

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

January 31st, 2024
Stock Listing: TSE-Standard Market

Company name: Fukuda Denshi Co., Ltd.
Code No.: 6960 (<https://www.fukuda.co.jp>)
Representative: Daijiro Shirai, President & COO
Inquiries: Haruhiko Honbu, Senior Manager of Accounting & Finance Department
Tel: +81-3-5684-1558 (main)
Scheduled date for filing the quarterly report: February 13th, 2024
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 31st, 2024 (April 1st, 2023 through December 31st, 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	%
Third quarter of the year ending March 31 st , 2024	99,258	6.2	19,286	20.0	19,603	16.9	13,636	17.5
Third quarter of the year ended March 31 st , 2023	93,481	0.4	16,077	1.4	16,766	2.7	11,606	0.2

(Note) Comprehensive income

Third quarter of the year ending March 31st, 2024: 15,666 million yen / 31.1 %

Third quarter of the year ended March 31st, 2023: 11,950 million yen / 1.5 %

	Earnings per share	Diluted earnings per share
	yen	yen
Third quarter of the year ending March 31 st , 2024	450.77	—
Third quarter of the year ended March 31 st , 2023	383.71	—

(Note)

Fukuda Denshi Co., Ltd. (hereinafter mentioned as "the Company") conducted a stock split at a ratio of two shares for one common share, effective as 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
Third quarter of the year ending March 31 st , 2024	210,737	173,232	82.2	5,726.04
Year ended March 31 st , 2023	206,922	163,047	78.8	5,390.09

(Reference) Shareholders' equity:

Third quarter of the year ending March 31st, 2024: 173,232 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)				85.00	165.00

(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 25.00 yen

(Note 3)

The Company conducted a stock split at a ratio of two shares for one common share, effective as 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	134,000	(0.5)	24,000	(0.4)	24,000	(4.3)	16,500	(4.5)	545.42

(Note) Revisions to recent business forecast: Yes

*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)

Third 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:

Third quarter of the year ending March 31st, 2024: 8,922,461 shares

Year ended March 31st, 2023: 8,926,412 shares

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

Third quarter of the year ending March 31st, 2024: 30,251,454 shares

Third quarter of the year ended March 31st, 2023: 30,247,402 shares

(Note)

The Company conducted a stock split at a ratio of two shares for one common share, effective as 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 Fukuda Denshi (hereinafter mentioned as "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.

Contents of the Attached Materials

1. Qualitative information about consolidated earnings results for the quarter under review	-----	P.05
(1) Explanation about consolidated operating results	-----	P.05
(2) Explanation about consolidated financial situation	-----	P.05
(3) Explanation about consolidated earnings forecast	-----	P.05
2. Consolidated quarterly financial statements and Notes	-----	P.06
(1) Consolidated quarterly balance sheets	-----	P.06
(2) Consolidated quarterly income statements and consolidated quarterly comprehensive income statements		P.08
Consolidated quarterly income statements		
Third quarter of the consolidated term	-----	P.08
Consolidated quarterly comprehensive income statements		
Third quarter of the consolidated term	-----	P.09
(3) Notes to consolidated quarterly financial statement	-----	P.09
(Notes regarding the premise for going concern)	-----	P.09
(Notes when there is a significant fluctuation in the amount of shareholders' equity)	-----	P.09
(Significant subsequent events)	-----	P.09

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 third 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 regions.

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 99,258 million yen (up 6.2% year-on-year basis), “Operating profit” of 19,286 million yen (up 20.0% year-on-year basis), “Ordinary profit” of 19,603 million yen (up 16.9% year-on-year basis), and “Profit attributable to owners of parent” of 13,636 million yen (up 17.5% year-on-year basis) in the third quarter.

A. Physiological diagnostic equipment segment

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

As a result, consolidated “Net sales” were 19,515 million yen (down 2.3% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 5,989 million yen (down 20.0% 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 44,068 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 29,685 million yen (up 16.5% year-on-year basis).

(2) Explanation about consolidated financial situation

“Total assets” increased 3,814 million yen from the end of previous fiscal year to reach 210,737 million yen. The main factors of this are the increase of 5,114 million yen in “Property, plant and equipment” and 4,628 million yen in “Merchandise and finished goods” despite the decrease of 6,590 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” decreased 6,370 million yen from the end of the previous fiscal year to reach 37,504 million yen. The main factor is the decrease of 3,434 million yen in “Income taxes payable” and 2,384 million yen in “Provision for bonuses”.

“Net assets” increased 10,185 million yen from the end of the previous fiscal year to reach 173,232 million yen. The main factor is the increase of 8,146 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 31st, 2024 “Notice of the Revision Forecast of the Financial Results and Forecast of Year-end Dividend (Dividend Increase)”.

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 Third quarter under review (as of December 31 st , 2023)
Assets		
Current assets		
Cash and deposits	67,965	65,884
Notes and accounts receivable - trade	37,944	31,354
Electronically recorded monetary claims - operating	3,156	4,324
Securities	501	-
Merchandise and finished goods	10,109	14,737
Work in process	212	348
Raw materials and supplies	5,277	5,540
Other	1,562	1,614
Allowance for doubtful accounts	(5)	(6)
Total current assets	126,725	123,798
Non-current assets		
Property, plant and equipment	46,826	51,940
Intangible assets	1,617	1,578
Investments and other assets		
Investment securities	10,815	13,038
Other	20,951	20,389
Allowance for doubtful accounts	(14)	(8)
Total investments and other assets	31,753	33,418
Total non-current assets	80,197	86,938
Total assets	206,922	210,737
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,743	14,572
Electronically recorded obligations - operating	5,136	5,293
Short-term borrowings	1,750	1,800
Income taxes payable	4,103	669
Provision for product warranties	111	109
Provision for bonuses	3,953	1,568
Other provisions	546	409
Other	8,170	6,793
Total current liabilities	37,514	31,216
Non-current liabilities		
Retirement benefit liability	2,671	2,720
Other provisions	767	756
Other	2,921	2,810
Total non-current liabilities	6,360	6,287
Total liabilities	43,875	37,504

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2023)	End of the Third quarter under review (as of December 31 st , 2023)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,887	21,887
Retained earnings	154,156	162,302
Treasury shares	(20,398)	(20,389)
Total shareholders' equity	160,266	168,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,395	4,256
Foreign currency translation adjustment	198	395
Remeasurements of defined benefit plans	188	159
Total accumulated other comprehensive income	2,781	4,811
Total net assets	163,047	173,232
Total liabilities and net assets	206,922	210,737

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

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

	(Million yen)	
	Third quarter of the previous consolidated term (from April 1 st , 2022 to December 31 st , 2022)	Third quarter of the consolidated term (from April 1 st , 2023 to December 31 st , 2023)
Net sales	93,481	99,258
Cost of sales	44,436	45,332
Gross profit	49,044	53,926
Selling, general and administrative expenses	32,966	34,639
Operating profit	16,077	19,286
Non-operating income		
Interest income	51	70
Dividend income	145	168
Foreign exchange gains	306	-
Gain on investments in investment partnership	17	1
Other	201	147
Total non-operating income	721	387
Non-operating expenses		
Interest expenses	26	25
Foreign exchange losses	-	27
Other	6	18
Total non-operating expenses	33	70
Ordinary profit	16,766	19,603
Extraordinary income		
Gain on sales of non-current assets	9	5
Surrender value of insurance policies	167	197
Gain on extinguishment of tie-in shares	67	-
Total extraordinary income	244	202
Extraordinary losses		
Loss on sales of non-current assets	14	5
Impairment losses	59	5
Loss on valuation of investment securities	53	26
Office relocation expenses	4	8
Other	0	-
Total extraordinary losses	133	46
Profit before income taxes	16,877	19,759
Income taxes - current	5,159	5,671
Income taxes - deferred	111	451
Total income taxes	5,271	6,122
Profit	11,606	13,636
Profit attributable to owners of parent	11,606	13,636

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

	(Million yen)	
	Third quarter of the previous consolidated term (from April 1 st , 2022 to December 31 st , 2022)	Third quarter of the consolidated term (from April 1 st , 2023 to December 31 st , 2023)
Profit	11,606	13,636
Other comprehensive income		
Valuation difference on available-for-sale securities	103	1,861
Foreign currency translation adjustment	209	197
Remeasurements of defined benefit plans, net of tax	31	(29)
Total other comprehensive income	344	2,029
Comprehensive income	11,950	15,666
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,950	15,666

(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.

(Significant subsequent events)

Acquisition and cancellation of treasury shares

At the Board of Directors meeting held on January 31st, 2024, the Company resolved the acquisition of treasury shares Article 156 of the Companies Act as applied pursuant to Article 165(3) of the Companies Act, and the cancellation of treasury shares pursuant to Article 178 of the Companies Act.

For further information, please refer to the announcement posted on January 31st, 2024 "Notice of the Acquisition of Treasury Shares, the Acquisition of Treasury Shares Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and the Cancellation of Treasury Shares" (disclosed in Japanese only).

* This English translation is for reference purposes only. The original Japanese version will prevail as the official authoritative version.