%
	Subtotal	24,542	91.4%	37,649	95.6%	13,107	53.4%	124,474	90.6%
Other Business		2,297	8.6%	1,743	4.4%	(553)	(24.1)%	12,929	9.4%
Grand total		26,839	100.0%	39,393	100.0%	12,553	46.8%	137,403	100.0%

2) Net sales

(Million yen)

Category		For the six months ended November 30, 2021		For the six months ended November 30, 2022		Change		For the fiscal year ended May 31, 2022	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage	Amount	Composition ratio
Civil Engineering Business	Public sector in Japan	11,929	23.4%	5,998	10.6%	(5,931)	(49.7)%	24,529	21.7%
	Private sector in Japan	8,044	15.8%	11,393	20.1%	3,349	41.6%	19,886	17.6%
	Overseas	-	-	-	-	-	-	-	-
	Subtotal	19,974	39.1%	17,392	30.6%	(2,582)	(12.9)%	44,416	39.3%
Building Business	Public sector in Japan	1,395	2.7%	114	0.2%	(1,281)	(91.8)%	2,194	1.9%
	Private sector in Japan	23,304	45.6%	33,626	59.2%	10,321	44.3%	46,280	40.9%
	Overseas	4,096	8.0%	3,903	6.9%	(193)	(4.7)%	7,268	6.4%
	Subtotal	28,797	56.4%	37,644	66.3%	8,846	30.7%	55,742	49.3%
Total	Public sector in Japan	13,325	26.1%	6,113	10.8%	(7,212)	(54.1)%	26,724	23.6%
	Private sector in Japan	31,349	61.4%	45,020	79.3%	13,670	43.6%	66,166	58.5%
	Overseas	4,096	8.0%	3,903	6.9%	(193)	(4.7)%	7,268	6.4%
	Subtotal	48,772	95.5%	55,037	96.9%	6,264	12.8%	100,159	88.6%
Other Business		2,295	4.5%	1,762	3.1%	(533)	(23.2)%	12,916	11.4%
Grand total		51,067	100.0%	56,799	100.0%	5,731	11.2%	113,075	100.0%

3) Projects in process

(Million yen)

Category		For the six months ended November 30, 2021		For the six months ended November 30, 2022		Change		For the fiscal year ended May 31, 2022	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage	Amount	Composition ratio
Civil Engineering Business	Public sector in Japan	29,987	23.6%	23,469	14.8%	(6,518)	(21.7)%	25,567	14.6%
	Private sector in Japan	36,916	29.1%	32,718	20.7%	(4,198)	(11.4)%	38,958	22.2%
	Overseas	-	-	-	-	-	-	-	-
	Subtotal	66,903	52.6%	56,187	35.5%	(10,716)	(16.0)%	64,526	36.7%
Building Business	Public sector in Japan	790	0.6%	219	0.1%	(570)	(72.2)%	-	-
	Private sector in Japan	48,196	37.9%	85,325	53.9%	37,129	77.0%	98,211	55.9%
	Overseas	11,158	8.8%	16,484	10.4%	5,325	47.7%	12,866	7.3%
	Subtotal	60,144	47.3%	102,029	64.5%	41,884	69.6%	111,077	63.2%
Total	Public sector in Japan	30,777	24.2%	23,688	15.0%	(7,088)	(23.0)%	25,567	14.6%
	Private sector in Japan	85,112	67.0%	118,043	74.6%	32,931	38.7%	137,170	78.1%
	Overseas	11,158	8.8%	16,484	10.4%	5,325	47.7%	12,866	7.3%
	Subtotal	127,048	100.0%	158,216	100.0%	31,168	24.5%	175,604	100.0%
Other Business		26	0.0%	19	0.0%	(6)	(25.8)%	37	0.0%
Grand total		127,074	100.0%	158,236	100.0%	31,161	24.5%	175,642	100.0%

(2) [Non-consolidated] Order forecasts for Construction Business

(Million yen)

	For the fiscal year ended May 31, 2022		For the fiscal year ending May 31, 2023	
	Full-year result	Year-on-year change (%)	Full-year forecast	Year-on-year change (%)
Civil Engineering Business	35,917	(33.5)	37,300	3.8
Building Business	88,556	31.9	86,800	(2.0)
Total	124,474	2.8	124,100	(0.3)