

Summary Report on Financial Results for Fiscal Year Ended March 2019  
(Japan GAAP)

May 15<sup>th</sup>, 2019

Listing: TSE-JASDAQ

Company name: Fukuda Denshi Co., Ltd.

Code No.: 6960 (<http://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 27<sup>th</sup>, 2019

Scheduled date for commencement of dividend payment: June 28<sup>th</sup>, 2019

Scheduled date for filing the securities report: June 27<sup>th</sup>, 2019

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 fiscal year ended March 2019 (April 1<sup>st</sup>, 2018 through March 31<sup>st</sup>, 2019)

(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 2019	129,775	0.7	12,645	2.5	13,288	4.5	9,577	2.8
Year ended March 2018	128,883	5.9	12,334	2.3	12,713	4.2	9,320	6.2

(Note) Comprehensive income

Fiscal year ended March 2019: 8,612 million yen / (12.1)%    Fiscal year ended March 2018: 9,800 million yen / (4.3)%

	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 2019	629.37	-	8.2	8.3	9.7
Year ended March 2018	612.49	-	8.5	8.4	9.6

(Reference) Profit or loss on equity method investments:

Fiscal year ended March 2019: - million yen    Fiscal year ended March 2018: - 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 2019	160,940	119,183	74.1	7,831.61
Year ended March 2018	157,518	113,252	71.9	7,442.43

(Reference) Shareholders' equity:

Fiscal year ended March 2019: 119,183 million yen    Fiscal year ended March 2018: 113,252 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 2019	13,979	(10,648)	(2,984)	43,824
Year ended March 2018	17,852	(3,780)	(2,756)	43,357

2. Dividends

	Annual Dividend					Total dividends (for the year)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	End of the term	Annual			
	yen			Yen	yen	million yen	%	%
Year ended March 2018	-	65.00	-	105.00	170.00	2,598	27.8	2.4
Year ended March 2019	-	70.00	-	105.00	175.00	2,674	27.8	2.3
Year ending March 2020 (Forecast)	-	75.00	-	100.00	175.00		28.9	

(Note)

The detail of second quarter dividend of Year ended March 2018: ordinary dividend 50.00 yen, extra dividend 15.00 yen

The detail of year-end dividend of Year ended March 2018: ordinary dividend 60.00 yen, extra dividend 40.00 yen, commemorative dividend 5.00 yen

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

The detail of year-end dividend of Year ended March 2019: ordinary dividend 60.00 yen, extra dividend 40.00 yen, commemorative dividend 5.00 yen

The detail of second quarter dividend of Year ending March 2020 (Forecast): ordinary dividend 55.00 yen, extra dividend 15.00 yen, commemorative dividend 5.00 yen

The detail of year-end dividend of Year ending March 2020 (Forecast): ordinary dividend 60.00 yen, extra dividend 40.00 yen

3. Forecast of consolidated financial results for fiscal year ending March 2020 (April 1<sup>st</sup>, 2019 through March 31<sup>st</sup>, 2020) (% represent increases or decreases from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	131,000	0.9	12,700	0.4	12,900	(2.9)	9,200	(3.9)	604.54

(Note)

Since the Fukuda Denshi Group's (herein after "the Group") operating results tend to take a peak at 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: No
- (2) Changes in accounting policies and procedures
- (i) Changes in accounting policies associated with revision of accounting standards: None
  - (ii) Changes other than (i) above: None
  - (iii) Changes in accounting projections: None
  - (iv) Restatement: None
- (3) Number of outstanding shares (common shares)
- (i) Number of outstanding shares at the year-end (including “Treasury shares”)
    - Fiscal year ended March 2019: 19,588,000 shares
    - Fiscal year ended March 2018: 19,588,000 shares
  - (ii) Number of shares of treasury shares at the year-end:
    - Fiscal year ended March 2019: 4,369,738 shares
    - Fiscal year ended March 2018: 4,370,873 shares
  - (iii) Average number of shares during the period
    - Fiscal year ended March 2019: 15,217,600 shares
    - Fiscal year ended March 2018: 15,217,049 shares

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for fiscal year ended March 2019 (April 1<sup>st</sup>, 2018 through March 31<sup>st</sup>, 2019)

(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 2019	71,570	0.9	8,586	14.9	11,994	13.0	9,524	7.1
Year ended March 2018	70,958	1.6	7,472	(1.5)	10,613	(0.7)	8,889	(2.8)

	Earnings per share	Diluted earnings per share
	yen	yen
Year ended March 2019	625.90	-
Year ended March 2018	584.21	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 2019	131,400	92,777	70.6	6,096.47
Year ended March 2018	127,751	86,775	67.9	5,702.49

(Reference) Shareholders' equity:

Fiscal year ended March 2019: 92,777 million yen      Fiscal year ended March 2018: 86,775 million yen

\* These financial statements are not subject to audit procedure.

\* Explanation about the appropriate use of the forecasts of financial results, and other noteworthy matters  
The forecasted financial results described above are based on information available at the time of announcement. Actual results may differ from the results projected and presented hereby for a variety of reasons.

With respect to the preconditions for the forecast of financial results, please refer to "(4) Forecast of results for fiscal year ending March 2020" under the "1. Operating results" section on page 8.

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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 2018	Year ended March 2019	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	128,883	129,775	892	0.7
Operating income (million yen)	12,334	12,645	310	2.5
Ordinary income (million yen)	12,713	13,288	574	4.5
Profit attributable to parent company shareholders (million yen)	9,320	9,577	257	2.8
Earnings per share (yen)	612.49	629.37	16.88	2.8

Although the Japanese economy has gradually expanded during the current consolidated fiscal year, the slowdown of overseas economy has an effect on the export and the production and uncertainty about the future still remains.

In the medical device industry, the remuneration for medical treatments in FY2018 has been a negative revision as a whole. Medical institutions face continuous demands for efficient and high-quality healthcare.

As a result, the Group posted a consolidated “Net sales” of 129,775 million yen (up 0.7% year-on-year basis) for this consolidated fiscal year. “Operating profit” of 12,645 million yen (up 2.5% on a year-to-year basis), “Ordinary profit” of 13,288 million yen (up 4.5% on a year-to-year basis), and “Profit attributable to owners of parent” of 9,577 million yen (up 2.8% on a year-to-year basis).

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

Business segment	Year ended March 2018		Year ended March 2019		Comparison with the previous year	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	Change (million yen)	Rate of change (%)
Physiological diagnostic equipment	39,254	30.5	38,912	30.0	(342)	(0.9)
Patient monitoring equipment	9,664	7.5	9,475	7.3	(188)	(2.0)
Medical treatment equipment	49,884	38.7	50,103	38.6	218	0.4
Consumables and other products	30,079	23.3	31,283	24.1	1,204	4.0
Total	128,883	100.0	129,775	100.0	892	0.7

#### A. Physiological diagnostic equipment segment

While the sales of electrocardiographs increased, the number of large orders decreased. As a result, consolidated “Net sales” were 38,912 million yen (down 0.9% year-on-year basis).

#### B. Patient monitoring equipment segment

Consolidated “Net sales” of patient monitoring equipment were 9,475 million yen (down 2.0% year-on-year basis).

### C. Medical treatment equipment segment

While the sales of pacemakers decreased, the business of renting medical equipment for home treatment increased. As a result, consolidated “Net sales” were 50,103 million yen (up 0.4% on a year-to-year basis).

### D. Consumables and other products segment

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

Consolidated “Net sales” for this segment were 31,283 million yen (up 4.0% on a year-to-year basis).

## (2) Overview of financial situation

Situation of the assets, liabilities and net assets at the consolidated fiscal year ended March 2019.

“Total assets” increased 3,421 million yen from the end of the previous fiscal year to reach 160,940 million yen. The main factors are the increase of 1,573 million yen in “Insurance funds” and 1,332 million yen in “Tools, furniture and fixtures”, despite a decrease of 1,214 million yen in “Merchandise and finished goods”.

“Total liabilities” decreased 2,509 million yen from the end of the previous fiscal year to reach 41,757 million yen. The main factor is the decrease of 1,700 million yen in “Income taxes payable” and 1,446 million yen in “Electronically recorded obligations-operating”, despite an increase of 1,293 million yen in “Lease obligations”.

“Net assets” increased 5,931 million yen from the end of the previous fiscal year to reach 119,183 million yen. The main factors are the increase of 6,893 million yen in “Retained earnings”, despite a decrease of 849 million yen in “Valuation difference on available-for-sale securities” at the end of current period.

## (3) Overview of cash flows

### (ii) Consolidated cash flows

	Year ended March 2018	Year ended March 2019	Change
Cash flows from operating activities (million yen)	17,852	13,979	(3,872)
Cash flows from investing activities (million yen)	(3,780)	(10,648)	(6,867)
Cash flows from financing activities (million yen)	(2,756)	(2,984)	(228)
Effect of exchange rate changes (million yen)	40	57	16
Increase (decrease) in cash and cash equivalents (million yen)	11,355	404	(10,951)
Net increase (decrease) in cash and cash equivalents to changes in accounting period of consolidated subsidiaries	-	63	63
Cash and cash equivalents at the end of the fiscal year (million yen)	43,357	43,824	467

### (Cash flows from operating activities)

In the consolidated fiscal year, the “Cash flows from operating activities” were 13,979 million yen, down 3,872 million yen from the previous year. Including “Profit before income taxes” of 13,209 million yen, “Depreciation” of 7,856 million yen.

(Cash flows from investing activities)

The “Cash flows from investing activities” were minus 10,648 million yen, down 6,867 million yen from the previous year. Including purchase of “Property, plant and equipment” amounted to 7,940 million yen.

(Cash flows from financing activities)

The “Cash flows from financing activities” were minus 2,984 million yen, down 228 million yen from the previous year, mainly because of the “Cash dividends paid” of 2,672 million yen.

The “Net increase in cash and cash equivalents to changes in accounting period of consolidated subsidiaries” was 63 million yen.

As a result, “Cash and cash equivalents at the end of the fiscal year” was 43,824 million yen, up 467 million yen compared to the end of the previous fiscal year.

(Reference) Trends in cash flow indicators

	Year ended March 2015	Year ended March 2016	Year ended March 2017	Year ended March 2018	Year ended March 2019
Shareholders' equity ratio (%)	71.4	72.8	72.6	71.9	74.1
Market value-based shareholders' equity ratio (%)	75.5	66.1	66.4	75.5	71.1
Years needed to repay debts	0.1	0.2	0.1	0.1	0.1
Interest coverage ratio	461.7	422.2	543.7	408.3	301.6

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 fiscal year ending March 2020

	Year ended March 2019	Year ending March 2020	Comparison with the previous year	
	Amount	Amount	Change	Rate of change (%)
Net sales (million yen)	129,775	131,000	1,224	0.9
Operating profit (million yen)	12,645	12,700	54	0.4
Ordinary profit (million yen)	13,288	12,900	(388)	(2.9)
Profit attributable to owners of parent (million yen)	9,577	9,200	(377)	(3.9)
Earnings per share (yen)	629.37	604.54	(24.83)	(3.9)



Regarding the future of Japan's economy, it is expected to recover gradually and continuously. 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 131,000 million yen, consolidated "Operating profit" of 12,700 million yen, consolidated "Ordinary profit" of 12,900 million yen, and consolidated "Profit attributable to owners of parent" of 9,200 million yen for the fiscal year ending March 2020.

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 may take a certain period of time for a new medical equipment to be investigated and finally approved for sale. In addition, some medical equipment requires clinical trials, thus taking a long period of time before it is launched in the market.

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

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

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

(iv) Product quality

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

(v) Risks accompanying overseas businesses

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

(vi) Fluctuations in foreign exchange rates and others

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

(vii) Impairment accounting

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

(viii) Effects to the Group from tremendous disaster

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

## **2. Basic policy on the selection of accounting standards**

The Group decided to adopt the Japanese accounting standards for the time being, because the Group's business is based chiefly in Japan. The Group will consider implementing the IFRS (International Financial Reporting Standards) in an appropriate manner in light of the movement toward its adaptation both at home and abroad.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Million yen)

	Previous fiscal year (as of March 31 <sup>st</sup> , 2018)	Current fiscal year (as of March 31 <sup>st</sup> , 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	46,439	46,857
Notes and accounts receivable-trade	39,202	38,752
Securities	249	145
Merchandise and finished goods	10,411	9,197
Work in process	112	104
Raw materials and supplies	2,480	2,632
Other	1,565	1,769
Allowance for doubtful accounts	(41)	(51)
<b>Total current assets</b>	<b>100,420</b>	<b>99,406</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	12,297	11,182
Accumulated depreciation and impairment loss	(6,690)	(5,879)
Buildings and structures, net	5,606	5,303
Machinery, equipment and vehicles	1,357	1,435
Accumulated depreciation and impairment loss	(938)	(994)
Machinery, equipment and vehicles, net	418	441
Tools, furniture and fixtures	34,318	36,481
Accumulated depreciation and impairment loss	(22,021)	(22,851)
Tools, furniture and fixtures, net	12,297	13,629
Land	9,347	9,017
Leased assets	1,711	3,177
Accumulated depreciation and impairment loss	(1,237)	(1,460)
Leased assets, net	473	1,717
Construction in progress	300	1,220
<b>Total property, plant and equipment</b>	<b>28,444</b>	<b>31,329</b>
<b>Intangible assets</b>	<b>2,011</b>	<b>1,601</b>
<b>Investments and other assets</b>		
Investment securities	10,604	10,436
Deferred tax assets	2,791	3,224
Insurance funds	11,702	13,276
Other	1,598	1,682
Allowance for doubtful accounts	(55)	(17)
<b>Total investments and other assets</b>	<b>26,642</b>	<b>28,602</b>
<b>Total non-current assets</b>	<b>57,098</b>	<b>61,533</b>
<b>Total assets</b>	<b>157,518</b>	<b>160,940</b>

(Million yen)

	Previous fiscal year (as of March 31 <sup>st</sup> , 2018)	Current fiscal year (as of March 31 <sup>st</sup> , 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	20,213	19,739
Electronically recorded obligations - operating	6,512	5,065
Short-term loans payable	1,850	1,750
Current portion of long-term loans payable	22	-
Lease obligations	179	267
Income taxes payable	2,842	1,141
Provision for bonuses	2,368	2,484
Provision for directors' bonuses	204	239
Provision for product warranties	287	143
Other	4,832	4,616
<b>Total current liabilities</b>	<b>39,315</b>	<b>35,448</b>
<b>Non-current liabilities</b>		
Lease obligations	838	2,043
Provision for directors' retirement benefits	244	210
Provision for management board incentive plan trust	48	73
Net defined benefit liability	2,690	2,885
Other	1,129	1,096
<b>Total non-current liabilities</b>	<b>4,951</b>	<b>6,309</b>
<b>Total liabilities</b>	<b>44,266</b>	<b>41,757</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,621	4,621
Capital surplus	21,696	21,696
Retained earnings	104,768	111,662
Treasury shares	(19,542)	(19,540)
<b>Total shareholders' equity</b>	<b>111,544</b>	<b>118,439</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,120	1,270
Foreign currency translation adjustment	(161)	(235)
Remeasurements of defined benefit plans	(251)	(291)
<b>Total accumulated other comprehensive income</b>	<b>1,708</b>	<b>743</b>
<b>Total net assets</b>	<b>113,252</b>	<b>119,183</b>
<b>Total liabilities and net assets</b>	<b>157,518</b>	<b>160,940</b>

## (2) Consolidated income statements and consolidated comprehensive income statements

## Consolidated income statements

(Million yen)

	Previous fiscal year (from April 1 <sup>st</sup> , 2017 to March 31 <sup>st</sup> , 2018)	Current fiscal year (from April 1 <sup>st</sup> , 2018 to March 31 <sup>st</sup> , 2019)
Net sales	128,883	129,775
Cost of sales	77,102	77,698
Gross profit	51,781	52,077
Selling, general and administrative expenses	39,446	39,432
Operating profit	12,334	12,645
Non-operating income		
Interest income	45	47
Dividend income	142	377
Foreign exchange gains	-	35
Commission for insurance office work	30	41
Gain on investments in partnership	138	28
Other	225	179
Total non-operating income	581	709
Non-operating expenses		
Interest expenses	43	46
Foreign exchange losses	109	-
Loss on investments in partnership	14	-
Loss on cancellation of leases	9	8
Other	25	10
Total non-operating expenses	202	65
Ordinary profit	12,713	13,288
Extraordinary income		
Gain on sales of non-current assets	8	137
Surrender value of insurance	932	550
Other	0	-
Total extraordinary income	941	688
Extraordinary losses		
Loss on sales of non-current assets	-	113
Loss on retirement of non-current assets	32	-
Impairment loss	49	16
Loss on valuation of investment securities	-	499
Office transfer expenses	36	-
Building demolition cost	26	128
Loss on litigation	29	-
Loss on liquidation of subsidiaries	76	-
Other	87	9
Total extraordinary losses	339	767
Profit before income taxes	13,315	13,209
Income taxes-current	4,343	3,745
Income taxes-deferred	(348)	(113)
Total income taxes	3,995	3,631
Profit	9,320	9,577
Profit attributable to owners of parent	9,320	9,577

Consolidated comprehensive income statements

(Million yen)

	Previous fiscal year (from April 1 <sup>st</sup> , 2017 to March 31 <sup>st</sup> , 2018)	Current fiscal year (from April 1 <sup>st</sup> , 2018 to March 31 <sup>st</sup> , 2019)
Profit	9,320	9,577
Other comprehensive income		
Valuation difference on available-for-sale securities	359	(849)
Foreign currency translation adjustment	31	(74)
Remeasurements of defined benefit plans, net of tax	89	(40)
Total other comprehensive income	480	(964)
Comprehensive income	9,800	8,612
Comprehensive income attributable to Comprehensive income attributable to owners of parent	9,800	8,612

## (3) Consolidated statements of changes in net assets

Previous fiscal year (from April 1<sup>st</sup>, 2017 to March 31<sup>st</sup>, 2018)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,621	21,696	97,970	(19,543)	104,745
Changes of items during period					
Dividends of surplus			(2,521)		(2,521)
Profit attributable to owners of parent			9,320		9,320
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				3	3
Effect of change In closing dates of consolidated subsidiaries					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	6,798	1	6,799
Balance at end of current period	4,621	21,696	104,768	(19,542)	111,544

	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 current period	1,761	(192)	(340)	1,227	105,973
Changes of items during period					
Dividends of surplus					(2,521)
Profit attributable to owners of parent					9,320
Purchase of treasury shares					(2)
Disposal of treasury shares					3
Effect of change In closing dates of consolidated subsidiaries					-
Net changes of items other than shareholders' equity	359	31	89	480	480
Total changes of items during period	359	31	89	480	7,279
Balance at end of current period	2,120	(161)	(251)	1,708	113,252

Current fiscal year (from April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019)

(Million yen)

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

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	2,120	(161)	(251)	1,708	113,252
Changes of items during period					
Dividends of surplus					(2,674)
Profit attributable to owners of parent					9,577
Purchase of treasury shares					(1)
Disposal of treasury shares					2
Effect of change In closing dates of consolidated subsidiaries					(9)
Net changes of items other than shareholders' equity	(849)	(74)	(40)	(964)	(964)
Total changes of items during period	(849)	(74)	(40)	(964)	5,931
Balance at end of current period	1,270	(235)	(291)	743	119,183



## (4) Consolidated statements of cash flows

(Million yen)

	Previous fiscal year (from April 1 <sup>st</sup> , 2017 to March 31 <sup>st</sup> , 2018)	Current fiscal year (from April 1 <sup>st</sup> , 2018 to March 31 <sup>st</sup> , 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	13,315	13,209
Depreciation	7,459	7,856
Impairment loss	49	16
Increase (decrease) in allowance for doubtful accounts	16	(27)
Increase (decrease) in provision for bonuses	(134)	115
Increase (decrease) in provision for bonuses for directors (and other officers)	1	34
Increase (decrease) in provision for product warranties	68	(134)
Increase (decrease) in retirement benefit liability	69	328
Increase(decrease) in provision for management board incentive plan trust	20	25
Increase (decrease) in provision for retirement benefits for directors (and other officers)	14	(34)
Interest and dividend income	(188)	(424)
Interest expenses	43	46
Building demolition cost	26	128
Loss (gain) on sales of non-current assets	(8)	(24)
Loss (gain) on investments in partnership	(123)	(28)
Loss (gain) on valuation of investment securities	-	499
Loss (gain) on cancellation of insurance contract	(932)	(550)
Decrease (increase) in notes and accounts receivable-trade	(969)	234
Decrease (increase) in inventories	(727)	975
Increase (decrease) in notes and accounts payable-trade	1,563	(2,752)
Increase (decrease) in accrued consumption taxes	(57)	(72)
Other, net	661	(404)
Subtotal	20,168	19,017
Interest and dividend income received	187	423
Interest expenses paid	(43)	(46)
Income taxes paid	(2,460)	(5,415)
Net cash provided by (used in) operating activities	17,852	13,979

(Million yen)

	Previous fiscal year (from April 1 <sup>st</sup> , 2017 to March 31 <sup>st</sup> , 2018)	Current fiscal year (from April 1 <sup>st</sup> , 2018 to March 31 <sup>st</sup> , 2019)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	2,297	49
Payment of loans receivable	-	25
Purchase of property, plant and equipment	(6,887)	(7,940)
Purchase of intangible assets	(594)	(443)
Purchase of short-term and long-term investment securities	(1,007)	(2,006)
Proceeds from sales of short-term and long-term investment securities	1,500	610
Purchase of insurance funds	(2,298)	(2,266)
Proceeds from maturity of insurance funds	3,264	1,242
Proceeds from distribution of investment in partnerships	221	27
Other, net	(276)	54
Net cash provided by (used in) investing activities	(3,780)	(10,648)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	(100)
Repayments of long-term loans payable	(41)	(22)
Purchase of treasury shares	(2)	(1)
Cash dividends paid	(2,520)	(2,672)
Repayments of lease obligations	(192)	(188)
Net cash provided by (used in) financing activities	(2,756)	(2,984)
Effect of exchange rate change on cash and cash equivalents	40	57
Net increase (decrease) in cash and cash equivalents	11,355	404
Cash and cash equivalents at beginning of period	32,001	43,357
Net increase (decrease) in cash and cash equivalents to changes in accounting period of consolidated subsidiaries	-	63
Cash and cash equivalents at end of period	43,357	43,824

(5) Notes to Consolidated Financial Statement

(Notes regarding the assumption for going concern)

Not applicable

(Changes in presentation)

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28 issued on February 16<sup>th</sup>, 2018) from the first quarter of the current fiscal year.

Accordingly, the Group presents 2,791 million yen in “Deferred tax assets” under “Investments and other assets” including 1,861 million yen from “Deferred tax assets” under “Current assets”.

(Consolidated state of income)

As “Loss on cancellation of leases”, which had been included in “Other” under “Non-operating expenses”, increased financial materiality in the previous consolidated fiscal year, it is posted separately from the beginning of this fiscal year. In order to reflect this change in reporting method, the Group has implemented the reclassification in the consolidated financial statements from the previous consolidated fiscal year.

As a result, 34 million yen in “Other” under “Non-operating expenses” recorded in the previous consolidated fiscal year is adjusted to “Loss on cancellation of leases” of 9 million yen and “Other” of 25 million yen.

(Consolidated statements of cash flows)

“Building demolition cost”, which had been included in “Other” under “Cash flows from operating activities”, increased financial materiality in the previous consolidated fiscal year, so beginning from this year it is posted separately. 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 687 million yen in “Other” under “Cash flows from operating activities” recorded in the previous consolidated fiscal year is adjusted to “Building demolition cost” of 26 million yen and “Other” of 661 million yen.

(Segment information, etc.)

a. Segment information

1. Reportable Segments

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

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

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

In the “Physiological diagnostic equipment segment”, we mainly handle electrocardiographs, ultrasound diagnostic imaging systems and blood-cell counters. In the “Patient monitoring equipment segment”, we handle patient monitors. In the “Medical treatment equipment segment”, mainly handle defibrillators, ventilators, pacemakers, catheters, and business of renting medical

equipment for home treatment. In the “Consumables and other products segment”, we mainly handle consumables used for devices handled by the above segments, as well as maintenance and repair services.

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

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

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

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

(i) Previous fiscal year (from April 1<sup>st</sup>, 2017 to March 31<sup>st</sup>, 2018) (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	39,254	9,664	49,884	30,079	128,883	-	128,883
Internal sales or transfers	-	-	-	-	-	-	-
Total	39,254	9,664	49,884	30,079	128,883	-	128,883
Segment profit	2,504	765	6,230	2,834	12,334	-	12,334
Segment assets	21,790	6,773	38,609	16,868	84,041	73,477	157,518
Other items							
Depreciation	636	156	6,180	486	7,459	-	7,459
Increase in Property, plant and equipment and intangible assets	594	146	6,702	453	7,896	-	7,896

\*1. Adjustment of segment assets of 73,477 million yen include extra investment funds (cash etc.), long-term investments (“Investment securities” and etc.) which are not allocated to each reportable segments

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

(ii) Current fiscal year (from April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019)

(Million yen)

	Reporting Segments				Total	Adjustments *1	Consolidated financial statements *2
	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products			
Net sales							
Sales to external customers	38,912	9,475	50,103	31,283	129,775	-	129,775
Internal sales or transfers	-	-	-	-	-	-	-
Total	38,912	9,475	50,103	31,283	129,775	-	129,775
Segment profit	2,684	780	6,608	2,572	12,645	-	12,645
Segment assets	21,273	6,538	39,381	17,885	85,078	75,861	160,940
Other items							
Depreciation	620	151	6,585	499	7,856	-	7,856
Increase in Property, plant and equipment and intangible assets	1,195	291	8,470	960	10,917	-	10,917

\*1. Adjustment of segment assets of 75,861 million yen include extra investment funds (cash etc.), long-term investments ("Investment securities" and etc.) which are not allocated to each reportable segments

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

## b. Related Information

(i) Previous fiscal year (from April 1<sup>st</sup>, 2017 to March 31<sup>st</sup>, 2018)

### 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 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019)

1. Information about each products and services

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

2. Information by geographical area

(1) Sales

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

(2) Property, plant and equipment

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

3. Information by each major customer

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

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

(i) Previous fiscal year (from April 1<sup>st</sup>, 2017 to March 31<sup>st</sup>, 2018)

(Million yen)

	Physiological diagnostic equipment	Patient monitoring equipment	Medical treatment equipment	Consumables and other products	Elimination / Corporate	Total
Impairment loss	15	3	19	11	-	49

(ii) Current fiscal year (from April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019)

(Million yen)

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

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

(i) Previous fiscal year (from April 1<sup>st</sup>, 2017 to March 31<sup>st</sup>, 2018)

Not applicable

(ii) Current fiscal year (from April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019)

Not applicable

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

(i) Previous fiscal year (from April 1<sup>st</sup>, 2017 to March 31<sup>st</sup>, 2018)

Not applicable

(ii) Current fiscal year (from April 1<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2019)

Not applicable

(Per share information)

	Previous fiscal year (from April 1 <sup>st</sup> , 2017 to March 31 <sup>st</sup> , 2018)	Current fiscal year (from April 1 <sup>st</sup> , 2018 to March 31 <sup>st</sup> , 2019)
Net assets per share	7,442.43 yen	7,831.61 yen
Earnings per share	612.49 yen	629.37 yen
Fully diluted earnings per share	Not stated, as there is no potential dilution.	Not stated, as there is no potential dilution.

Note: (i) The shares of Trust & Custody Services Bank, Ltd. owns are included in the number of our “Treasury share” (65 thousand shares at the start of the fiscal year and 64 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” (65 thousand shares at the start of the fiscal year and 64 thousand shares at the end of the fiscal year), which is excluded from the calculation of “Average number of shares during the period”, which is used to calculate the “Net income per share”.

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

Item	Previous fiscal year (from April 1 <sup>st</sup> , 2017 to March 31 <sup>st</sup> , 2018)	Current fiscal year (from April 1 <sup>st</sup> , 2018 to March 31 <sup>st</sup> , 2019)
Profit attributable to parent company shareholders (million yen)	9,320	9,577
Amount not belonging to ordinary shareholders (million yen)	-	-
Profit attributable to parent company shareholders in relation to common shares (million yen)	9,320	9,577
Average number of shares during the fiscal year (1,000 shares)	15,217	15,217

(Significant subsequent events)

Not applicable

#### 4. Others

##### (1) Changes of directors

###### (i) Representative Director

Not applicable

###### (ii) Other directors

- New director candidate

Director: Mr. Yukio Sato

\*Mr. Yukio Sato is an Outside Director as stipulated in article 2(15) of the Companies Act.

- New Auditor candidates

Statutory Auditor (permanent): Mr. Yukio Nakagawa

- Directors to retire

Statutory Auditor (permanent): Mr. Junzo Fujiwara

Statutory Auditor (part-time): Mr. Isamu Suzuki

- Effective from

June 27<sup>th</sup>, 2019

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