

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

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

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Scheduled date for filing the quarterly report: February 8<sup>th</sup>, 2019  
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 2019 (April 1<sup>st</sup>, 2018 through December 31<sup>st</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	%
Third quarter of the year ending March 2019	90,156	2.2	8,201	(2.8)	8,758	(0.7)	6,242	(8.7)
Third quarter of the year ended March 2018	88,208	7.5	8,434	3.8	8,816	6.2	6,838	(1.5)

(Note) Comprehensive income

Third quarter of the year ending March 2019: 4,461 million yen / (40.3) %

Third quarter of the year ended March 2018: 7,467 million yen / (11.0) %

	Earnings per share	Diluted earnings per share
	yen	yen
Third quarter of the year ending March 2019	410.23	—
Third quarter of the year ended March 2018	449.39	—

(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 2019	153,306	115,031	75.0	7,558.95
Year ended March 2018	157,518	113,252	71.9	7,442.43

(Reference) Shareholders' equity:

Third quarter of the year ending March 2019: 115,031 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	—	70.00	—		
Year ending March 2019 (forecast)				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; 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)	604.57

(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)

Third 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:

Third quarter of the year ending March 2019: 4,370,093 shares

Year ended March 2018: 4,370,873 shares

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

Third quarter of the year ending March 2019: 15,217,437 shares

Third quarter of the year ended March 2018: 15,217,022 shares

\* Summary Report on Financial Results for the Third 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 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 90,156 million yen (up 2.2% on a year-to-year basis), “Operating profit” of 8,201 million yen (down 2.8% on a year-to-year basis), “Ordinary profit” of 8,758 million yen (down 0.7% on a year-to-year basis), and “Profit attributable to owners of parent” of 6,242 million yen (down 8.7% on a year-to-year basis) in the third quarter.

#### A. Physiological diagnostic equipment segment

The sales of electrocardiographs increased.

As a result, consolidated “Net sales” were 24,274 million yen (up 1.9% year-on-year basis).

#### B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 6,097 million yen (up 1.2% year-on-year basis).

#### C. Medical treatment equipment segment

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

As a result, consolidated “Net sales” were 37,412 million yen (up 1.2% 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 22,370 million yen (up 4.6% on a year-to-year basis).

### (2) Explanation about consolidated financial situation

“Total assets” were 153,306 million yen at the end of the third quarter under review, down 4,212 million yen from the end of the previous fiscal year.

The main factors are the decrease of 7,024 million yen in “Notes and accounts receivable-trade” and 2,173 million yen in “cash and deposits” despite the increase of 2,915 million yen in “Property, plant and equipment”.

“Total liabilities” amounted to 38,274 million yen, down 5,991 million yen from the end of the previous fiscal year.

The main factor is the decrease of 3,516 million yen in “Notes and accounts payable-trade” and 2,764 million yen in “Income taxes payable”.

“Net assets” were 115,031 million yen, up 1,779 million yen from the end of the previous fiscal year.

The main factor is the increase of 3,559 million yen in “Retained earnings”.

### (3) Explanation about consolidated earnings forecast

Due to the steady sales achievement until the third 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

	(Millions of yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2018)	End of the Third quarter under review (as of December 31 <sup>st</sup> , 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	46,439	44,265
Notes and accounts receivable-trade	39,202	32,177
Securities	249	249
Merchandise and finished goods	10,411	11,369
Work in process	112	318
Raw materials and supplies	2,480	2,994
Other	1,565	1,998
Allowance for doubtful accounts	(41)	(32)
<b>Total current assets</b>	<b>100,420</b>	<b>93,342</b>
Non-current assets		
Property, plant and equipment	28,444	31,359
Intangible assets	2,011	1,602
Investments and other assets		
Investment securities	10,604	9,884
Other	16,092	17,135
Allowance for doubtful accounts	(55)	(18)
<b>Total investments and other assets</b>	<b>26,642</b>	<b>27,001</b>
<b>Total non-current assets</b>	<b>57,098</b>	<b>59,963</b>
<b>Total assets</b>	<b>157,518</b>	<b>153,306</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	20,213	16,696
Electronically recorded obligations – operating	6,512	5,995
Short-term loans payable	1,850	1,800
Current portion of long-term loans payable	22	-
Income taxes payable	2,842	78
Provision for bonuses	2,368	1,224
Provision for product warranties	287	275
Other provision	204	153
Other	5,012	5,802
<b>Total current liabilities</b>	<b>39,315</b>	<b>32,026</b>
Non-current liabilities		
Net defined benefit liability	2,690	2,739
Other provision	292	239
Other	1,968	3,269
<b>Total non-current liabilities</b>	<b>4,951</b>	<b>6,248</b>
<b>Total liabilities</b>	<b>44,266</b>	<b>38,274</b>

	(Millions of yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2018)	End of the Third quarter under review (as of December 31 <sup>st</sup> , 2018)
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,621	4,621
Capital surplus	21,696	21,696
Retained earnings	104,768	108,327
Treasury shares	(19,542)	(19,541)
<b>Total shareholders' equity</b>	<b>111,544</b>	<b>115,104</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,120	384
Foreign currency translation adjustment	(161)	(245)
Remeasurements of defined benefit plans	(251)	(212)
<b>Total accumulated other comprehensive income</b>	<b>1,708</b>	<b>(73)</b>
<b>Total net assets</b>	<b>113,252</b>	<b>115,031</b>
<b>Total liabilities and net assets</b>	<b>157,518</b>	<b>153,306</b>

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

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

	(Millions of yen)	
	Third quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2017 to December 31 <sup>st</sup> , 2017)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2018 to December 31 <sup>st</sup> , 2018)
Net sales	88,208	90,156
Cost of sales	50,937	52,773
Gross profit	37,271	37,382
Selling, general and administrative expenses	28,836	29,180
Operating profit	8,434	8,201
Non-operating income		
Interest income	33	28
Dividend income	122	332
Foreign exchange gains	2	65
Gain on investments in partnership	140	34
Other	134	145
Total non-operating income	434	607
Non-operating expenses		
Interest expenses	32	35
Loss on investments in partnership	0	-
Other	20	15
Total non-operating expenses	52	50
Ordinary profit	8,816	8,758
Extraordinary income		
Gain on sales of non-current assets	7	136
Surrender value of insurance	932	550
Other	0	-
Total extraordinary income	940	687
Extraordinary losses		
Loss on sales of non-current assets	-	113
Impairment loss	11	12
Office transfer expenses	36	-
Loss on litigation	22	-
Building demolition cost	-	128
Other	-	9
Total extraordinary losses	70	264
Profit before income taxes	9,685	9,181
Income taxes-current	2,670	2,424
Income taxes-deferred	177	514
Total income taxes	2,847	2,938
Profit	6,838	6,242
Profit attributable to owners of parent	6,838	6,242



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

	(Millions of yen)	
	Third quarter of the previous consolidated term (from April 1 <sup>st</sup> , 2017 to December 31 <sup>st</sup> , 2017)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2018 to December 31 <sup>st</sup> , 2018)
Profit	6,838	6,242
Other comprehensive income		
Valuation difference on available-for-sale securities	561	(1,735)
Foreign currency translation adjustment	15	(84)
Remeasurements of defined benefit plans, net of tax	52	38
Total other comprehensive income	629	(1,781)
Comprehensive income	7,467	4,461
Comprehensive income attributable to Comprehensive income attributable to owners of parent	7,467	4,461

(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.