

Summary Report on Financial Results for the Fiscal Year Ended March 31st, 2023
(Japan GAAP)

May 15th, 2023

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, 2023

Scheduled date for commencement of dividend payment: June 30th, 2023

Scheduled date for filing the securities report: June 29th, 2023

Supplementary material development: Yes

Financial results meeting: Yes (for analysts)

(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, 2023 (April 1st, 2022 through March 31st, 2023)

(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 , 2023	134,648	1.9	24,093	6.1	25,081	7.1	17,278	6.6
Year ended March 31 st , 2022	132,098	-	22,708	14.6	23,422	15.6	16,216	10.2

(Note 1) Comprehensive income

Fiscal year ended March 31st, 2023: 18,439 million yen / 12.2 %

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

(Note 2)

The percentage of year-on-year change of “Net sales” for the fiscal year ended March 31st, 2022 is not indicated due to the impact of the application of the “Accounting Standards for Revenue Recognition” (ASBJ Statement No. 29, March 31st, 2020), etc..

	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 , 2023	571.25	-	11.0	12.5	17.9
Year ended March 31 st , 2022	536.19	-	11.3	12.1	17.2

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 31st, 2023: - million yen

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

(Note)

Fukuda Denshi Co., Ltd. (hereinafter mentioned as "the Company") conducted a stock split at a ratio of two shares for one common share on effective date of December 1st, 2022. "Earnings per share" is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(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 , 2023	206,922	163,047	78.8	5,390.09	
Year ended March 31 st , 2022	195,495	149,857	76.7	4,954.70	

(Reference) Shareholders' equity:

Fiscal year ended March 31st, 2023: 163,047 million yen

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

(Note)

The Company conducted a stock split at a ratio of two shares for one common share on effective date of December 1st, 2022. "Net assets per share" is calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(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 , 2023	23,137	(14,210)	(5,551)	64,939
Year ended March 31 st , 2022	23,111	(10,789)	(4,832)	61,030

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 , 2022	-	100.00	-	205.00	305.00	4,648	28.4	3.2
Year ended March 31 st , 2023	-	140.00	-	100.00	-	5,183	30.0	3.3
Year ending March 31 st , 2024 (Forecast)	-	70.00	-	70.00	140.00		30.2	

(Note 1)

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 for the Year ended March 31st, 2023: ordinary dividend 110.00 yen, extra dividend 30.00 yen

The detail of year-end dividend for the Year ended March 31st, 2023: ordinary dividend 55.00 yen, extra dividend 45.00 yen

The detail of second quarter dividend of Year ending March 2024 (Forecast): ordinary dividend 55.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ending March 2024 (Forecast): ordinary dividend 55.00 yen, extra dividend 15.00 yen

(Note 2)

The Company conducted a stock split at a ratio of two shares for one common share on the effective date of December 1st, 2022. Dividends per share for the fiscal year ended March 31st, 2022 and the second quarter of the fiscal year ending March 31st, 2023 are the amounts prior to the stock split. Dividends for the fiscal year ending March 31st, 2023 and the fiscal year ending March 31st, 2024 (forecast) are the amounts after the stock split. The total dividends for the fiscal year ending March 31st, 2023 are not indicated.

3. Forecast of consolidated financial results for fiscal year ending March 31st, 2024 (April 1st, 2023 through March 31st, 2024)

	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	130,000	(3.5)	20,000	(17.0)	20,000	(20.3)	14,000	(19.0)	462.82

(Note)

Since Fukuda Denshi's (hereinafter mentioned as "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 20.

(3) Number of outstanding shares (common shares)

(i) Number of outstanding shares at the year-end (including treasury shares)

Fiscal year ended March 31st, 2023: 39,176,000 shares

Fiscal year ended March 31st, 2022: 39,176,000 shares

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

Fiscal year ended March 31st, 2023: 8,926,412 shares

Fiscal year ended March 31st, 2022: 8,930,480 shares

(iii) Average number of shares during the period

Fiscal year ended March 31st, 2023: 30,247,848 shares

Fiscal year ended March 31st, 2022: 30,243,185 shares

(Note)

The Company conducted a stock split at a ratio of two shares for one common share on the effective date of December 1st, 2022. Therefore, “Number of outstanding shares at the end of the period”, “Number of shares of treasury shares at the end of the period”, and “Average number of shares during the period” shown above are calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31st, 2023 (April 1st, 2022 through March 31st, 2023)

(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 , 2023	82,316	(0.2)	12,412	(2.6)	18,497	2.5	14,799	2.5
Year ended March 31 st , 2022	82,470	0.9	12,743	10.6	18,045	20.1	14,444	20.3

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 31 st , 2023	489.27	-
Year ended March 31 st , 2022	477.60	-

(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 , 2023	175,970	127,195	72.3	4,204.87
Year ended March 31 st , 2022	163,543	117,086	71.6	3,871.21

(Reference) Shareholders' equity:

Fiscal year ended March 31st, 2023: 127,195 million yen

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

(Note)

The Company conducted a stock split at a ratio of two shares for one common share on the effective date of December 1st, 2022. "Net assets per share" is calculated based on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

* 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, 2024 under the "1. Operating results" section on page 8.

We have scheduled a financial results meeting for analysts on May 22nd, 2023. The recorded video will be uploaded to our website after the event.

Contents of the Attached Materials

1. Operating results -----	7
(1) Overview of operating results -----	7
(2) Overview of financial situation -----	8
(3) Overview of cash flows -----	8
(4) Forecast of results for the fiscal year ending March 31 st , 2024 -----	10
(5) Business risks -----	10
2. Basic policy on the selection of accounting standards -----	11
3. Consolidated financial statements and Notes -----	12
(1) Consolidated balance sheets -----	12
(2) Consolidated income statements and consolidated comprehensive income statements -----	14
Consolidated income statements -----	14
Consolidated comprehensive income statements -----	15
(3) Consolidated statements of changes in net assets -----	16
(4) Consolidated statements of cash flows -----	18
(5) Notes to consolidated financial statement -----	20
(Notes regarding the premise for going concern) -----	20
(Changes in Accounting Policy) -----	20
(Segment information, etc.) -----	20
(Per share information) -----	24
(Significant subsequent events) -----	24
4. Others -----	24
(1) Changes of directors -----	24

1. Operating results

(1) Overview of operating results

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

	Year ended March 31 st , 2022	Year ended March 31 st , 2023	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	132,098	134,648	2,549	1.9
Operating Profit (million yen)	22,708	24,093	1,384	6.1
Ordinary Profit (million yen)	23,422	25,081	1,658	7.1
Profit attributable to owners of parent (million yen)	16,216	17,278	1,062	6.6
Earnings per share (yen)	536.19	571.25	35.06	6.5

Although the Japanese economy has been gradually recovering from the impact of the COVID-19 pandemic during the current consolidated fiscal year (April 1st, 2022 through March 31st, 2023), there is still uncertainty about the future due to factors such as soaring resource prices influenced by the international situation and the monetary tightening in Europe and America in response to rising prices.

In the medical industry, it is now necessary to strengthen the efforts to the COVID-19 pandemic and to establish an efficient framework to provide healthcare services that aligns with the regional medical plan by enhancing the differentiation and functionality of medical institutions and promoting regional healthcare networks.

In such an environment, the Group achieved consolidated “Net sales” of 134,648 million yen (up 1.9% year-on-year basis), “Operating profit” of 24,093 million yen (up 6.1% year-on-year basis), “Ordinary profit” of 25,081 million yen (up 7.1% year-on-year basis), and “Profit attributable to owners of parent” of 17,278 million yen (up 6.6% year-on-year basis) in the current consolidated fiscal year.

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

Business segment	Year ended March 31 st , 2022		Year ended March 31 st , 2023		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	29,422	22.3	31,058	23.1	1,636	5.6
Patient monitoring equipment	12,914	9.8	11,625	8.6	(1,288)	(10.0)
Medical treatment equipment	54,556	41.3	55,442	41.2	885	1.6
Consumables and other products	35,205	26.6	36,522	27.1	1,316	3.7
Total	132,098	100.0	134,648	100.0	2,549	1.9

A. Physiological diagnostic equipment segment

The sales of electrocardiographs, vascular screening system, and blood cell counters increased. As a result, consolidated “Net sales” were 31,058 million yen (up 5.6% year-on-year basis).

B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 11,625 million yen (down 10.0% year-on-year basis).

C. Medical treatment equipment segment

While the sales of AEDs and ventilators decreased, the business of renting medical equipment for home treatment increased. As a result, consolidated “Net sales” were 55,442 million yen (up 1.6% year-on-year basis).

D. Consumables and other products segment

In this segment, we mainly handle recording paper, disposable electrodes, and consumables used for devices handled in the above segments, as well as maintenance and repair services.

Consolidated “Net sales” for this segment were 36,522 million yen (up 3.7% 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, 2023.

“Total assets” increased 11,427 million yen from the end of the previous fiscal year to reach 206,922 million yen. The main factors are the increase of 3,908 million yen in “Cash and deposits”, 1,977 million yen in “Accounts receivable - trade”, and 1,609 million yen in “Insurance funds”.

“Total liabilities” decreased 1,763 million yen from the end of the previous fiscal year to reach 43,875 million yen. The main factor is the decrease of 1,758 million yen in “Notes and accounts payable - trade”.

“Net assets” increased 13,190 million yen from the end of the previous fiscal year to reach 163,047 million yen. The main factor is the increase of 12,020 million yen in “Retained earnings”.

(3) Overview of cash flows

(ii) Consolidated cash flows

	Year ended March 31 st , 2022	Year ended March 31 st , 2023	Change
Cash flows from operating activities (million yen)	23,111	23,137	25
Cash flows from investing activities (million yen)	(10,789)	(14,210)	(3,420)
Cash flows from financing activities (million yen)	(4,832)	(5,551)	(718)
Effect of exchange rate changes (million yen)	(23)	391	414
Increase (decrease) in cash and cash equivalents (million yen)	7,466	3,768	(3,698)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	140	140
Cash and cash equivalents at the end of the fiscal year (million yen)	61,030	64,939	3,908

(Cash flows from operating activities)

In the consolidated fiscal year, the “Cash flows from operating activities” increased 25 million yen from the end of previous fiscal year to reach 23,137 million yen. Including “Profit before income taxes” of 25,202 million yen, and “Depreciation” of 9,368 million yen.

(Cash flows from investing activities)

The “Cash flows from investing activities” decreased 3,420 million yen from the end of previous fiscal year to reach minus 14,210 million yen. Including “Purchase of property, plant and equipment” amounted to 11,927 million yen.

(Cash flows from financing activities)

The “Cash flows from financing activities” decreased 718 million yen from the end of previous fiscal year to reach minus 5,551 million yen. Including “Cash dividends paid” amounted to 5,253 million yen.

As a result, “Cash and cash equivalents at the end of the fiscal year” increased 3,908 million yen from the end of previous fiscal year to reach 64,939 million yen.

(Reference) Trends in cash flow indicators

	Year ended March 31 st , 2019	Year ended March 31 st , 2020	Year ended March 31 st , 2021	Year ended March 31 st , 2022	Year ended March 31 st , 2023
Shareholders' equity ratio (%)	74.1	73.7	72.0	76.7	78.8
Market value-based shareholders' equity ratio (%)	71.1	75.3	66.2	60.4	62.4
Years needed to repay debts	0.1	0.1	0.1	0.1	0.1
Interest coverage ratio	301.6	512.5	554.5	621.2	619.9

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, 2024

	Year ended March 2023	Year ending March 2024	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	134,648	130,000	(4,648)	(3.5)
Operating Profit (million yen)	24,093	20,000	(4,093)	(17.0)
Ordinary Profit (million yen)	25,081	20,000	(5,081)	(20.3)
Profit attributable to owners of parent (million yen)	17,278	14,000	(3,278)	(19.0)
Earnings per share (yen)	571.25	462.82	(108.43)	(19.0)

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

The Group expects a consolidated “Net sale” of 130,000 million yen, consolidated “Operating profit” of 20,000 million yen, consolidated “Ordinary profit” of 20,000 million yen, and consolidated “Profit attributable to owners of parent” of 14,000 million yen for the fiscal year ending March 2024.

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) Factors of surplus inventory

In order to fulfill the social mission of supplying products and goods stably, it is necessary to secure inventory based on future demand forecasts. However, if actual sales fall short of forecasted demand, there is a possibility of surplus inventory accumulating outside the normal business cycle process.

(v) 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.

(vi) 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.

(vii) 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.

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) 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.

(ix) Effects on the Group from tremendous disaster

The Group has domestic and overseas bases; if severe disasters, electric-power shortages or any other incidents caused by the climate change occur, it is possible that they could adversely affect the Group's business performance and financial position.

(x) Effects of pandemic on business continuity

If it is unable to provide a stable supply of the products, etc. due to the spread of infectious diseases including COVID-19, or if the prolonged impact on the economy affects the business activities of the Group's suppliers, subcontractors, etc., it could have a significant impact on the business performance of the Group. From the viewpoint of ensuring business continuity, the Group organizes the system based on the standards of Ministries, etc. that could promptly implement countermeasures according to the situation of the Group's employee and their family.

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 and Notes

(1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31 st , 2022)	Current fiscal year (as of March 31 st , 2023)
Assets		
Current assets		
Cash and deposits	64,057	67,965
Notes receivable - trade	3,143	2,567
Accounts receivable - trade	33,399	35,377
Electronically recorded monetary claims - operating	2,908	3,156
Securities	497	501
Merchandise and finished goods	9,391	10,109
Work in process	205	212
Raw materials and supplies	3,940	5,277
Other	2,217	1,562
Allowance for doubtful accounts	(23)	(5)
Total current assets	119,736	126,725
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,140	24,925
Accumulated depreciation and impairment loss	(6,330)	(6,956)
Buildings and structures, net	16,810	17,969
Machinery, equipment and vehicles	2,067	2,401
Accumulated depreciation and impairment	(1,306)	(1,438)
Machinery, equipment and vehicles, net	760	962
Tools, furniture and fixtures	45,749	48,398
Accumulated depreciation and impairment	(29,104)	(32,453)
Tools, furniture and fixtures, net	16,644	15,945
Land	9,061	9,644
Leased assets	3,295	3,381
Accumulated depreciation and impairment	(1,762)	(1,971)
Leased assets, net	1,532	1,409
Construction in progress	454	895
Total property, plant and equipment	45,264	46,826
Intangible assets	1,538	1,617
Investments and other assets		
Investment securities	9,671	10,815
Deferred tax assets	3,788	3,907
Insurance funds	13,758	15,368
Other	1,745	1,676
Allowance for doubtful accounts	(8)	(14)
Total investments and other assets	28,956	31,753
Total non-current assets	75,759	80,197
Total assets	195,495	206,922

(Million yen)

	Previous fiscal year (as of March 31 st , 2022)	Current fiscal year (as of March 31 st , 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,501	13,743
Electronically recorded obligations - operating	6,648	5,136
Short-term borrowings	1,750	1,750
Lease liabilities	267	304
Income taxes payable	3,451	4,103
Provision for product warranties	117	111
Provision for bonuses	3,439	3,953
Provision for bonuses for directors (and other officers)	579	546
Other	7,072	7,865
Total current liabilities	38,829	37,514
Non-current liabilities		
Lease liabilities	1,805	1,624
Provision for retirement benefits for directors (and other officers)	292	218
Provision for share awards for directors (and other officers)	157	214
Provision for Employee Stock Ownership Plan Trust	303	334
Retirement benefit liability	3,137	2,671
Other	1,113	1,297
Total non-current liabilities	6,809	6,360
Total liabilities	45,638	43,875
Net assets		
Shareholders' equity		
Share capital	4,621	4,621
Capital surplus	21,841	21,887
Retained earnings	142,135	154,156
Treasury shares	(20,362)	(20,398)
Total shareholders' equity	148,236	160,266
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,836	2,395
Foreign currency translation adjustment	(11)	198
Remeasurements of defined benefit plans	(204)	188
Total accumulated other comprehensive income	1,621	2,781
Total net assets	149,857	163,047
Total liabilities and net assets	195,495	206,922

(2) Consolidated income statements and consolidated comprehensive income statements

Consolidated income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2021 to March 31 st , 2022)	Current fiscal year (from April 1 st , 2022 to March 31 st , 2023)
Net sales	132,098	134,648
Cost of sales	64,518	64,244
Gross profit	67,579	70,403
Selling, general and administrative expenses	44,870	46,309
Operating profit	22,708	24,093
Non-operating income		
Interest income	64	65
Dividend income	134	187
Foreign exchange gains	258	355
Commission for insurance office work	35	39
Gain on investments in investment partnerships	78	97
Other	207	293
Total non-operating income	777	1,038
Non-operating expenses		
Interest expenses	37	37
Loss on investments in investment partnerships	14	-
Loss on cancellation of leases	5	6
Other	6	7
Total non-operating expenses	63	50
Ordinary profit	23,422	25,081
Extraordinary income		
Gain on sale of non-current assets	4	17
Gain on sale of investment securities	60	-
Surrender value of insurance policies	404	173
Gain on extinguishment of tie-in shares	-	67
Others	-	0
Total extraordinary income	469	258
Extraordinary losses		
Loss on sale of non-current assets	0	12
Impairment losses	127	66
Loss on valuation of investment securities	-	45
Office relocation expenses	33	12
Loss on abandonment of non-current assets	4	-
Other	2	0
Total extraordinary losses	167	137
Profit before income taxes	23,724	25,202
Income taxes – current	7,551	8,478
Income taxes - deferred	(43)	(554)
Total income taxes	7,508	7,923
Profit	16,216	17,278
Profit attributable to owners of parent	16,216	17,278

Consolidated comprehensive income statements

(Million yen)

	Previous fiscal year (from April 1 st , 2021 to March 31 st , 2022)	Current fiscal year (from April 1 st , 2022 to March 31 st , 2023)
Profit	16,216	17,278
Other comprehensive income		
Valuation difference on available-for-sale securities	31	558
Foreign currency translation adjustment	263	209
Remeasurements of defined benefit plans, net of tax	(78)	392
Total other comprehensive income	215	1,160
Comprehensive income	16,432	18,439
Comprehensive income attributable to Comprehensive income attributable to owners of parent	16,432	18,439

(3) Consolidated statements of changes in net assets

Previous 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

Current fiscal year (from April 1st, 2022 to March 31st, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,621	21,841	142,135	(20,362)	148,236
Changes during period					
Dividends of surplus			(5,257)		(5,257)
Profit attributable to owners of parent			17,278		17,278
Purchase of treasury shares				(93)	(93)
Disposal of treasury shares		45		57	102
Net changes in items other than shareholders' equity					
Total changes during period	-	45	12,020	(36)	12,030
Balance at end of period	4,621	21,887	154,156	(20,398)	160,266

	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	1,836	(11)	(204)	1,621	149,857
Changes during period					
Dividends of surplus					(5,257)
Profit attributable to owners of parent					17,278
Purchase of treasury shares					(93)
Disposal of treasury shares					102
Net changes in items other than shareholders' equity	558	209	392	1,160	1,160
Total changes during period	558	209	392	1,160	13,190
Balance at end of period	2,395	198	188	2,781	163,047

(4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (from April 1 st , 2021 to March 31 st , 2022)	Current fiscal year (from April 1 st , 2022 to March 31 st , 2023)
Cash flows from operating activities		
Profit before income taxes	23,724	25,202
Depreciation	9,016	9,368
Impairment losses	127	66
Increase (decrease) in allowance for doubtful accounts	(39)	(20)
Increase (decrease) in provision for bonuses	245	513
Increase (decrease) in provision for bonuses for directors (and other officers)	143	(33)
Increase (decrease) in provision for product warranties	44	(7)
Increase (decrease) in retirement benefit liability	277	147
Increase (decrease) in provision for share awards for directors (and other officers)	22	57
Increase (decrease) in provision for retirement benefits for directors (and other officers)	24	(73)
Interest and dividend income	(199)	(253)
Interest expenses	37	37
Loss (gain) on sale of non-current assets	(4)	(5)
Loss (gain) on investments in investment partnerships	(63)	(97)
Loss (gain) on sale of investment securities	(60)	-
Loss (gain) on valuation of investment securities	-	45
Loss (gain) on cancellation of insurance policies	(404)	(173)
Loss (gain) on extinguishment of tie-in shares	-	(67)
Decrease (increase) in trade receivables	6,571	(1,612)
Decrease (increase) in inventories	(599)	(1,957)
Increase (decrease) in trade payables	(7,041)	(1,799)
Increase (decrease) in accrued consumption taxes	(499)	1,261
Other, net	603	116
Subtotal	31,926	30,716
Interest and dividends received	199	216
Interest paid	(37)	(37)
Income taxes paid	(8,977)	(7,757)
Net cash provided by (used in) operating activities	23,111	23,137

(Million yen)

	Previous fiscal year (from April 1 st , 2021 to March 31 st , 2022)	Current fiscal year (from April 1 st , 2022 to March 31 st , 2023)
Cash flows from investing activities		
Decrease (increase) in time deposits	(0)	(0)
Proceeds from collection of short-term loans receivable	17	17
Purchase of property, plant and equipment	(13,799)	(11,927)
Proceeds from sales of property, plant and equipment	6	45
Purchase of intangible assets	(559)	(612)
Purchase of short-term and long-term investment securities	(47)	(1,543)
Proceeds from sale and redemption of short-term and long-term investment securities	1,517	1,127
Purchase of insurance funds	(2,155)	(2,466)
Proceeds from maturity of insurance funds	3,897	1,029
Proceeds from distributions from investment partnerships	171	-
Other, net	161	119
Net cash provided by (used in) investing activities	(10,789)	(14,210)
Cash flows from financing activities		
Purchase of treasury shares	(1)	(93)
Proceeds from sale of treasury shares	18	102
Dividends paid	(4,564)	(5,253)
Repayments of lease liabilities	(284)	(306)
Net cash provided by (used in) financing activities	(4,832)	(5,551)
Effect of exchange rate change on cash and cash equivalents	(23)	391
Net increase (decrease) in cash and cash equivalents	7,466	3,768
Cash and cash equivalents at beginning of period	53,564	61,030
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	140
Cash and cash equivalents at end of period	61,030	64,939

(5) Notes to consolidated financial statement

(Notes regarding the premise for going concern)

Not applicable.

(Changes in Accounting Policy)

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement:

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17th, 2021) has been applied since the beginning of the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 27–2 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement”, the Group has decided to apply the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair Value Measurement in the future.

The change had no impact on the Group’s consolidated financial statements.

(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 method of accounting for the reported business segments is in accordance with the accounting policies adopted for the preparation of the consolidated financial statements.

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

3. Net Sales, Profit (Loss), Assets and Other Items by Reportable Segment and Breakdown of Revenue

(i) Previous 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	495	217	7,710	593	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.

(ii) Current fiscal year (from April 1st, 2022 to March 31st, 2023)

(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	30,328	9,376	55,432	35,218	130,356	-	130,356
Overseas Sales	729	2,248	9	1,304	4,291	-	4,291
Revenue from Contracts with Customers	31,058	11,625	55,442	36,522	134,648	-	134,648
Sales to external customers	31,058	11,625	55,442	36,522	134,648	-	134,648
Internal sales or transfers	-	-	-	-	-	-	-
Total	31,058	11,625	55,442	36,522	134,648	-	134,648
Segment Profit	4,891	2,092	12,449	4,660	24,093	-	24,093
Segment assets	21,708	8,742	50,707	25,687	106,846	100,076	206,922
Other items							
Depreciation	594	222	7,851	699	9,368	-	9,368
Increase in Property, plant and equipment and intangible assets	1,114	417	8,299	1,310	11,140	-	11,140

*1. Adjustment of segment assets of 100,076 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, 2021 to March 31st, 2022)

1. Information about each product and services

Information about each product 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, 2022 to March 31st, 2023)

1. Information about each product and services

Information about each product 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, 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

(ii) Current fiscal year (from April 1st, 2022 to March 31st, 2023)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	49	0	1	15	0	66

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

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

Not applicable

(ii) Current fiscal year (from April 1st, 2022 to March 31st, 2023)

Not applicable

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

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

Not applicable

(ii) Current fiscal year (from April 1st, 2022 to March 31st, 2023)

Not applicable

(Per share information)

	Previous fiscal year (from April 1 st , 2021 to March 31 st , 2022)	Current fiscal year (from April 1 st , 2022 to March 31 st , 2023)
Net assets per share	4,954.70yen	5,390.09yen
Earnings per share	536.19yen	571.25yen
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” (235 thousand shares at the start of the fiscal year and 252 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” (238 thousand shares at the start of the fiscal year and 239 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 Company conducted a stock split at a ratio of two shares for one common share on effective date of December 1st, 2022. “Net assets per share” and “Earnings per share” are calculated based on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year.

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

Item	Previous fiscal year (from April 1 st , 2021 to March 31 st , 2022)	Current fiscal year (from April 1 st , 2022 to March 31 st , 2023)
Profit attributable to owners of parent (million yen)	16,216	17,278
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to owners of parent in relation to common shares (million yen)	16,216	17,278
Average number of shares during the fiscal year (1,000 shares)	30,243	30,247

(Significant subsequent events)

Not applicable

4. Others

(1) Changes of directors

(i) Representative Director

Not applicable

(ii) Other directors

• New director candidate

Director: Mr. Hisataka Fushikuro

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

- Director to retire
Director: Mr. Noriyuki Fukuda
- Auditor to retire
Auditor: Mr. Yukio Nakagawa (full-time)
- Effective from
June 29th, 2023

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

* The original disclosure in Japanese was released on May 15th, 2023 at 15:00 (GMT+9)