

Summary Report on Financial Results for the Fiscal Year Ended March 31st, 2022
(Japan GAAP)

May 13th, 2022

Stock Listing: TSE-Standard Market

Company name: Fukuda Denshi Co., Ltd.

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

Representative: Daijiro Shirai, President & COO

Inquiries: Haruhiko Honbu, Senior Manager of Accounting & Finance Department

Tel: +81-3-5684-1558 (main)

Scheduled date for the ordinary general meeting of shareholders: June 29th, 2022

Scheduled date for commencement of dividend payment: June 30th, 2022

Scheduled date for filing the securities report: June 29th, 2022

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, 2022 (April 1st, 2021 through March 31st, 2022)

(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 , 2022	132,098	-	22,708	14.6	23,422	15.6	16,216	10.2
Year ended March 31 st , 2021	146,756	10.0	19,811	49.1	20,264	48.5	14,716	53.1

(Note) Comprehensive income

Fiscal year ended March 31st, 2022: 16,432 million yen / 0.9 %

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

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31st, 2020), etc. has been applied since the beginning of the FY2022, ended March 31st, 2022. Figures for FY2022 above include the effects of the standard. If the same standard is applied to the figures for FY2021, ended March 31st, 2021, the “Net sales” would be 130,748 million yen. By using the same accounting standard for both FY2021/FY2022, the percentage of year-on-year change for “Net sales” would be up 1.0%.

The percentage of year-on-year change for “Operating profit”, “Ordinary profit”, and “Profit attributable to owners of parent” are shown below, and they have not been affected by the Accounting Standard.

	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 , 2022	1,072.38	-	11.3	12.1	17.2
Year ended March 31 st , 2021	973.33	-	11.2	11.2	13.5

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 31st, 2022: - million yen

Fiscal year ended March 31st, 2021: - 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 , 2022	195,495	149,857	76.7	9,909.40
Year ended March 31 st , 2021	191,762	137,981	72.0	9,125.88

(Reference) Shareholders' equity:

Fiscal year ended March 31st, 2022: 149,857 million yen

Fiscal year ended March 31st, 2021: 137,981 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 , 2022	23,111	(10,789)	(4,832)	61,030
Year ended March 31 st , 2021	21,743	(11,267)	(3,046)	53,564

2. Dividends

	Annual Dividends per share					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 , 2021	-	75.00	-	200.00	275.00	4,190	28.3	3.2
Year ended March 31 st , 2022	-	100.00	-	205.00	305.00	4,648	28.4	3.2
Year ending March 31 st , 2023 (Forecast)	-	100.00	-	115.00	215.00		29.6	

(Note)

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

The detail of second quarter dividend for the Year ended March 31st, 2022: ordinary dividend 80.00 yen, extra dividend 20.00 yen

The detail of year-end dividend for the Year ended March 31st, 2022: ordinary dividend 80.00 yen, extra dividend 125.00 yen

The detail of second quarter dividend of Year ending March 2023 (Forecast): ordinary dividend 80.00 yen, extra dividend 20.00 yen

The detail of year-end dividend of Year ending March 2023 (Forecast): ordinary dividend 90.00 yen, extra dividend 25.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 31st, 2023 (April 1st, 2022 through March 31st, 2023)

	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	120,000	(9.2)	16,000	(29.5)	16,000	(31.7)	11,000	(32.2)	727.38

(Note)

Since the Fukuda Denshi Group's (herein after “the Group”) operating results tend to peak in the fourth quarter and it is difficult to give a forecast every six months based on rational calculation, the consolidated forecast at the second quarter is not disclosed.

*Notes

- (1) Changes in significant subsidiaries during the current fiscal year (changes in specified subsidiaries involving changes in the scope of consolidation): None
- (2) Changes in accounting policies, accounting projections and restatement
 - (i) Changes in accounting policies associated with revision of accounting standards: Yes
 - (ii) Changes other than (i) above: None
 - (iii) Changes in accounting projections: None
 - (iv) Restatement: None

Note: For details, please refer to “Changes in Accounting Policy” in (5) Notes to consolidated financial statement under the “3. Consolidated financial statements and Notes” section on page 19.

- (3) Number of outstanding shares (common shares)
 - (i) Number of outstanding shares at the year-end (including treasury shares)
 - Fiscal year ended March 31st, 2022: 19,588,000 shares
 - Fiscal year ended March 31st, 2021: 19,588,000 shares
 - (ii) Number of shares of treasury shares at the year-end:
 - Fiscal year ended March 31st, 2022: 4,465,240 shares
 - Fiscal year ended March 31st, 2021: 4,468,250 shares
 - (iii) Average number of shares during the period
 - Fiscal year ended March 31st, 2022: 15,121,593 shares
 - Fiscal year ended March 31st, 2021: 15,119,472 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31st, 2022 (April 1st, 2021 through March 31st, 2022)

(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 , 2022	82,470	0.9	12,743	10.6	18,045	20.1	14,444	20.3
Year ended March 31 st , 2021	81,766	13.9	11,517	63.5	15,025	51.2	12,005	49.3

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31 st , 2022	955.20	-
Year ended March 31 st , 2021	794.03	-

(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 , 2022	163,543	117,086	71.6	7,742.42
Year ended March 31 st , 2021	158,059	107,167	67.8	7,087.89

(Reference) Shareholders' equity:

Fiscal year ended March 31st, 2022: 117,086 million yen

Fiscal year ended March 31st, 2021: 107,167 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 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 the Group. Please be advised that the Group 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 "(4) Forecast of results for the fiscal year ending March 31st, 2022" under the "1. Operating results" section on page 8.

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, 2022.

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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 , 2021	Year ended March 31 st , 2022	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	146,756	132,098	-	-
Operating Profit (million yen)	19,811	22,708	2,897	14.6
Ordinary Profit (million yen)	20,264	23,422	3,158	15.6
Profit attributable to owners of parent (million yen)	14,716	16,216	1,499	10.2
Earnings per share (yen)	973.33	1,072.38	99.05	10.2

The Japanese economy for the current consolidated year to date (April 1st, 2021 through March 31st, 2022) 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 due to the higher prices of resources affected by international situations.

In the medical industry, it is now required to strengthen the efforts to the COVID-19 pandemic and to construct an efficient framework to provide healthcare services reflecting the regional medical plan through the differentiation and strengthening of medical institutions' functions encouraging the regional healthcare network.

In such an environment, the Group posted consolidated "Net sales" of 132,098 million yen, "Operating profit" of 22,708 million yen (up 14.6% year-on-year basis), "Ordinary profit" of 23,422 million yen (up 15.6% year-on-year basis), and "Profit attributable to owners of parent" of 16,216 million yen (up 10.2% year-on-year basis) in this consolidated fiscal year.

The "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, March 31st, 2020), etc. has been applied since the beginning of the current consolidated fiscal year. The percentage of year-on-year change for "Net sales" is not indicated but the figures for "Operating profit", "Ordinary profit", and "Profit attributable to owners of parent" have not been affected by the Accounting Standard.

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

Business segment	Year ended March 31 st , 2021		Year ended March 31 st , 2022		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	40,445	27.6	29,422	22.3	-	-
Patient monitoring equipment	14,076	9.6	12,914	9.8	-	-
Medical treatment equipment	55,187	37.6	54,556	41.3	-	-
Consumables and other products	37,047	25.2	35,205	26.6	-	-
Total	146,756	100.0	132,098	100.0	-	-

A. Physiological diagnostic equipment segment

While the sales of electrocardiographs increased, the number of large orders decreased. As a result, consolidated "Net sales" were 29,422 million yen.

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 12,914 million yen.

C. Medical treatment equipment segment

While the sales of pacemakers and the business of renting medical equipment for home treatment increased, the sales of ventilators decreased. As a result, consolidated “Net sales” were 54,556 million yen.

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 35,205 million yen.

(2) Overview of financial situation

Situation of the assets, liabilities and net assets at the consolidated fiscal year ended March 31st, 2022.

“Total assets” increased 3,732 million yen from the end of the previous fiscal year to reach 195,495 million yen. The main factors are the increase of 7,466 million yen in “Cash and deposits” despite the decrease of 6,618 million yen in “Notes and accounts receivable - trade”.

“Total liabilities” decreased 8,143 million yen from the end of the previous fiscal year to reach 45,638 million yen. The main factors are the decrease of 4,771 million yen in “Notes and accounts payable - trade” and 2,517 million yen in “Electronically recorded obligations - operating”.

“Net assets” increased 11,876 million yen from the end of the previous fiscal year to reach 149,857 million yen. The main factor is the increase of 11,643 million yen in “Retained earnings”.

(3) Overview of cash flows

(ii) Consolidated cash flows

	Year ended March 31 st , 2021	Year ended March 31 st , 2022	Change
Cash flows from operating activities (million yen)	21,743	23,111	1,368
Cash flows from investing activities (million yen)	(11,267)	(10,789)	478
Cash flows from financing activities (million yen)	(3,046)	(4,832)	(1,786)
Effect of exchange rate changes (million yen)	49	(23)	(72)
Increase (decrease) in cash and cash equivalents (million yen)	7,478	7,466	(11)
Cash and cash equivalents at the end of the fiscal year (million yen)	53,564	61,030	7,466

(Cash flows from operating activities)

In the consolidated fiscal year, the “Cash flows from operating activities” increased 1,368 million yen from the end of previous fiscal year to reach 23,111 million yen. Including “Profit before income taxes” of 23,724 million yen, and “Depreciation” of 9,016 million yen.

(Cash flows from investing activities)

The “Cash flows from investing activities” increased 478 million yen from the end of previous fiscal year to reach minus 10,789 million yen. Including “Purchase of property, plant and equipment” amounted to 13,799 million yen.

(Cash flows from financing activities)

The “Cash flows from financing activities” decreased 1,786 million yen from the end of previous fiscal year to reach minus 4,832 million yen. Including “Cash dividends paid” amounted to 4,564 million yen.

As a result, “Cash and cash equivalents at the end of the fiscal year” increased 7,466 million yen from the end of previous fiscal year to reach 61,030 million yen.

(Reference) Trends in cash flow indicators

	Year ended March 31 st , 2018	Year ended March 31 st , 2019	Year ended March 31 st , 2020	Year ended March 31 st , 2021	Year ended March 31 st , 2022
Shareholders' equity ratio (%)	71.9	74.1	73.7	72.0	76.7
Market value-based shareholders' equity ratio (%)	75.5	71.1	75.3	66.2	60.4
Years needed to repay debts	0.1	0.1	0.1	0.1	0.1
Interest coverage ratio	408.3	301.6	512.5	554.5	621.2

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, 2023

	Year ended March 2022	Year ending March 2023	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	132,098	120,000	(12,098)	(9.2)
Operating Profit (million yen)	22,708	16,000	(6,708)	(29.5)
Ordinary Profit (million yen)	23,422	16,000	(7,422)	(31.7)
Profit attributable to owners of parent (million yen)	16,216	11,000	(5,216)	(32.2)
Earnings per share (yen)	1,072.38	727.38	(345.00)	(32.2)

The Group inspired by our corporate philosophy, remain dedicated to contribute to medical progress and healthcare in general in accordance with our social mission.

The Group expects a consolidated “Net sales” of 120,000 million yen, consolidated “Operating profit” of 16,000 million yen, consolidated “Ordinary profit” of 16,000 million yen, and consolidated “Profit attributable to owners of parent” of 11,000 million yen for the fiscal year ending March 2023.

Forecast shown in this material are just an outlook judged or assumed based on the information available at the moment, changes will be promptly disclosed when necessary.

(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 oversea 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

In order to prevent the business from a serious impact by the infection of the Groups' employee, and also considering business continuity perspective, the Group take thorough precautions. 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 64,000 million of "Cash and Deposits" as of the end of March 31st, 2022. 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 , 2021)	Current fiscal year (as of March 31 st , 2022)
Assets		
Current assets		
Cash and deposits	56,590	64,057
Notes and accounts receivable - trade	43,161	-
Notes receivable - trade	-	3,143
Accounts receivable - trade	-	33,399
Electronically recorded monetary claims - operating	2,799	2,908
Securities	1,483	497
Merchandise and finished goods	9,792	9,391
Work in process	123	205
Raw materials and supplies	2,920	3,940
Other	1,848	2,217
Allowance for doubtful accounts	(57)	(23)
Total current assets	118,663	119,736
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,821	23,140
Accumulated depreciation and impairment loss	(5,969)	(6,330)
Buildings and structures, net	6,852	16,810
Machinery, equipment and vehicles	1,659	2,067
Accumulated depreciation and impairment	(1,128)	(1,306)
Machinery, equipment and vehicles, net	531	760
Tools, furniture and fixtures	40,472	45,749
Accumulated depreciation and impairment	(25,084)	(29,104)
Tools, furniture and fixtures, net	15,387	16,644
Land	8,883	9,061
Leased assets	3,329	3,295
Accumulated depreciation and impairment	(1,627)	(1,762)
Leased assets, net	1,701	1,532
Construction in progress	7,421	454
Total property, plant and equipment	40,778	45,264
Intangible assets	1,584	1,538
Investments and other assets		
Investment securities	10,051	9,671
Deferred tax assets	3,724	3,788
Insurance funds	15,096	13,758
Other	1,874	1,745
Allowance for doubtful accounts	(12)	(8)
Total investments and other assets	30,735	28,956
Total non-current assets	73,099	75,759
Total assets	191,762	195,495

(Million yen)

	Previous fiscal year (as of March 31 st , 2021)	Current fiscal year (as of March 31 st , 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,273	15,501
Electronically recorded obligations - operating	9,166	6,648
Short-term borrowings	1,750	1,750
Lease liabilities	267	267
Income taxes payable	4,887	3,451
Provision for product warranties	70	117
Provision for bonuses	3,193	3,439
Provision for bonuses for directors (and other officers)	436	579
Other	7,053	7,072
Total current liabilities	47,098	38,829
Non-current liabilities		
Lease liabilities	2,004	1,805
Provision for retirement benefits for directors (and other officers)	267	292
Provision for share awards for directors (and other officers)	134	157
Provision for Employee Stock Ownership Plan Trust	271	303
Retirement benefit liability	2,921	3,137
Other	1,084	1,113
Total non-current liabilities	6,683	6,809
Total liabilities	53,781	45,638
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,841	21,841
Retained earnings	130,491	142,135
Treasury shares	(20,378)	(20,362)
Total shareholders' equity	136,575	148,236
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,805	1,836
Foreign currency translation adjustment	(274)	(11)
Remeasurements of defined benefit plans	(125)	(204)
Total accumulated other comprehensive income	1,405	1,621
Total net assets	137,981	149,857
Total liabilities and net assets	191,762	195,495

(2) Consolidated income statements and consolidated comprehensive income statements

Consolidated income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2020 to March 31 st , 2021)	Current fiscal year (from April 1 st , 2021 to March 31 st , 2022)
Net sales	146,756	132,098
Cost of sales	84,661	64,518
Gross profit	62,094	67,579
Selling, general and administrative expenses	42,283	44,870
Operating profit	19,811	22,708
Non-operating income		
Interest income	65	64
Dividend income	129	134
Foreign exchange gains	91	258
Commission for insurance office work	29	35
Gain on investments in investment partnerships	32	78
Other	194	207
Total non-operating income	542	777
Non-operating expenses		
Interest expenses	39	37
Loss on investments in investment partnerships	-	14
Loss on cancellation of leases	6	5
Early termination fee	30	-
Other	13	6
Total non-operating expenses	89	63
Ordinary profit	20,264	23,422
Extraordinary income		
Gain on sale of non-current assets	71	4
Gain on sale of investment securities	762	60
Surrender value of insurance policies	417	404
Total extraordinary income	1,250	469
Extraordinary losses		
Loss on sale of non-current assets	26	0
Impairment losses	40	127
Loss on valuation of investment securities	411	-
Office relocation expenses	6	33
Loss on abandonment of non-current assets	-	4
Other	-	2
Total extraordinary losses	485	167
Profit before income taxes	21,030	23,724
Income taxes – current	7,196	7,551
Income taxes - deferred	(883)	(43)
Total income taxes	6,313	7,508
Profit	14,716	16,216
Profit attributable to owners of parent	14,716	16,216

Consolidated comprehensive income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2020 to March 31 st , 2021)	Current fiscal year (from April 1 st , 2021 to March 31 st , 2022)
Profit	14,716	16,216
Other comprehensive income		
Valuation difference on available-for-sale securities	1,161	31
Foreign currency translation adjustment	78	263
Remeasurements of defined benefit plans, net of tax	335	(78)
Total other comprehensive income	1,575	215
Comprehensive income	16,291	16,432
Comprehensive income attributable to Comprehensive income attributable to owners of parent	16,291	16,432

(3) Consolidated statements of changes in net assets

Previous 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

Current fiscal year (from April 1st, 2021 to March 31st, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,621	21,841	130,491	(20,378)	136,575
Changes during period					
Dividends of surplus			(4,572)		(4,572)
Profit attributable to owners of parent			16,216		16,216
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				18	18
Net changes in items other than shareholders' equity					
Total changes during period	-	-	11,643	16	11,660
Balance at end of period	4,621	21,841	142,135	(20,362)	148,236

	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	1,805	(274)	(125)	1,405	137,981
Changes during period					
Dividends of surplus					(4,572)
Profit attributable to owners of parent					16,216
Purchase of treasury shares					(1)
Disposal of treasury shares					18
Net changes in items other than shareholders' equity	31	263	(78)	215	215
Total changes during period	31	263	(78)	215	11,876
Balance at end of period	1,836	(11)	(204)	1,621	149,857

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (from April 1 st , 2020 to March 31 st , 2021)	Current fiscal year (from April 1 st , 2021 to March 31 st , 2022)
Cash flows from operating activities		
Profit before income taxes	21,030	23,724
Depreciation	8,360	9,016
Impairment losses	40	127
Increase (decrease) in allowance for doubtful accounts	8	(39)
Increase (decrease) in provision for bonuses	465	245
Increase (decrease) in provision for bonuses for directors (and other officers)	139	143
Increase (decrease) in provision for product warranties	(54)	44
Increase (decrease) in retirement benefit liability	(113)	277
Increase (decrease) in provision for share awards for directors (and other officers)	37	22
Increase (decrease) in provision for retirement benefits for directors (and other officers)	21	24
Interest and dividend income	(194)	(199)
Interest expenses	39	37
Loss (gain) on sale of non-current assets	(45)	(4)
Loss (gain) on investments in investment partnerships	(32)	(63)
Loss (gain) on sale of investment securities	(762)	(60)
Loss (gain) on valuation of investment securities	411	-
Loss (gain) on cancellation of insurance policies	(417)	(404)
Decrease (increase) in trade receivables	(7,864)	6,571
Decrease (increase) in inventories	(476)	(599)
Increase (decrease) in trade payables	4,528	(7,041)
Increase (decrease) in accrued consumption taxes	839	(499)
Other, net	362	603
Subtotal	26,324	31,926
Interest and dividends received	194	199
Interest paid	(39)	(37)
Income taxes paid	(4,736)	(8,977)
Net cash provided by (used in) operating activities	21,743	23,111

(Million yen)

	Previous fiscal year (from April 1 st , 2020 to March 31 st , 2021)	Current fiscal year (from April 1 st , 2021 to March 31 st , 2022)
Cash flows from investing activities		
Decrease (increase) in time deposits	(0)	(0)
Short-term loan advances	(118)	-
Proceeds from collection of short-term loans receivable	47	17
Purchase of property, plant and equipment	(11,435)	(13,799)
Proceeds from sales of property, plant and equipment	577	6
Purchase of intangible assets	(417)	(559)
Purchase of short-term and long-term investment securities	(615)	(47)
Proceeds from sale and redemption of short-term and long-term investment securities	1,118	1,517
Purchase of insurance funds	(2,179)	(2,155)
Proceeds from maturity of insurance funds	1,783	3,897
Proceeds from distributions from investment partnerships	58	171
Other, net	(88)	161
Net cash provided by (used in) investing activities	(11,267)	(10,789)
Cash flows from financing activities		
Purchase of treasury shares	(65)	(1)
Proceeds from sale of treasury shares	64	18
Dividends paid	(2,737)	(4,564)
Repayments of lease liabilities	(307)	(284)
Net cash provided by (used in) financing activities	(3,046)	(4,832)
Effect of exchange rate change on cash and cash equivalents	49	(23)
Net increase (decrease) in cash and cash equivalents	7,478	7,466
Cash and cash equivalents at beginning of period	46,085	53,564
Cash and cash equivalents at end of period	53,564	61,030

(5) Notes to consolidated financial statement

(Notes regarding the premise for going concern)

Not applicable.

(Changes in Accounting Policy)

Application of the Accounting Standard for Revenue Recognition, etc.:

The “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31st, 2020. Hereinafter, “Accounting Standard for Revenue Recognition”), etc. has been applied since the beginning of the current consolidated fiscal year. In accordance with this accounting standard, the Group recognizes revenue as the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer.

Revenue Recognition in terms of agent transaction:

Since the beginning of the current consolidated fiscal year, the Group recognizes revenue as the net amount received from the customer after deduction of the payment for the suppliers in terms of the agent transaction.

The application of the Accounting Standard for Revenue Recognition is pursuant to the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standards for Revenue Recognition.

The cumulative effect when applying the new accounting policy retrospectively before the beginning of the current consolidated fiscal year is added to or subtracted from the retained earnings at the beginning of the current consolidated fiscal year before applying the new accounting policy from the beginning-of-year balance.

“Notes and accounts payable - trade”, which was included in “Current assets” in the consolidated balance sheets for the previous fiscal year, has been included in “Notes receivable – trade” and “Accounts receivable – trade” from the current fiscal year. However, in accordance with the transitional treatment set forth in No.89, Paragraph 2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using a new presentation method.

As a result, “Net sales” and “Cost of sales” each decreased 9,797 million yen in the current consolidated fiscal year.

Application of Accounting Standard for Fair Value Measurement, etc.:

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4th, 2019), etc. has been applied since the beginning of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44–2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4th, 2019), the Group has decided to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. in the future. These changes had no impact on the Group’s consolidated financial statements.

(Changes in presentation)

As “Provision for Employee Stock Ownership Plan Trust”, which had been included in “Retirement benefit liability” under “Non-current liabilities”, increased financial materiality in the previous consolidated fiscal year, it is posted separately from the beginning of the current consolidated 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, 3,193 million yen in “Retirement benefit liability” under “Non-current liabilities” recorded in the previous consolidated fiscal year is adjusted to “Retirement benefit liability” of 2,921 million yen and “Provision for Employee Stock Ownership Plan Trust” of 271 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”.

Application of the Accounting Standard for Revenue Recognition, etc.:

As described in “Notes to consolidated financial statement (Changes in Accounting Policy)”, “Accounting Standard for Revenue Recognition, etc.” has been applied since the beginning of the current consolidated fiscal year, and the Group revised the accounting method for revenue recognition as well as method for measuring profit or loss for its business segments.

As a result, for the current consolidated fiscal year, “Net sales” of “Physiological diagnostic equipment segment” decreased 4,685 million yen, “Net sales” of “Patient monitoring equipment segment” decreased 409 million yen, “Net sales” of “Medical treatment equipment segment” decreased 2,133 million yen and “Net sales” of “Consumables and other products segment” decreased 2,568 million yen, compared with the previous method.

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

(i) Previous 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	-	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.

(ii) Current fiscal year (from April 1st, 2021 to March 31st, 2022)

(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							
Domestic Sales	28,595	10,604	54,510	33,624	127,335	-	127,335
Overseas Sales	826	2,310	45	1,580	4,763	-	4,763
Revenue from Contracts with Customers	29,422	12,914	54,556	35,205	132,098	-	132,098
Sales to external customers	29,422	12,914	54,556	35,205	132,098	-	132,098
Internal sales or transfers	-	-	-	-	-	-	-
Total	29,422	12,914	54,556	35,205	132,098	-	132,098
Segment Profit	4,129	1,989	11,477	5,112	22,708	-	22,708
Segment assets	19,850	9,942	48,122	24,094	102,009	93,485	195,495
Other items							
Depreciation	614	213	7,627	560	9,016	-	9,016
Increase in Property, plant and equipment and intangible assets	1,493	655	10,363	1,787	14,299	-	14,299

*1. Adjustment of segment assets of 93,485 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, 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".

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, 2021 to March 31st, 2022)

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, 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

(ii) Current fiscal year (from April 1st, 2021 to March 31st, 2022)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	82	1	15	25	2	127

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

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

Not applicable

(ii) Current fiscal year (from April 1st, 2021 to March 31st, 2022)

Not applicable

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

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

Not applicable

(ii) Current fiscal year (from April 1st, 2021 to March 31st, 2022)

Not applicable

(Per share information)

	Previous fiscal year (from April 1 st , 2020 to March 31 st , 2021)	Current fiscal year (from April 1 st , 2021 to March 31 st , 2022)
Net assets per share	9,125.88yen	9,909.40yen
Earnings per share	973.33yen	1,072.38yen
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 Custody Bank of Japan, Ltd. owns are included in the number of our “Treasury share” (121 thousand shares at the start of the fiscal year and 117 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” (115 thousand shares at the start of the fiscal year and 119 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 “Earnings per share”.

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

Item	Previous fiscal year (from April 1 st , 2020 to March 31 st , 2021)	Current fiscal year (from April 1 st , 2021 to March 31 st , 2022)
Profit attributable to owners of parent (million yen)	14,716	16,216
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to owners of parent in relation to common shares (million yen)	14,716	16,216
Average number of shares during the fiscal year (1,000 shares)	15,119	15,121

(Significant subsequent events)

Not applicable

4. Others

(1) Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

- New director candidates

Director: Mr. Kazuki Furuya

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

- Effective from

June 29th, 2022

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