

Summary Report on Financial Results for the Second Quarter (Semi-annual) of the Fiscal Year Ending
March 31st, 2025 (Japan GAAP)

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

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Scheduled date for commencement of dividend payment: December 9th, 2024
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 (Semi-annual) of the fiscal year ending March 31st, 2025
(April 1st, 2024 through September 30th, 2024)

(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	%
Six months ended								
September 30 th , 2024	64,314	(3.3)	10,654	(23.6)	11,262	(20.1)	7,706	(21.4)
September 30 th , 2023	66,541	6.2	13,951	26.0	14,099	20.9	9,810	20.8

(Note) Comprehensive income

Six months ended September 30th, 2024: 6,014 million yen / (47.6) %

Six months ended September 30th, 2023: 11,474 million yen / 36.6 %

	Earnings per share	Diluted earnings per share
	yen	yen
Six months ended		
September 30 th , 2024	267.34	—
September 30 th , 2023	324.32	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
As of				
September 30 th , 2024	204,776	171,975	84.0	5,965.57
March 31 st , 2024	209,064	169,008	80.8	5,863.22

(Reference) Shareholders' equity:

As of September 30th, 2024: 171,975 million yen

As of March 31st, 2024: 169,008 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 , 2024	—	80.00	—	105.00	185.00
Year ending March 31 st , 2025	—	85.00			
Year ending March 31 st , 2025 (forecast)			—	85.00	170.00

(Note 1) Revisions to recent dividend forecast: None

(Note 2)

The detail of second quarter dividend of Year ended March 31st, 2024; ordinary dividend 60.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ended March 31st, 2024; ordinary dividend 60.00 yen, extra dividend 45.00 yen

The detail of second quarter dividend of Year ending March 31st, 2025; ordinary dividend 60.00 yen, extra dividend 25.00 yen

The detail of year-end dividend of Year ending March 31st, 2025 (forecast); ordinary dividend 60.00 yen, extra dividend 25.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 31st, 2025 (April 1st, 2024 through March 31st, 2025)

(% 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	135,000	(3.8)	23,000	(13.2)	23,000	(14.8)	16,500	(11.7)	572.37

(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) Significant changes in the scope of consolidation during the period: None

(2) Application of accounting treatment specific to the preparation of semi-annual consolidated 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)

As of September 30th, 2024: 37,747,300 shares

As of March 31st, 2024: 37,747,300 shares

(ii) Number of shares of treasury shares at the end of the period:

As of September 30th, 2024: 8,919,221 shares

As of March 31st, 2024: 8,922,061 shares

(iii) Average number of shares during the period (semi-annual)

Six months ended September 30th, 2024: 28,826,873 shares

Six months ended September 30th, 2023: 30,250,700 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. Operating results” section on page 5.

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1. Operating results

(1) Overview of operating results

Although the Japanese economy has been gradually recovering during the consolidated cumulative second quarter (semi-annual) of this fiscal year (April 1st, 2024 through March 31st, 2025), there is still uncertainty about the future due to factors such as soaring resource prices influenced by the international situation and the monetary policy shift in Europe and America.

In the medical industry, it is now necessary to continue building systems to prepare for future infectious disease 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 64,314 million yen (down 3.3% year-on-year basis), “Operating profit” of 10,654 million yen (down 23.6% year-on-year basis), “Ordinary profit” of 11,262 million yen (down 20.1% year-on-year basis), and “Profit attributable to owners of parent” of 7,706 million yen (down 21.4% year-on-year basis) in the second quarter (semi-annual).

A. Physiological diagnostic equipment segment

The sales of electrocardiographs and ultrasound diagnostic systems, vascular screening systems decreased.

As a result, consolidated “Net sales” were 11,888 million yen (down 8.7% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 4,136 million yen (up 10.2% year-on-year basis).

C. Medical treatment equipment segment

The business of renting medical equipment for home treatment and the sales of AEDs, etc. increased. As a result, consolidated “Net sales” were 30,500 million yen (up 4.2% year-on-year basis).

D. Consumables and other products segment

Consumables and other products segment includes the sales of consumables used for devices handled in the above segments, as well as maintenance and repair services.

Consolidated “Net sales” for this segment were 17,789 million yen (down 13.1% year-on-year basis).

(2) Overview of financial situation

“Total assets” decreased 4,288 million yen from the end of previous fiscal year to reach 204,776 million yen. The main factors are the decrease of 8,917 million yen in “Notes and accounts receivable - trade” despite the increase of 3,975 million yen in “Cash and deposits”.

“Total liabilities” decreased 7,255 million yen from the end of the previous fiscal year to reach 32,800 million yen. The main factor is the decrease of 1,890 million yen in “Notes and accounts payable - trade” and 1,534 million yen in “Electronically recorded obligations - operating”.

“Net assets” increased 2,967 million yen from the end of the previous fiscal year to reach 171,975 million yen. The main factors are the increase of 4,653 million yen in “Retained earnings” despite the decrease of 1,519 million yen in “Valuation difference on available-for-sale securities”.

(3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the second quarter (semi-annual), there is no change at this moment in the forecast of the financial results for the full fiscal year which we announced on May 15th, 2024.

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. Semi-annual consolidated financial statements and Notes

(1) Semi-annual consolidated balance sheets

(Million yen)

	As of March 31 st , 2024	As of September 30 th , 2024
Assets		
Current assets		
Cash and deposits	60,222	64,198
Notes and accounts receivable - trade	36,770	27,852
Electronically recorded monetary claims - operating	4,447	3,430
Merchandise and finished goods	11,362	11,059
Work in process	240	390
Raw materials and supplies	4,054	3,993
Other	2,076	2,504
Allowance for doubtful accounts	(38)	(36)
Total current assets	119,136	113,394
Non-current assets		
Property, plant and equipment	51,575	53,480
Intangible assets	1,862	1,770
Investments and other assets		
Investment securities	15,496	13,995
Other	21,000	22,142
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	36,489	36,130
Total non-current assets	89,928	91,382
Total assets	209,064	204,776
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,611	9,721
Electronically recorded obligations - operating	4,753	3,218
Short-term borrowings	1,750	1,800
Income taxes payable	3,856	3,180
Provision for product warranties	149	160
Provision for bonuses	3,816	3,066
Other provisions	547	273
Other	7,947	5,892
Total current liabilities	34,431	27,313
Non-current liabilities		
Retirement benefit liability	2,031	2,051
Other provisions	810	739
Other	2,782	2,696
Total non-current liabilities	5,624	5,486
Total liabilities	40,056	32,800

(Million yen)

	As of March 31 st , 2024	As of September 30 th , 2024
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	17,506	17,506
Retained earnings	167,359	172,012
Treasury shares	(27,266)	(27,260)
Total shareholders' equity	162,220	166,880
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,594	4,074
Foreign currency translation adjustment	578	470
Remeasurements of defined benefit plans	613	550
Total accumulated other comprehensive income	6,787	5,095
Total net assets	169,008	171,975
Total liabilities and net assets	209,064	204,776

(2) Semi-annual consolidated statements of income and comprehensive income

Semi-annual consolidated statements of income

(Million yen)

	Six months ended September 30 th , 2023	Six months ended September 30 th , 2024
Net sales	66,541	64,314
Cost of sales	29,533	30,533
Gross profit	37,007	33,780
Selling, general and administrative expenses	23,055	23,125
Operating profit	13,951	10,654
Non-operating income		
Interest income	44	46
Dividend income	110	125
Foreign exchange gains	-	77
Gain on investments in investment partnership	1	78
Insurance claim income	9	150
Other	81	159
Total non-operating income	247	637
Non-operating expenses		
Interest expenses	16	20
Foreign exchange losses	68	-
Other	14	9
Total non-operating expenses	100	29
Ordinary profit	14,099	11,262
Extraordinary income		
Gain on sales of non-current assets	4	120
Surrender value of insurance policies	194	67
Total extraordinary income	199	188
Extraordinary losses		
Loss on sale of non-current assets	5	34
Impairment losses	4	6
Office relocation expenses	8	-
Total extraordinary losses	18	41
Profit before income taxes	14,280	11,410
Income taxes - current	4,286	3,215
Income taxes - deferred	183	487
Total income taxes	4,469	3,703
Profit	9,810	7,706
Profit attributable to owners of parent	9,810	7,706

Semi-annual consolidated statements of comprehensive income

(Million yen)

	Six months ended September 30 th , 2023	Six months ended September 30 th , 2024
Profit	9,810	7,706
Other comprehensive income		
Valuation difference on available-for-sale securities	1,372	(1,519)
Foreign currency translation adjustment	310	(108)
Remeasurements of defined benefit plans, net of tax	(19)	(63)
Total other comprehensive income	1,664	(1,691)
Comprehensive income	11,474	6,014
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,474	6,014

(2) Notes to semi-annual consolidated financial statements

(Notes regarding changes in Accounting Policy)

Application of Accounting Standard for Current Income Taxes:

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28th, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28th, 2022; hereinafter, “Revised Guidance 2022”). The change in accounting policies had no impact on the Group’s consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Group has applied the Revised Guidance 2022 from the beginning of the first quarter of the current consolidated fiscal year. The change in accounting policies was applied retrospectively to the consolidated financial statements for the first quarter of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the second quarter of the previous fiscal year or the entire previous fiscal year.

(Notes regarding the premise for going concern)

Not applicable.

(Notes when there is a significant fluctuation in the amount of shareholders’ equity)

Not applicable.

(Other)

Filing of lawsuits against the Company's directors, etc.:

As announced on August 27th, 2024, Fukuda Denshi Co., Ltd. (hereinafter mentioned as "the Company") received a notice of lawsuit from one of the Company’s shareholders, who has filed a representative lawsuit with the Tokyo District Court against nine of our directors and four of our former directors, demanding compensation for damages.

The Company believes that none of its current or former directors has failed to perform their duties and that this lawsuit will not impact the Company's business performance. However, should any additional matters need to be disclosed, the Company will promptly announce them.

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