

Summary Report on Financial Results for the First Quarter of the Year Ending March 2021
(Japan GAAP)

July 31st, 2020
Listing: TSE-JASDAQ

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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 First quarter of the year ending March 2021 (April 1st, 2020 through June 30th, 2020)

(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	%
First quarter of the year ending March 2021	27,297	(4.5)	2,337	(9.9)	2,431	(7.3)	1,749	(5.7)
First quarter of the year ended March 2020	28,595	5.5	2,595	8.0	2,622	(5.9)	1,853	3.4

(Note) Comprehensive income

First quarter of the year ending March 2021: 2,227 million yen / 33.2 %

First quarter of the year ended March 2020: 1,673 million yen / (8.9) %

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 2021	115.69	—
First quarter of the year ended March 2020	121.82	—

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
First quarter of the year ending March 2021	165,106	125,058	75.7	8,271.42
Year ended March 2020	168,742	124,427	73.7	8,229.96

(Reference) Shareholders' equity:

First quarter of the year ending March 2021: 125,058 million yen

Year ended March 2020: 124,427 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 2020	—	75.00	—	105.00	180.00
Year ending March 2021	—				
Year ending March 2021 (forecast)		75.00	—	105.00	180.00

(Note) Revisions to recent dividend forecast: Yes

The detail of second quarter dividend of Year ended March 2020; ordinary dividend 55.00 yen, extra dividend 15.00 yen, commemorative dividend 5.00 yen

The detail of year-end dividend of Year ended March 2020; ordinary dividend 60.00 yen, extra dividend 40.00 yen, commemorative dividend 5.00 yen

The detail of second quarter dividend of Year ending March 2021 (forecast); ordinary dividend 55.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 2021 (forecast); ordinary dividend 60.00 yen, extra dividend 45.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2021 (April 1st, 2020 through March 31st, 2021)

(% 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	132,000	(1.0)	12,800	(3.6)	13,000	(4.7)	9,100	(5.3)	601.88

(Note) Revisions to recent business forecast: Yes

Since Fukuda Denshi's (hereinafter, "the Group") operating results tend 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)

First quarter of the year ending March 2021: 19,588,000 shares

Year ended March 2020: 19,588,000 shares

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

First quarter of the year ending March 2021: 4,468,677 shares

Year ended March 2020: 4,469,117 shares

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

First quarter of the year ending March 2021: 15,119,088 shares

First quarter of the year ended March 2020: 15,218,274 shares

* Summary Report on Financial Results for the First Quarter is not subject to quarterly financial review.

* 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.

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		
First quarter of the consolidated term	-----	P.08
Consolidated quarterly comprehensive income statements		
First 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

1. Qualitative information about consolidated earnings results for the quarter under review

(1) Explanation about consolidated operating results

The Japanese economy during the current consolidated fiscal quarter has sharply deteriorated after the impact of the spread of COVID-19, and the economic prospects remain uncertain for the time being.

In the medical device industry, though the remuneration for medical treatments in FY2020 has been a positive revision as a whole, medical institutions are still facing huge COVID-19 burden.

In such an environment, the Group posted a consolidated “Net sales” of 27,297 million yen (down 4.5% year-on-year basis), “Operating profit” of 2,337 million yen (down 9.9% year-on-year basis), “Ordinary profit” of 2,431 million yen (down 7.3% year-on-year basis), and “Profit attributable to owners of parent” of 1,749 million yen (down 5.7% year-on-year basis) in the first quarter.

A. Physiological diagnostic equipment segment

The sales of electrocardiographs and IT-related products decreased. As a result, consolidated “Net sales” were 6,259 million yen (down 9.2% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 1,801 million yen (up 3.4% year-on-year basis).

C. Medical treatment equipment segment

While the sales of pacemakers decreased, the sales of ventilators and the business of renting medical equipment for home treatment increased. As a result, consolidated “Net sales” were 12,074 million yen (up 0.8% year-on-year basis).

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 7,161 million yen (down 10.2% year-on-year basis).

(2) Explanation about consolidated financial situation

“Total assets” decreased 3,636 million yen from the end of previous fiscal year to reach 165,106 million yen. The main factors are the decrease of 8,660 million yen in “Notes and accounts receivable - trade” despite the increase of 1,748 million yen in “Merchandise and finished goods” and 534 million yen in “Property, plant and equipment”.

“Total liabilities” decreased 4,266 million yen from the end of the previous fiscal year to reach 40,048 million yen. The main factor is the decrease of 2,596 million yen in “Notes and accounts payable - trade” and 1,906 million yen in “Income taxes payable”.

“Net assets” increased 630 million yen from the end of the previous fiscal year to reach 125,058 million yen. The main factor is the increase of 482 million yen in “Valuation difference on available-for-sale securities” and 149 million yen in “Retained earnings”.

(3) Explanation about consolidated earnings forecast

For the information about consolidated earnings forecast, please refer to the announcement posted on July 31st “Notice of the Forecast of the Financial Results and Dividends for the Fiscal Year Ending March 2021”.

2. Consolidated quarterly financial statements and Notes

(1) Consolidated quarterly balance sheets

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2020)	End of the First quarter under review (as of June 30 th , 2020)
Assets		
Current assets		
Cash and deposits	49,112	49,457
Notes and accounts receivable - trade	36,378	27,718
Electronically recorded monetary claims - operating	1,681	2,102
Securities	107	106
Merchandise and finished goods	9,553	11,301
Work in process	198	196
Raw materials and supplies	2,559	2,694
Other	1,670	3,054
Allowance for doubtful accounts	(45)	(35)
Total current assets	101,215	96,595
Non-current assets		
Property, plant and equipment	36,443	36,977
Intangible assets	1,731	1,703
Investments and other assets		
Investment securities	10,138	10,346
Other	19,228	19,498
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	29,351	29,829
Total non-current assets	67,526	68,510
Total assets	168,742	165,106
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,263	15,667
Electronically recorded obligations - operating	6,081	5,351
Short-term borrowings	1,750	1,750
Income taxes payable	2,361	454
Provision for bonuses	2,728	1,412
Provision for product warranties	124	134
Other provisions	296	80
Other	5,766	8,286
Total current liabilities	37,372	33,137
Non-current liabilities		
Retirement benefit liability	3,438	3,451
Other provisions	342	333
Other	3,160	3,125
Total non-current liabilities	6,942	6,910
Total liabilities	44,314	40,048

	(Million yen)	
	Previous fiscal year (as of March 31 st , 2020)	End of the First quarter under review (as of June 30 th , 2020)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,817	21,817
Retained earnings	118,517	118,666
Treasury shares	(20,358)	(20,356)
Total shareholders' equity	124,597	124,749
Accumulated other comprehensive Income		
Valuation difference on available-for-sale securities	644	1,127
Foreign currency translation adjustment	(353)	(380)
Remeasurements of defined benefit plans	(461)	(437)
Total accumulated other comprehensive income	(169)	309
Total net assets	124,427	125,058
Total liabilities and net assets	168,742	165,106

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

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2019 to June 30 th , 2019)	First quarter of the consolidated term (from April 1 st , 2020 to June 30 th , 2020)
Net sales	28,595	27,297
Cost of sales	16,269	14,989
Gross profit	12,326	12,308
Selling, general and administrative expenses	9,730	9,970
Operating profit	2,595	2,337
Non-operating income		
Interest income	16	15
Dividend income	59	67
Other	32	34
Total non-operating income	108	116
Non-operating expenses		
Interest expenses	9	9
Foreign exchange losses	63	9
Other	7	3
Total non-operating expenses	81	22
Ordinary profit	2,622	2,431
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	-	253
Surrender value of insurance policies	39	58
Gain on reversal of foreign currency translation adjustment	33	-
Total extraordinary income	73	313
Extraordinary losses		
Loss on sales of non-current assets	-	1
Impairment loss	8	0
Loss on valuation of investment securities	-	251
Total extraordinary losses	8	253
Profit before income taxes	2,688	2,491
Income taxes - current	672	901
Income taxes - deferred	162	(158)
Total income taxes	834	742
Profit	1,853	1,749
Profit attributable to owners of parent	1,853	1,749

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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 st , 2019 to June 30 th , 2019)	First quarter of the consolidated term (from April 1 st , 2020 to June 30 th , 2020)
Profit	1,853	1,749
Other comprehensive income		
Valuation difference on available-for-sale securities	(106)	482
Foreign currency translation adjustment	(89)	(27)
Remeasurements of defined benefit plans, net of tax	14	23
Total other comprehensive income	(180)	478
Comprehensive income	1,673	2,227
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,673	2,227

(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.