

Summary Report on Financial Results for the Second Quarter of the Year Ending March 31<sup>st</sup>, 2023  
(Japan GAAP)

October 31<sup>st</sup>, 2022  
Stock Listing: TSE-Standard Market

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Scheduled date for filing the quarterly report: November 11<sup>th</sup>, 2022  
Scheduled date for commencement of dividend payment: December 5<sup>th</sup>, 2022  
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>, 2023 (April 1<sup>st</sup>, 2022 through September 30<sup>th</sup>, 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	%
Second quarter of the year ending March 31 <sup>st</sup> , 2023	62,628	1.5	11,070	6.6	11,662	9.5	8,119	8.3
Second quarter of the year ended March 31 <sup>st</sup> , 2022	61,692	-	10,380	48.7	10,650	48.8	7,493	37.1

(Note) Comprehensive income

Second quarter of the year ending March 31<sup>st</sup>, 2023: 8,401 million yen / 5.5 %

Second quarter of the year ended March 31<sup>st</sup>, 2022: 7,965 million yen / 35.6 %

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31<sup>st</sup>, 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 second quarter of the fiscal year ended March 31<sup>st</sup>, 2022 is not indicated.

	Earnings per share	Diluted earnings per share
	yen	yen
Second quarter of the year ending March 31 <sup>st</sup> , 2023	536.85	—
Second quarter of the year ended March 31 <sup>st</sup> , 2022	495.61	—

(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> , 2023	196,864	155,139	78.8	10,257.92
Year ended March 31 <sup>st</sup> , 2022	195,495	149,857	76.7	9,909.40

(Reference) Shareholders' equity:

Second quarter of the year ending March 31<sup>st</sup>, 2023: 155,139 million yen

Fiscal year ended March 31<sup>st</sup>, 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 <sup>st</sup> , 2022	—	100.00	—	205.00	305.00
Year ending March 31 <sup>st</sup> , 2023	—	140.00			
Year ending March 31 <sup>st</sup> , 2023 (forecast)			—	70.00	—

(Note) Revisions to recent dividend forecast: Yes

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

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

The detail of second quarter dividend of Year ending March 31<sup>st</sup>, 2023; ordinary dividend 110.00 yen, extra dividend 30.00 yen

The detail of year-end dividend of Year ending March 31<sup>st</sup>, 2023 (forecast); ordinary dividend 55.00 yen, extra dividend 15.00 yen

At the Board of Directors meeting held on October 31<sup>st</sup>, 2022, the Company resolved to conduct a stock split at a ratio of two shares for one common share, effective from December 1<sup>st</sup>, 2022.

Regarding the year-end dividend per share for the fiscal year ending March 31<sup>st</sup>, 2023 (forecast), the amount considering the stock split is stated, and the annual dividend is stated as "-". If the stock split is not taken into account, the year-end dividend per share for the fiscal year ending March 31<sup>st</sup>, 2023 (forecast) is 140 yen, and the annual dividend is 280 yen.

## 3. Forecast of consolidated financial results for fiscal year ending March 31<sup>st</sup>, 2023 (April 1<sup>st</sup>, 2022 through March 31<sup>st</sup>, 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	125,000	(5.4)	20,000	(11.9)	20,300	(13.3)	14,000	(13.7)	462.85

(Note) Revisions to recent business forecast: Yes

Since operating results of the 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.

Earnings per share in the forecast of consolidated financial results for fiscal year ending March 31<sup>st</sup>, 2023 is the amount that takes into account the stock split noted in "2. Dividends". If the stock split is not taken into account, earnings per share is 925.70 yen.

### \*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)

Second quarter of the year ending March 31<sup>st</sup>, 2023: 19,588,000 shares  
Year ended March 31<sup>st</sup>, 2022: 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>, 2023: 4,464,136 shares  
Year ended March 31<sup>st</sup>, 2022: 4,465,240 shares

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

Second quarter of the year ending March 31<sup>st</sup>, 2023: 15,123,488 shares  
Second quarter of the year ended March 31<sup>st</sup>, 2022: 15,120,781 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 second quarter of this fiscal year (April 1<sup>st</sup>, 2022 through March 31<sup>st</sup>, 2023), has been in severe conditions due to the re-spread of COVID-19, the higher prices of resources affected by international situations, and the effects of foreign exchange rates. Also, the economic prospects remain uncertain for the time being.

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 62,628 million yen (up 1.5% year-on-year basis), "Operating profit" of 11,070 million yen (up 6.6% year-on-year basis), "Ordinary profit" of 11,662 million yen (up 9.5% year-on-year basis), and "Profit attributable to owners of parent" of 8,119 million yen (up 8.3% year-on-year basis) in the second quarter.

#### A. Physiological diagnostic equipment segment

The sales of electrocardiographs, vascular screening systems and blood cell counters increased. As a result, consolidated "Net sales" were 13,417 million yen (up 9.4% year-on-year basis).

#### B. Patient monitoring equipment segment

Consolidated "Net sales" of patient monitoring equipment were 5,202 million yen (down 16.3% 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 26,924 million yen (down 0.4% 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 17,084 million yen (up 5.6% year-on-year basis).

### (2) Explanation about consolidated financial situation

"Total assets" increased 1,369 million yen from the end of previous fiscal year to reach 196,864 million yen. The main factors are the increase of 2,390 million yen in "Cash and deposits" and 1,260 million yen in "Merchandise and finished goods" despite the decrease of 4,212 million yen in "Notes and accounts receivable - trade".

"Total liabilities" decreased 3,912 million yen from the end of the previous fiscal year to reach 41,725 million yen. The main factor is the decrease of 1,046 million yen in "Notes and accounts payable - trade" and 925 million yen in "Income taxes payable".

"Net assets" increased 5,281 million yen from the end of the previous fiscal year to reach 155,139 million yen. The main factor is the increase of 4,994 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 October 31<sup>st</sup>, 2022 "Notice of the Revision Forecast of the Financial Results, Distribution of Surplus and Year-end Dividend Forecast, Stock Split and Partial amendment to the Articles of Incorporation".

## 2. Consolidated quarterly financial statements and Notes

### (1) Consolidated quarterly balance sheets

	(Million yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2022)	End of the Second quarter under review (as of September 30 <sup>th</sup> , 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	64,057	66,447
Notes and accounts receivable - trade	36,543	32,330
Electronically recorded monetary claims - operating	2,908	2,648
Securities	497	-
Merchandise and finished goods	9,391	10,651
Work in process	205	323
Raw materials and supplies	3,940	5,091
Other	2,217	1,579
Allowance for doubtful accounts	(23)	(5)
Total current assets	119,736	119,066
Non-current assets		
Property, plant and equipment	45,264	46,184
Intangible assets	1,538	1,519
Investments and other assets		
Investment securities	9,671	10,693
Other	19,293	19,411
Allowance for doubtful accounts	(8)	(11)
Total investments and other assets	28,956	30,093
Total non-current assets	75,759	77,797
Total assets	195,495	196,864
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	15,501	14,455
Electronically recorded obligations - operating	6,648	6,090
Short-term borrowings	1,750	1,800
Income taxes payable	3,451	2,526
Provision for bonuses	3,439	2,909
Provision for product warranties	117	133
Other provisions	579	212
Other	7,339	6,879
Total current liabilities	38,829	35,007
Non-current liabilities		
Retirement benefit liability	3,137	3,179
Other provisions	752	658
Other	2,918	2,878
Total non-current liabilities	6,809	6,717
Total liabilities	45,638	41,725

	(Million yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2022)	End of the Second quarter under review (as of September 30 <sup>th</sup> , 2022)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,841	21,841
Retained earnings	142,135	147,130
Treasury shares	(20,362)	(20,357)
Total shareholders' equity	148,236	153,235
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,836	1,694
Foreign currency translation adjustment	(11)	391
Remeasurements of defined benefit plans	(204)	(183)
Total accumulated other comprehensive income	1,621	1,903
Total net assets	149,857	155,139
Total liabilities and net assets	195,495	196,864

## (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 previous consolidated term (from April 1 <sup>st</sup> , 2021 to September 30 <sup>th</sup> , 2021)	Second quarter of the consolidated term (from April 1 <sup>st</sup> , 2022 to September 30 <sup>th</sup> , 2022)
Net sales	61,692	62,628
Cost of sales	30,538	29,708
Gross profit	31,153	32,919
Selling, general and administrative expenses	20,773	21,849
Operating profit	10,380	11,070
Non-operating income		
Interest income	32	30
Dividend income	80	99
Foreign exchange gains	20	386
Gain on investments in investment partnership	78	17
Other	88	80
Total non-operating income	300	614
Non-operating expenses		
Interest expenses	18	17
Loss on investments in investment partnership	4	-
Other	6	4
Total non-operating expenses	29	22
Ordinary profit	10,650	11,662
Extraordinary income		
Gain on sales of non-current assets	1	7
Gain on sales of investment securities	60	-
Surrender value of insurance policies	469	163
Gain on extinguishment of tie-in shares	-	67
Total extraordinary income	531	239
Extraordinary losses		
Loss on sales of non-current assets	-	0
Impairment losses	13	58
Loss on valuation of investment securities	153	48
Office relocation expenses	33	-
Other	-	0
Total extraordinary losses	200	108
Profit before income taxes	10,980	11,792
Income taxes - current	3,252	3,576
Income taxes - deferred	234	97
Total income taxes	3,486	3,673
Profit	7,493	8,119
Profit attributable to owners of parent	7,493	8,119



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

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2021 to September 30 <sup>th</sup> , 2021)	Second quarter of the consolidated term (from April 1 <sup>st</sup> , 2022 to September 30 <sup>th</sup> , 2022)
Profit	7,493	8,119
Other comprehensive income		
Valuation difference on available-for-sale securities	399	(141)
Foreign currency translation adjustment	53	403
Remeasurements of defined benefit plans, net of tax	17	21
Total other comprehensive income	471	282
Comprehensive income	7,965	8,401
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,965	8,401

(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 17<sup>th</sup>, 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.

(Significant subsequent events)

Stock Split and Partial amendment to the Articles of Incorporation:

At the Board of Directors meeting held on October 31<sup>st</sup>, 2022, the Company resolved to stock split and partial amendment to the articles of incorporation accompanying the stock split.

(1) Purpose of the Stock Split

The objective of the stock split is to lower the minimum investment price per unit of the Company, thereby facilitating an environment where it is easier to invest in the Company's shares and expanding the Company's investor base.

(2) Outline of the Stock Split

(i) Stock Split Method

The record date of the stock split will be Wednesday, November 30<sup>th</sup>, 2022. Each share of the Company's common stock held by shareholders as of the record date will be subdivided into two shares.

(ii) Increase in Number of Shares as a Result of the Stock Split

Number of shares outstanding prior to the stock split	19,588,000 shares
Increase in total number of outstanding shares as a result of this stock split	19,588,000 shares
Number of shares outstanding after the stock split	39,176,000 shares
Number of shares authorized to be issued after the stock split	156,000,000 shares

(iii) Stock Split Schedule

Date of public notice of the record date	Tuesday, November 15 <sup>th</sup> , 2022
Record date	Wednesday, November 30 <sup>th</sup> , 2022
Effective date	Thursday, December 1 <sup>st</sup> , 2022

(iv) Impact on per share information

Assuming that this stock split took place at the beginning of the previous consolidated fiscal year, the per share information is as follows:

	Second quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2021 to September 30 <sup>th</sup> , 2021)	Second quarter of the consolidated term (from April 1 <sup>st</sup> , 2022 to September 30 <sup>th</sup> , 2022)
Earnings per share	247.80 yen	268.43 yen
Diluted earnings per share	-	-

(3) Partial amendment to the Articles of Incorporation

(i) Reasons for the amendment

In line with the stock split, pursuant to the Article 184, paragraph 2 of the Companies Act of Japan, the Company will make the partial amendment to articles of incorporation of the Company as of Thursday, December 1<sup>st</sup>, 2022.

(ii) Details of the amendment

Details are as follows:

(Updated contents are underlined.)

Before the amendment	After the amendment
Article 6. (Aggregate Number of Issuable Shares) The total number of shares that the Company may issue shall be <u>78,000,000 shares.</u>	Article 6. (Aggregate Number of Issuable Shares) The total number of shares that the Company may issue shall be <u>156,000,000 shares.</u>

(iii) Schedule of the amendment to the Articles of Incorporation

Effective date : Thursday, December 1<sup>st</sup>, 2022

(4) Other

(i) Change in the amount of capital

There will be no change in the amount of capital at the time of this stock split.

\* 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 31<sup>st</sup>, 2022 at 15:00 (GMT+9)