

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

January 31st, 2024
Stock Listing: TSE-Standard Market

Company name: Fukuda Denshi Co., Ltd.
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Scheduled date for filing the quarterly report: February 13th, 2024
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, 2024 (April 1st, 2023 through December 31st, 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 | % |
| Third quarter of the year ending March 31 st , 2024 | 99,258 | 6.2 | 19,286 | 20.0 | 19,603 | 16.9 | 13,636 | 17.5 |
| Third quarter of the year ended March 31 st , 2023 | 93,481 | 0.4 | 16,077 | 1.4 | 16,766 | 2.7 | 11,606 | 0.2 |

(Note) Comprehensive income

Third quarter of the year ending March 31st, 2024: 15,666 million yen / 31.1 %

Third quarter of the year ended March 31st, 2023: 11,950 million yen / 1.5 %

| | Earnings per share | Diluted earnings per share |
|--|--------------------|----------------------------|
| | yen | yen |
| Third quarter of the year ending March 31 st , 2024 | 450.77 | — |
| Third quarter of the year ended March 31 st , 2023 | 383.71 | — |

(Note)

Fukuda Denshi Co., Ltd. (hereinafter mentioned as "the Company") conducted a stock split at a ratio of two shares for one common share, effective as 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 |
| Third quarter of the year ending March 31 st , 2024 | 210,737 | 173,232 | 82.2 | 5,726.04 |
| Year ended March 31 st , 2023 | 206,922 | 163,047 | 78.8 | 5,390.09 |

(Reference) Shareholders' equity:

Third quarter of the year ending March 31st, 2024: 173,232 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 | — | 80.00 | — | | |
| Year ending March 31 st , 2024 (forecast) | | | | 85.00 | 165.00 |

(Note 1) Revisions to recent dividend forecast: Yes

(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; ordinary dividend 60.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 31st, 2024 (forecast); ordinary dividend 60.00 yen, extra dividend 25.00 yen

(Note 3)

The Company conducted a stock split at a ratio of two shares for one common share, effective as of December 1st, 2022. Dividends per share for the second quarter of the fiscal year ended March 31st, 2023 are the amounts prior to the stock split. Dividends for the fiscal year ended March 31st, 2023 and the fiscal year ending March 31st, 2024 (forecast) are the amounts after the stock split. For the reason, the total dividends for the fiscal year ended 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 | 134,000 | (0.5) | 24,000 | (0.4) | 24,000 | (4.3) | 16,500 | (4.5) | 545.42 |

(Note) Revisions to recent business forecast: Yes

*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, 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:

Third quarter of the year ending March 31st, 2024: 8,922,461 shares

Year ended March 31st, 2023: 8,926,412 shares

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

Third quarter of the year ending March 31st, 2024: 30,251,454 shares

Third quarter of the year ended March 31st, 2023: 30,247,402 shares

(Note)

The Company conducted a stock split at a ratio of two shares for one common share, effective as 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 Fukuda Denshi (hereinafter mentioned as "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 third 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 regions.

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 99,258 million yen (up 6.2% year-on-year basis), “Operating profit” of 19,286 million yen (up 20.0% year-on-year basis), “Ordinary profit” of 19,603 million yen (up 16.9% year-on-year basis), and “Profit attributable to owners of parent” of 13,636 million yen (up 17.5% year-on-year basis) in the third quarter.

A. Physiological diagnostic equipment segment

The sales of vascular screening systems and blood cell counters decreased.

As a result, consolidated “Net sales” were 19,515 million yen (down 2.3% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 5,989 million yen (down 20.0% year-on-year basis).

C. Medical treatment equipment segment

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

As a result, consolidated “Net sales” were 44,068 million yen (up 8.7% 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 29,685 million yen (up 16.5% year-on-year basis).

(2) Explanation about consolidated financial situation

“Total assets” increased 3,814 million yen from the end of previous fiscal year to reach 210,737 million yen. The main factors of this are the increase of 5,114 million yen in “Property, plant and equipment” and 4,628 million yen in “Merchandise and finished goods” despite the decrease of 6,590 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” decreased 6,370 million yen from the end of the previous fiscal year to reach 37,504 million yen. The main factor is the decrease of 3,434 million yen in “Income taxes payable” and 2,384 million yen in “Provision for bonuses”.

“Net assets” increased 10,185 million yen from the end of the previous fiscal year to reach 173,232 million yen. The main factor is the increase of 8,146 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 31st, 2024 “Notice of the Revision Forecast of the Financial Results and Forecast of Year-end Dividend (Dividend Increase)”.

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 Third quarter under review (as of December 31 st , 2023) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 67,965 | 65,884 |
| Notes and accounts receivable - trade | 37,944 | 31,354 |
| Electronically recorded monetary claims - operating | 3,156 | 4,324 |
| Securities | 501 | - |
| Merchandise and finished goods | 10,109 | 14,737 |
| Work in process | 212 | 348 |
| Raw materials and supplies | 5,277 | 5,540 |
| Other | 1,562 | 1,614 |
| Allowance for doubtful accounts | (5) | (6) |
| Total current assets | 126,725 | 123,798 |
| Non-current assets | | |
| Property, plant and equipment | 46,826 | 51,940 |
| Intangible assets | 1,617 | 1,578 |
| Investments and other assets | | |
| Investment securities | 10,815 | 13,038 |
| Other | 20,951 | 20,389 |
| Allowance for doubtful accounts | (14) | (8) |
| Total investments and other assets | 31,753 | 33,418 |
| Total non-current assets | 80,197 | 86,938 |
| Total assets | 206,922 | 210,737 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 13,743 | 14,572 |
| Electronically recorded obligations - operating | 5,136 | 5,293 |
| Short-term borrowings | 1,750 | 1,800 |
| Income taxes payable | 4,103 | 669 |
| Provision for product warranties | 111 | 109 |
| Provision for bonuses | 3,953 | 1,568 |
| Other provisions | 546 | 409 |
| Other | 8,170 | 6,793 |
| Total current liabilities | 37,514 | 31,216 |
| Non-current liabilities | | |
| Retirement benefit liability | 2,671 | 2,720 |
| Other provisions | 767 | 756 |
| Other | 2,921 | 2,810 |
| Total non-current liabilities | 6,360 | 6,287 |
| Total liabilities | 43,875 | 37,504 |

| | (Million yen) | |
|---|---|--|
| | Previous fiscal year (as of March 31 st , 2023) | End of the Third quarter under review (as of December 31 st , 2023) |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,621 | 4,621 |
| Capital surplus | 21,887 | 21,887 |
| Retained earnings | 154,156 | 162,302 |
| Treasury shares | (20,398) | (20,389) |
| Total shareholders' equity | 160,266 | 168,421 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,395 | 4,256 |
| Foreign currency translation adjustment | 198 | 395 |
| Remeasurements of defined benefit plans | 188 | 159 |
| Total accumulated other comprehensive income | 2,781 | 4,811 |
| Total net assets | 163,047 | 173,232 |
| Total liabilities and net assets | 206,922 | 210,737 |

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

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

| | (Million yen) | |
|---|--|---|
| | Third quarter of the previous consolidated term (from April 1 st , 2022 to December 31 st , 2022) | Third quarter of the consolidated term (from April 1 st , 2023 to December 31 st , 2023) |
| Net sales | 93,481 | 99,258 |
| Cost of sales | 44,436 | 45,332 |
| Gross profit | 49,044 | 53,926 |
| Selling, general and administrative expenses | 32,966 | 34,639 |
| Operating profit | 16,077 | 19,286 |
| Non-operating income | | |
| Interest income | 51 | 70 |
| Dividend income | 145 | 168 |
| Foreign exchange gains | 306 | - |
| Gain on investments in investment partnership | 17 | 1 |
| Other | 201 | 147 |
| Total non-operating income | 721 | 387 |
| Non-operating expenses | | |
| Interest expenses | 26 | 25 |
| Foreign exchange losses | - | 27 |
| Other | 6 | 18 |
| Total non-operating expenses | 33 | 70 |
| Ordinary profit | 16,766 | 19,603 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 9 | 5 |
| Surrender value of insurance policies | 167 | 197 |
| Gain on extinguishment of tie-in shares | 67 | - |
| Total extraordinary income | 244 | 202 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 14 | 5 |
| Impairment losses | 59 | 5 |
| Loss on valuation of investment securities | 53 | 26 |
| Office relocation expenses | 4 | 8 |
| Other | 0 | - |
| Total extraordinary losses | 133 | 46 |
| Profit before income taxes | 16,877 | 19,759 |
| Income taxes - current | 5,159 | 5,671 |
| Income taxes - deferred | 111 | 451 |
| Total income taxes | 5,271 | 6,122 |
| Profit | 11,606 | 13,636 |
| Profit attributable to owners of parent | 11,606 | 13,636 |

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

(Million yen)

| | Third quarter of the previous consolidated term (from April 1 st , 2022 to December 31 st , 2022) | Third quarter of the consolidated term (from April 1 st , 2023 to December 31 st , 2023) |
|--|--|---|
| Profit | 11,606 | 13,636 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 103 | 1,861 |
| Foreign currency translation adjustment | 209 | 197 |
| Remeasurements of defined benefit plans, net of tax | 31 | (29) |
| Total other comprehensive income | 344 | 2,029 |
| Comprehensive income | 11,950 | 15,666 |
| Comprehensive income attributable to Comprehensive income attributable to owners of parent | 11,950 | 15,666 |

(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.

(Significant subsequent events)

Acquisition and cancellation of treasury shares

At the Board of Directors meeting held on January 31st, 2024, the Company resolved the acquisition of treasury shares Article 156 of the Companies Act as applied pursuant to Article 165(3) of the Companies Act, and the cancellation of treasury shares pursuant to Article 178 of the Companies Act.

For further information, please refer to the announcement posted on January 31st, 2024 "Notice of the Acquisition of Treasury Shares, the Acquisition of Treasury Shares Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and the Cancellation of Treasury Shares" (disclosed in Japanese only).

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