

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

October 31st, 2023

Stock Listing: TSE-Standard Market

Company name: Fukuda Denshi Co., Ltd.
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 Scheduled date for filing the quarterly report: November 13th, 2023
 Scheduled date for commencement of dividend payment: December 4th, 2023
 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 31st, 2024 (April 1st, 2023 through September 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	%
Second quarter of the year ending March 31 st , 2024	66,541	6.2	13,951	26.0	14,099	20.9	9,810	20.8
Second quarter of the year ended March 31 st , 2023	62,628	1.5	11,070	6.6	11,662	9.5	8,119	8.3

(Note) Comprehensive income

Second quarter of the year ending March 31st, 2024: 11,474 million yen / 36.6 %

Second quarter of the year ended March 31st, 2023: 8,401 million yen / 5.5 %

	Earnings per share	Diluted earnings per share
	yen	yen
Second quarter of the year ending March 31 st , 2024	324.32	—
Second quarter of the year ended March 31 st , 2023	268.43	—

(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
Second quarter of the year ending March 31 st , 2024	210,798	171,477	81.3	5,668.38
Year ended March 31 st , 2023	206,922	163,047	78.8	5,390.09

(Reference) Shareholders' equity:

Second quarter of the year ending March 31st, 2024: 171,477 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)			—	80.00	160.00

(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 20.00 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 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	130,000	(3.5)	23,000	(4.5)	23,000	(8.3)	16,000	(7.4)	528.91

(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)

Second 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:

Second quarter of the year ending March 31st, 2024: 8,924,501 shares
Year ended March 31st, 2023: 8,926,412 shares

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

Second quarter of the year ending March 31st, 2024: 30,250,700 shares
Second quarter of the year ended March 31st, 2023: 30,246,976 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 second 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 66,541 million yen (up 6.2% year-on-year basis), “Operating profit” of 13,951 million yen (up 26.0% year-on-year basis), “Ordinary profit” of 14,099 million yen (up 20.9% year-on-year basis), and “Profit attributable to owners of parent” of 9,810 million yen (up 20.8% year-on-year basis) in the second quarter.

A. Physiological diagnostic equipment segment

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

As a result, consolidated “Net sales” were 13,026 million yen (down 2.9% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 3,755 million yen (down 27.8% 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 29,279 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 20,480 million yen (up 19.9% year-on-year basis).

(2) Explanation about consolidated financial situation

“Total assets” increased 3,875 million yen from the end of previous fiscal year to reach 210,798 million yen. The main factors are the increase of 2,550 million yen in “Cash and deposits” and 2,485 million yen in “Merchandise and finished goods” despite the decrease of 4,935 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” decreased 4,553 million yen from the end of the previous fiscal year to reach 39,321 million yen. The main factor is the decrease of 1,036 million yen in “Income taxes payable” and 954 million yen in “Provision for bonuses”.

“Net assets” increased 8,429 million yen from the end of the previous fiscal year to reach 171,477 million yen. The main factor is the increase of 6,760 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 which we announced on October 24th, 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 Second quarter under review (as of September 30 th , 2023)
Assets		
Current assets		
Cash and deposits	67,965	70,515
Notes and accounts receivable - trade	37,944	33,009
Electronically recorded monetary claims - operating	3,156	3,229
Securities	501	501
Merchandise and finished goods	10,109	12,594
Work in process	212	357
Raw materials and supplies	5,277	5,555
Other	1,562	1,586
Allowance for doubtful accounts	(5)	(7)
Total current assets	126,725	127,342
Non-current assets		
Property, plant and equipment	46,826	48,587
Intangible assets	1,617	1,506
Investments and other assets		
Investment securities	10,815	13,417
Other	20,951	19,957
Allowance for doubtful accounts	(14)	(12)
Total investments and other assets	31,753	33,363
Total non-current assets	80,197	83,456
Total assets	206,922	210,798
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,743	13,736
Electronically recorded obligations - operating	5,136	4,575
Short-term borrowings	1,750	1,800
Income taxes payable	4,103	3,067
Provision for product warranties	111	105
Provision for bonuses	3,953	2,999
Other provisions	546	273
Other	8,170	6,475
Total current liabilities	37,514	33,032
Non-current liabilities		
Retirement benefit liability	2,671	2,715
Other provisions	767	722
Other	2,921	2,851
Total non-current liabilities	6,360	6,288
Total liabilities	43,875	39,321

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2023)	End of the Second quarter under review (as of September 30 th , 2023)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,887	21,887
Retained earnings	154,156	160,917
Treasury shares	(20,398)	(20,394)
Total shareholders' equity	160,266	167,031
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,395	3,767
Foreign currency translation adjustment	198	508
Remeasurements of defined benefit plans	188	168
Total accumulated other comprehensive income	2,781	4,445
Total net assets	163,047	171,477
Total liabilities and net assets	206,922	210,798

(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 st , 2022 to September 30 th , 2022)	Second quarter of the consolidated term (from April 1 st , 2023 to September 30 th , 2023)
Net sales	62,628	66,541
Cost of sales	29,708	29,533
Gross profit	32,919	37,007
Selling, general and administrative expenses	21,849	23,055
Operating profit	11,070	13,951
Non-operating income		
Interest income	30	44
Dividend income	99	110
Foreign exchange gains	386	-
Gain on investments in investment partnership	17	1
Other	80	91
Total non-operating income	614	247
Non-operating expenses		
Interest expenses	17	16
Foreign exchange losses	-	68
Other	4	14
Total non-operating expenses	22	100
Ordinary profit	11,662	14,099
Extraordinary income		
Gain on sales of non-current assets	7	4
Surrender value of insurance policies	163	194
Gain on extinguishment of tie-in shares	67	-
Total extraordinary income	239	199
Extraordinary losses		
Loss on sales of non-current assets	0	5
Impairment losses	58	4
Loss on valuation of investment securities	48	-
Office relocation expenses	-	8
Other	0	-
Total extraordinary losses	108	18
Profit before income taxes	11,792	14,280
Income taxes - current	3,576	4,286
Income taxes - deferred	97	183
Total income taxes	3,673	4,469
Profit	8,119	9,810
Profit attributable to owners of parent	8,119	9,810

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

	(Million yen)	
	Second quarter of the previous consolidated term (from April 1 st , 2022 to September 30 th , 2022)	Second quarter of the consolidated term (from April 1 st , 2023 to September 30 th , 2023)
Profit	8,119	9,810
Other comprehensive income		
Valuation difference on available-for-sale securities	(141)	1,372
Foreign currency translation adjustment	403	310
Remeasurements of defined benefit plans, net of tax	21	(19)
Total other comprehensive income	282	1,664
Comprehensive income	8,401	11,474
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,401	11,474

(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.

* The original disclosure in Japanese was released on October 31st, 2023 at 15:00 (GMT+9)