

[Summary]

May 13, 2020

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Japan GAAP)

NIHON KOHDEN CORPORATION (6849)

Stock Exchange Listing: 1st Section Tokyo Stock Exchange
 Head Office: Tokyo
 Representative: Hirokazu Ogino, Representative Director, President
 Contact: Keichiro Yoshizawa, General Manager, Corporate Strategy Division
 Phone: +81 / 3 - 5996 - 8003 (URL <https://www.nihonkohden.co.jp>)

(Amounts are rounded down to the nearest million yen)

1. Consolidated Financial Highlights for FY2019 (From April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	185,007	3.5	15,503	3.1	14,846	-6.4	9,854	-12.0
FY2018	178,799	2.6	15,044	3.6	15,867	9.4	11,191	22.3

Note: Comprehensive income: FY2019: 9,405 million yen (-3.2%) FY2018: 9,714 million yen (-2.2%)

	Net income per share- Basic	Net income per share- Diluted	Return on equity	Ordinary income to total assets	Operating income margin
	yen	yen	%	%	%
FY2019	115.72	—	8.3	8.8	8.4
FY2018	131.43	—	9.9	9.7	8.4

Reference: Investment income for equity method: FY2019: — million yen FY2018: — million yen

(2) Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2019	167,786	121,774	72.6	1,430.02
FY2018	169,717	116,087	68.4	1,363.24

Reference: Equity capital: FY2019: 121,774 million yen FY2018: 116,087 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2019	9,217	-4,607	-3,054	35,913
FY2018	9,819	-3,258	-3,074	34,697

2. Dividends

	Dividends per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Interim (Second quarter)	Third quarter	Year-end	Full-year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2018	—	17.00	—	18.00	35.00	2,980	26.6	2.6
FY2019	—	17.00	—	18.00	35.00	2,980	30.2	2.5
FY2020 (Forecast)	—	17.00	—	18.00	35.00		29.8	

3. Consolidated Forecast for FY2020 (From April 1, 2020 to March 31, 2021)

	Net sales		Operating income		Ordinary income		Income attributable to owners of parent		Net income per share- Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	180,000	-2.7	14,000	-9.7	14,000	-5.7	10,000	1.5	117.43

(Reference) Non-Consolidated Financial Highlights

1. Non-Consolidated Financial Highlights for FY2019 (From April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Operating Results

Note: Percentages indicate increase/decrease over the corresponding period in the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	154,352	3.1	13,986	10.0	14,505	1.0	10,265	-3.5
FY2018	149,744	2.2	12,720	4.4	14,355	9.0	10,632	-38.9

	Net income per share - Basic	Net income per share - Diluted
	Yen	Yen
FY2019	120.55	—
FY2018	124.86	—

(2) Non-Consolidated Financial Conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2019	155,556	116,581	74.9	1,369.04
FY2018	157,398	109,082	69.3	1,280.98

Reference: Equity capital:

FY2019: 116,581 million yen

FY2018: 109,082 million yen

* This summary of financial result is not subject to audit procedures.

* In domestic sales of the Nihon Kohden group, sales to public medical institutions (which include national hospitals, national universities, public agencies, and municipal hospitals) account for a relatively high percentage of total sales. Therefore, the bulk of orders tend to be concentrated in September and March due to these hospitals' budget executions. In particular, sales and income are highly concentrated in the fourth quarter of the fiscal year.

* Earnings forecasts and other forward-looking statements in this release are based on information currently available and certain assumptions that the Company believes are reasonable. Therefore, they do not constitute a guarantee that they will be realized. Actual results may differ from such estimates due to unforeseen circumstances.

* Currently, it is difficult to foresee when COVID-19 will end, making it challenging to present highly accurate operating results forecasts. The earnings forecasts described above are based on the assumption that COVID-19 will end after a certain period. As there are a number of uncertain factors, the Company has suspended the announcement of its forecasts for the first half of FY2020.

4. Review of Operations

During the term under review (April 1, 2019 to March 31, 2020), the Japanese government promoted differentiation of medical institution functions and enhancement of medical coordination in order to realize the regional visions of the health care system in 2025 created by each prefecture. The government also discussed reforms to the work style of medical workers and the reduction of the burden on physicians. Towards the end of the fiscal year, medical workers were put on the front line of the COVID-19 fight. Internationally, overall demand for medical equipment remained steady, however, the COVID-19 outbreak adversely affected national healthcare systems and containment measures on economic activity led to heightened uncertainty in the global economy.

Under these circumstances, Nihon Kohden implemented its three-year mid-term business plan, TRANSFORM 2020 that set FY2019 as its final year, with the aim of achieving the transformation to a highly profitable structure through creating high customer value and improving productivity within the organization. In line with this plan, the Company implemented key strategies such as strengthening business expansion by region and achieving further growth in core businesses. The Company launched a series of new value-added products: spot check monitors, bedside monitors for emerging markets, telemetry systems, defibrillators for ambulance, and the Company's first ventilators. The Company launched two types of ventilators: an NPPV (Non-invasive positive pressure ventilation) ventilator developed at the Company's Advanced Technology Center and a ventilator developed at Nihon Kohden OrangeMed in the U.S. The former was launched in Japan and internationally, and the latter was launched internationally. The Company also established the Eastern Japan Logistics Center in Sakado City, Saitama Prefecture, aiming at the timely supply of products and the reduction of logistics costs.

As a result, overall sales during the term under review increased 3.5% over FY2018 to ¥185,007 million, operating income increased 3.1% to ¥15,503 million. Ordinary income decreased 6.4% to ¥14,846 million due to foreign exchange losses. Income attributable to owners of parent decreased 12.0% to ¥9,854 million as the Company posted extraordinary losses such as settlement package and office transfer cost.

[Sales by region]

Japan: Nihon Kohden introduced new products which match each market; the acute care hospital market, the small and mid-sized hospital market, and the clinic market. The Company also strengthened its marketing and service capabilities, creating customer value which contributes to improving medical safety, patient outcomes, and operating efficiency. As a result of these initiatives, sales increased. The last-minute increase in demand preceding the consumption tax increase was mostly offset by a corresponding decrease afterward. Sales in the university hospital market increased favorably as a result of large orders received in relation to construction of new hospitals. Sales in the public and private hospital markets also increased. Sales in the clinic market slightly declined and sales of AEDs in the PAD market slowed down because the Company refrained from nonessential visits to customers in response to the COVID-19 outbreak. As a result, domestic sales increased 3.2% over FY2018 to ¥134,355 million.

International: In the Americas, sales in both the U.S. and Latin America increased favorably as the Company enhanced sales and service activities, and expanded its product line-up. Sales in Europe showed double-digit growth, driven in particular by strong sales in Germany and Italy as demand for medical products such as patient monitors increased due to the growing number of COVID-19 patients. In Asia, sales increased on a local currency basis and decreased on a yen basis. Sales in India and the Middle East increased favorably, while sales in Southeast Asia were weak. Sales in China increased favorably on a local currency basis and remained flat on a yen basis. Sales in Other markets increased due to sales recovery in Africa, particularly in South Africa and Egypt. As a result, international sales increased 4.3% over FY2018 to ¥50,651 million.

[Sales by product category]

Physiological Measuring Equipment: In Japan, sales of polygraphs for cath lab increased favorably, while sales of EEGs decreased. Sales of ECGs remained flat. Internationally, sales of EEGs increased favorably, while sales of ECGs decreased. Overall, sales increased 3.7% over the previous fiscal year to ¥42,273 million.

Patient Monitors: In Japan, new products such as bedside monitors and telemetry systems contributed to increased sales. Sales of value-added accessories such as ultrasound probe and neuromuscular monitoring module also increased favorably. Outside Japan, sales in the Americas, Europe and Asia all increased. Sales in Europe especially showed strong growth. Overall, sales increased 4.8% over the previous fiscal year to ¥64,966 million.

Treatment Equipment: In Japan, sales of defibrillators and ventilators showed strong growth because the Company received large orders and launched new products. Sales of AEDs were weak reflecting decreased unit sales of AEDs. Internationally, sales of defibrillators decreased, while sales of AEDs increased. The Company's first ventilators were launched internationally after receiving regulatory approvals in the relevant countries and have gradually started contributing to sales. Overall, sales increased 4.1% over the previous fiscal year to ¥34,512 million.

Other Medical Equipment: In Japan, sales decreased as sales of locally purchased products decreased. Sales of hematology instruments for the clinic market increased favorably. Sales of installation services and maintenance services for medical devices also increased favorably. Internationally, sales of hematology analyzers increased in Latin America, Europe and Africa. Sales of installation services and maintenance services for medical devices also increased favorably in the U.S. Overall, sales increased 0.8% over the previous fiscal year to ¥43,254 million.

5. Consolidated Sales Results by Product Category

(Millions of yen)

	FY2019	
	Amount	Growth rate (%)
Physiological Measuring Equipment	42,273	+3.7
Patient Monitors	64,966	+4.8
Treatment Equipment	34,512	+4.1
Other Medical Equipment	43,254	+0.8
Total	185,007	+3.5
Products	100,846	+1.3
Consumables and Services	84,160	+6.2
(Reference) Sales by Region		
Domestic Sales	134,355	+3.2
Overseas Sales	50,651	+4.3
Americas	24,731	+5.2
Europe	9,044	+10.7
Asia	14,899	-1.3
Other	1,976	+9.6

6. Consolidated Forecast for FY2020

The COVID-19 outbreak adversely affects national healthcare systems and containment measures individual countries will continue to have a restrictive effect on economic activity. As a result, the overall economic outlook will remain uncertain.

Under these circumstances, Nihon Kohden has formulated basic policies as follows for conducting its business activities: (1) Health and safety of employees at work and their families as the top priority, (2) Fulfilling its responsibility to supply products and services to maintain the medical care system. The Company plans to ramp up production of ventilators and patient monitors at the Tomioka Production Center (Tomioka City, Gunma Prefecture) to meet increased demand for ventilators and patient monitors due to the growing number of COVID-19 patients. The NPPV (Non-invasive positive pressure ventilation) ventilator NKV-330 was launched in FY2019 as the Company's first in-house ventilator and is supplied to medical institutions in Japan and overseas. The Company aims to supply 1,000 units of NKV-330 in the first half of FY2020. The NKV-550 ventilator, Nihon Kohden's first in-house ICU ventilator, is developed and manufactured at Nihon Kohden OrangeMed (California, U.S.A). It was launched in FY2019 and is supplied to medical institutions in many countries. The Company plans to produce the NKV-550 series at the Tomioka Production Center and aims to start shipping it for the Japanese market from July 2020. Nihon Kohden OrangeMed will also ramp up production of NKV-550 ventilators. The Nihon Kohden Group is focused on contributing to ending the COVID-19 pandemic with its medical products.

In Japan, Nihon Kohden will concentrate on enhancing sales activities which match each market; the acute care hospital market, the small and mid-sized hospital market, and the clinic market. The Company will also strengthen its marketing and service capabilities creating customer value which contribute to improving medical safety, patient outcomes, and operating efficiency. The FY2020 supplementary budget for supporting healthcare systems in the midst of the COVID-19 is expected to be a positive factor, while voluntary restraint of sales activities, the postponement of surgical procedures, the suspension of opening new clinics, and weak demand for AEDs in the PAD market are expected to be negative factors. The Company's domestic sales forecast is based on the assumption that the impacts from COVID-19 will continue until the end of the first half of FY2020 and actual results may differ depending on when the COVID-19 pandemic ends.

Internationally, the Company will seek to increase overseas sales by strengthening its business structure in the U.S. and China. The Company established a U.S. operations division to manage the entire U.S. business of its six local subsidiaries, in order to strengthen its local R&D capability and increase the market share of its patient monitors. In China, the Company will strengthen its local R&D capability to develop products that meet local customer needs and expand its share in this growing market. Demand for ventilators and patient monitors has increased in the U.S. and emerging markets following Europe due to the growing number of COVID-19 patients. In the medium-term, demand for medical products is expected to continue to increase in certain countries, because of the need to expand ICU facilities to deal with acutely ill patients. In contrast, restrictions on sales activities because of lockdowns and weak demand for AEDs in the PAD market are expected to be negative factors. In China, the COVID-19 pandemic is expected to bring demand forward with a corresponding reactionary decline. The Company's overseas sales forecast is based on the assumption that the impacts from COVID-19 will continue until the end of the third quarter of FY2020. Actual results may differ depending on when the COVID-19 pandemic ends.

The Company forecasts its overall sales, operating income, ordinary income and income attributable to owners of parent for FY2020 to be ¥180,000 million, ¥14,000 million, ¥14,000 million and ¥10,000 million, respectively.

The Company's forecast for FY2020 is based on an exchange rate of 107 yen to the U.S. dollar and 117 yen to the euro.

Currently, it is difficult to foresee when COVID-19 will end, making it challenging to present highly accurate operating results forecasts. The earnings forecasts described above are based on the assumption that COVID-19 will end after a certain period. There is a possibility that the operating results and financial position of the Nihon Kohden Group could be affected in the following circumstances: if the impacts from COVID-19 last longer than expected, or if unexpected difficulty in the procurement of parts and components causes delays in or suspension of manufacturing, or if the rise in air freight rates exceeds assumptions. The Company will immediately announce forecast revisions if necessary.

(Consolidated Forecast for FY2020 by Product Category)

	(Millions of yen)	
	FY2020 (Forecast)	
	Amount	Growth rate (%)
Physiological Measuring Equipment	37,200	-12.0
Patient Monitors	68,500	+5.4
Treatment Equipment	35,800	+3.7
Other Medical Equipment	38,500	-11.0
Total	180,000	-2.7
Products	97,800	-3.0
Consumables and Services	82,200	-2.3
(Reference) Sales by Region		
Domestic Sales	126,200	-6.1
Overseas Sales	53,800	+6.2

7. Basic policy on distribution of profits and dividends

Nihon Kohden recognizes that returning profits to shareholders is one of management's most important tasks. The basic policy on distribution of profits and dividends is to maintain stable and continuous dividend payments while retaining necessary reserves for future business expansion. Retained earnings are used in R&D investments, capital investments, M&A and development of human resources. The Company regards cash dividends as the base of the shareholder return and sets a target consolidated dividend payout ratio of 30% or more. Share buyback is considered in a flexible manner, taking into account comprehensively its future business deployment, investment plan, retained earnings, and stock price level.

8. Management Policy

(1) Basic policies for corporate management

Nihon Kohden's management philosophy as a medical electronics manufacturer is "we contribute to the world by fighting disease and improving health with advanced technology, and create a fulfilling life for our employees." To realize its management philosophy, the Company aims at achieving sustained growth and establishing reliance as a company that is highly evaluated by the customers, shareholders, clients and society in all aspects including products, service, technology, financial strength and the quality of employees.

In order to realize this basic policy and increase corporate value over the mid-to long-term, the Company recognizes that enhancing corporate governance, by establishing a management structure aimed at improving the soundness, transparency and efficiency of management, is an important management issue. The Board of Directors consists of twelve directors (including four outside directors) and independent outside directors comprise one-third of the Board. Considering the issues of gender and international diversity, the Company has proposed a female candidate for outside director, to be voted on by the Ordinary General Meeting of Shareholders to be held on June 25, 2020.

The Company has adopted a Company with Audit & Supervisory Committee for strengthening supervisory functions, improving management transparency and soundness, and speeding up decision-making. At the same time, the Company has established a Nomination and Remuneration Committee, of which majority is composed by independent outside directors and an independent outside director acts as chairman. The Company has reviewed its executive remuneration plan and resolved to introduce a restricted stock remuneration plan and to propose the introduction of the plan to the Ordinary General Meeting of Shareholders to be held on June 25, 2020 for voting. The purpose of the introduction of the plan is to provide incentives for directors to continuously improve the Company's corporate value, as well as to facilitate their sense of sharing value with shareholders.

(2) Target management indices

Nihon Kohden aims to increase ROE and enhance corporate and shareholder value by generating earnings growth, improving efficiency of assets through measures such as reduction of inventories and enhancement of shareholder return. The Company had set its target consolidated ROE at 12.0% in its previous three-year mid-term business plan, TRANSFORM 2020. The Company will set a new target for consolidated ROE, together with measures to achieve it, in its new three-year mid-term business plan.

(3) Challenges to be addressed and mid-to long-term management strategy

<Review of TRANSFORM 2020 covering the fiscal years 2017 to 2019>

Nihon Kohden implemented its three-year mid-term business plan, TRANSFORM 2020 with the aim of achieving the transformation to a highly profitable structure through creating high customer value and improving productivity within the organization. In line with this plan, the Company implemented key strategies such as strengthening business expansion by region and achieving further growth in core businesses. The Company launched a series of new value-added products: mid-range bedside monitors, the Company's first spot check monitors and bedside monitors for emerging markets in the past three years. One of the greatest achievements is the launch of two models of the Company's first in-house ventilators as ventilator business has the potential to become a new business pillar of the Group. In Japan, Nihon Kohden absorbed 11 domestic sales subsidiaries for the purpose of executing a unified sales strategy and improving the operational efficiency of the Group. The Company also strengthened its marketing and service capabilities creating customer value. Internationally, in the U.S. which is the prime focus market for the Company, the enhanced local R&D capability enabled us to provide large-scale monitoring network systems to the U.S. top hospitals and strengthen Nihon Kohden's presence in the patient monitoring market. In accordance with its basic policy "Improve productivity within the organization", the Company established the Eastern Japan Logistics Center with the aim of reducing logistics costs and also worked on ICT-driven business process reform. While the results of the efforts made in the past three years are expected to appear after FY2020, at present, measures to improve efficiency were insufficient in all of the Company's operations from development, production and delivery to sales, services and administration. The Company still has a long way to go before achieving an improvement of productivity within the organization.

As a result, the financial results for the fiscal year ended March 31, 2020, which was the last year of TRANSFORM 2020, were below the Company's targets for consolidated sales, operating income and ROE. This was also due to the delayed launches of new products and the Company's upfront investment burden. The improvement of profitability remains as an issue to be solved.

¥100 million	Actual Results in FY2019	Target in FY2019
Sales	1,850	1,900
Domestic Sales	1,343	1,350
Overseas Sales	506	550
Operating Income	155	200
ROE	8.3%	12.0%

<Challenges to be addressed and mid-to long-term management strategy>

Nihon Kohden suspended the announcement of its new long-term vision toward 2030 and new three-year business plan, which was scheduled for May 2020. Considering the strain placed by COVID-19 outbreaks on the medical system in various countries around the world, it seems likely that infectious diseases will remain a key challenge facing the global health care system for some time to come. As the market environment surrounding the Group is expected to change, the Company will review its assumptions, update its new long-term vision and three-year business plan, and announce the revised plans.

In FY2020, Nihon Kohden will conduct its business activities in accordance of its basic policies: (1) Health and safety of employees as the top priority. (2) Fulfilling its responsibility as a medical device maker. Challenges to be addressed are as follows:

1. Improve profitability of existing businesses
 - Launch new products on schedule
 - Achieve further growth in overseas business
 - Enhance customer value proposition in domestic business
2. Consolidate corporate fundamentals to grow as a global company
 - Strengthen governance and business management structure
 - Improve supply chain management using IT

Nihon Kohden continues to contribute to achieving a sustainable society and enhancing the corporate value of the Company through addressing the challenges of medical care through technological development.

9. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2019	March 31, 2020
ASSETS		
Current assets:		
Cash and deposits	18,811	20,967
Notes and accounts receivable - trade	66,889	60,871
Securities	16,000	15,000
Merchandise and finished goods	20,892	21,939
Work in process	1,523	1,908
Raw materials and supplies	6,182	5,401
Other current assets	2,083	3,160
Allowance for doubtful accounts	-171	-228
Total current assets	132,211	129,020
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	11,631	11,461
Machinery, equipment and vehicles, net	776	1,121
Tools, furniture and fixtures, net	2,809	3,201
Land	3,514	3,514
Lease assets, net	27	49
Construction in progress	1,185	654
Total property, plant and equipment	19,945	20,003
Intangible assets		
Goodwill	1,938	1,773
Other intangible assets	2,624	2,376
Total intangible assets	4,563	4,149
Investments and other assets		
Investment securities	5,235	6,377
Deferred tax assets	5,664	6,044
Other investments and other assets	2,277	2,347
Allowance for doubtful accounts	-180	-156
Total investments and other assets	12,997	14,612
Total non-current assets	37,505	38,766
Total assets	169,717	167,786

(Millions of yen)

March 31, 2019 March 31, 2020

LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	32,645	23,755
Short-term loans payable	406	350
Accounts payable - other	2,113	3,402
Lease obligations	12	9
Accrued income taxes	3,649	2,339
Accrued expenses	3,179	2,851
Provision for bonuses	3,098	3,263
Provision for product warranties	379	364
Provision for loss on litigation	285	—
Other current liabilities	2,574	3,982
Total current liabilities	48,346	40,319
Non-current liabilities:		
Lease obligations	17	42
Deferred tax liabilities	2	2
Net defined benefit liability	3,827	4,225
Other non-current liabilities	1,435	1,422
Total non-current liabilities	5,282	5,692
Total liabilities	53,629	46,011
NET ASSETS		
Shareholders' equity:		
Capital stock	7,544	7,544
Capital surplus	10,414	10,414
Retained earnings	102,397	108,533
Treasury shares	-6,991	-6,992
Total shareholders' equity	113,365	119,500
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,758	1,972
Foreign currency translation adjustment	1,443	983
Remeasurements of defined benefit plans	-479	-681
Total accumulated other comprehensive income	2,722	2,273
Total net assets	116,087	121,774
Total liabilities and net assets	169,717	167,786

(2) Consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Net sales	178,799	185,007
Cost of sales	92,811	95,682
Gross profit	85,987	89,325
Selling, general and administrative expenses	70,943	73,821
Operating income	15,044	15,503
Non-operating income		
Interest income	67	102
Dividend income	103	110
Foreign exchange gains	85	—
Subsidy income	298	122
Gain on valuation of investment securities	60	—
Other non-operating income	349	282
Total non-operating income	965	618
Non-operating expenses		
Interest expenses	9	10
Foreign exchange losses	—	973
Loss on valuation of investment securities	—	64
Other non-operating expenses	133	227
Total non-operating expenses	142	1,275
Ordinary income	15,867	14,846
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sales of investment securities	31	—
Total extraordinary income	33	0
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	95	22
Demolition cost	—	135
Settlement package	—	520
Office transfer cost	—	188
Provision for loss on litigation	285	—
Total extraordinary losses	381	866
Income before income taxes	15,519	13,980
Income taxes - current	5,197	4,531
Income taxes - deferred	-870	-405
Total income taxes	4,327	4,126
Net income	11,191	9,854
Income attributable to owners of parent	11,191	9,854

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Net income	11,191	9,854
Other comprehensive income		
Valuation difference on available-for-sale securities	-324	214
Foreign currency translation adjustment	-431	-460
Remeasurements of defined benefit plans, net of tax	-720	-202
Total other comprehensive income	-1,477	-448
Comprehensive income	9,714	9,405
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,714	9,405
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash flows from operating activities		
Income before income taxes	15,519	13,980
Depreciation and amortization	3,542	3,597
Amortization of goodwill	150	148
Loss (gain) on sales and retirement of property, plant and equipment	93	18
Loss (gain) on sales and retirement of intangible assets	0	3
Increase (decrease) in allowance for doubtful accounts	37	50
Increase (decrease) in reserve for bonuses	155	168
Increase (decrease) in provision for product warranties	-44	-13
Increase (decrease) in provision for loss on litigation	285	-280
Increase (decrease) in net defined benefit liability	223	105
Interest and dividend income	-171	-213
Interest expenses	9	10
Foreign exchange losses (gains)	-279	274
Loss (gain) on valuation of investment securities	-60	64
Loss (gain) on sales of investment securities	-31	—
Decrease (increase) in notes and accounts receivable - trade	-2,114	6,925
Decrease (increase) in inventories	-5,602	-982
Increase (decrease) in notes and accounts payable - trade	2,905	-8,429
Increase (decrease) in accrued consumption taxes	-942	1,142
Other, net	-333	-571
Subtotal	13,341	16,000
Interest and dividends income received	178	209
Interest expenses paid	-12	-9
Income taxes paid	-3,687	-6,222
Settlement package paid	—	-761
Net cash flows from operating activities	9,819	9,217
Cash flows from investing activities		
Proceeds from sales of investment securities	164	67
Purchase of investment securities	-44	-965
Proceeds from sales of property, plant and equipment	5	5
Purchase of property, plant and equipment	-2,794	-3,106
Purchase of intangible assets	-456	-485
Other, net	-131	-123
Net cash flows from investing activities	-3,258	-4,607
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-75	-55
Purchase of treasury shares	-1	-0
Cash dividends paid	-2,983	-2,980
Repayments of lease obligations	-14	-17
Net cash flows from financing activities	-3,074	-3,054
Effect of exchange rate change on cash and cash equivalents	-74	-339
Net increase (decrease) in cash and cash equivalents	3,412	1,215
Cash and cash equivalents at beginning of period	31,285	34,697
Cash and cash equivalents at end of period	34,697	35,913