

Summary Report on Financial Results for the Third Quarter of the Year Ending March 31st, 2021
(Japan GAAP)

January 29th, 2021
Stock Listing: TSE-JASDAQ

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Scheduled date for filing the quarterly report: February 10th, 2021
Scheduled date for commencement of dividend payment: -
Supplementary material development: None
Financial results meeting: None

(Amounts less than one million yen are rounded down)
(The number with parenthesis shows negative figure)

1. Consolidated financial results for the Third quarter of the year ending March 31st, 2021 (April 1st, 2020 through December 31st, 2020)

(1) Consolidated operating results (cumulative)

(% represents increases or decreases from the previous year)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Third quarter of the year ending March 31 st , 2021	96,752	1.5	11,672	27.4	11,963	27.8	9,000	31.9
Third quarter of the year ended March 31 st , 2020	95,345	5.8	9,162	11.7	9,361	6.9	6,824	9.3

(Note) Comprehensive income

Third quarter of the year ending March 2021: 9,605 million yen / 28.5 %

Third quarter of the year ended March 2020: 7,472 million yen / 67.5 %

	Earnings per share	Diluted earnings per share
	yen	yen
Third quarter of the year ending March 31 st , 2021	595.31	—
Third quarter of the year ended March 31 st , 2020	449.03	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Third quarter of the year ending March 31 st , 2021	174,679	131,295	75.2	8,683.74
Year ended March 31 st , 2020	168,742	124,427	73.7	8,229.96

(Reference) Shareholders' equity:

Third quarter of the year ending March 31st, 2021: 131,295 million yen

Year ended March 31st, 2020: 124,427 million yen

2. Dividends

	Annual Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual
	yen	yen	yen	yen	yen
Year ended March 31 st , 2020	—	75.00	—	105.00	180.00
Year ending March 31 st , 2021	—	75.00	—		
Year ending March 31 st , 2021 forecast)				105.00	180.00

(Note) Revisions to recent dividend forecast: None

The detail of second quarter dividend of Year ended March 31st, 2020; ordinary dividend 55.00 yen, extra dividend 15.00 yen, commemorative dividend 5.00 yen

The detail of year-end dividend of Year ended March 31st, 2020; ordinary dividend 60.00 yen, extra dividend 40.00 yen, commemorative dividend 5.00 yen

The detail of second quarter dividend of Year ending March 31st, 2021; ordinary dividend 55.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 31st, 2021 (forecast); ordinary dividend 60.00 yen, extra dividend 45.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 31st, 2021

(% represents increase or decrease from the previous year)

	Net sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	134,000	0.5	13,400	0.9	13,700	0.4	10,000	4.1	661.40

(Note) Revisions to recent business forecast: Yes

Please refer to the announcement posted on January 29th, 2021 “Notice of Revision of Forecast of the Financial Results for the Fiscal Year Ending March 2021”.

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving changes in the scope of consolidation): None

(2) Application of special accounting methods for the preparation of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting projections and restatement

(i) Changes in accounting policies associated with revision of accounting standards: None

(ii) Changes other than (i) above: None

(iii) Changes in accounting projections: None

(iv) Restatement: None

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares at the end of the period (including treasury shares)

Third quarter of the year ending March 31st, 2021: 19,588,000 shares

Year ended March 31st, 2020: 19,588,000 shares

(ii) Number of shares of treasury shares at the end of the period:

Third quarter of the year ending March 31st, 2021: 4,468,329 shares

Year ended March 31st, 2020: 4,469,117 shares

(iii) Average number of shares during the period (accumulated consolidated quarter)

Third quarter of the year ending March 31st, 2021: 15,119,385 shares

Third quarter of the year ended March 31st, 2020: 15,198,271 shares

* Summary Report on Financial Results for the Third Quarter is not subject to quarterly review by certified public accountants or an auditing firm.

* Explanation about the appropriate use of the forecasts of financial results, and other noteworthy matters.

The projections and other statements with respect to the future included in this material are based on currently available information and certain assumptions that are judged reasonable by Fukuda Denshi (hereinafter, "the Group"). Please be advised that the Group does not guarantee in any way the achievement of the projections and other goals in this material and that cases may occur where the actual results and other situations differ materially from the projections due to various factors. With respect to the preconditions for the forecast of financial results, please refer to "(3) Explanation about consolidated earnings forecast" under the "1. Qualitative information about consolidated earnings results for the quarter under review" section on page 5.

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1. Qualitative information about consolidated earnings results for the quarter under review

(1) Explanation about consolidated operating results

The Japanese economy during the consolidated cumulative third quarter of this fiscal year (April 1st, 2020 through March 31st, 2021) has been in severe conditions due to the continued impact of the COVID-19 pandemic, and the economic prospects remain uncertain for the time being.

In the medical device industry, the remuneration for medical treatments in FY2020 has been a positive revision as a whole. However, medical institutions are still facing huge COVID-19 burden.

In such an environment, the Group posted a consolidated “Net sales” of 96,752 million yen (up 1.5% year-on-year basis), “Operating profit” of 11,672 million yen (up 27.4% year-on-year basis), “Ordinary profit” of 11,963 million yen (up 27.8% year-on-year basis), and “Profit attributable to owners of parent” of 9,000 million yen (up 31.9% year-on-year basis) in the third quarter.

A. Physiological diagnostic equipment segment

While the sales of electrocardiographs and IT-related products decreased, the number of large orders increased. Consolidated “Net sales” resulted in 26,738 million yen (up 3.9% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment resulted in 7,699 million yen (up 5.8% year-on-year basis).

C. Medical treatment equipment segment

While the sales of AEDs and pacemakers decreased, the sales of ventilators and the business of renting medical equipment for home treatment increased. Consolidated “Net sales” resulted in 39,105 million yen (up 5.0% year-on-year basis).

D. Consumables and other products segment

Consumables and other products segment includes the sales of recording paper, disposable electrodes, and consumables used for devices handled in the above segments, as well as maintenance and repair services.

Consolidated “Net sales” for this segment resulted in 23,208 million yen (down 7.5% year-on-year basis).

(2) Explanation about consolidated financial situation

“Total assets” increased 5,937 million yen from the end of previous fiscal year to reach 174,679 million yen. The main factors are the increase of 4,338 million yen in “Property, plant and equipment” and 2,580 million yen in “Merchandise and finished goods” despite the decrease of 2,132 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” decreased 930 million yen from the end of the previous fiscal year to reach 43,384 million yen. The main factor is the decrease of 1,366 million yen in “Provision for bonuses” despite the increase of 659 million yen in “Notes and accounts payable - trade”.

“Net assets” increased 6,867 million yen from the end of the previous fiscal year to reach 131,295 million yen. The main factor is the increase of 6,259 million yen in “Retained earnings”.

(3) Explanation about consolidated earnings forecast

The Group has revised the forecasts of the financial results. For further information, please refer to the announcement posted on January 29th, 2021 “Notice of Revision of Forecast of the Financial Results for the Fiscal Year Ending March 2021”.

2. Consolidated quarterly financial statements and Notes

(1) Consolidated quarterly balance sheets

	(Millions of yen)	
	Previous fiscal year (as of March 31 st , 2020)	End of the Third quarter under review (as of December 31 st , 2020)
Assets		
Current assets		
Cash and deposits	49,112	48,032
Notes and accounts receivable - trade	36,378	34,245
Electronically recorded monetary claims - operating	1,681	2,296
Securities	107	101
Merchandise and finished goods	9,553	12,133
Work in process	198	260
Raw materials and supplies	2,559	2,930
Other	1,670	2,029
Allowance for doubtful accounts	(45)	(39)
Total current assets	101,215	101,991
Non-current assets		
Property, plant and equipment	36,443	40,781
Intangible assets	1,731	1,633
Investments and other assets		
Investment securities	10,138	10,712
Other	19,228	19,576
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	29,351	30,273
Total non-current assets	67,526	72,688
Total assets	168,742	174,679
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,263	18,923
Electronically recorded obligations - operating	6,081	6,545
Short-term borrowings	1,750	1,800
Income taxes payable	2,361	1,408
Provision for bonuses	2,728	1,362
Provision for product warranties	124	160
Other provisions	296	222
Other	5,766	5,925
Total current liabilities	37,372	36,346
Non-current liabilities		
Retirement benefit liability	3,438	3,519
Other provisions	342	351
Other	3,160	3,167
Total non-current liabilities	6,942	7,037
Total liabilities	44,314	43,384

	(Millions of yen)	
	Previous fiscal year (as of March 31 st , 2020)	End of the Third quarter under review (as of December 31 st , 2020)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,817	21,841
Retained earnings	118,517	124,776
Treasury shares	(20,358)	(20,379)
Total shareholders' equity	124,597	130,860
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	644	1,228
Foreign currency translation adjustment	(353)	(402)
Remeasurements of defined benefit plans	(461)	(389)
Total accumulated other comprehensive income	(169)	435
Total net assets	124,427	131,295
Total liabilities and net assets	168,742	174,679

(2) Consolidated quarterly income statements and consolidated quarterly comprehensive income statements

Consolidated quarterly income statements
(Third quarter of the consolidated term)

	(Millions of yen)	
	Third quarter of the previous consolidated term (from April 1 st , 2019 to December 31 st , 2019)	Third quarter of the consolidated term (from April 1 st , 2020 to December 31 st , 2020)
Net sales	95,345	96,752
Cost of sales	56,455	55,344
Gross profit	38,890	41,407
Selling, general and administrative expenses	29,727	29,735
Operating profit	9,162	11,672
Non-operating income		
Interest income	47	47
Dividend income	118	114
Gain on investments in investment partnerships	11	58
Other	112	136
Total non-operating income	290	357
Non-operating expenses		
Interest expenses	29	29
Foreign exchange losses	39	26
Loss on investments in investment partnerships	1	-
Other	20	11
Total non-operating expenses	91	67
Ordinary profit	9,361	11,963
Extraordinary income		
Gain on sales of non-current assets	41	37
Gain on sales of investment securities	-	762
Surrender value of insurance policies	355	420
Gain on reversal of foreign currency translation adjustment	33	-
Total extraordinary income	431	1,220
Extraordinary losses		
Loss on sales of non-current assets	-	1
Impairment loss	13	1
Loss on valuation of investment securities	-	399
Office relocation expenses	-	6
Total extraordinary losses	13	408
Profit before income taxes	9,778	12,774
Income taxes - current	2,319	3,835
Income taxes - deferred	634	(61)
Total income taxes	2,954	3,774
Profit	6,824	9,000
Profit attributable to owners of parent	6,824	9,000

Consolidated quarterly comprehensive income statements
(Third quarter of the consolidated term)

(Millions of yen)

	Third quarter of the previous consolidated term (from April 1 st , 2019 to December 31 st , 2019)	Third quarter of the consolidated term (from April 1 st , 2020 to December 31 st , 2020)
Profit	6,824	9,000
Other comprehensive income		
Valuation difference on available-for-sale securities	694	583
Foreign currency translation adjustment	(91)	(49)
Remeasurements of defined benefit plans, net of tax	45	71
Total other comprehensive income	648	605
Comprehensive income	7,472	9,605
Comprehensive income attributable to Comprehensive income attributable to owners of parent	7,472	9,605

(3) Notes to consolidated quarterly financial statement
(Notes regarding the premise for going concern)
Not applicable.

(Notes when there is a significant fluctuation in the amount of shareholders' equity)
Not applicable.

* This English translation is for reference purposes only. The original Japanese version will prevail as the official authoritative version.

* The original disclosure in Japanese was released on January 29th, 2021 at 15:00 (GMT+9)