

Summary Report on Financial Results for the Fiscal Year Ended March 2020
(Japan GAAP)

May 15th, 2020

Listing: TSE-JASDAQ

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Scheduled date for the ordinary general meeting of shareholders: June 26th, 2020

Scheduled date for commencement of dividend payment: June 29th, 2020

Scheduled date for filing the securities report: June 26th, 2020

Supplementary material development: Yes

Financial results meeting: No

(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 2020 (April 1st, 2019 through March 31st, 2020)

(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 2020	133,393	2.8	13,283	5.0	13,647	2.7	9,609	0.3
Year ended March 2019	129,775	0.7	12,645	2.5	13,288	4.5	9,577	2.8

(Note) Comprehensive income

Fiscal year ended March 2020: 8,696 million yen / 1.0% Fiscal year ended March 2019: 8,612 million yen / (12.1)%

	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 2020	633.03	-	7.9	8.3	10.0
Year ended March 2019	629.37	-	8.2	8.3	9.7

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 2020: - million yen Fiscal year ended March 2019: - 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 2020	168,742	124,427	73.7	8,229.96
Year ended March 2019	160,940	119,183	74.1	7,831.61

(Reference) Shareholders' equity:

Fiscal year ended March 2020: 124,427 million yen Fiscal year ended March 2019: 119,183 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 2020	20,233	(14,170)	(3,713)	46,085
Year ended March 2019	13,979	(10,648)	(2,984)	43,824

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 2019	-	70.00	-	105.00	175.00	2,674	27.8	2.3
Year ended March 2020	-	75.00	-	105.00	180.00	2,749	28.4	2.2
Year ending March 2021 (Forecast)	-	-	-	-	-		-	

(Note)

The detail of second quarter dividend for the Year ended March 2019: ordinary dividend 55.00 yen, extra dividend 15.00 yen

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

Forecast of interim dividend and the year-end dividend for the Year ending March 2021 has not yet been determined.

3. Forecast of consolidated financial results for the fiscal year ending March 2021 (April 1st, 2020 through March 31st, 2021)

Forecast of consolidated financial results for the fiscal year ending March 2021 has not yet been determined because of 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: No

(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 2020: 19,588,000 shares

Fiscal year ended March 2019: 19,588,000 shares

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

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

Fiscal year ended March 2019: 4,369,738 shares

(iii) Average number of shares during the period

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

Fiscal year ended March 2019: 15,217,600 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 2020 (April 1st, 2019 through March 31st, 2020)

(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 2020	71,804	0.3	7,044	(18.0)	9,935	(17.2)	8,039	(15.6)
Year ended March 2019	71,570	0.9	8,586	14.9	11,994	13.0	9,524	7.1

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 2020	529.60	-
Year ended March 2019	625.90	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2020	137,346	96,739	70.4	6,398.56
Year ended March 2019	131,400	92,777	70.6	6,096.47

(Reference) Shareholders' equity:

Fiscal year ended March 2020: 96,739 million yen Fiscal year ended March 2019: 92,777 million yen

* These financial statements are not subject to audit procedure.

* Explanation about the appropriate use of the forecasts of financial results, and other noteworthy matters
Forecast of consolidated financial results for the fiscal year ending March 2021 has not yet been determined because of 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.

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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 2019	Year ended March 2020	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	129,775	133,393	3,617	2.8
Operating income (million yen)	12,645	13,283	638	5.0
Ordinary income (million yen)	13,288	13,647	358	2.7
Profit attributable to parent company shareholders (million yen)	9,577	9,609	31	0.3
Earnings per share (yen)	629.37	633.03	3.66	0.6

The Japanese economy has gradually expanded during the current consolidated fiscal year. However, due to the slowdown of overseas economy affecting on the exports and the production, and moreover, the impact of the spread of COVID-19, the economic prospects remain uncertain.

In the medical device industry, though the medical fee has been revised in October 2019 so as to offset the consumption tax raise, medical institutions are now facing huge COVID-19 burden.

In such an environment, Fukuda Denshi (hereinafter, “the Group”) posted a consolidated “Net sales” of 133,393 million yen (up 2.8% year-on-year basis) for this consolidated fiscal year. “Operating profit” of 13,283 million yen (up 5.0% on a year-to-year basis), “Ordinary profit” of 13,647 million yen (up 2.7% on a year-to-year basis), and “Profit attributable to owners of parent” of 9,609 million yen (up 0.3% on a year-to-year basis).

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

Business segment	Year ended March 2019		Year ended March 2020		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	38,912	30.0	38,234	28.7	(678)	(1.7)
Patient monitoring equipment	9,475	7.3	10,244	7.7	769	8.1
Medical treatment equipment	50,103	38.6	50,588	37.9	485	1.0
Consumables and other products	31,283	24.1	34,325	25.7	3,041	9.7
Total	129,775	100.0	133,393	100.0	3,617	2.8

A. Physiological diagnostic equipment segment

The sales of electrocardiographs and blood cell counters decreased. As a result, consolidated “Net sales” were 38,234 million yen (down 1.7% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 10,244 million yen (up 8.1% 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. As a result, consolidated “Net sales” were 50,588 million yen (up 1.0% 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 34,325 million yen (up 9.7% on a year-to-year basis).

(2) Overview of financial situation

Situation of the assets, liabilities and net assets at the consolidated fiscal year ended March 2020.

“Total assets” increased 7,801 million yen from the end of the previous fiscal year to reach 168,742 million yen. The main factors are the increase of 3,024 million yen in “Construction in progress” and 1,010 million yen in “Tools, furniture and fixtures”, despite a decrease of 951 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” increased 2,557 million yen from the end of the previous fiscal year to reach 44,314 million yen. The main factors are the increase of 1,219 million yen in “Income taxes payable” and 1,016 million yen in “Electronically recorded obligations-operating”, despite a decrease of 1,475 million yen in “Notes and accounts payable - trade”.

“Net assets” increased 5,244 million yen from the end of the previous fiscal year to reach 124,427 million yen. The main factor is the increase of 6,854 million yen in “Retained earnings” at the end of current period.

(3) Overview of cash flows

(ii) Consolidated cash flows

	Year ended March 2019	Year ended March 2020	Change
Cash flows from operating activities (million yen)	13,979	20,233	6,253
Cash flows from investing activities (million yen)	(10,648)	(14,170)	(3,521)
Cash flows from financing activities (million yen)	(2,984)	(3,713)	(728)
Effect of exchange rate changes (million yen)	57	(89)	(146)
Increase (decrease) in cash and cash equivalents (million yen)	404	2,260	1,856
Net increase (decrease) in cash and cash equivalents to changes in accounting period of consolidated subsidiaries	63	-	(63)
Cash and cash equivalents at the end of the fiscal year (million yen)	43,824	46,085	2,260

(Cash flows from operating activities)

In the consolidated fiscal year, the “Cash flows from operating activities” were 20,233 million yen, up 6,253 million yen from the previous year. Including “Profit before income taxes” of 14,153 million yen, “Depreciation” of 8,012 million yen.

(Cash flows from investing activities)

The “Cash flows from investing activities” were minus 14,170 million yen, down 3,521 million yen from the previous year. Including “Purchase of property, plant and equipment” amounted to 12,426 million yen.

(Cash flows from financing activities)

The “Cash flows from financing activities” were minus 3,713 million yen, down 728 million yen from the previous year, mainly because of the “Cash dividends paid” of 2,752 million yen.

The “Dividends paid” was 2,752 million yen.

As a result, “Cash and cash equivalents at the end of the fiscal year” was 46,085 million yen, up 2,260 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2016	Year ended March 2017	Year ended March 2018	Year ended March 2019	Year ended March 2020
Shareholders' equity ratio (%)	72.8	72.6	71.9	74.1	73.7
Market value-based shareholders' equity ratio (%)	66.1	66.4	75.5	71.1	75.3
Years needed to repay debts	0.2	0.1	0.1	0.1	0.1
Interest coverage ratio	422.2	543.7	408.3	301.6	512.5

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 2021

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 2021 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 may take 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 49,100 million of "Cash and Deposits" as of the end of March 2020. 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 , 2019)	Current fiscal year (as of March 31 st , 2020)
Assets		
Current assets		
Cash and deposits	46,857	49,112
Notes and accounts receivable - trade	37,330	36,378
Electronically recorded monetary claims - operating	1,421	1,681
Securities	145	107
Merchandise and finished goods	9,197	9,553
Work in process	104	198
Raw materials and supplies	2,632	2,559
Other	1,769	1,670
Allowance for doubtful accounts	(51)	(45)
Total current assets	99,406	101,215
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,182	11,989
Accumulated depreciation and impairment loss	(5,879)	(5,916)
Buildings and structures, net	5,303	6,072
Machinery, equipment and vehicles	1,435	1,491
Accumulated depreciation and impairment loss	(994)	(1,070)
Machinery, equipment and vehicles, net	441	420
Tools, furniture and fixtures	36,481	38,960
Accumulated depreciation and impairment loss	(22,851)	(24,320)
Tools, furniture and fixtures, net	13,629	14,639
Land	9,017	9,337
Leased assets	3,177	3,355
Accumulated depreciation and impairment loss	(1,460)	(1,627)
Leased assets, net	1,717	1,728
Construction in progress	1,220	4,245
Total property, plant and equipment	31,329	36,443
Intangible assets	1,601	1,731
Investments and other assets		
Investment securities	10,436	10,138
Deferred tax assets	3,224	3,296
Insurance funds	13,276	14,180
Other	1,682	1,750
Allowance for doubtful accounts	(17)	(15)
Total investments and other assets	28,602	29,351
Total non-current assets	61,533	67,526
Total assets	160,940	168,742

(Million yen)

	Previous fiscal year (as of March 31 st , 2019)	Current fiscal year (as of March 31 st , 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,739	18,263
Electronically recorded obligations - operating	5,065	6,081
Short-term borrowings	1,750	1,750
Lease obligations	267	270
Income taxes payable	1,141	2,361
Provision for bonuses	2,484	2,728
Provision for bonuses for directors (and other officers)	239	296
Provision for product warranties	143	124
Other	4,616	5,495
Total current liabilities	35,448	37,372
Non-current liabilities		
Lease obligations	2,043	2,040
Provision for retirement benefits for directors (and other officers)	210	245
Provision for share-based remuneration for directors (and other officers)	73	97
Retirement benefit liability	2,885	3,438
Other	1,096	1,120
Total non-current liabilities	6,309	6,942
Total liabilities	41,757	44,314
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,696	21,817
Retained earnings	111,662	118,517
Treasury shares	(19,540)	(20,358)
Total shareholders' equity	118,439	124,597
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,270	644
Foreign currency translation adjustment	(235)	(353)
Remeasurements of defined benefit plans	(291)	(461)
Total accumulated other comprehensive income	743	(169)
Total net assets	119,183	124,427
Total liabilities and net assets	160,940	168,742

(2) Consolidated income statements and consolidated comprehensive income statements

Consolidated income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2018 to March 31 st , 2019)	Current fiscal year (from April 1 st , 2019 to March 31 st , 2020)
Net sales	129,775	133,393
Cost of sales	77,698	79,217
Gross profit	52,077	54,175
Selling, general and administrative expenses	39,432	40,892
Operating profit	12,645	13,283
Non-operating income		
Interest income	47	64
Dividend income	377	137
Foreign exchange gains	35	-
Commission for insurance office work	41	53
Gain on investments in investment partnerships	28	123
Other	179	117
Total non-operating income	709	496
Non-operating expenses		
Interest expenses	46	39
Foreign exchange losses	-	71
Loss on cancellation of leases	8	3
Other	10	18
Total non-operating expenses	65	132
Ordinary profit	13,288	13,647
Extraordinary income		
Gain on sales of non-current assets	137	148
Gain on sales of investment securities	-	44
Surrender value of insurance policies	550	354
Gain on reversal of foreign currency translation adjustment	-	33
Compensation income	-	30
Total extraordinary income	688	612
Extraordinary losses		
Loss on sales of non-current assets	113	54
Impairment loss	16	13
Loss on valuation of investment securities	499	-
Office relocation expenses	-	37
Building demolition cost	128	-
Other	9	-
Total extraordinary losses	767	106
Profit before income taxes	13,209	14,153
Income taxes - current	3,745	4,410
Income taxes - deferred	(113)	133
Total income taxes	3,631	4,543
Profit	9,577	9,609
Profit attributable to owners of parent	9,577	9,609

Consolidated comprehensive income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2018 to March 31 st , 2019)	Current fiscal year (from April 1 st , 2019 to March 31 st , 2020)
Profit	9,577	9,609
Other comprehensive income		
Valuation difference on available-for-sale securities	(849)	(626)
Foreign currency translation adjustment	(74)	(117)
Remeasurements of defined benefit plans, net of tax	(40)	(169)
Total other comprehensive income	(964)	(913)
Comprehensive income	8,612	8,696
Comprehensive income attributable to owners of parent	8,612	8,696

(3) Consolidated statements of changes in net assets

Previous fiscal year (from April 1st, 2018 to March 31st, 2019)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,621	21,696	104,768	(19,542)	111,544
Changes during period					
Dividends of surplus			(2,674)		(2,674)
Profit attributable to owners of parent			9,577		9,577
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				2	2
Effect of change in closing dates of consolidated subsidiaries			(9)		(9)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,893	1	6,895
Balance at end of period	4,621	21,696	111,662	(19,540)	118,439

	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	2,120	(161)	(251)	1,708	113,252
Changes during period					
Dividends of surplus					(2,674)
Profit attributable to owners of parent					9,577
Purchase of treasury shares					(1)
Disposal of treasury shares					2
Effect of change in closing dates of consolidated subsidiaries					(9)
Net changes in items other than shareholders' equity	(849)	(74)	(40)	(964)	(964)
Total changes during period	(849)	(74)	(40)	(964)	5,931
Balance at end of period	1,270	(235)	(291)	743	119,183

Current 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
Effect of change in closing dates of consolidated subsidiaries					-
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
Effect of change in closing dates of consolidated subsidiaries					-
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

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (from April 1 st , 2018 to March 31 st , 2019)	Current fiscal year (from April 1 st , 2019 to March 31 st , 2020)
Cash flows from operating activities		
Profit before income taxes	13,209	14,153
Depreciation	7,856	8,012
Impairment loss	16	13
Increase (decrease) in allowance for doubtful accounts	(27)	(8)
Increase (decrease) in provision for bonuses	115	243
Increase (decrease) in provision for bonuses for directors (and other officers)	34	57
Increase (decrease) in provision for product warranties	(134)	(17)
Increase (decrease) in retirement benefit liability	328	635
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	25	23
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(34)	35
Interest and dividend income	(424)	(202)
Interest expenses	46	39
Office relocation expenses	-	37
Building demolition cost	128	-
Loss (gain) on sales of non-current assets	(24)	(94)
Loss (gain) on investments in investment partnerships	(28)	(123)
Loss (gain) on valuation of investment securities	499	-
Loss (gain) on cancellation of insurance policies	(550)	(354)
Gain on reversal of foreign currency translation adjustment	-	(33)
Compensation income	-	(30)
Decrease (increase) in trade receivables	234	662
Decrease (increase) in inventories	975	(421)
Increase (decrease) in trade payables	(2,752)	(290)
Increase (decrease) in accrued consumption taxes	(72)	455
Other, net	(404)	467
Subtotal	19,017	23,261
Interest and dividends received	423	201
Interest paid	(46)	(39)
Income taxes paid	(5,415)	(3,190)
Net cash provided by (used in) operating activities	13,979	20,233

(Million yen)

	Previous fiscal year (from April 1 st , 2018 to March 31 st , 2019)	Current fiscal year (from April 1 st , 2019 to March 31 st , 2020)
Cash flows from investing activities		
Decrease (increase) in time deposits	49	6
Collection of short-term loans receivable	25	7
Purchase of property, plant and equipment	(7,940)	(12,426)
Purchase of intangible assets	(443)	(626)
Purchase of short-term and long-term investment securities	(2,006)	(509)
Proceeds from sales of short-term and long-term investment securities	610	260
Purchase of insurance funds	(2,266)	(2,452)
Proceeds from maturity of insurance funds	1,242	1,902
Proceeds from distributions from investment partnerships	27	132
Other, net	54	(465)
Net cash provided by (used in) investing activities	(10,648)	(14,170)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	-
Repayments of long-term borrowings	(22)	-
Purchase of treasury shares	(1)	(1,046)
Proceeds from sales of treasury shares	-	349
Dividends paid	(2,672)	(2,752)
Repayments of lease obligations	(188)	(263)
Net cash provided by (used in) financing activities	(2,984)	(3,713)
Effect of exchange rate change on cash and cash equivalents	57	(89)
Net increase (decrease) in cash and cash equivalents	404	2,260
Cash and cash equivalents at beginning of period	43,357	43,824
Net increase (decrease) in cash and cash equivalents to changes in accounting period of consolidated subsidiaries	63	-
Cash and cash equivalents at end of period	43,824	46,085

(5) Notes to Consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Changes in presentation)

(Consolidated balance sheets)

As “Electronically recorded monetary claims - operating”, which had been included in “Notes and accounts receivable - trade” under “Current assets”, increased financial materiality in the previous consolidated fiscal year, it is posted separately from the beginning of this fiscal year. In order to reflect this change in reporting method, the Group has implemented the reclassification in the consolidated financial statements from the previous consolidated fiscal year.

As a result, 38,752 million yen in “Notes and accounts receivable - trade” under “Currents assets” recorded in the previous consolidated fiscal year is adjusted to “Notes and accounts receivable - trade” of 37,330 million yen and “Electronically recorded monetary claims - operating” of 1,421 million yen.

(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, 2018 to March 31st, 2019)

(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	38,912	9,475	50,103	31,283	129,775	-	129,775
Internal sales or transfers	-	-	-	-	-	-	-
Total	38,912	9,475	50,103	31,283	129,775	-	129,775
Segment profit	2,684	780	6,608	2,572	12,645	-	12,645
Segment assets	21,273	6,538	39,381	17,885	85,078	75,861	160,940
Other items							
Depreciation	620	151	6,585	499	7,856	-	7,856
Increase in Property, plant and equipment and intangible assets	1,195	291	8,470	960	10,917	-	10,917

*1. Adjustment of segment assets of 75,861 million yen include extra investment funds (cash etc.), long-term investments ("Investment securities") and 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, 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") and 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, 2018 to March 31st, 2019)

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, 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”.

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

(i) Previous fiscal year (from April 1st, 2018 to March 31st, 2019)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	4	1	5	3	1	16

(ii) Current 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

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

(i) Previous fiscal year (from April 1st, 2018 to March 31st, 2019)

Not applicable

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

Not applicable

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

(i) Previous fiscal year (from April 1st, 2018 to March 31st, 2019)

Not applicable

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

Not applicable

(Per share information)

	Previous fiscal year (from April 1 st , 2018 to March 31 st , 2019)	Current fiscal year (from April 1 st , 2019 to March 31 st , 2020)
Net assets per share	7,831.61 yen	8,229.96 yen
Earnings per share	629.37 yen	633.03 yen
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” (64 thousand shares at the start of the fiscal year and 113 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” (64 thousand shares at the start of the fiscal year and 90 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 , 2018 to March 31 st , 2019)	Current fiscal year (from April 1 st , 2019 to March 31 st , 2020)
Profit attributable to parent company shareholders (million yen)	9,577	9,609
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to parent company shareholders in relation to common shares (million yen)	9,577	9,609
Average number of shares during the fiscal year (1,000 shares)	15,217	15,179

(Significant subsequent events)

Not applicable

4. Others

(1) Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

- New Auditor candidates
Statutory Auditor (part-time): Mr. Yoshitaka Ohtagaki
Statutory Auditor (part-time): Mr. Noboru Hiroe
*Mr. Noboru Hiroe is a candidate as an Outside Auditor.
- Directors to retire
Statutory Auditor (part-time): Mr. Teruhisa Okano

- Effective from
June 26th, 2020

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