

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

January 31<sup>st</sup>, 2020  
Listing: TSE-JASDAQ

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Scheduled date for filing the quarterly report: February 14<sup>th</sup>, 2020  
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 2020 (April 1<sup>st</sup>, 2019 through December 31<sup>st</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	%
Third quarter of the year ending March 2020	95,345	5.8	9,162	11.7	9,361	6.9	6,824	9.3
Third quarter of the year ended March 2019	90,156	2.2	8,201	(2.8)	8,758	(0.7)	6,242	(8.7)

(Note) Comprehensive income

Third quarter of the year ending March 2020: 7,472 million yen / 67.5 %

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

	Earnings per share	Diluted earnings per share
	yen	Yen
Third quarter of the year ending March 2020	449.03	—
Third quarter of the year ended March 2019	410.23	—

(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 2020	161,516	123,201	76.3	8,149.18
Year ended March 2019	160,940	119,183	74.1	7,831.61

(Reference) Shareholders' equity:

Third quarter of the year ending March 2020: 123,201 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)	606.07

(Note) Revisions to recent business forecast: None

### \*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 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:

Third quarter of the year ending March 2020: 4,469,677 shares

Year ended March 2019: 4,369,738 shares

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

Third quarter of the year ending March 2020: 15,198,271 shares

Third quarter of the year ended March 2019: 15,217,437 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.

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

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 such an environment, the Group posted a consolidated “Net sales” of 95,345 million yen (up 5.8% on a year-on-year basis), “Operating profit” of 9,162 million yen (up 11.7% on a year-on-year basis), “Ordinary profit” of 9,361 million yen (up 6.9% on a year-on-year basis), and “Profit attributable to owners of parent” of 6,824 million yen (up 9.3% on a year-on-year basis) in the third quarter.

#### A. Physiological diagnostic equipment segment

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

As a result, consolidated “Net sales” were 25,730 million yen (up 6.0% year-on-year basis).

#### B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 7,280 million yen (up 19.4% year-on-year basis).

#### C. Medical treatment equipment segment

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

As a result, consolidated “Net sales” were 37,235 million yen (down 0.5% on a 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 25,099 million yen (up 12.2% on a year-on-year basis).

### (2) Explanation about consolidated financial situation

“Total assets” were 161,516 million yen at the end of the third quarter under review, up 575 million yen from the end of the previous fiscal year.

The main factors are the increase of 4,507 million yen in “Property, plant and equipment” and 2,472 million yen in “Merchandise and finished goods” despite the decrease of 6,990 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” amounted to 38,314 million yen, down 3,442 million yen from the end of the previous fiscal year.

The main factor is the decrease of 3,393 million yen in “Notes and accounts payable - trade” despite the increase of 1,597 million yen in “Electronically recorded obligations - operating”.

“Net assets” were 123,201 million yen, up 4,018 million yen from the end of the previous fiscal year.

The main factor is the increase of 4,069 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>, 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

	(Millions of yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2019)	End of the Third quarter under review (as of December 31 <sup>st</sup> , 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	46,857	45,181
Notes and accounts receivable - trade	37,330	30,339
Electronically recorded monetary claims - operating	1,421	1,718
Securities	145	144
Merchandise and finished goods	9,197	11,669
Work in process	104	223
Raw materials and supplies	2,632	2,968
Other	1,769	1,661
Allowance for doubtful accounts	(51)	(38)
Total current assets	99,406	93,867
Non-current assets		
Property, plant and equipment	31,329	35,836
Intangible assets	1,601	1,589
Investments and other assets		
Investment securities	10,436	11,956
Other	18,183	18,288
Allowance for doubtful accounts	(17)	(22)
Total investments and other assets	28,602	30,222
Total non-current assets	61,533	67,648
Total assets	160,940	161,516
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	19,739	16,345
Electronically recorded obligations - operating	5,065	6,662
Short-term borrowings	1,750	1,800
Income taxes payable	1,141	157
Provision for bonuses	2,484	1,306
Provision for product warranties	143	120
Other provision	239	256
Other	4,883	5,180
Total current liabilities	35,448	31,829
Non-current liabilities		
Retirement benefit liability	2,885	3,087
Other provision	283	301
Other	3,139	3,096
Total non-current liabilities	6,309	6,485
Total liabilities	41,757	38,314

	(Millions of yen)	
	Previous fiscal year (as of March 31 <sup>st</sup> , 2019)	End of the Third quarter under review (as of December 31 <sup>st</sup> , 2019)
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,696	21,817
Retained earnings	111,662	115,732
Treasury shares	(19,540)	(20,360)
Total shareholders' equity	118,439	121,810
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,270	1,964
Foreign currency translation adjustment	(235)	(326)
Remeasurements of defined benefit plans	(291)	(246)
Total accumulated other comprehensive income	743	1,391
Total net assets	119,183	123,201
Total liabilities and net assets	160,940	161,516

## (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> , 2018 to December 31 <sup>st</sup> , 2018)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2019 to December 31 <sup>st</sup> , 2019)
Net sales	90,156	95,345
Cost of sales	52,773	56,455
Gross profit	37,382	38,890
Selling, general and administrative expenses	29,180	29,727
Operating profit	8,201	9,162
Non-operating income		
Interest income	28	47
Dividend income	332	118
Foreign exchange gains	65	-
Gain on investments in investment partnerships	34	11
Other	145	112
Total non-operating income	607	290
Non-operating expenses		
Interest expenses	35	29
Foreign exchange losses	-	39
Loss on investments in investment partnerships	-	1
Other	15	20
Total non-operating expenses	50	91
Ordinary profit	8,758	9,361
Extraordinary income		
Gain on sales of non-current assets	136	41
Surrender value of insurance policies	550	355
Gain on reversal of foreign currency translation adjustment	-	33
Total extraordinary income	687	431
Extraordinary losses		
Loss on sales of non-current assets	113	-
Impairment loss	12	13
Building demolition cost	128	-
Other	9	-
Total extraordinary losses	264	13
Profit before income taxes	9,181	9,778
Income taxes-current	2,424	2,319
Income taxes-deferred	514	634
Total income taxes	2,938	2,954
Profit	6,242	6,824
Profit attributable to owners of parent	6,242	6,824



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> , 2018 to December 31 <sup>st</sup> , 2018)	Third quarter of the consolidated term (from April 1 <sup>st</sup> , 2019 to December 31 <sup>st</sup> , 2019)
Profit	6,242	6,824
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,735)	694
Foreign currency translation adjustment	(84)	(91)
Remeasurements of defined benefit plans, net of tax	38	45
Total other comprehensive income	(1,781)	648
Comprehensive income	4,461	7,472
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,461	7,472

(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.