

Summary Report on Financial Results for the Second Quarter of the Year Ending March 2020  
(Japan GAAP)

October 31<sup>st</sup>, 2019  
Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.  
Code No.: 6960 (<http://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: November 14<sup>th</sup>, 2019  
Scheduled date for commencement of dividend payment: December 9<sup>th</sup>, 2019  
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 2020 (April 1<sup>st</sup>, 2019 through September 30<sup>th</sup>, 2019)

(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 2020	67,129	15.6	7,159	31.7	7,242	21.9	5,385	22.6
Second quarter of the year ended March 2019	58,062	(1.3)	5,434	(9.9)	5,941	(3.9)	4,393	(13.3)

(Note) Comprehensive income

Second quarter of the year ending March 2020: 5,323 million yen / 24.0 %

Second quarter of the year ended March 2019: 4,292 million yen / (19.6) %

	Earnings per share	Diluted earnings per share
	yen	Yen
Second quarter of the year ending March 2020	353.91	—
Second quarter of the year ended March 2019	288.73	—

(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 2020	164,158	122,901	74.9	8,075.93
Year ended March 2019	160,940	119,183	74.1	7,831.61

(Reference) Shareholders' equity:

Second quarter of the year ending March 2020: 122,901 million yen

Year ended March 2019: 119,183 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 2019	—	70.00	—	105.00	175.00
Year ending March 2020	—	75.00			
Year ending March 2020 (forecast)			—	100.00	175.00

(Note) Revisions to recent dividend forecast: None

The detail of second quarter dividend of Year ended March 2019; ordinary dividend 55.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ended March 2019; 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 2020; ordinary dividend 55.00 yen, extra dividend 15.00 yen, commemorative dividend 5.00 yen

The detail of year-end dividend of Year ending March 2020 (Forecast); ordinary dividend 60.00 yen, extra dividend 40.00 yen

## 3. Forecast of consolidated financial results for fiscal year ending March 2020 (April 1<sup>st</sup>, 2019 through March 31<sup>st</sup>, 2020)

(% 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	131,000	0.9	12,700	0.4	12,900	(2.9)	9,200	(3.9)	604.54

(Note) Revisions to recent business forecast: None

Since the Group's 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)

Second quarter of the year ending March 2020: 19,588,000 shares

Year ended March 2019: 19,588,000 shares

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

Second quarter of the year ending March 2020: 4,369,762 shares

Year ended March 2019: 4,369,738 shares

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

Second quarter of the year ending March 2020: 15,218,273 shares

Second quarter of the year ended March 2019: 15,217,247 shares

\* Summary Report on Financial Results for the Second Quarter is not subject to quarterly review by certified public accountants or an auditing firm.

\* 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, "Company"). Please be advised that the Company 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 gradually expanded during the current consolidated fiscal year, the slowdown of overseas economy has an effect on the export and the production and uncertainty about the future still remains.

In the medical device industry, the government lowered the medical fee in FY2018 as a whole.

Though the medical fee has been revised in October 2019 so as to offset the consumption tax raise, medical institutions still face continuous demands for efficient and high-quality healthcare services.

In this setting, the Group posted a consolidated “Net sales” of 67,129 million yen (up 15.6% year-on-year basis), “Operating profit” of 7,159 million yen (up 31.7% year-on-year basis), “Ordinary profit” of 7,242 million yen (up 21.9% year-on-year basis), and “Profit attributable to owners of parent” of 5,385 million yen (up 22.6% year-on-year basis) in the second quarter.

#### A. Physiological diagnostic equipment segment

The number of large orders and IT-related products increased.

As a result, consolidated “Net sales” were 19,127 million yen (up 22.0% year-on-year basis).

#### B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 5,538 million yen (up 50.6% year-on-year basis).

#### C. Medical treatment equipment segment

While the business of renting medical equipment for home treatment increased, sales of pacemakers decreased.

As a result, consolidated “Net sales” were 25,316 million yen (up 3.0% 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 17,146 million yen (up 21.4% year-on-year basis).

### (2) Explanation about consolidated financial situation

“Total assets” were 164,158 million yen at the end of the second quarter under review, up 3,217 million yen from the end of the previous fiscal year.

The main factors are the increase of 3,399 million yen in “Property, plant and equipment” despite the decrease of 2,214 million yen in “Notes and accounts receivable-trade”.

“Total liabilities” amounted to 41,256 million yen, down 500 million yen from the end of the previous fiscal year.

The main factor is the decrease of 1,284 million yen in “Notes and accounts payable-trade” despite the increase of 1,265 million yen in “Electronically recorded obligations - operating”.

“Net assets” were 122,901 million yen, up 3,717 million yen from the end of the previous fiscal year.

The main factor is the increase of 3,781 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 May 15<sup>th</sup>, 2019.

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> , 2019)	End of the Second quarter under review (as of September 30 <sup>th</sup> , 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	46,857	47,212
Notes and accounts receivable-trade	37,330	35,115
Electronically recorded monetary claims - operating	1,421	1,572
Securities	145	141
Merchandise and finished goods	9,197	9,540
Work in process	104	263
Raw materials and supplies	2,632	2,922
Other	1,769	1,991
Allowance for doubtful accounts	(51)	(47)
Total current assets	99,406	98,712
Non-current assets		
Property, plant and equipment	31,329	34,729
Intangible assets	1,601	1,605
Investments and other assets		
Investment securities	10,436	11,055
Other	18,183	18,072
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	28,602	29,110
Total non-current assets	61,533	65,445
Total assets	160,940	164,158
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	19,739	18,454
Electronically recorded obligations - operating	5,065	6,331
Short-term borrowings	1,750	1,800
Income taxes payable	1,141	1,257
Provision for bonuses	2,484	2,375
Provision for product warranties	143	120
Other provision	239	118
Other	4,883	4,387
Total current liabilities	35,448	34,844
Non-current liabilities		
Retirement benefit liability	2,885	3,029
Other provision	283	299
Other	3,139	3,083
Total non-current liabilities	6,309	6,412
Total liabilities	41,757	41,256

	(Million yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2019)	End of the Second quarter under review (as of September 30 <sup>th</sup> , 2019)
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,621	4,621
Capital surplus	21,696	21,817
Retained earnings	111,662	115,443
Treasury shares	(19,540)	(19,661)
<b>Total shareholders' equity</b>	<b>118,439</b>	<b>122,220</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,270	1,307
Foreign currency translation adjustment	(235)	(364)
Remeasurements of defined benefit plans	(291)	(261)
<b>Total accumulated other comprehensive income</b>	<b>743</b>	<b>680</b>
<b>Total net assets</b>	<b>119,183</b>	<b>122,901</b>
<b>Total liabilities and net assets</b>	<b>160,940</b>	<b>164,158</b>

## (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> , 2018 to September 30 <sup>th</sup> , 2018)	Second quarter of the consolidated term (from April 1 <sup>st</sup> , 2019 to September 30 <sup>th</sup> , 2019)
Net sales	58,062	67,129
Cost of sales	33,116	40,245
Gross profit	24,946	26,884
Selling, general and administrative expenses	19,511	19,725
Operating profit	5,434	7,159
Non-operating income		
Interest income	21	34
Dividend income	295	79
Foreign exchange gains	133	-
Gain on investments in investment partnership	8	6
Other	84	75
Total non-operating income	543	196
Non-operating expenses		
Interest expenses	24	19
Foreign exchange losses	-	73
Loss on investments in investment partnership	1	1
Other	11	19
Total non-operating expenses	37	113
Ordinary profit	5,941	7,242
Extraordinary income		
Gain on sales of non-current assets	4	0
Surrender value of insurance policies	550	351
Gain on reversal of foreign currency translation adjustment	-	33
Total extraordinary income	554	385
Extraordinary losses		
Loss on sales of non-current assets	0	-
Impairment loss	10	12
Building demolition cost	128	-
Other	1	-
Total extraordinary losses	141	12
Profit before income taxes	6,353	7,616
Income taxes - current	1,593	1,749
Income taxes – deferred	366	480
Total income taxes	1,960	2,230
Profit	4,393	5,385
Profit attributable to owners of parent	4,393	5,385



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> , 2018 to September 30 <sup>th</sup> , 2018)	Second quarter of the consolidated term (from April 1 <sup>st</sup> , 2019 to September 30 <sup>th</sup> , 2019)
Profit	4,393	5,385
Other comprehensive income		
Valuation difference on available-for-sale securities	(113)	36
Foreign currency translation adjustment	(14)	(129)
Remeasurements of defined benefit plans, net of tax	25	30
Total other comprehensive income	(101)	(62)
Comprehensive income	4,292	5,323
Comprehensive income attributable to Comprehensive income attributable to owners of parent	4,292	5,323

(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.