

Summary Report on Financial Results for the First Quarter of the Year Ending March 31st, 2022
(Japan GAAP)

July 30th, 2021
Stock Listing: TSE-JASDAQ

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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 First quarter of the year ending March 31st, 2022 (April 1st, 2021 through June 30th, 2021)

(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	%
First quarter of the year ending March 31 st , 2022	27,587	-	4,195	79.5	4,317	77.6	2,771	58.5
First quarter of the year ended March 31 st , 2021	27,297	(4.5)	2,337	(9.9)	2,431	(7.3)	1,749	(5.7)

(Note) Comprehensive income

First quarter of the year ending March 31st, 2022: 2,589 million yen / 16.2 %

First quarter of the year ended March 31st, 2021: 2,227 million yen / 33.2 %

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31st, 2020), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. The percentage of year-on-year change for “Net Sales” is not indicated as the figures for the first quarter is calculated after the application of the said Accounting Standard. (The figures for “Operating Profit”, “Ordinary Profit”, and “Profit attributable to owners of parent” have not been affected by the said Accounting Standard.)

A consolidated “Net Sales” reaches 29,489 million yen (up 8.0% year-on-year basis) if not applied the said Accounting Standards.

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 31 st , 2022	183.31	—
First quarter of the year ended March 31 st , 2021	115.69	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
First quarter of the year ending March 31 st , 2022	182,047	137,522	75.5	9,095.48
Year ended March 31 st , 2021	191,762	137,981	72.0	9,125.88

(Reference) Shareholders' equity:

First quarter of the year ending March 31st, 2022: 137,522 million yen

Fiscal year ended March 31st, 2021: 137,981 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 , 2021	—	75.00	—	200.00	275.00
Year ending March 31 st , 2022	—				
Year ending March 31 st , 2022 (forecast)		100.00	—	115.00	215.00

(Note) Revisions to recent dividend forecast: Yes

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

The detail of year-end dividend of Year ended March 31st, 2021; ordinary dividend 90.00 yen, extra dividend 110.00 yen

The detail of second quarter dividend of Year ending March 31st, 2022 (forecast); ordinary dividend 80.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 31st, 2022 (forecast); ordinary dividend 80.00 yen, extra dividend 35.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 31st, 2022 (April 1st, 2021 through March 31st, 2022)

(% 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	125,000	-	15,000	(24.3)	15,000	(26.0)	11,000	(25.3)	727.52

(Note) Revisions to recent business forecast: Yes

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31st, 2020), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. The percentage of year-on-year change for “Net Sales” is not indicated as the figures for the first quarter is calculated after the application of the said Accounting Standard. (The figures for “Operating Profit”, “Ordinary Profit”, and “Profit attributable to owners of parent” have not been affected by the said Accounting Standard.)

*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: Yes

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

(iii) Changes in accounting projections: None

(iv) Restatement: None

Note: For details, please refer to Changes in Accounting Policy in (3) Notes to consolidated quarterly financial statement on page 9.

(4) Number of outstanding shares (common shares)

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

First quarter of the year ending March 31st, 2022: 19,588,000 shares

Year ended March 31st, 2021: 19,588,000 shares

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

First quarter of the year ending March 31st, 2022: 4,468,170 shares

Year ended March 31st, 2021: 4,468,250 shares

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

First quarter of the year ending March 31st, 2022: 15,119,815 shares

First quarter of the year ended March 31st, 2021: 15,119,088 shares

* This summary is not subject to audit procedure.

* 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 first quarter of this fiscal year (April 1st, 2021 through March 31st, 2022) has been in severe conditions due to the continued impact of the COVID-19 pandemic. The economic prospects remain uncertain for the time being even though some signs of recovery have been showed.

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 27,587 million yen, “Operating profit” of 4,195 million yen (up 79.5% year-on-year basis), “Ordinary profit” of 4,317 million yen (up 77.6% year-on-year basis), and “Profit attributable to owners of parent” of 2,771 million yen (up 58.5% year-on-year basis) in the first quarter.

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31st, 2020), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. The percentage of year-on-year change for “Net Sales” is not indicated as the figures for the first quarter is calculated after the application of the said Accounting Standard. (The figures for “Operating Profit”, “Ordinary Profit”, and “Profit attributable to owners of parent” have not been affected by the said Accounting Standard.)

A. Physiological diagnostic equipment segment

While the sales of electrocardiographs increased, the number of large orders has decreased. As a result, consolidated “Net sales” were 5,013 million yen.

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 2,551 million yen.

C. Medical treatment equipment segment

The sales of AEDs, pacemakers, and the business of renting medical equipment for home treatment increased. As a result, consolidated “Net sales” were 12,660 million yen.

D. Consumables and other products segment

In this segment, we mainly handle 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 were 7,361 million yen.

(2) Explanation about consolidated financial situation

“Total assets” decreased 9,715 million yen from the end of previous fiscal year to reach 182,047 million yen. The main factors are the decrease of 13,914 million yen in “Notes and accounts receivable - trade” despite the increase of 1,830 million yen in “Merchandise and finished goods” and 3,437 million yen in “Property, plant and equipment”.

“Total liabilities” decreased 9,256 million yen from the end of the previous fiscal year to reach 44,525 million yen. The main factor is the decrease of 5,115 million yen in “Notes and accounts payable - trade” and 4,145 million yen in “Income taxes payable”.

“Net assets” decreased 458 million yen from the end of the previous fiscal year to reach 137,522 million yen. The main factor is the decrease of 276 million yen in “Retained earnings” and 226 million yen in “Valuation difference on available-for-sale securities”.

(3) Explanation about consolidated earnings forecast

For the information about consolidated earnings forecast, please refer to the announcement posted on July 30th “Notice of the Forecast of the Financial Results and Dividends for the Fiscal Year Ending March 2022”.

2. Consolidated quarterly financial statements and Notes

(1) Consolidated quarterly balance sheets

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2021)	End of the First quarter under review (as of June 30 th , 2021)
Assets		
Current assets		
Cash and deposits	56,590	55,050
Notes and accounts receivable - trade	43,161	29,247
Electronically recorded monetary claims - operating	2,799	3,126
Securities	1,483	937
Merchandise and finished goods	9,792	11,622
Work in process	123	303
Raw materials and supplies	2,920	3,847
Other	1,848	2,151
Allowance for doubtful accounts	(57)	(32)
Total current assets	118,663	106,253
Non-current assets		
Property, plant and equipment	40,778	44,215
Intangible assets	1,584	1,506
Investments and other assets		
Investment securities	10,051	9,728
Other	20,696	20,354
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	30,735	30,070
Total non-current assets	73,099	75,793
Total assets	191,762	182,047
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,273	15,157
Electronically recorded obligations - operating	9,166	8,683
Short-term borrowings	1,750	1,750
Income taxes payable	4,887	741
Provision for bonuses	3,193	1,222
Provision for product warranties	70	70
Other provisions	436	116
Other	7,321	10,099
Total current liabilities	47,098	37,842
Non-current liabilities		
Retirement benefit liability	3,193	3,212
Other provisions	401	411
Other	3,088	3,059
Total non-current liabilities	6,683	6,683
Total liabilities	53,781	44,525

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2021)	End of the First quarter under review (as of June 30 th , 2021)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,841	21,841
Retained earnings	130,491	130,214
Treasury shares	(20,378)	(20,378)
Total shareholders' equity	136,575	136,299
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,805	1,579
Foreign currency translation adjustment	(274)	(240)
Remeasurements of defined benefit plans	(125)	(115)
Total accumulated other comprehensive income	1,405	1,222
Total net assets	137,981	137,522
Total liabilities and net assets	191,762	182,047

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

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2020 to June 30 th , 2020)	First quarter of the consolidated term (from April 1 st , 2021 to June 30 th , 2021)
Net sales	27,297	27,587
Cost of sales	14,989	13,244
Gross profit	12,308	14,343
Selling, general and administrative expenses	9,970	10,147
Operating profit	2,337	4,195
Non-operating income		
Interest income	15	17
Dividend income	67	54
Foreign exchange gains	-	6
Gain on investments in investment partnership	-	78
Other	34	22
Total non-operating income	116	178
Non-operating expenses		
Interest expenses	9	9
Foreign exchange losses	9	-
Loss on investments in investment partnership	-	42
Other	3	5
Total non-operating expenses	22	57
Ordinary profit	2,431	4,317
Extraordinary income		
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	253	60
Surrender value of insurance policies	58	-
Total extraordinary income	313	62
Extraordinary losses		
Loss on sales of non-current assets	1	-
Impairment loss	0	6
Loss on valuation of investment securities	251	-
Office relocation expenses	-	0
Loss on cancellation of insurance policies	-	24
Total extraordinary losses	253	31
Profit before income taxes	2,491	4,347
Income taxes - current	901	1,475
Income taxes - deferred	(158)	101
Total income taxes	742	1,576
Profit	1,749	2,771
Profit attributable to owners of parent	1,749	2,771

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2020 to June 30 th , 2020)	First quarter of the consolidated term (from April 1 st , 2021 to June 30 th , 2021)
Profit	1,749	2,771
Other comprehensive income		
Valuation difference on available-for-sale securities	482	(226)
Foreign currency translation adjustment	(27)	33
Remeasurements of defined benefit plans, net of tax	23	10
Total other comprehensive income	478	(182)
Comprehensive income	2,227	2,589
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,227	2,589

(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.

(Changes in Accounting Policy)

Application of the Accounting Standard for Revenue Recognition, etc.

The "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31st, 2020). Hereinafter, "Accounting Standard for Revenue Recognition", etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. In accordance with this accounting standard, the Group recognizes revenue as the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer.

Revenue Recognition in terms of agent transaction

Since the beginning of the first quarter of the current consolidated fiscal year, the Group recognizes revenue as the net amount received from the customer after deduction of the payment for the suppliers in terms of the agent transaction.

The application of the Accounting Standard for Revenue Recognition is pursuant to the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect when applying the new accounting policy retrospectively from before the beginning of the first quarter of the current consolidated fiscal year is added to or subtracted from the retained earnings at the beginning of the first quarter of the current consolidated fiscal year before applying the new accounting policy from the beginning-of-year balance.

As a result, "Net sales" and "Cost of sales" each decreased 1,901 million yen in the first quarter.

Application of Accounting Standard for Fair Value Measurement, etc.

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4th, 2019), etc. have been applied since the beginning of the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4th, 2019), the Group has decided to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. in the future.

These changes had no impact on the Group's consolidated financial statements.

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