

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

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

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Scheduled date for filing the quarterly report: August 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 First quarter of the year ending March 2020 (April 1<sup>st</sup>, 2019 through June 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	%
First quarter of the year ending March 2020	28,595	5.5	2,595	8.0	2,622	(5.9)	1,853	3.4
First quarter of the year ended March 2019	27,103	1.2	2,404	(8.2)	2,786	2.2	1,792	(16.9)

(Note) Comprehensive income

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

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

	Earnings per share	Diluted earnings per share
	yen	yen
First quarter of the year ending March 2020	121.82	—
First quarter of the year ended March 2019	117.82	—

(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 2020	160,027	119,251	74.5	7,836.07
Year ended March 2019	160,940	119,183	74.1	7,831.61

(Reference) Shareholders' equity:

First quarter of the year ending March 2020: 119,251 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	—				
Year ending March 2020 (forecast)		75.00	—	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 (Forecast); 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)

First 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:

First quarter of the year ending March 2020: 4,369,702 shares

Year ended March 2019: 4,369,738 shares

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

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

First quarter of the year ended March 2019: 15,217,202 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.

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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 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 28,595 million yen (up 5.5% year-on-year basis), “Operating profit” of 2,595 million yen (up 8.0% year-on-year basis), “Ordinary profit” of 2,622 million yen (down 5.9% year-on-year basis), and “Profit attributable to owners of parent” of 1,853 million yen (up 3.4% year-on-year basis) in the first quarter.

#### A. Physiological diagnostic equipment segment

While the sales of electrocardiographs and blood cell counters decreased, the number of large orders increased.

As a result, consolidated “Net sales” were 6,892 million yen (up 3.8% year-on-year basis).

#### B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 1,743 million yen (up 16.4% 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 11,984 million yen (down 0.0% 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 7,975 million yen (up 14.3% year-on-year basis).

### (2) Explanation about consolidated financial situation

“Total assets” were 160,027 million yen at the end of the first quarter under review, down 912 million yen from the end of the previous fiscal year.

The main factors are the decrease of 5,348 million yen in “Notes and accounts receivable-trade” despite the increase of 1,805 million yen in “Merchandise and finished goods” and 484 million yen in “Property, plant and equipment”.

“Total liabilities” amounted to 40,776 million yen, down 981 million yen from the end of the previous fiscal year.

The main factor is the decrease of 1,959 million yen in “Notes and accounts payable-trade” and 1,269 million yen in “Provision for bonuses” despite the increase of 790 million yen in “Electronically recorded obligations – operating”.

“Net assets” were 119,251 million yen, up 68 million yen from the end of the previous fiscal year.

The main factor is the increase of 249 million yen in “Retained earnings” despite the decrease of 106 million yen in “Valuation difference on available-for-sale securities”.

### (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>, 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 First quarter under review (as of June 30 <sup>th</sup> , 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	46,857	47,955
Notes and accounts receivable-trade	37,330	31,981
Electronically recorded monetary claims - operating	1,421	1,495
Securities	145	141
Merchandise and finished goods	9,197	11,003
Work in process	104	210
Raw materials and supplies	2,632	2,788
Other	1,769	2,537
Allowance for doubtful accounts	(51)	(49)
Total current assets	99,406	98,066
Non-current assets		
Property, plant and equipment	31,329	31,813
Intangible assets	1,601	1,610
Investments and other assets		
Investment securities	10,436	10,287
Other	18,183	18,267
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	28,602	28,537
Total non-current assets	61,533	61,961
Total assets	160,940	160,027
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	19,739	17,779
Electronically recorded obligations - operating	5,065	5,856
Short-term loans payable	1,750	1,750
Income taxes payable	1,141	342
Provision for bonuses	2,484	1,214
Provision for product warranties	143	117
Other provision	239	65
Other	4,883	7,313
Total current liabilities	35,448	34,440
Non-current liabilities		
Net defined benefit liability	2,885	2,906
Other provision	283	293
Other	3,139	3,135
Total non-current liabilities	6,309	6,335
Total liabilities	41,757	40,776

	(Million yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2019)	End of the First quarter under review (as of June 30 <sup>th</sup> , 2019)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,621	4,621
Capital surplus	21,696	21,696
Retained earnings	111,662	111,911
Treasury shares	(19,540)	(19,540)
<b>Total shareholders' equity</b>	<b>118,439</b>	<b>118,688</b>
Accumulated other comprehensive Income		
Valuation difference on available-for-sale securities	1,270	1,164
Foreign currency translation adjustment	(235)	(325)
Remeasurements of defined benefit plans	(291)	(276)
<b>Total accumulated other comprehensive income</b>	<b>743</b>	<b>562</b>
<b>Total net assets</b>	<b>119,183</b>	<b>119,251</b>
<b>Total liabilities and net assets</b>	<b>160,940</b>	<b>160,027</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> , 2018 to June 30 <sup>th</sup> , 2018)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2019 to June 30 <sup>th</sup> , 2019)
Net sales	27,103	28,595
Cost of sales	15,034	16,269
Gross profit	12,069	12,326
Selling, general and administrative expenses	9,664	9,730
Operating profit	2,404	2,595
Non-operating income		
Interest income	10	16
Dividend income	274	59
Foreign exchange gains	75	-
Other	34	32
Total non-operating income	393	108
Non-operating expenses		
Interest expenses	11	9
Foreign exchange losses	-	63
Other	0	7
Total non-operating expenses	12	81
Ordinary profit	2,786	2,622
Extraordinary income		
Gain on sales of non-current assets	4	0
Surrender value of insurance policies	64	39
Gain on reversal of foreign currency translation adjustment	-	33
Other	0	-
Total extraordinary income	68	73
Extraordinary losses		
Loss on sales of non-current assets	0	-
Impairment loss	1	8
Building demolition cost	64	-
Other	1	-
Total extraordinary losses	68	8
Profit before income taxes	2,786	2,688
Income taxes-current	721	672
Income taxes-deferred	272	162
Total income taxes	993	834
Profit	1,792	1,853
Profit attributable to owners of parent	1,792	1,853



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> , 2018 to June 30 <sup>th</sup> , 2018)	First quarter of the consolidated term (from April 1 <sup>st</sup> , 2019 to June 30 <sup>th</sup> , 2019)
Profit	1,792	1,853
Other comprehensive income		
Valuation difference on available-for-sale securities	62	(106)
Foreign currency translation adjustment	(31)	(89)
Remeasurements of defined benefit plans, net of tax	12	14
Total other comprehensive income	43	(180)
Comprehensive income	1,836	1,673
Comprehensive income attributable to Comprehensive income attributable to owners of parent	1,836	1,673

(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.