

Summary Report on Financial Results for the Fiscal Year Ended March 31st, 2021
(Japan GAAP)

May 14th, 2021

Stock Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.

Code No.: 6960 (<http://www.fukuda.co.jp>)

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Scheduled date for the ordinary general meeting of shareholders: June 29th, 2021

Scheduled date for commencement of dividend payment: June 30th, 2021

Scheduled date for filing the securities report: June 29th, 2021

Supplementary material development: Yes

Financial results meeting: Yes

(Amounts less than one million yen are rounded down)
(The number with parenthesis shows negative figure)

1. Consolidated financial results for the fiscal year ended March 31st, 2021 (April 1st, 2020 through March 31st, 2021)

(1) Consolidated operating results (% represent 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	%
Year ended March 31 st , 2021	146,756	10.0	19,811	49.1	20,264	48.5	14,716	53.1
Year ended March 31 st , 2020	133,393	2.8	13,283	5.0	13,647	2.7	9,609	0.3

(Note) Comprehensive income

Fiscal year ended March 31st, 2021: 16,291 million yen / 87.3%

Fiscal year ended March 31st, 2020: 8,696 million yen / 1.0 %

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	yen	yen	%	%	%
Year ended March 31 st , 2021	973.33	-	11.2	11.2	13.5
Year ended March 31 st , 2020	633.03	-	7.9	8.3	10.0

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 31st, 2021: - million yen

Fiscal year ended March 31st, 2020: - million yen

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31 st , 2021	191,762	137,981	72.0	9,125.88
Year ended March 31 st , 2020	168,742	124,427	73.7	8,229.96

(Reference) Shareholders' equity:

Fiscal year ended March 31st, 2021: 137,981 million yenFiscal year ended March 31st, 2020: 124,427 million yen

(3) Consolidated cash flows statement

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	million yen	million yen	million yen	million yen
Year ended March 31 st , 2021	21,743	(11,267)	(3,046)	53,564
Year ended March 31 st , 2020	20,233	(14,170)	(3,713)	46,085

2. Dividends

	Annual Dividend					Total dividends (for the year)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual			
	yen			Yen	yen	million yen	%	%
Year ended March 31 st , 2020	-	75.00	-	105.00	180.00	2,749	28.4	2.2
Year ended March 31 st , 2021	-	75.00	-	200.00	275.00	4,190	28.3	3.2
Year ending March 31 st , 2022 (Forecast)	-	-	-	-	-		-	

(Note)

The detail of second quarter dividend for the Year ended March 31st, 2020: ordinary dividend 55.00 yen, extra dividend 15.00 yen, commemorative dividend 5.00 yen

The detail of year-end dividend for the Year ended March 31st, 2020: ordinary dividend 60.00 yen, extra dividend 40.00 yen, commemorative dividend 5.00 yen

The detail of second quarter dividend for the Year ended March 31st, 2021: ordinary dividend 55.00 yen, extra dividend 20.00 yen

The detail of year-end dividend for the Year ended March 31st, 2021: ordinary dividend 90.00 yen, extra dividend 110.00 yen

Forecast of interim dividend and the year-end dividend for the Year ending March 31st, 2022 has not yet been determined.

3. Forecast of consolidated financial results for the fiscal year ending March 31st, 2022 (April 1st, 2021 through March 31st, 2022)

The forecast of consolidated financial results for the fiscal year ending March 31st, 2022 has not yet been determined because of the extreme uncertainty in the business environment due to the continued impact of the spread of the Coronavirus Disease 2019(hereinafter, “COVID-19”). It will be promptly announced as soon as it is determined.

※Notes

(1) Changes in significant subsidiaries during the current fiscal year: None

(2) Changes in accounting policies and procedures

(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

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares at the year-end (including “Treasury shares”)

Fiscal year ended March 31st, 2021: 19,588,000 shares

Fiscal year ended March 31st, 2020: 19,588,000 shares

(ii) Number of shares of treasury shares at the year-end:

Fiscal year ended March 31st, 2021: 4,468,250 shares

Fiscal year ended March 31st, 2020: 4,469,117 shares

(iii) Average number of shares during the period

Fiscal year ended March 31st, 2021: 15,119,472 shares

Fiscal year ended March 31st, 2020: 15,179,889 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31st, 2021 (April 1st, 2020 through March 31st, 2021)

(1) Non-consolidated operating results (% represent increases or decreases from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31 st , 2021	81,766	13.9	11,517	63.5	15,025	51.2	12,005	49.3
Year ended March 31 st , 2020	71,804	0.3	7,044	(18.0)	9,935	(17.2)	8,039	(15.6)

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31 st , 2021	794.03	-
Year ended March 31 st , 2020	529.60	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31 st , 2021	158,059	107,167	67.8	7,087.89
Year ended March 31 st , 2020	137,346	96,739	70.4	6,398.56

(Reference) Shareholders' equity:

Fiscal year ended March 31st, 2021: 107,167 million yen

Fiscal year ended March 31st, 2020: 96,739 million yen

* This summary is not subject to audit procedure.

* Explanation about the appropriate use of the forecasts of financial results, and other noteworthy matters

The forecast of consolidated financial results for the fiscal year ending March 31st, 2022 has not yet been determined because of the extreme uncertainty in the business environment due to the continued impact of the spread of COVID-19. It will be promptly announced as soon as it is determined.

Financial results meeting is going to be held in the form of pre-recorded video distribution. It will be uploaded on our web site on May 20th, 2021.

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1. Operating results

(1) Overview of operating results

(i) Overview of the business for the current consolidated fiscal year

	Year ended March 31 st , 2020	Year ended March 31 st , 2021	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	133,393	146,756	13,363	10.0
Operating income (million yen)	13,283	19,811	6,527	49.1
Ordinary income (million yen)	13,647	20,264	6,617	48.5
Profit attributable to parent company shareholders (million yen)	9,609	14,716	5,106	53.1
Earnings per share (yen)	633.03	973.33	340.30	53.8

The Japanese economy for the current consolidated year to date (April 1st, 2020 through March 31st, 2021) has been in severe conditions due to the continued impact of the COVID-19 pandemic, and the economic prospects remain uncertain for the time being.

In the medical device industry, the remuneration for medical treatments in FY2020 has been a positive revision as a whole. However, medical institutions are still facing huge COVID-19 burden.

In such an environment, Fukuda Denshi (hereinafter, “the Group”) posted a consolidated “Net sales” of 146,756 million yen (up 10.0% year-on-year basis) for this consolidated fiscal year. “Operating profit” of 19,811 million yen (up 49.1% year-on-year basis), “Ordinary profit” of 20,264 million yen (up 48.5% year-on-year basis), and “Profit attributable to owners of parent” of 14,716 million yen (up 53.1% year-on-year basis).

(ii) Overview of each segment for the current consolidated fiscal year

Business segment	Year ended March 31 st , 2020		Year ended March 31 st , 2021		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	38,234	28.7	40,445	27.6	2,211	5.8
Patient monitoring equipment	10,244	7.7	14,076	9.6	3,831	37.4
Medical treatment equipment	50,588	37.9	55,187	37.6	4,598	9.1
Consumables and other products	34,325	25.7	37,047	25.2	2,721	7.9
Total	133,393	100.0	146,756	100.0	13,363	10.0

A. Physiological diagnostic equipment segment

The number of large orders has increased. Consolidated “Net sales” were 40,445 million yen (up 5.8% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 14,076 million yen (up 37.4% year-on-year basis).

C. Medical treatment equipment segment

While the sales of pacemakers decreased, the sales of ventilators and the business of renting medical equipment for home treatment increased. Consolidated “Net sales” were 55,187 million yen (up 9.1% year-on-year basis).

D. Consumables and other products segment

Consumables and other products segment includes the sales of 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 37,047 million yen (up 7.9% year-on-year basis).

(2) Overview of financial situation

Situation of the assets, liabilities and net assets at the consolidated fiscal year ended March 31st, 2021.

“Total assets” increased 23,020 million yen from the end of the previous fiscal year to reach 191,762 million yen. The main factors are the increase of 7,478 million yen in “Cash and deposits”, 6,782 million yen in “Notes and accounts receivable - trade” and 3,176 million yen in “Construction in progress”.

“Total liabilities” increased 9,467 million yen from the end of the previous fiscal year to reach 53,781 million yen. The main factors are the increase of 3,084 million yen in “Electronically recorded obligations - operating” and 2,526 million yen in “Income taxes payable”.

“Net assets” increased 13,553 million yen from the end of the previous fiscal year to reach 137,981 million yen. The main factor is the increase of 11,974 million yen in “Retained earnings” at the end of current period.

(3) Overview of cash flows

(ii) Consolidated cash flows

	Year ended March 31 st , 2020	Year ended March 31 st , 2021	Change
Cash flows from operating activities (million yen)	20,233	21,743	1,510
Cash flows from investing activities (million yen)	(14,170)	(11,267)	2,902
Cash flows from financing activities (million yen)	(3,713)	(3,046)	666
Effect of exchange rate changes (million yen)	(89)	49	138
Increase (decrease) in cash and cash equivalents (million yen)	2,260	7,478	5,217
Cash and cash equivalents at the end of the fiscal year (million yen)	46,085	53,564	7,478

(Cash flows from operating activities)

In the consolidated fiscal year, the “Cash flows from operating activities” increased 1,510 million yen from the end of previous fiscal year to reach 21,743 million yen. Including “Profit before income taxes” of 21,030 million yen, and “Depreciation” of 8,360 million yen.

(Cash flows from investing activities)

The “Cash flows from investing activities” increased 2,902 million yen from the end of previous fiscal year to reach minus 11,267 million yen. Including “Purchase of property, plant and equipment” amounted to 11,435 million yen.

(Cash flows from financing activities)

The “Cash flows from financing activities” increased 666 million yen from the end of previous fiscal year to reach minus 3,046 million yen. Including “Cash dividends paid” amounted to 2,737 million yen.

As a result, “Cash and cash equivalents at the end of the fiscal year” increased 7,478 million yen from the end of previous fiscal year to reach 53,564 million yen.

(Reference) Trends in cash flow indicators

	Year ended March 31 st , 2017	Year ended March 31 st , 2018	Year ended March 31 st , 2019	Year ended March 31 st , 2020	Year ended March 31 st , 2021
Shareholders' equity ratio (%)	72.6	71.9	74.1	73.7	72.0
Market value-based shareholders' equity ratio (%)	66.4	75.5	71.1	75.3	66.2
Years needed to repay debts	0.1	0.1	0.1	0.1	0.1
Interest coverage ratio	543.7	408.3	301.6	512.5	554.5

Note: Shareholders' equity ratio = Shareholders' equity / Total assets

Market value-based shareholders' equity ratio = Market capitalization / Total assets

Years needed to repay debts = Interest-bearing debts / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payments

*Each indicator is calculated using consolidated financial data.

*Market capitalization is calculated by multiplying shares closing prices at the end of the fiscal year by the number of outstanding shares (excluding treasury shares) at the end of the fiscal year.

*Interest-bearing debts represent total debts recorded in the consolidated balance sheets on which interest is paid.

*For interest payments, data on interest expenses in the consolidated cash flow statement are used.

(4) Forecast of results for the fiscal year ending March 31st, 2022

As uncertainties caused by the spread of COVID-19 have hindered the Group's ability to reasonably forecast its future business performance, consolidated financial results for the fiscal year ending March 31st, 2022 is undetermined. The Group will promptly make announcement when it becomes possible.

(5) Business risks

(i) Effect of medical administration

The Japanese Government has been pushing forward with its policies of improving the quality of medical care and curtailing the medical costs, and the remuneration for medical services, and the official reimbursement prices for drugs and specific insurance medical materials are revised every two years. Changes in the governmental health care policies may lead to intensified competition within the market and lowered sales prices, thus adversely affecting the operating results and financial standing of the Group.

(ii) Legal regulations

The manufacture and sales of medical equipment are subject to regulations prescribed in the Pharmaceutical Affairs Law, and it takes a certain period of time for a new medical equipment to be investigated and finally approved for sale. In addition, some medical equipment requires clinical trials, thus taking a long period of time before it is launched in the market.

If the current regulations are revised, new ones are introduced, or any other unpredictable regulatory change is made in the future, it is likely that this will adversely affect the operating results and financial standing of the Group.

(iii) High dependence on certain business partners with which continuation of transactions is unsure

The Group imports and sells ventilators, pacemakers, defibrillators and other devices and equipment. If any problem arises that will make it impossible to continue stable transactions with the exporters, the operating results and financial standing of the Group will be adversely affected. To prevent this, sufficient care has been taken not to depend too heavily on a few specific companies for the supply of those equipment.

(iv) Product quality

The Group manufactures the products under a rigorous quality control system that is strictly in conformance with the international standards including ISO. If any quality problem arises due to unforeseen failure or defect of a product, suspension of sale and recall of such product may be ordered by the authorities concerned, adversely affecting the operating results and financial standing of the Group.

(v) Risks accompanying overseas businesses

The Group not only supplies products to distributors overseas, but also has its own overseas sales, development and production bases. Hence, it is possible that unforeseen changes to laws and regulations or new ones are introduced in foreign countries, as well as terrorist acts, natural disasters, or other incidents could adversely affect the Group's business performance and financial position.

(vi) Fluctuations in foreign exchange rates and others

The Group has subsidiaries in foreign countries and is procuring and importing products and raw materials from overseas companies. In case, rapid fluctuations in foreign exchange rates could adversely affect the Group's business performance and financial position.

(vii) Impairment accounting

In case that "Impairment losses" is needed to book for the assets of the Group, it is possible that it could adversely affect the Group's business performance and financial position.

(viii) Effects to the Group from tremendous disaster

The Group has domestic and overseas bases; if an earthquake, electric-power shortages or any other incidents occurs, it is possible that it could adversely affect the Group's business performance and financial position.

(ix) Effects of COVID-19 on business continuity

To secure business continuity, the Group has decided to limit non-urgent business activities and been encouraging the employees to work from home as possible. Furthermore, in case of infection at manufacturing site, certain amount of stock of finished goods has been secured to enable to supply products stably.

The Group possesses more than 56,500 million of "Cash and Deposits" as of the end of March 31st, 2021. However, there are still concerns that it may affect the Group's performance if the economy and our cooperating companies are damaged by the spread of COVID-19.

2. Basic policy on the selection of accounting standards

The Group decided to adopt the Japanese accounting standards for the time being, considering the finance statements' comparability of periods and with other companies. The Group will consider implementing the IFRS (International Financial Reporting Standards) in an appropriate manner in light of the movement toward its adaption both at home and abroad.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2020)	Current fiscal year (as of March 31 st , 2021)
Assets		
Current assets		
Cash and deposits	49,112	56,590
Notes and accounts receivable - trade	36,378	43,161
Electronically recorded monetary claims - operating	1,681	2,799
Securities	107	1,483
Merchandise and finished goods	9,553	9,792
Work in process	198	123
Raw materials and supplies	2,559	2,920
Other	1,670	1,848
Allowance for doubtful accounts	(45)	(57)
Total current assets	101,215	118,663
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,989	12,821
Accumulated depreciation and impairment loss	(5,916)	(5,969)
Buildings and structures, net	6,072	6,852
Machinery, equipment and vehicles	1,491	1,659
Accumulated depreciation and impairment	(1,070)	(1,128)
Machinery, equipment and vehicles, net	420	531
Tools, furniture and fixtures	38,960	40,472
Accumulated depreciation and impairment	(24,320)	(25,084)
Tools, furniture and fixtures, net	14,639	15,387
Land	9,337	8,883
Leased assets	3,355	3,329
Accumulated depreciation and impairment	(1,627)	(1,627)
Leased assets, net	1,728	1,701
Construction in progress	4,245	7,421
Total property, plant and equipment	36,443	40,778
Intangible assets	1,731	1,584
Investments and other assets		
Investment securities	10,138	10,051
Deferred tax assets	3,296	3,724
Insurance funds	14,180	15,096
Other	1,750	1,874
Allowance for doubtful accounts	(15)	(12)
Total investments and other assets	29,351	30,735
Total non-current assets	67,526	73,099
Total assets	168,742	191,762

(Million yen)

	Previous fiscal year (as of March 31 st , 2020)	Current fiscal year (as of March 31 st , 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,263	20,273
Electronically recorded obligations - operating	6,081	9,166
Short-term borrowings	1,750	1,750
Lease obligations	270	267
Income taxes payable	2,361	4,887
Provision for product warranties	124	70
Provision for bonuses	2,728	3,193
Provision for bonuses for directors (and other officers)	296	436
Other	5,495	7,053
Total current liabilities	37,372	47,098
Non-current liabilities		
Lease obligations	2,040	2,004
Provision for retirement benefits for directors (and other officers)	245	267
Provision for share awards for directors (and other officers)	97	134
Retirement benefit liability	3,438	3,193
Other	1,120	1,084
Total non-current liabilities	6,942	6,683
Total liabilities	44,314	53,781
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,817	21,841
Retained earnings	118,517	130,491
Treasury shares	(20,358)	(20,378)
Total shareholders' equity	124,597	136,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	644	1,805
Foreign currency translation adjustment	(353)	(274)
Remeasurements of defined benefit plans	(461)	(125)
Total accumulated other comprehensive income	(169)	1,405
Total net assets	124,427	137,981
Total liabilities and net assets	168,742	191,762

(2) Consolidated income statements and consolidated comprehensive income statements

Consolidated income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2019 to March 31 st , 2020)	Current fiscal year (from April 1 st , 2020 to March 31 st , 2021)
Net sales	133,393	146,756
Cost of sales	79,217	84,661
Gross profit	54,175	62,094
Selling, general and administrative expenses	40,892	42,283
Operating profit	13,283	19,811
Non-operating income		
Interest income	64	65
Dividend income	137	129
Foreign exchange gains	-	91
Commission for insurance office work	53	29
Gain on investments in investment partnerships	123	32
Other	117	194
Total non-operating income	496	542
Non-operating expenses		
Interest expenses	39	39
Foreign exchange losses	71	-
Loss on cancellation of leases	3	6
Early termination fee	-	30
Other	18	13
Total non-operating expenses	132	89
Ordinary profit	13,647	20,264
Extraordinary income		
Gain on sale of non-current assets	148	71
Gain on sale of investment securities	44	762
Surrender value of insurance policies	354	417
Gain on reversal of foreign currency translation adjustment	33	-
Compensation income	30	-
Total extraordinary income	612	1,250
Extraordinary losses		
Loss on sale of non-current assets	54	26
Impairment losses	13	40
Loss on valuation of investment securities	-	411
Office relocation expenses	37	6
Total extraordinary losses	106	485
Profit before income taxes	14,153	21,030
Income taxes – current	4,410	7,196
Income taxes - deferred	133	(883)
Total income taxes	4,543	6,313
Profit	9,609	14,716
Profit attributable to owners of parent	9,609	14,716

Consolidated comprehensive income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2019 to March 31 st , 2020)	Current fiscal year (from April 1 st , 2020 to March 31 st , 2021)
Profit	9,609	14,716
Other comprehensive income		
Valuation difference on available-for-sale securities	(626)	1,161
Foreign currency translation adjustment	(117)	78
Remeasurements of defined benefit plans, net of tax	(169)	335
Total other comprehensive income	(913)	1,575
Comprehensive income	8,696	16,291
Comprehensive income attributable to owners of parent	8,696	16,291

(3) Consolidated statements of changes in net assets

Previous fiscal year (from April 1st, 2019 to March 31st, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,621	21,696	111,662	(19,540)	118,439
Changes during period					
Dividends of surplus			(2,754)		(2,754)
Profit attributable to owners of parent			9,609		9,609
Purchase of treasury shares				(1,046)	(1,046)
Disposal of treasury shares		120		228	349
Net changes in items other than shareholders' equity					
Total changes during period	-	120	6,854	(817)	6,157
Balance at end of period	4,621	21,817	118,517	(20,358)	124,597

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,270	(235)	(291)	743	119,183
Changes during period					
Dividends of surplus					(2,754)
Profit attributable to owners of parent					9,609
Purchase of treasury shares					(1,046)
Disposal of treasury shares					349
Net changes in items other than shareholders' equity	(626)	(117)	(169)	(913)	(913)
Total changes during period	(626)	(117)	(169)	(913)	5,244
Balance at end of period	644	(353)	(461)	(169)	124,427

Current fiscal year (from April 1st, 2020 to March 31st, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,621	21,817	118,517	(20,358)	124,597
Changes during period					
Dividends of surplus			(2,741)		(2,741)
Profit attributable to owners of parent			14,716		14,716
Purchase of treasury shares				(65)	(65)
Disposal of treasury shares		24		44	68
Net changes in items other than shareholders' equity					
Total changes during period	-	24	11,974	(20)	11,978
Balance at end of period	4,621	21,841	130,491	(20,378)	136,575

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	644	(353)	(461)	(169)	124,427
Changes during period					
Dividends of surplus					(2,741)
Profit attributable to owners of parent					14,716
Purchase of treasury shares					(65)
Disposal of treasury shares					68
Net changes in items other than shareholders' equity	1,161	78	335	1,575	1,575
Total changes during period	1,161	78	335	1,575	13,553
Balance at end of period	1,805	(274)	(125)	1,405	137,981

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (from April 1 st , 2019 to March 31 st , 2020)	Current fiscal year (from April 1 st , 2020 to March 31 st , 2021)
Cash flows from operating activities		
Profit before income taxes	14,153	21,030
Depreciation	8,012	8,360
Impairment losses	13	40
Increase (decrease) in allowance for doubtful accounts	(8)	8
Increase (decrease) in provision for bonuses	243	465
Increase (decrease) in provision for bonuses for directors (and other officers)	57	139
Increase (decrease) in provision for product warranties	(17)	(54)
Increase (decrease) in retirement benefit liability	635	(113)
Increase (decrease) in provision for share awards for directors (and other officers)	23	37
Increase (decrease) in provision for retirement benefits for directors (and other officers)	35	21
Interest and dividend income	(202)	(194)
Interest expenses	39	39
Office relocation expenses	37	6
Loss (gain) on sale of non-current assets	(94)	(45)
Loss (gain) on investments in investment partnerships	(123)	(32)
Loss (gain) on sale of investment securities	(44)	(762)
Loss (gain) on valuation of investment securities	-	411
Loss (gain) on cancellation of insurance policies	(354)	(417)
Gain on reversal of foreign currency translation adjustment	(33)	-
Compensation income	(30)	-
Decrease (increase) in trade receivables	662	(7,864)
Decrease (increase) in inventories	(421)	(476)
Increase (decrease) in trade payables	(290)	4,528
Increase (decrease) in accrued consumption taxes	455	839
Other, net	512	356
Subtotal	23,261	26,324
Interest and dividends received	201	194
Interest paid	(39)	(39)
Income taxes paid	(3,190)	(4,736)
Net cash provided by (used in) operating activities	20,233	21,743

(Million yen)

	Previous fiscal year (from April 1 st , 2019 to March 31 st , 2020)	Current fiscal year (from April 1 st , 2020 to March 31 st , 2021)
Cash flows from investing activities		
Decrease (increase) in time deposits	6	(0)
Short-term loan advances	-	(118)
Proceeds from collection of short-term loans receivable	7	47
Purchase of property, plant and equipment	(12,426)	(11,435)
Proceeds from sales of property, plant and equipment	354	577
Purchase of intangible assets	(626)	(417)
Purchase of short-term and long-term investment securities	(509)	(615)
Proceeds from sale of short-term and long-term investment securities	260	1,118
Purchase of insurance funds	(2,452)	(2,179)
Proceeds from maturity of insurance funds	1,902	1,783
Proceeds from distributions from investment partnerships	132	58
Other, net	(819)	(88)
Net cash provided by (used in) investing activities	(14,170)	(11,267)
Cash flows from financing activities		
Purchase of treasury shares	(1,046)	(65)
Proceeds from sale of treasury shares	349	64
Dividends paid	(2,752)	(2,737)
Repayments of lease obligations	(263)	(307)
Net cash provided by (used in) financing activities	(3,713)	(3,046)
Effect of exchange rate change on cash and cash equivalents	(89)	49
Net increase (decrease) in cash and cash equivalents	2,260	7,478
Cash and cash equivalents at beginning of period	43,824	46,085
Cash and cash equivalents at end of period	46,085	53,564

(5) Notes to Consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Segment information, etc.)

a. Segment information

1. Reportable Segments

The reportable segments of the Group are the constituent units of the Group for which separate financial information can be obtained, and they are the subject of regular examinations by the Board of Directors aimed at helping the board to decide the allocation of management resources and evaluate the performance of the Group.

The Group has set up divisions for each product and service in the corporate headquarters, and each of the divisions formulates comprehensive strategies for the product or service it handles, and develops its own business activities.

The Group has 4 reportable segments based on our headquarter divisions which are “Physiological diagnostic equipment segment”, “Patient monitoring equipment segment”, “Medical treatment equipment segment”, and “Consumables and other products segment”.

In the “Physiological diagnostic equipment segment”, we mainly handle electrocardiographs, ultrasound diagnostic imaging systems and blood-cell counters. In the “Patient monitoring equipment segment”, we handle patient monitors. In the “Medical treatment equipment segment”, mainly handle defibrillators, ventilators, pacemakers, catheters, and business of renting medical equipment for home treatment. In the “Consumables and other products segment”, we mainly handle consumables used for devices handled by the above segments, as well as maintenance and repair services.

2. Methods to calculate the sales, gains (or losses), assets, liabilities and other numbers of the reportable segments

The accounting policies for the “Reportable Segments” are basically the same as the accounting policies used to produce the consolidated financial statements.

Reported segment profit is based on the amount of “Operating profit”.

3. Information regarding sales, gains (or losses), assets, liabilities and other amounts by reportable segments

(i) Previous fiscal year (from April 1st, 2019 to March 31st, 2020)

(Million yen)

	Reporting Segments				Total	Adjustments *1	Consolidated financial statements *2
	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products			
Net sales							
Sales to external customers	38,234	10,244	50,588	34,325	133,393	-	133,393
Internal sales or transfers	-	-	-	-	-	-	-
Total	38,234	10,244	50,588	34,325	133,393	-	133,393
Segment profit	2,530	794	6,932	3,025	13,283	-	13,283
Segment assets	21,792	6,979	40,913	20,437	90,122	78,619	168,742
Other items							
Depreciation	542	145	6,837	486	8,012	-	8,012
Increase in Property, plant and equipment and intangible assets	1,868	501	9,514	1,672	13,556	-	13,556

*1. Adjustment of segment assets of 78,619 million yen include extra investment funds (cash etc.), long-term investments (“Investment securities”) etc. which are not allocated to each reportable segment.

*2. Segment profit equals to “Operating profit” of consolidated financial statements.

(ii) Current fiscal year (from April 1st, 2020 to March 31st, 2021)

(Million yen)

	Reporting Segments				Total	Adjustments *1	Consolidated financial statements *2
	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products			
Net sales							
Sales to external customers	40,445	14,076	55,187	37,047	146,756	-	146,756
Internal sales or transfers	-	-	-	-	-	-	-
Total	40,445	14,076	55,187	37,047	146,756	-	146,756
Segment profit	3,301	1,780	10,220	4,508	-	-	19,811
Segment assets	25,212	9,518	45,800	22,516	103,047	88,715	191,762
Other items							
Depreciation	542	188	7,133	495	8,360	-	8,360
Increase in Property, plant and equipment and intangible assets	1,739	604	9,333	1,587	13,266	-	13,266

*1. Adjustment of segment assets of 88,715 million yen include extra investment funds (cash etc.), long-term investments ("Investment securities") etc. which are not allocated to each reportable segment.

*2. Segment profit equals to "Operating profit" of consolidated financial statements.

b. Related Information

(i) Previous fiscal year (from April 1st, 2019 to March 31st, 2020)

1. Information about each products and services

Information about each products and services is omitted, as categories of products and services are identical to segment information.

2. Information by geographical area

(1) Sales

Information about "Sales" is omitted because our domestic "Sales" accounted for more than 90% of consolidated "Sales".

(2) Property, plant and equipment

Information about "Property, plant and equipment" is omitted because domestic "Property, plant and equipment" accounted for more than 90 % of "Property, plant and equipment" of consolidated "Property, plant and equipment".

3. Information by each major customer

Information about each major customer is omitted because "Sales" for each major customer accounted for less than 10 % of consolidated "Sales".

(ii) Current fiscal year (from April 1st, 2020 to March 31st, 2021)

1. Information about each products and services

Information about each products and services is omitted, as categories of products and services are identical to segment information.

2. Information by geographical area

(1) Sales

Information about “Sales” is omitted because our domestic “Sales” accounted for more than 90% of consolidated “Sales”.

(2) Property, plant and equipment

Information about “Property, plant and equipment” is omitted because domestic “Property, plant and equipment” accounted for more than 90 % of “Property, plant and equipment” of consolidated “Property, plant and equipment”.

c. Information about impairment loss for noncurrent assets by reportable segments

(i) Previous fiscal year (from April 1st, 2019 to March 31st, 2020)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	3	1	5	3	0	13

(ii) Current fiscal year (from April 1st, 2020 to March 31st, 2021)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	11	3	15	10	0	40

d. Information about amortization and depreciation expense on goodwill of each reportable segment

(i) Previous fiscal year (from April 1st, 2019 to March 31st, 2020)

Not applicable

(ii) Current fiscal year (from April 1st, 2020 to March 31st, 2021)

Not applicable

e. Information about gain on negative goodwill of each reportable segment

(i) Previous fiscal year (from April 1st, 2019 to March 31st, 2020)

Not applicable

(ii) Current fiscal year (from April 1st, 2020 to March 31st, 2021)

Not applicable

(Per share information)

	Previous fiscal year (from April 1 st , 2019 to March 31 st , 2020)	Current fiscal year (from April 1 st , 2020 to March 31 st , 2021)
Net assets per share	8,229.96 yen	9,125.88yen
Earnings per share	633.03yen	973.33yen
Fully diluted earnings per share	Not stated, as there is no potential dilution.	Not stated, as there is no potential dilution.

Note: (i) The shares of Trust & Custody Services Bank, Ltd. owns are included in the number of our “Treasury share” (113thousand shares at the start of the fiscal year and 121 thousand shares at the end of the fiscal year), which is excluded from the “Number of shares at the end of the current fiscal year”, which is used to calculate the “Net assets per share”.

It is also included in the number of our “Treasury share” (90 thousand shares at the start of the fiscal year and 115 thousand shares at the end of the fiscal year), which is excluded from the calculation of “Average number of shares during the period”, which is used to calculate the “Net income per share”.

(ii) The basis for calculation of earnings per share:

Item	Previous fiscal year (from April 1 st , 2019 to March 31 st , 2020)	Current fiscal year (from April 1 st , 2020 to March 31 st , 2021)
Profit attributable to parent company shareholders (million yen)	9,609	14,716
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to parent company shareholders in relation to common shares (million yen)	9,609	14,716
Average number of shares during the fiscal year (1,000 shares)	15,179	15,119

(Significant subsequent events)

Not applicable

4. Others

(1)Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

• New director candidates

Director: Mr. Haruo Ogawa

Director: Mr. Kazuo Genchi

Director: Mr. Naoki Hisano

Director: Mr. Noriyuki Fukuda

*Mr. Noriyuki Fukuda is a candidate as an Outside Director as stipulated in Article 2 (15) of the Companies Act.

- Directors to retire
Director: Mr. Osamu Shirakawa

- Effective from
June 29th, 2021

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