

Summary Report on Financial Results for the Second Quarter of the Year Ending March 31<sup>st</sup>, 2022  
(Japan GAAP)

October 29<sup>th</sup>, 2021  
Stock Listing: TSE-JASDAQ

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Scheduled date for filing the quarterly report: November 12<sup>th</sup>, 2021  
Scheduled date for commencement of dividend payment: December 6<sup>th</sup>, 2021  
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 Second quarter of the year ending March 31<sup>st</sup>, 2022 (April 1<sup>st</sup>, 2021 through September 30<sup>th</sup>, 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                             | %    |
| Second quarter of the year ending March 31 <sup>st</sup> , 2022 | 61,692      | -     | 10,380           | 48.7  | 10,650          | 48.8  | 7,493                                   | 37.1 |
| Second quarter of the year ended March 31 <sup>st</sup> , 2021  | 60,670      | (9.6) | 6,978            | (2.5) | 7,157           | (1.2) | 5,464                                   | 1.5  |

(Note) Comprehensive income

Second quarter of the year ending March 2022: 7,965 million yen / 35.6 %

Second quarter of the year ended March 2021: 5,871 million yen / 10.3 %

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31<sup>st</sup>, 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 second quarter are 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.)

The consolidated “Net sales” reaches 65,793 million yen (up 8.4% year-on-year basis) if not applied the said Accounting Standards.

|   | Earnings per share | Diluted earnings per share |
|---|--------------------|----------------------------|
|   | yen                | Yen                        |
| Second quarter of the year ending March 31 <sup>st</sup> , 2022 | 495.61             | —                          |
| Second quarter of the year ended March 31 <sup>st</sup> , 2021  | 361.45             | —                          |

(2) Consolidated financial situation

|   | Total assets | Net assets  | Shareholders' equity ratio | Net assets per share |
|---|--------------|-------------|----------------------------|----------------------|
|   | million yen  | million yen | %                          | yen                  |
| Second quarter of the year ending March 31 <sup>st</sup> , 2022 | 183,147      | 142,913     | 78.0                       | 9,450.44             |
| Year ended March 31 <sup>st</sup> , 2021                        | 191,762      | 137,981     | 72.0                       | 9,125.88             |

(Reference) Shareholders' equity:

Second quarter of the year ending March 31<sup>st</sup>, 2022: 142,913 million yen  
 Fiscal year ended March 31<sup>st</sup>, 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 <sup>st</sup> , 2021             | —                          | 75.00                     | —                        | 200.00          | 275.00 |
| Year ending March 31 <sup>st</sup> , 2022            | —                          | 100.00                    |                          |                 |        |
| Year ending March 31 <sup>st</sup> , 2022 (forecast) |                            |                           | —                        | 115.00          | 215.00 |

(Note) Revisions to recent dividend forecast: None

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

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

The detail of second quarter dividend of Year ending March 31<sup>st</sup>, 2022; ordinary dividend 80.00 yen, extra dividend 20.00 yen

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

## 3. Forecast of consolidated financial results for fiscal year ending March 31<sup>st</sup>, 2022 (April 1<sup>st</sup>, 2021 through March 31<sup>st</sup>, 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) | 727.44             |

(Note) Revisions to recent business forecast: None

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31<sup>st</sup>, 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 second quarter are 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 under the “2. Consolidated quarterly financial statements and Notes” section on page 9.

(4) Number of outstanding shares (common shares)

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

Second quarter of the year ending March 31<sup>st</sup>, 2022: 19,588,000 shares

Year ended March 31<sup>st</sup>, 2021: 19,588,000 shares

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

Second quarter of the year ending March 31<sup>st</sup>, 2022: 4,465,623 shares

Year ended March 31<sup>st</sup>, 2021: 4,468,250 shares

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

Second quarter of the year ending March 31<sup>st</sup>, 2022: 15,120,781 shares

Second quarter of the year ended March 31<sup>st</sup>, 2021: 15,119,291 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 second quarter of this fiscal year (April 1<sup>st</sup>, 2021 through March 31<sup>st</sup>, 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 industry, it is now required to strengthen the efforts to the 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 teamwork throughout Japan's medical network.

In such an environment, the Group posted a consolidated "Net sales" of 61,692 million yen, "Operating profit" of 10,380 million yen (up 48.7% year-on-year basis), "Ordinary profit" of 10,650 million yen (up 48.8% year-on-year basis), and "Profit attributable to owners of parent" of 7,493 million yen (up 37.1% year-on-year basis) in the second quarter.

The "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31<sup>st</sup>, 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 second quarter are 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 decrease. As a result, consolidated "Net sales" were 12,268 million yen.

#### B. Patient monitoring equipment segment

Consolidated "Net sales" of patient monitoring equipment were 6,217 million yen.

#### C. Medical treatment equipment segment

The sales of pacemakers, ventilators, and the business of renting medical equipment for home treatment increased. As a result, consolidated "Net sales" were 27,028 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 16,177 million yen.

### (2) Explanation about consolidated financial situation

"Total assets" decreased 8,615 million yen from the end of previous fiscal year to reach 183,147 million yen. The main factors are the decrease of 11,197 million yen in "Notes and accounts receivable-trade" despite the increase of 4,515 million yen in "Property, plant and equipment".

"Total liabilities" decreased 13,547 million yen from the end of the previous fiscal year to reach 40,234 million yen. The main factors are the decrease of 5,907 million yen in "Notes and accounts payable-trade" and 2,546 million yen in "Income taxes payable".

"Net assets" increased 4,932 million yen from the end of the previous fiscal year to reach 142,913 million yen. The main factor is the increase of 4,445 million yen in "Retained earnings".

### (3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the second quarter, there is no change at this moment in the forecast of the financial results for the full fiscal year announced on July 30<sup>th</sup>, 2021.

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<br>(as of March 31 <sup>st</sup> , 2021) | End of the Second quarter<br>under review<br>(as of September 30 <sup>th</sup> , 2021) |
| <b>Assets</b>                                       |   |  |
| Current assets                                      |   |  |
| Cash and deposits                                   | 56,590  | 55,487   |
| Notes and accounts receivable - trade               | 43,161  | 31,964   |
| Electronically recorded monetary claims - operating | 2,799   | 2,019  |
| Securities  | 1,483   | 1,438  |
| Merchandise and finished goods                      | 9,792   | 10,799   |
| Work in process                                     | 123   | 377  |
| Raw materials and supplies                          | 2,920   | 3,553  |
| Other   | 1,848   | 2,146  |
| Allowance for doubtful accounts                     | (57)  | (37)   |
| Total current assets                                | 118,663   | 107,749  |
| Non-current assets                                  |   |  |
| Property, plant and equipment                       | 40,778  | 45,293   |
| Intangible assets                                   | 1,584   | 1,513  |
| Investments and other assets                        |   |  |
| Investment securities                               | 10,051  | 10,052   |
| Other   | 20,696  | 18,549   |
| Allowance for doubtful accounts                     | (12)  | (11)   |
| Total investments and other assets                  | 30,735  | 28,590   |
| Total non-current assets                            | 73,099  | 75,398   |
| Total assets  | 191,762   | 183,147  |
| <b>Liabilities</b>                                  |   |  |
| Current liabilities                                 |   |  |
| Notes and accounts payable - trade                  | 20,273  | 14,365   |
| Electronically recorded obligations - operating     | 9,166   | 7,257  |
| Short-term borrowings                               | 1,750   | 1,800  |
| Income taxes payable                                | 4,887   | 2,341  |
| Provision for bonuses                               | 3,193   | 2,736  |
| Provision for product warranties                    | 70  | 76   |
| Other provisions                                    | 436   | 271  |
| Other   | 7,321   | 4,749  |
| Total current liabilities                           | 47,098  | 33,597   |
| Non-current liabilities                             |   |  |
| Retirement benefit liability                        | 3,193   | 3,225  |
| Other provisions                                    | 401   | 396  |
| Other   | 3,088   | 3,015  |
| Total non-current liabilities                       | 6,683   | 6,636  |
| Total liabilities                                   | 53,781  | 40,234   |

|   | (Million yen)   |  |
|---|---|--|
|   | Previous fiscal year<br>(as of March 31 <sup>st</sup> , 2021) | End of the Second quarter<br>under review<br>(as of September 30 <sup>th</sup> , 2021) |
| <b>Net assets</b>                                     |   |  |
| Shareholders' equity                                  |   |  |
| Share capital   | 4,621   | 4,621  |
| Capital surplus                                       | 21,841  | 21,841   |
| Retained earnings                                     | 130,491   | 134,937  |
| Treasury shares                                       | (20,378)  | (20,363)   |
| <b>Total shareholders' equity</b>                     | <b>136,575</b>  | <b>141,036</b>   |
| Accumulated other comprehensive income                |   |  |
| Valuation difference on available-for-sale securities | 1,805   | 2,205  |
| Foreign currency translation adjustment               | (274)   | (220)  |
| Remeasurements of defined benefit plans               | (125)   | (108)  |
| <b>Total accumulated other comprehensive income</b>   | <b>1,405</b>  | <b>1,876</b>   |
| <b>Total net assets</b>                               | <b>137,981</b>  | <b>142,913</b>   |
| <b>Total liabilities and net assets</b>               | <b>191,762</b>  | <b>183,147</b>   |

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

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

|  | (Million yen)  |   |
|--|--|---|
|  | Second quarter of the<br>previous consolidated term<br>(from April 1 <sup>st</sup> , 2020<br>to September 30 <sup>th</sup> , 2020) | Second quarter of the<br>consolidated term<br>(from April 1 <sup>st</sup> , 2021<br>to September 30 <sup>th</sup> , 2021) |
| Net sales                                      | 60,670   | 61,692  |
| Cost of sales                                  | 34,028   | 30,538  |
| Gross profit                                   | 26,641   | 31,153  |
| Selling, general and administrative expenses   | 19,663   | 20,773  |
| Operating profit                               | 6,978  | 10,380  |
| Non-operating income                           |  |   |
| Interest income                                | 29   | 32  |
| Dividend income                                | 82   | 80  |
| Foreign exchange gains                         | 11   | 20  |
| Gain on investments in investment partnerships | -  | 78  |
| Other  | 84   | 88  |
| Total non-operating income                     | 207  | 300   |
| Non-operating expenses                         |  |   |
| Interest expenses                              | 19   | 18  |
| Loss on investments in investment partnerships | 0  | 4   |
| Other  | 9  | 6   |
| Total non-operating expenses                   | 29   | 29  |
| Ordinary profit                                | 7,157  | 10,650  |
| Extraordinary income                           |  |   |
| Gain on sale of non-current assets             | 37   | 1   |
| Gain on sale of investment securities          | 487  | 60  |
| Surrender value of insurance policies          | 436  | 469   |
| Total extraordinary income                     | 961  | 531   |
| Extraordinary losses                           |  |   |
| Loss on sale of non-current assets             | 1  | -   |
| Impairment losses                              | 0  | 13  |
| Loss on valuation of investment securities     | 381  | 153   |
| Office relocation expenses                     | 3  | 33  |
| Total extraordinary losses                     | 387  | 200   |
| Profit before income taxes                     | 7,731  | 10,980  |
| Income taxes - current                         | 2,290  | 3,252   |
| Income taxes - deferred                        | (23)   | 234   |
| Total income taxes                             | 2,266  | 3,486   |
| Profit   | 5,464  | 7,493   |
| Profit attributable to owners of parent        | 5,464  | 7,493   |

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

|  | (Million yen)  |   |
|--|--|---|
|  | Second quarter of the<br>previous consolidated term<br>(from April 1 <sup>st</sup> , 2020<br>to September 30 <sup>th</sup> , 2020) | Second quarter of the<br>consolidated term<br>(from April 1 <sup>st</sup> , 2021<br>to September 30 <sup>th</sup> , 2021) |
| Profit   | 5,464  | 7,493   |
| Other comprehensive income                               |  |   |
| Valuation difference on<br>available-for-sale securities | 403  | 399   |
| Foreign currency translation<br>adjustment               | (43)   | 53  |
| Remeasurements of defined benefit<br>plans, net of tax   | 47   | 17  |
| Total other comprehensive income                         | 406  | 471   |
| Comprehensive income                                     | 5,871  | 7,965   |
| Comprehensive income attributable to                     |  |   |
| Comprehensive income attributable to<br>owners of parent | 5,871  | 7,965   |

(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 31<sup>st</sup>, 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 4,100 million yen in the second quarter.

Application of Accounting Standard for Fair Value Measurement, etc.

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4<sup>th</sup>, 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 4<sup>th</sup>, 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.

\* The original disclosure in Japanese was released on October 29<sup>th</sup>, 2021 at 15:00 (GMT+9)