

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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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 (as of March 31 <sup>st</sup> , 2021)	End of the Second quarter under review (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 (as of March 31 <sup>st</sup> , 2021)	End of the Second quarter under review (as of September 30 <sup>th</sup> , 2021)
Net assets		
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)
Total shareholders' equity	136,575	141,036
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)
Total accumulated other comprehensive income	1,405	1,876
Total net assets	137,981	142,913
Total liabilities and net assets	191,762	183,147

## (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> , 2020 to September 30 <sup>th</sup> , 2020)	Second quarter of the consolidated term (from April 1 <sup>st</sup> , 2021 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 previous consolidated term (from April 1 <sup>st</sup> , 2020 to September 30 <sup>th</sup> , 2020)	Second quarter of the consolidated term (from April 1 <sup>st</sup> , 2021 to September 30 <sup>th</sup> , 2021)
Profit	5,464	7,493
Other comprehensive income		
Valuation difference on available-for-sale securities	403	399
Foreign currency translation adjustment	(43)	53
Remeasurements of defined benefit 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 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.