

Summary Report on Financial Results for the First Quarter of the Year Ending March 2019  
(Japan GAAP)

July 31<sup>st</sup>, 2018  
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: August 8<sup>th</sup>, 2018  
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 2019 (April 1<sup>st</sup>, 2018 through June 30<sup>th</sup>, 2018)

(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 2019	27,103	1.2	2,404	(8.2)	2,786	2.2	1,792	(16.9)
First quarter of the year ended March 2018	26,770	6.9	2,618	18.7	2,725	36.4	2,157	75.5

(Note) Comprehensive income

First quarter of the year ending March 2019: 1,836 million yen / (21.5) %

First quarter of the year ended March 2018: 2,338 million yen / 121.5 %

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 2019	117.82	—
First quarter of the year ended March 2018	141.80	—

(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 2019	151,322	113,475	75.0	7,457.03
Year ended March 2018	157,518	113,252	71.9	7,442.43

(Reference) Shareholders' equity:

First quarter of the year ending March 2019: 113,475 million yen

Year ended March 2018: 113,252 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 2018	—	65.00	—	105.00	170.00
Year ending March 2019	—				
Year ending March 2019 (forecast)		70.00	—	100.00	170.00

(Note) Revisions to recent dividend forecast: None

The detail of second quarter dividend of Year ended March 2018; ordinary dividend 50.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ended March 2018; 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 2019 (Forecast); ordinary dividend 55.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 2019 (Forecast); ordinary dividend 60.00 yen, extra dividend 40.00 yen

## 3. Forecast of consolidated financial results for fiscal year ending March 2019 (April 1<sup>st</sup>, 2018 through March 31<sup>st</sup>, 2019)

(% 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	130,000	0.9	12,400	0.5	12,800	0.7	9,200	(1.3)	604.58

(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)

First quarter of the year ending March 2019: 19,588,000 shares

Year ended March 2018: 19,588,000 shares

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

First quarter of the year ending March 2019: 4,370,773 shares

Year ended March 2018: 4,370,873 shares

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

First quarter of the year ending March 2019: 15,217,202 shares

First quarter of the year ended March 2018: 15,216,748 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 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.

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
(Additional Information)	-----	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 gradually expanded during the current consolidated fiscal year, the uncertainty in the overseas economy is high and uncertainty about the future remains.

In the medical device industry, the remuneration for medical treatments in FY2018 has been a negative revision as a whole. Medical institutions face continuous demands for efficient and high-quality healthcare.

As a result, the Group posted a consolidated “Net sales” of 27,103 million yen (up 1.2% on a year-to-year basis), “Operating profit” of 2,404 million yen (down 8.2% on a year-to-year basis), “Ordinary profit” of 2,786 million yen (up 2.2% on a year-to-year basis), and “Profit attributable to owners of parent” of 1,792 million yen (down 16.9% on a year-to-year basis) in the first quarter.

#### A. Physiological diagnostic equipment segment

The sales of electrocardiographs and blood cell counters increased.

As a result, consolidated “Net sales” were 6,639 million yen (up 2.8% year-on-year basis).

#### B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 1,498 million yen (up 9.4% 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 11,989 million yen (down 0.7% on a year-to-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 6,975 million yen (up 1.5% on a year-to-year basis).

### (2) Explanation about consolidated financial situation

“Total assets” were 151,322 million yen at the end of the first quarter under review, down 6,196 million yen from the end of the previous fiscal year.

The main factors are the decrease of 8,413 million yen in “Notes and accounts receivable-trade” despite the increase of 935 million yen in “Merchandise and finished goods”.

“Total liabilities” amounted to 37,847 million yen, down 6,419 million yen from the end of the previous fiscal year.

The main factor is the decrease of 4,757 million yen in “Notes and accounts payable-trade” and 2,525 million yen in “Income taxes payable”.

“Net assets” were 113,475 million yen, up 222 million yen from the end of the previous fiscal year.

The main factor is the increase of 179 million yen in “Retained earnings”.

### (3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the first 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>, 2018.

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> , 2018)	End of the First quarter under review (as of June 30 <sup>th</sup> , 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	46,439	46,356
Notes and accounts receivable-trade	39,202	30,788
Securities	249	246
Merchandise and finished goods	10,411	11,346
Work in process	112	397
Raw materials and supplies	2,480	2,856
Other	1,565	2,140
Allowance for doubtful accounts	(41)	(33)
<b>Total current assets</b>	<b>100,420</b>	<b>94,101</b>
Non-current assets		
Property, plant and equipment	28,444	28,841
Intangible assets	2,011	1,837
Investments and other assets		
Investment securities	10,604	10,670
Other	16,092	15,928
Allowance for doubtful accounts	(55)	(56)
<b>Total investments and other assets</b>	<b>26,642</b>	<b>26,542</b>
<b>Total non-current assets</b>	<b>57,098</b>	<b>57,221</b>
<b>Total assets</b>	<b>157,518</b>	<b>151,322</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	20,213	15,455
Electronically recorded obligations - operating	6,512	6,694
Short-term loans payable	1,850	1,850
Current portion of long-term loans payable	22	11
Income taxes payable	2,842	317
Provision for bonuses	2,368	1,184
Provision for product warranties	287	239
Other provision	204	57
Other	5,012	7,143
<b>Total current liabilities</b>	<b>39,315</b>	<b>32,953</b>
Non-current liabilities		
Net defined benefit liability	2,690	2,699
Other provision	292	233
Other	1,968	1,960
<b>Total non-current liabilities</b>	<b>4,951</b>	<b>4,893</b>
<b>Total liabilities</b>	<b>44,266</b>	<b>37,847</b>

	(Million yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2018)	End of the First quarter under review (as of June 30 <sup>th</sup> , 2018)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	21,696	21,696
Retained earnings	104,768	104,947
Treasury shares	(19,542)	(19,542)
<b>Total shareholders' equity</b>	<b>111,544</b>	<b>111,723</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,120	2,183
Foreign currency translation adjustment	(161)	(193)
Remeasurements of defined benefit plans	(251)	(238)
<b>Total accumulated other comprehensive income</b>	<b>1,708</b>	<b>1,751</b>
<b>Total net assets</b>	<b>113,252</b>	<b>113,475</b>
<b>Total liabilities and net assets</b>	<b>157,518</b>	<b>151,322</b>

## (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 <sup>st</sup> , 2017 to June 30 <sup>th</sup> , 2017)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2018 to June 30 <sup>th</sup> , 2018)
Net sales	26,770	27,103
Cost of sales	14,599	15,034
Gross profit	12,170	12,069
Selling, general and administrative expenses	9,552	9,664
Operating profit	2,618	2,404
Non-operating income		
Interest income	14	10
Dividend income	72	274
Foreign exchange gains	-	75
Other	38	34
Total non-operating income	125	393
Non-operating expenses		
Interest expenses	10	11
Foreign exchange losses	5	-
Other	2	0
Total non-operating expenses	18	12
Ordinary profit	2,725	2,786
Extraordinary income		
Gain on sales of non-current assets	5	4
Gain on sales of investment securities	0	-
Surrender value of insurance	441	64
Other	-	0
Total extraordinary income	446	68
Extraordinary losses		
Loss on sales of non-current assets	-	0
Impairment loss	4	1
Building demolition cost	-	64
Other	-	1
Total extraordinary losses	4	68
Profit before income taxes	3,167	2,786
Income taxes-current	1,000	721
Income taxes-deferred	9	272
Total income taxes	1,010	993
Profit	2,157	1,792
Profit attributable to owners of parent	2,157	1,792



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

	(Million yen)	
	First quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2017 to June 30 <sup>th</sup> , 2017)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2018 to June 30 <sup>th</sup> , 2018)
Profit	2,157	1,792
Other comprehensive income		
Valuation difference on available-for-sale securities	202	62
Foreign currency translation adjustment	(39)	(31)
Remeasurements of defined benefit plans, net of tax	17	12
Total other comprehensive income	180	43
Comprehensive income	2,338	1,836
Comprehensive income attributable to Comprehensive income attributable to owners of parent	2,338	1,836

(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.

(Additional Information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28 issued on February 16<sup>th</sup>, 2018) from the first quarter of the current fiscal year. Accordingly, the Company presents deferred tax assets under investments and other assets.

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