

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

January 31<sup>st</sup>, 2022  
Stock Listing: TSE-JASDAQ

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Scheduled date for filing the quarterly report: February 10<sup>th</sup>, 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 Third quarter of the year ending March 31<sup>st</sup>, 2022 (April 1<sup>st</sup>, 2021 through December 31<sup>st</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	%
Third quarter of the year ending March 31 <sup>st</sup> , 2022	93,068	-	15,863	35.9	16,320	36.4	11,579	28.6
Third quarter of the year ended March 31 <sup>st</sup> , 2021	96,752	1.5	11,672	27.4	11,963	27.8	9,000	31.9

(Note) Comprehensive income

Third quarter of the year ending March 2022: 11,773 million yen / 22.6 %

Third quarter of the year ended March 2021: 9,605 million yen / 28.5 %

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 third 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 99,401 million yen (up 2.7% year-on-year basis) if not applied the said Accounting Standards.

	Earnings per share	Diluted earnings per share
	yen	yen
Third quarter of the year ending March 31 <sup>st</sup> , 2022	765.77	—
Third quarter of the year ended March 31 <sup>st</sup> , 2021	595.31	—

(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 <sup>st</sup> , 2022	183,202	145,197	79.3	9,601.44
Year ended March 31 <sup>st</sup> , 2021	191,762	137,981	72.0	9,125.88

(Reference) Shareholders' equity:

Third quarter of the year ending March 31<sup>st</sup>, 2022: 145,197 million yen

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

(% 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	-	20,000	1.0	20,500	1.2	15,000	1.9	991.96

(Note) Revisions to recent business forecast: Yes

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 but 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)

Third 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:

Third quarter of the year ending March 31<sup>st</sup>, 2022: 4,465,520 shares

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

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

Third quarter of the year ending March 31<sup>st</sup>, 2022: 15,121,278 shares

Third quarter of the year ended March 31<sup>st</sup>, 2021: 15,119,385 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 third 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, and the economic prospects remain uncertain for the time being.

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 regional healthcare network.

In such an environment, the Group posted consolidated "Net sales" of 93,068 million yen, "Operating profit" of 15,863 million yen (up 35.9% year-on-year basis), "Ordinary profit" of 16,320 million yen (up 36.4% year-on-year basis), and "Profit attributable to owners of parent" of 11,579 million yen (up 28.6% year-on-year basis) in the third 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 third 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 decreased. As a result, consolidated "Net sales" were 18,849 million yen.

#### B. Patient monitoring equipment segment

Consolidated "Net sales" of patient monitoring equipment were 9,250 million yen.

#### C. Medical treatment equipment segment

While the sales of ventilators decreased, the business of renting medical equipment for home treatment increased. As a result, consolidated "Net sales" were 40,421 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 24,546 million yen.

### (2) Explanation about consolidated financial situation

"Total assets" decreased 8,560 million yen from the end of previous fiscal year to reach 183,202 million yen. The main factors are the decrease of 12,846 million yen in "Notes and accounts receivable - trade" despite the increase of 4,974 million yen in "Property, plant and equipment".

"Total liabilities" decreased 15,777 million yen from the end of the previous fiscal year to reach 38,004 million yen. The main factor is the decrease of 6,159 million yen in "Notes and accounts payable - trade" and 4,312 million yen in "Income taxes payable".

"Net assets" increased 7,216 million yen from the end of the previous fiscal year to reach 145,197 million yen. The main factor is the increase of 7,007 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 31<sup>st</sup>, 2022 "Notice of Revision of Forecast of the Financial Results for the Fiscal Year Ending March 2022".

2. Consolidated quarterly financial statements and Notes

(1) Consolidated quarterly balance sheets

	(Millions of yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2021)	End of the Third quarter under review (as of December 31 <sup>st</sup> , 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	56,590	55,548
Notes and accounts receivable - trade	43,161	30,315
Electronically recorded monetary claims - operating	2,799	2,951
Securities	1,483	991
Merchandise and finished goods	9,792	11,500
Work in process	123	235
Raw materials and supplies	2,920	3,905
Other	1,848	1,782
Allowance for doubtful accounts	(57)	(34)
Total current assets	118,663	107,196
Non-current assets		
Property, plant and equipment	40,778	45,752
Intangible assets	1,584	1,434
Investments and other assets		
Investment securities	10,051	9,714
Other	20,696	19,115
Allowance for doubtful accounts	(12)	(11)
Total investments and other assets	30,735	28,818
Total non-current assets	73,099	76,005
Total assets	191,762	183,202
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,273	14,114
Electronically recorded obligations – operating	9,166	6,985
Short-term borrowings	1,750	1,800
Income taxes payable	4,887	575
Provision for bonuses	3,193	1,440
Provision for product warranties	70	83
Other provisions	436	327
Other	7,321	6,018
Total current liabilities	47,098	31,343
Non-current liabilities		
Retirement benefit liability	3,193	3,274
Other provisions	401	397
Other	3,088	2,988
Total non-current liabilities	6,683	6,661
Total liabilities	53,781	38,004

	(Millions of yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2021)	End of the Third quarter under review (as of December 31 <sup>st</sup> , 2021)
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,841	21,841
Retained earnings	130,491	137,498
Treasury shares	(20,378)	(20,363)
<b>Total shareholders' equity</b>	<b>136,575</b>	<b>143,598</b>
Accumulated other comprehensive Income		
Valuation difference on available-for-sale securities	1,805	1,858
Foreign currency translation adjustment	(274)	(156)
Remeasurements of defined benefit plans	(125)	(101)
<b>Total accumulated other comprehensive income</b>	<b>1,405</b>	<b>1,599</b>
<b>Total net assets</b>	<b>137,981</b>	<b>145,197</b>
<b>Total liabilities and net assets</b>	<b>191,762</b>	<b>183,202</b>

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

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

	(Millions of yen)	
	Third quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2020 to December 31 <sup>st</sup> , 2020)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2021 to December 31 <sup>st</sup> , 2021)
Net sales	96,752	93,068
Cost of sales	55,344	45,752
Gross profit	41,407	47,315
Selling, general and administrative expenses	29,735	31,452
Operating profit	11,672	15,863
Non-operating income		
Interest income	47	51
Dividend income	114	111
Foreign exchange gains	-	94
Gain on investments in investment partnerships	58	78
Other	136	162
Total non-operating income	357	497
Non-operating expenses		
Interest expenses	29	27
Foreign exchange losses	26	-
Loss on investments in investment partnerships	-	4
Other	11	7
Total non-operating expenses	67	40
Ordinary profit	11,963	16,320
Extraordinary income		
Gain on sale of non-current assets	37	4
Gain on sale of investment securities	762	60
Surrender value of insurance policies	420	478
Total extraordinary income	1,220	543
Extraordinary losses		
Loss on sale of non-current assets	1	-
Impairment loss	1	16
Loss on valuation of investment securities	399	-
Office relocation expenses	6	33
Total extraordinary losses	408	50
Profit before income taxes	12,774	16,814
Income taxes - current	3,835	4,845
Income taxes - deferred	(61)	388
Total income taxes	3,774	5,234
Profit	9,000	11,579
Profit attributable to owners of parent	9,000	11,579



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

	(Millions of yen)	
	Third quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2020 to December 31 <sup>st</sup> , 2020)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2021 to December 31 <sup>st</sup> , 2021)
Profit	9,000	11,579
Other comprehensive income		
Valuation difference on available-for-sale securities	583	52
Foreign currency translation adjustment	(49)	117
Remeasurements of defined benefit plans, net of tax	71	23
Total other comprehensive income	605	194
Comprehensive income	9,605	11,773
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,605	11,773

(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 6,333 million yen in the third 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 January 31<sup>st</sup>, 2022 at 15:00 (GMT+9)