

Summary Report on Financial Results for the First Quarter of the Year Ending March 31st, 2023
(Japan GAAP)

July 29th, 2022

Stock Listing: TSE-Standard Market

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 Scheduled date for filing the quarterly report: August 5th, 2022
 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, 2023 (April 1st, 2022 through June 30th, 2022)

(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 , 2023	27,690	0.4	4,033	(3.9)	4,414	2.2	2,851	2.9
First quarter of the year ended March 31 st , 2022	27,587	-	4,195	79.5	4,317	77.6	2,771	58.5

(Note) Comprehensive income

First quarter of the year ending March 31st, 2023: 3,060 million yen / 18.2 %

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

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31st, 2020), etc. has been applied since the previous fiscal year. For this reason, the percentage of year-on-year change of “Net sales” for the first quarter of the fiscal year ended March 31st, 2022 is not indicated.

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 31 st , 2023	188.54	—
First quarter of the year ended March 31 st , 2022	183.31	—

(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 , 2023	191,721	149,798	78.1	9,904.85
Year ended March 31 st , 2022	195,495	149,857	76.7	9,909.40

(Reference) Shareholders' equity:

First quarter of the year ending March 31st, 2023: 149,798 million yen

Fiscal year ended March 31st, 2022: 149,857 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 , 2022	—	100.00	—	205.00	305.00
Year ending March 31 st , 2023	—				
Year ending March 31 st , 2023 (forecast)		100.00	—	115.00	215.00

(Note) Revisions to recent dividend forecast: None

The detail of second quarter dividend of Year ended March 31st, 2022; ordinary dividend 80.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ended March 31st, 2022; ordinary dividend 80.00 yen, extra dividend 125.00 yen

The detail of second quarter dividend of Year ending March 31st, 2023 (forecast); ordinary dividend 80.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 31st, 2023 (forecast); ordinary dividend 90.00 yen, extra dividend 25.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 31st, 2023 (April 1st, 2022 through March 31st, 2023)

(% 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	120,000	(9.2)	16,000	(29.5)	16,000	(31.7)	11,000	(32.2)	727.34

(Note) Revisions to recent business forecast: None

Since operating results of Fukuda Denshi (hereinafter, “the Group”) tends to take a peak at the fourth quarter and it is difficult to give a forecast every six months based on rational calculation, the consolidated forecast at the second quarter is not disclosed.

*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

(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, 2023: 19,588,000 shares

Year ended March 31st, 2022: 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, 2023: 4,464,276 shares

Year ended March 31st, 2022: 4,465,240 shares

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

First quarter of the year ending March 31st, 2023: 15,123,276 shares

First quarter of the year ended March 31st, 2022: 15,119,815 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 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, 2022 through March 31st, 2023), confirmed cases and death of COVID-19 decreased. But on the other hand, the economic prospects remain uncertain for the time being due to the re-spread of COVID-19 and the higher prices of resources affected by international situations.

In the medical industry, it is now required to strengthen the efforts to COVID-19 pandemic and to construct an efficient framework to provide healthcare services reflecting the regional medical plan through the differentiation and strengthening of medical institutions' functions encouraging the regional healthcare network.

In such an environment, the Group posted consolidated "Net sales" of 27,690 million yen (up 0.4% year-on-year basis), "Operating profit" of 4,033 million yen (down 3.9% year-on-year basis), "Ordinary profit" of 4,414 million yen (up 2.2% year-on-year basis), and "Profit attributable to owners of parent" of 2,851 million yen (up 2.9% year-on-year basis) in the first quarter.

A. Physiological diagnostic equipment segment

The sales of vascular screening systems increased.

As a result, consolidated "Net sales" were 5,075 million yen (up 1.2% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated "Net sales" of patient monitoring equipment were 2,131 million yen (down 16.5% year-on-year basis).

C. Medical treatment equipment segment

While the business of renting medical equipment for home treatment increased, the sales of AEDs and ventilators decreased.

As a result, consolidated "Net sales" were 12,653 million yen (down 0.1% 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 were 7,829 million yen (up 6.4% year-on-year basis).

(2) Explanation about consolidated financial situation

"Total assets" decreased 3,774 million yen from the end of previous fiscal year to reach 191,721 million yen. The main factors are the decrease of 8,397 million yen in "Notes and accounts receivable - trade" despite the increase of 1,685 million yen in "Merchandise and finished goods".

"Total liabilities" decreased 3,714 million yen from the end of the previous fiscal year to reach 41,923 million yen. The main factor is the decrease of 2,125 million yen in "Notes and accounts payable - trade" and 2,642 million yen in "Income taxes payable".

"Net assets" decreased 59 million yen from the end of the previous fiscal year to reach 149,798 million yen. The main factor is the decrease of 272 million yen in "Retained earnings" despite the increase of 264 million yen in "Foreign currency translation adjustment".

(3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the first quarter, there is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 13th, 2022.

The forecasted financial results described in this material are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.

2. Consolidated quarterly financial statements and Notes

(1) Consolidated quarterly balance sheets

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2022)	End of the First quarter under review (as of June 30 th , 2022)
Assets		
Current assets		
Cash and deposits	64,057	64,010
Notes and accounts receivable - trade	36,543	28,145
Electronically recorded monetary claims - operating	2,908	3,195
Securities	497	496
Merchandise and finished goods	9,391	11,076
Work in process	205	249
Raw materials and supplies	3,940	4,508
Other	2,217	2,428
Allowance for doubtful accounts	(23)	(5)
Total current assets	119,736	114,106
Non-current assets		
Property, plant and equipment	45,264	45,833
Intangible assets	1,538	1,531
Investments and other assets		
Investment securities	9,671	10,468
Other	19,293	19,790
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	28,956	30,249
Total non-current assets	75,759	77,614
Total assets	195,495	191,721
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,501	13,376
Electronically recorded obligations - operating	6,648	5,829
Short-term borrowings	1,750	1,750
Income taxes payable	3,451	808
Provision for bonuses	3,439	1,481
Provision for product warranties	117	122
Other provisions	579	153
Other	7,339	11,683
Total current liabilities	38,829	35,206
Non-current liabilities		
Retirement benefit liability	3,137	3,158
Other provisions	752	649
Other	2,918	2,909
Total non-current liabilities	6,809	6,716
Total liabilities	45,638	41,923

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2022)	End of the First quarter under review (as of June 30 th , 2022)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,841	21,841
Retained earnings	142,135	141,862
Treasury shares	(20,362)	(20,357)
Total shareholders' equity	148,236	147,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,836	1,771
Foreign currency translation adjustment	(11)	252
Remeasurements of defined benefit plans	(204)	(193)
Total accumulated other comprehensive income	1,621	1,830
Total net assets	149,857	149,798
Total liabilities and net assets	195,495	191,721

(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 , 2021 to June 30 th , 2021)	First quarter of the consolidated term (from April 1 st , 2022 to June 30 th , 2022)
Net sales	27,587	27,690
Cost of sales	13,244	12,828
Gross profit	14,343	14,861
Selling, general and administrative expenses	10,147	10,828
Operating profit	4,195	4,033
Non-operating income		
Interest income	17	16
Dividend income	54	69
Foreign exchange gains	6	263
Gain on investments in investment partnership	78	-
Other	22	43
Total non-operating income	178	392
Non-operating expenses		
Interest expenses	9	8
Loss on investments in investment partnership	42	-
Other	5	2
Total non-operating expenses	57	11
Ordinary profit	4,317	4,414
Extraordinary income		
Gain on sales of non-current assets	1	4
Gain on sales of investment securities	60	-
Gain on extinguishment of tie-in shares	-	67
Total extraordinary income	62	72
Extraordinary losses		
Loss on sales of non-current assets	-	0
Impairment losses	6	57
Office relocation expenses	0	-
Loss on cancellation of insurance policies	24	-
Other	-	0
Total extraordinary losses	31	58
Profit before income taxes	4,347	4,428
Income taxes - current	1,475	1,655
Income taxes - deferred	101	(78)
Total income taxes	1,576	1,576
Profit	2,771	2,851
Profit attributable to owners of parent	2,771	2,851

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2021 to June 30 th , 2021)	First quarter of the consolidated term (from April 1 st , 2022 to June 30 th , 2022)
Profit	2,771	2,851
Other comprehensive income		
Valuation difference on available-for-sale securities	(226)	(65)
Foreign currency translation adjustment	33	264
Remeasurements of defined benefit plans, net of tax	10	10
Total other comprehensive income	(182)	209
Comprehensive income	2,589	3,060
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,589	3,060

(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 Implementation Guidance on Accounting Standard for Fair Value Measurement:

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17th, 2021) has been applied since the beginning of the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement", the Group has decided to apply the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement in the future.

The change 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.