

Summary Report on Financial Results for the First Quarter of the Year Ending March 31st, 2024
(Japan GAAP)

July 31st, 2023

Stock Listing: TSE-Standard Market

Company name: Fukuda Denshi Co., Ltd.
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 Scheduled date for filing the quarterly report: August 8th, 2023
 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, 2024 (April 1st, 2023 through June 30th, 2023)

(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 , 2024	29,180	5.4	5,101	26.5	5,227	18.4	3,495	22.6
First quarter of the year ended March 31 st , 2023	27,690	0.4	4,033	(3.9)	4,414	2.2	2,851	2.9

(Note) Comprehensive income

First quarter of the year ending March 31st, 2024: 4,296 million yen / 40.4 %

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

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 31 st , 2024	115.54	—
First quarter of the year ended March 31 st , 2023	94.27	—

(Note)

Fukuda Denshi Co., Ltd. (hereinafter mentioned as "the Company") conducted a stock split at a ratio of two shares for one common share on effective date of December 1st, 2022. "Earnings per share" is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(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 , 2024	204,525	164,297	80.3	5,431.12
Year ended March 31 st , 2023	206,922	163,047	78.8	5,390.09

(Reference) Shareholders' equity:

First quarter of the year ending March 31st, 2024: 164,297 million yen

Fiscal year ended March 31st, 2023: 163,047 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 , 2023	—	140.00	—	100.00	—
Year ending March 31 st , 2024	—				
Year ending March 31 st , 2024 (forecast)		70.00	—	70.00	140.00

(Note 1) Revisions to recent dividend forecast: None

(Note 2)

The detail of second quarter dividend of Year ended March 31st, 2023; ordinary dividend 110.00 yen, extra dividend 30.00 yen

The detail of year-end dividend of Year ended March 31st, 2023; ordinary dividend 55.00 yen, extra dividend 45.00 yen

The detail of second quarter dividend of Year ending March 31st, 2024 (forecast); ordinary dividend 55.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 31st, 2024 (forecast); ordinary dividend 55.00 yen, extra dividend 15.00 yen

(Note 3)

The Company conducted a stock split at a ratio of two shares for one common share on the effective date of December 1st, 2022. Dividends per share for the second quarter of the fiscal year ending March 31st, 2023 are the amounts prior to the stock split. Dividends for the fiscal year ending March 31st, 2023 and the fiscal year ending March 31st, 2024 (forecast) are the amounts after the stock split. The total dividends for the fiscal year ending March 31st, 2023 are not indicated.

3. Forecast of consolidated financial results for fiscal year ending March 31st, 2024 (April 1st, 2023 through March 31st, 2024)

(% 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	130,000	(3.5)	20,000	(17.0)	20,000	(20.3)	14,000	(19.0)	462.80

(Note 1) Revisions to recent business forecast: None

(Note 2)

Since operating results of Fukuda Denshi (hereinafter mentioned as “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: 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)

First quarter of the year ending March 31st, 2024: 39,176,000 shares
Year ended March 31st, 2023: 39,176,000 shares

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

First quarter of the year ending March 31st, 2024: 8,924,912 shares
Year ended March 31st, 2023: 8,926,412 shares

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

First quarter of the year ending March 31st, 2024: 30,250,288 shares
First quarter of the year ended March 31st, 2023: 30,246,552 shares

(Note)

The Company conducted a stock split at a ratio of two shares for one common share on the effective date of December 1st, 2022. "Average number of shares during the period" is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

* 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

Although the Japanese economy has been gradually recovering from the impact of the COVID-19 pandemic during the consolidated cumulative first quarter of this fiscal year (April 1st, 2023 through March 31st, 2024), there is still uncertainty about the future due to factors such as soaring resource prices influenced by the international situation and the monetary tightening in Europe and America in response to rising prices.

In the medical industry, it is now necessary to continue the efforts against the COVID-19 pandemic while advancing the promotion of medical DX for the digitalization of the medical field, and to establish an efficient framework to provide healthcare services that aligns with regional medical plans by enhancing the differentiation and functionality of medical institutions and promoting regional healthcare networks.

In such an environment, the Group posted consolidated “Net sales” of 29,180 million yen (up 5.4% year-on-year basis), “Operating profit” of 5,101 million yen (up 26.5% year-on-year basis), “Ordinary profit” of 5,227 million yen (up 18.4% year-on-year basis), and “Profit attributable to owners of parent” of 3,495 million yen (up 22.6% year-on-year basis) in the first quarter.

A. Physiological diagnostic equipment segment

The sales of blood cell counters increased.

As a result, consolidated “Net sales” were 5,121 million yen (up 0.9% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 1,559 million yen (down 26.8% year-on-year basis).

C. Medical treatment equipment segment

The sales of AEDs and the business of renting medical equipment for home treatment increased.

As a result, consolidated “Net sales” were 14,096 million yen (up 11.4% 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 8,402 million yen (up 7.3% year-on-year basis).

(2) Explanation about consolidated financial situation

“Total assets” decreased 2,397 million yen from the end of previous fiscal year to reach 204,525 million yen. The main factors are the decrease of 9,726 million yen in “Notes and accounts receivable - trade” despite the increase of 2,826 million yen in “Merchandise and finished goods”.

“Total liabilities” decreased 3,646 million yen from the end of the previous fiscal year to reach 40,228 million yen. The main factor is the decrease of 607 million yen in “Notes and accounts payable - trade” and 3,167 million yen in “Income taxes payable”.

“Net assets” increased 1,249 million yen from the end of the previous fiscal year to reach 164,297 million yen. The main factor is the increase of 444 million yen in “Retained earnings” and 579 million yen in “Valuation difference on available-for-sale securities”.

(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 15th, 2023.

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 , 2023)	End of the First quarter under review (as of June 30 th , 2023)
Assets		
Current assets		
Cash and deposits	67,965	70,227
Notes and accounts receivable - trade	37,944	28,218
Electronically recorded monetary claims - operating	3,156	4,019
Securities	501	501
Merchandise and finished goods	10,109	12,935
Work in process	212	285
Raw materials and supplies	5,277	5,622
Other	1,562	2,550
Allowance for doubtful accounts	(5)	(5)
Total current assets	126,725	124,355
Non-current assets		
Property, plant and equipment	46,826	47,037
Intangible assets	1,617	1,570
Investments and other assets		
Investment securities	10,815	11,732
Other	20,951	19,842
Allowance for doubtful accounts	(14)	(13)
Total investments and other assets	31,753	31,562
Total non-current assets	80,197	80,170
Total assets	206,922	204,525
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,743	13,136
Electronically recorded obligations - operating	5,136	5,177
Short-term borrowings	1,750	1,750
Income taxes payable	4,103	936
Provision for product warranties	111	106
Provision for bonuses	3,953	1,446
Other provisions	546	145
Other	8,170	11,214
Total current liabilities	37,514	33,913
Non-current liabilities		
Retirement benefit liability	2,671	2,691
Other provisions	767	713
Other	2,921	2,909
Total non-current liabilities	6,360	6,315
Total liabilities	43,875	40,228

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2023)	End of the First quarter under review (as of June 30 th , 2023)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,887	21,887
Retained earnings	154,156	154,601
Treasury shares	(20,398)	(20,395)
Total shareholders' equity	160,266	160,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,395	2,974
Foreign currency translation adjustment	198	429
Remeasurements of defined benefit plans	188	178
Total accumulated other comprehensive income	2,781	3,582
Total net assets	163,047	164,297
Total liabilities and net assets	206,922	204,525

(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 , 2022 to June 30 th , 2022)	First quarter of the consolidated term (from April 1 st , 2023 to June 30 th , 2023)
Net sales	27,690	29,180
Cost of sales	12,828	12,811
Gross profit	14,861	16,368
Selling, general and administrative expenses	10,828	11,266
Operating profit	4,033	5,101
Non-operating income		
Interest income	16	18
Dividend income	69	87
Foreign exchange gains	263	-
Other	43	53
Total non-operating income	392	158
Non-operating expenses		
Interest expenses	8	8
Foreign exchange losses	-	22
Other	2	1
Total non-operating expenses	11	32
Ordinary profit	4,414	5,227
Extraordinary income		
Gain on sales of non-current assets	4	4
Surrender value of insurance policies	-	131
Gain on extinguishment of tie-in shares	67	-
Total extraordinary income	72	136
Extraordinary losses		
Loss on sale of non-current assets	0	0
Impairment losses	57	1
Office relocation expenses	-	8
Other	0	-
Total extraordinary losses	58	10
Profit before income taxes	4,428	5,352
Income taxes - current	1,655	1,673
Income taxes - deferred	(78)	184
Total income taxes	1,576	1,857
Profit	2,851	3,495
Profit attributable to owners of parent	2,851	3,495

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2022 to June 30 th , 2022)	First quarter of the consolidated term (from April 1 st , 2023 to June 30 th , 2023)
Profit	2,851	3,495
Other comprehensive income		
Valuation difference on available-for-sale securities	(65)	579
Foreign currency translation adjustment	264	231
Remeasurements of defined benefit plans, net of tax	10	(9)
Total other comprehensive income	209	801
Comprehensive income	3,060	4,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,060	4,296

(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.