



Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

April 28, 2022

Company name: EIKEN CHEMICAL CO., LTD.

Stock exchange listing: Tokyo

Code number: 4549

URL: <https://www.eiken.co.jp>

Representative: Tsugunori Notomi

President & CEO

Contact: Hajime Watari

Senior Vice President & Executive Officer

Phone: 03-5846-3379

Scheduled date of Annual General Meeting of Shareholders: June 21, 2022

Scheduled date of commencing dividend payments: June 06, 2022

Scheduled date of filing annual securities report: June 22, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	42,996	11.2	8,387	26.8	8,508	25.0	6,218	23.3
March 31, 2021	38,667	5.7	6,612	43.0	6,808	44.1	5,044	42.5

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 6,290 million [14.2%]
Fiscal year ended March 31, 2021: ¥ 5,507 million [65.0%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	168.28	167.01	14.3	14.4	19.5
March 31, 2021	136.65	135.60	12.9	12.8	17.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ - million
Fiscal year ended March 31, 2021: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	62,512	45,803	72.8	1,230.55
March 31, 2021	55,685	41,672	74.3	1,120.36

(Reference) Equity: As of March 31, 2022: ¥ 45,486 million
As of March 31, 2021: ¥ 41,375 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2022	7,769	(5,044)	1,200	10,900
March 31, 2021	5,451	(2,193)	(1,275)	6,968

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	15.00	-	26.00	41.00	1,514	30.0	3.9
March 31, 2022	-	20.00	-	31.00	51.00	1,885	30.3	4.3
Fiscal year ending March 31, 2023 (Forecast)	-	17.00	-	18.00	35.00		35.8	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022 :

Commemorative dividend - yen
Special dividend - yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended September 30, 2022	20,100	(5.8)	2,820	(41.6)	2,840	(42.0)	2,180	(40.5)	59.01
Full year	40,000	(7.0)	4,540	(45.9)	4,570	(46.3)	3,610	(42.0)	97.66

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
Exclusion: - (Company name:)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022: 43,541,438 shares

March 31, 2021: 43,541,438 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 6,576,861 shares

March 31, 2021: 6,611,071 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 36,955,394 shares

Fiscal Year ended March 31, 2021: 36,917,766 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	42,915	11.1	8,446	26.6	8,515	24.6	6,231	22.9
March 31, 2021	38,610	5.6	6,674	44.5	6,833	45.3	5,070	44.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	168.62	167.34
March 31, 2021	137.35	136.30

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	62,469	45,755	72.7	1,229.25
March 31, 2021	55,696	41,679	74.3	1,120.56

(Reference) Equity: As of March 31, 2022: ¥ 45,438 million
As of March 31, 2021: ¥ 41,382 million

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1. Overview of Consolidated Business Performance

(1) Summary of Consolidated Business Performance for This Term

During the consolidated fiscal year under review, the number of COVID-19 patients constantly fluctuated in Japan and the Japanese economy was stagnant. Overseas, the risk of COVID-19 epidemic rebounded such as the spread of new mutant variants and COVID-19 breakthrough cases after vaccination lingered, and it remains difficult to predict when the COVID-19 ends in each country.

The business environment became even tougher in the clinical diagnostics industry due to measures to cap medical expenses and the rise in logistics cost and raw material procurement cost amid COVID-19 epidemic. Corporations are being forced to focus on even greater cost competitiveness and to actively expand overseas.

In the context of this business environment, Eiken Chemical Co., Ltd. has established a Medium-term Management Plan, which is based on the management framework called “EIKEN ROAD MAP 2019.” The Medium-term Management Plan establishes four key measures on which the entire Eiken Group is working to achieve sustainable growth and enhance profitability. These are: developing foundations to increase management efficiency; promoting global expansion; maintaining domestic sales and increasing market share; and improving research and development ability. Furthermore, the Group seeks to contribute to countermeasures against COVID-19 through the stable domestic provision of reagents for detecting the virus, and through global expansion of those reagents.

The net sales for the consolidated fiscal year under review went up to 42,996 million yen (up 11.2% year-on-year) partly due to a significant increase in sales of immunological and serological reagents including fecal immunochemical test reagents which was caused by the resumption of various screenings/screening programs and the tendency of increasing the number of outpatients and partly due to continued demand for COVID-19 detection reagents as a result of the spread of COVID-19 during the fourth quarter ended March 31, 2022.

When breaking down net sales by classes and types of products, sales of microbiological testing reagents declined to 3,924 million yen (down 1.6% year-on-year). As for urinalysis reagents, sales were 3,783 million yen (up 11.9% year-on-year), sales for immunological and serological reagents were 20,593 million yen (up 9.8% year-on-year), and sales for clinical chemistry reagents were 599 million yen (up 0.8% year-on-year). Sales in the equipment and culture medium for food and environment related category amounted to 2,252 million yen (up 6.0% year-on-year). In other category (medical devices, genetic-related products, etc.), the continued demand for COVID-19 detection reagents led to sales of 11,842 million yen (up 20.5% year-on-year).

Overseas, sales of fecal immunochemical test reagents/analyzers significantly increased due to the resumption of screening programs in each country. This resulted in total sales of 8,868 million yen (up 28.6% year-on-year).

Regarding profit, profit increased due to the increase in revenues from high-profit products such as COVID-19 detection reagents and fecal immunochemical test reagents. Operating profit was 8,387 million yen (up 26.8% year-on-year) and ordinary profit was 8,508 million yen (up 25.0% year-on-year). Profit attributable to owners of parent amounted to 6,218 million yen (up 23.3% year-on-year).

We have applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., effective from the beginning of the consolidated fiscal year under review. Further details are described in “3. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements, (Changes in accounting policies).”

(2) Summary of Consolidated Financial Position for This Term

The financial position at the end of the consolidated fiscal year under review was as follows.

When compared to the end of the previous consolidated fiscal year, total assets increased by 6,827 million yen, liabilities increased by 2,696 million yen, and net assets increased by 4,131 million yen.

Major increases and decreases in the category of assets included an increase of 6,971 million yen in cash and deposits, a decrease of 341 million yen in notes and accounts receivable - trade, and contract assets, and an increase of 465 million yen in inventories. Also, while property, plant and equipment increased by 2,506 million yen partly due to recording of construction in progress associated with the initial payment for the construction

of a new research building, long-term time deposits decreased by 3,000 million yen. In the category of liabilities, notes and accounts payable - trade increased by 450 million yen, electronically recorded obligations - operating increased by 325 million yen, and other in current liabilities decreased by 967 million yen due to payment for investment in facilities, etc. Non-current liabilities increased by 2,935 million yen partly due to the issuance in October 2021 of our first “sustainability bond” worth 3,000 million yen to procure funds for measures and projects contributing to resolution of both environmental and social issues. In the category of net assets, retained earnings increased by 3,996 million yen due to recording of profit attributable to owners of parent, despite payment of dividends. Our equity ratio decreased to 72.8% compared to 74.3% at the end of the previous consolidated fiscal year.

(3) Summary of Cash Flows for This Term

Cash and cash equivalents for the consolidated fiscal year under review (hereinafter referred to as “net cash”) increased by 3,931 million yen compared to the end of the previous consolidated fiscal year, reaching 10,900 million yen on March 31, 2022.

The following is a summary of cash flows and related causes for the consolidated fiscal year under review.

Cash flows from operating activities

Net cash provided by operating activities was 7,769 million yen (compared to the net cash of 5,451 million yen in the previous consolidated fiscal year). This was mainly due to a 406 million yen expenditure caused by an increase in trade receivables, a 449 million yen expenditure caused by an increase in inventories, a 774 million yen expenditure caused by an increase in trade payables, and 8,482 million yen in profit before income taxes.

Depreciation totaled 2,058 million yen.

Cash flows from investing activities

Net cash used in investing activities was an expenditure of 5,044 million yen (compared to a net cash expenditure of 2,193 million yen in the previous consolidated fiscal year). This was mainly due to 4,428 million yen in purchase of property, plant and equipment through investment in production facilities, etc., 465 million yen in purchase of intangible assets, 2,231 million yen in payments into time deposits, and 2,231 million yen in proceeds from withdrawal of time deposits.

Cash flows from financing activities

Net cash provided by financing activities was 1,200 million yen (compared to a net cash expenditure of 1,275 million yen in the previous consolidated fiscal year). This was mainly due to 3,000 million yen in proceeds from the issuance of a sustainability bond and dividends paid of 1,699 million yen.

(Reference) Change in cash flow related indicators

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio (%)	71.2	73.5	73.5	74.3	72.8
Equity ratio based on fair value (%)	217.4	203.3	144.5	143.5	102.1
Years of debt redemption (Years)	0.1	0.1	0.1	0.1	0.2
Interest coverage ratio (Times)	441.7	423.2	1,118.2	1,908.2	983.3

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on fair value: Total market value of shares / Total assets

Years of debt redemption: Interest-bearing debts / Cash flow

Interest coverage ratio: Cash flow / Interest paid

- (Note 1) The indicators were calculated using consolidated financial figures.
- (Note 2) The total market value of shares was calculated based on the total number of issued shares (excluding treasury shares).
- (Note 3) Operating cash flow is used in Cash Flows.
- (Note 4) Interest-bearing debts include all debts recorded on the Consolidated Balance Sheets for which interest is paid.

(4) Future Prospects

Regarding future prospects, although there are heightened expectations for the effects of herd immunity due to the expansion of vaccination programs and development and dissemination of oral drugs, concern for the emergence of new variants of COVID-19 and the spread of COVID-19 remains. It is difficult to assume that the market environment will turn upward in the near term. Furthermore, along with an unstable global situation triggered by Russia's military invasion of Ukraine, rises in resource prices have led to higher raw material expenses and utility expenses, and the Group expects difficult conditions to continue.

Under such circumstances, to respond to the unfolding changes in its business environment and operate from a perspective of sustainability management, the Group has revamped its existing management framework, "EIKEN ROAD MAP 2019." The road map is redefined as "EIKEN ROAD MAP 2030," with 2030 as the target year for its fulfillment. "EIKEN ROAD MAP 2030" identifies the Group's existing business domains as its core businesses while specifying three areas as key business fields: "Contribution to cancer prevention and treatment," "Contribution to the eradication and control of infectious diseases," and "Provision of products and services useful for health care." In the field of "cancer," we will focus on areas that are more directly related to treatment, while in the field of "infectious diseases," we will focus on establishing simpler testing technologies. In the field of "healthcare," the Group will expand its products and services to serve the needs of remote diagnosis and home testing. In the New Medium-Term Management Plan (FY2022–FY2024) that started in April 2022, the Group will develop key measures with a focus on principal fields.

With a view to establishing a sustainable society, the Group has identified 11 materialities (key issues) for priority response and is deploying detailed action plans for each. For each materiality, the Group sets key performance indicators (KPIs) and proceeds with each materiality while monitoring progress toward achievement. As a Group with a mission to protect the health of people worldwide, the Eiken Group is addressing issues not only in "Medical" but also in the "Environment," "Society," and "Governance". We believe that contributing solutions to social issues in this way will further bolster our corporate value and lead to the achievement of a sustainable society.

Regarding our performance forecast for the next fiscal year, we assume that demand for genetic testing for COVID-19 (COVID-19 detection reagents) will significantly decrease from the fiscal year ended March 31, 2022, therefore, we forecast net sales of 40,000 million yen (down 7.0% year-on-year). Regarding profit, we forecast operating income of 4,540 million yen (down 45.9% year-on-year), ordinary income of 4,570 million yen (down 46.3% year-on-year), and profit attributable to owners of parent of 3,610 million yen (down 42.0% year-on-year) partly due to a decrease in sales of high-profit COVID-19 detection reagent products and patent rights for the LAMP method alongside an increase in expenses from investment for research and development and investment to bolster management fundamentals.

Overseas, we forecast net sales of 9,740 million yen (up 9.8% year-on-year) and a sales ratio of 24.4%.

(5) Policy on the Determination of Dividends from Surplus, etc.

The Company regards distribution of profits to its shareholders as one of the most important management issues. Our Company's basic policies are to implement a stable dividend policy based on consideration for enhancing internal reserves required for reinforcement of our financial base and active business development, and to distribute profits by paying stable dividends twice annually in the form of an interim dividend and a year-end dividend. Specifically, based on the above-mentioned policies, the Company endeavors to maintain dividends with a goal of 30% or higher for its consolidated dividend payout ratio. In its Articles of Incorporation, the Company has set the decision-making body regarding dividends from surplus as follows: "Dividends from surplus, etc., can be distributed by a resolution of the Board of Directors in accordance with regulations of Article 459, Paragraph 1 of the Companies Act."

As announced on April 28, 2022 in the "Difference between Projected Consolidated Business Results for Fiscal Year Ended March 31, 2022 and Actual Results and Dividends from Surplus (Dividend Increase)," the year-end dividend for the current fiscal year has been revised to 31 yen per share. This is an increase of 10 yen per share from the most recent dividend forecast of 21 yen per share. This increase is being made based on the fact that business results for the fiscal year ended March 31, 2022 far exceeded the previously announced business forecast. As we have already paid an interim dividend of 20 yen on December 1, 2021, dividends on an annual basis will amount to 51 yen per share.

In regard to per share dividends for the next fiscal year, we forecast ordinary dividends consisting of an interim dividend of 17 yen and a year-end dividend of 18 yen. Internal reserves will be used effectively from a mid- to long-term perspective in investment for R&D aimed at strengthening our business structure, facilities investment, and efforts to improve business efficiency.

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP.

Regarding application of International Financial Reporting Standards, the Group's policy is to deliberate in consideration of the future situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	9,150	16,121
Notes and accounts receivable - trade, and contract assets	-	11,956
Notes and accounts receivable - trade	12,298	-
Lease receivables	14	12
Investments in leases	290	323
Securities	80	-
Merchandise and finished goods	4,492	4,673
Work in process	1,654	1,736
Raw materials and supplies	1,619	1,821
Other	388	398
Allowance for doubtful accounts	(4)	(4)
Total current assets	29,983	37,039
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,812	20,090
Accumulated depreciation	(11,725)	(12,343)
Buildings and structures, net	8,086	7,747
Machinery, equipment and vehicles	6,432	6,936
Accumulated depreciation	(5,156)	(5,434)
Machinery, equipment and vehicles, net	1,276	1,501
Tools, furniture and fixtures	4,454	4,562
Accumulated depreciation	(3,474)	(3,874)
Tools, furniture and fixtures, net	979	688
Land	1,931	1,931
Leased assets	353	299
Accumulated depreciation	(204)	(195)
Leased assets, net	148	103
Construction in progress	345	3,302
Total property, plant and equipment	12,768	15,275
Intangible assets	1,450	1,350
Investments and other assets		
Investment securities	3,410	3,614
Long-term time deposits	4,900	1,900
Retirement benefit asset	1,456	1,512
Deferred tax assets	495	583
Other	1,232	1,250
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	11,481	8,847
Total non-current assets	25,701	25,473
Total assets	55,685	62,512

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,044	4,495
Electronically recorded obligations - operating	2,636	2,961
Lease liabilities	377	393
Income taxes payable	1,373	1,305
Provision for bonuses	763	776
Provision for sales returns	8	-
Other	3,569	2,601
Total current liabilities	12,772	12,533
Non-current liabilities		
Bonds payable	-	3,000
Lease liabilities	782	798
Asset retirement obligations	33	34
Other	423	342
Total non-current liabilities	1,239	4,175
Total liabilities	14,012	16,708
Net assets		
Shareholders' equity		
Share capital	6,897	6,897
Capital surplus	7,973	8,000
Retained earnings	29,166	33,162
Treasury shares	(3,142)	(3,126)
Total shareholders' equity	40,895	44,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29	33
Foreign currency translation adjustment	112	258
Remeasurements of defined benefit plans	338	259
Total accumulated other comprehensive income	479	551
Share acquisition rights	296	316
Total net assets	41,672	45,803
Total liabilities and net assets	55,685	62,512

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	38,667	42,996
Cost of sales	20,137	22,431
Gross profit	18,529	20,564
Reversal of provision for sales returns	5	8
Provision for sales returns	8	-
Gross profit - net	18,526	20,572
Selling, general and administrative expenses	11,914	12,184
Operating profit	6,612	8,387
Non-operating income		
Interest income	17	18
Dividend income	2	2
Rental income	16	19
Compensation income	62	12
Outsourcing service income	-	31
Subsidy income	49	17
Foreign exchange gains	15	32
Other	55	28
Total non-operating income	220	164
Non-operating expenses		
Interest expenses	2	7
Bond issuance costs	-	22
Loss on valuation of investment securities	1	-
Compensation expenses	11	9
Loss on cancellation of insurance policies	4	-
Other	4	3
Total non-operating expenses	24	43
Ordinary profit	6,808	8,508
Extraordinary income		
Gain on sale of non-current assets	-	1
Settlement income	110	-
Total extraordinary income	110	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	48	27
Total extraordinary losses	48	27
Profit before income taxes	6,870	8,482
Income taxes - current	1,822	2,087
Income taxes - deferred	3	176
Total income taxes	1,825	2,263
Profit	5,044	6,218
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	5,044	6,218

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	5,044	6,218
Other comprehensive income		
Valuation difference on available-for-sale securities	6	4
Foreign currency translation adjustment	95	146
Remeasurements of defined benefit plans, net of tax	360	(78)
Total other comprehensive income	462	71
Comprehensive income	5,507	6,290
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,507	6,290
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,897	7,935	25,302	(3,165)	36,969
Changes during period					
Dividends of surplus			(1,180)		(1,180)
Profit attributable to owners of parent			5,044		5,044
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		38		23	62
Net changes in items other than shareholders' equity					
Total changes during period	-	38	3,863	22	3,925
Balance at end of period	6,897	7,973	29,166	(3,142)	40,895

	Accumulated other comprehensive income				Share acquisition rights	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	23	16	(22)	17	316	37,303
Changes during period						
Dividends of surplus						(1,180)
Profit attributable to owners of parent						5,044
Purchase of treasury shares						(0)
Disposal of treasury shares						62
Net changes in items other than shareholders' equity	6	95	360	462	(19)	443
Total changes during period	6	95	360	462	(19)	4,368
Balance at end of period	29	112	338	479	296	41,672

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,897	7,973	29,166	(3,142)	40,895
Cumulative effects of changes in accounting policies			(523)		(523)
Restated balance	6,897	7,973	28,642	(3,142)	40,372
Changes during period					
Dividends of surplus			(1,699)		(1,699)
Profit attributable to owners of parent			6,218		6,218
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		27		16	43
Net changes in items other than shareholders' equity					
Total changes during period	-	27	4,519	16	4,562
Balance at end of period	6,897	8,000	33,162	(3,126)	44,934

	Accumulated other comprehensive income				Share acquisition rights	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	29	112	338	479	296	41,672
Cumulative effects of changes in accounting policies						(523)
Restated balance	29	112	338	479	296	41,149
Changes during period						
Dividends of surplus						(1,699)
Profit attributable to owners of parent						6,218
Purchase of treasury shares						(0)
Disposal of treasury shares						43
Net changes in items other than shareholders' equity	4	146	(78)	71	19	91
Total changes during period	4	146	(78)	71	19	4,654
Balance at end of period	33	258	259	551	316	45,803

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	6,870	8,482
Depreciation	1,711	2,058
Increase (decrease) in allowance for doubtful accounts	(1)	(0)
Increase (decrease) in provision for sales returns	2	(8)
Increase (decrease) in provision for bonuses	18	13
Decrease (increase) in retirement benefit asset	16	(114)
Share-based payment expenses	42	63
Interest and dividend income	(20)	(21)
Interest expenses	2	7
Foreign exchange losses (gains)	3	(0)
Compensation income	(62)	(12)
Compensation expenses	11	9
Subsidy income	(49)	(17)
Loss (gain) on sale and retirement of property, plant and equipment	48	25
Settlement income	(110)	-
Decrease (increase) in trade receivables	(1,275)	(406)
Decrease (increase) in inventories	(582)	(449)
Decrease (increase) in other current assets	(58)	(5)
Decrease (increase) in other investments	0	3
Increase (decrease) in trade payables	(644)	774
Increase (decrease) in other current liabilities	386	(482)
Other, net	179	(18)
Subtotal	6,488	9,901
Interest and dividends received	23	25
Interest paid	(2)	(1)
Proceeds from insurance income	3	6
Settlement received	110	-
Income taxes paid	(1,172)	(2,162)
Income taxes refund	0	-
Net cash provided by (used in) operating activities	5,451	7,769
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,554)	(4,428)
Proceeds from sale of property, plant and equipment	0	1
Purchase of intangible assets	(557)	(465)
Payments for retirement of non-current assets	(35)	(2)
Purchase of investment securities	-	(201)
Proceeds from redemption of investment securities	-	80
Payments into time deposits	(5,181)	(2,231)
Proceeds from withdrawal of time deposits	5,139	2,231
Other payments	(4)	(28)
Net cash provided by (used in) investing activities	(2,193)	(5,044)

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from financing activities		
Proceeds from issuance of bonds	-	3,000
Proceeds from (payments for) disposition (purchase) of treasury stock	(0)	(0)
Dividends paid	(1,180)	(1,699)
Other, net	(94)	(100)
Net cash provided by (used in) financing activities	(1,275)	1,200
Effect of exchange rate change on cash and cash equivalents	4	6
Net increase (decrease) in cash and cash equivalents	1,987	3,931
Cash and cash equivalents at beginning of period	4,981	6,968
Cash and cash equivalents at end of period	6,968	10,900

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Material basis for the preparation of consolidated financial statements)

1. The scope of consolidation

(1) Number and name of consolidated subsidiaries: 1

EIKEN CHINA CO., LTD.

(2) Number and name of the principal non-consolidated subsidiary

Not applicable.

2. Equity method

Not applicable.

3. Accounting period of consolidated subsidiaries

The fiscal closing date of consolidated subsidiary which is EIKEN CHINA CO., LTD. is December 31.

Consolidated financial statements are prepared by implementing closing (provisional closing) in accordance with reasonable procedures based on formal closing.

4. Accounting policies

(1) Valuation standards and methods for significant assets

1) Securities

a. Held-to-maturity debt securities

Stated at amortized cost (straight-line method)

b. Available-for-sale securities

Securities other than shares, etc., which do not have a market price

Market value method

(The valuation difference is directly included in net assets, and cost of sales is determined by the moving-average method.)

Shares, etc., which do not have a market price

Principally the cost method by the moving-average method

2) Derivative financial instruments

Market value method

3) Inventories

Merchandise and finished goods, raw materials, and work in process

Cost method by the moving-average method (carrying amount on the consolidated balance sheet calculated by writing down values based on decreased profitability) is adopted.

Supplies

Cost method by the last purchase price method (carrying amount on the consolidated balance sheet calculated by writing down values based on decreased profitability) is adopted.

(2) Depreciation method of significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries adopt the declining-balance method, and overseas consolidated subsidiaries adopt the straight-line method.

However, the straight-line method is adopted for buildings purchased on or after April 1, 1998 (excluding facilities attached to buildings), and for facilities attached to buildings and structures purchased on or after April 1, 2016.

Major useful lives are as follows:

Buildings and structures: 10-38 years

Machinery, equipment, and vehicles: 4-10 years

Tools, furniture and fixtures 2-8 years

2) Intangible assets (excluding leased assets)

Straight-line method

For internal use software, the straight-line method based on amortization over the internally estimated useful lives (5 years) is adopted.

3) Leased assets

Leased assets are depreciated over the lease terms as useful lives using the straight-line method without any residual value.

(3) Accounting standards for significant reserves and allowances

1) Allowance for doubtful accounts

In order to prepare for possible credit losses on trade receivables, etc., the estimated amount of non-recoverable receivables based on the historical loss rate for general receivables and specific collectability for specific doubtful receivables are recorded.

2) Provision for bonuses

In order to prepare for payments of bonuses to the employees, the estimated payable amount to be used in the future attributable to the consolidated fiscal year under review is recorded as provision for bonuses.

(4) Accounting method for retirement benefits

1) Period attribution method for estimated retirement benefits

In calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the periods up to the end of the consolidated fiscal year under review is based on the benefit formula basis.

2) Accounting method for actuarial difference and past service cost

Past service cost is expensed using the straight-line method over a period of definite years (3 years) within the employees' average remaining service years at the time when it is incurred.

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the corresponding employees (12 years) using the straight-line method, commencing with the consolidated fiscal year following the one in which they were incurred.

3) The accounting methods of unrecognized actuarial gain and loss and unrecognized past service cost

For the accounting methods of unrecognized actuarial gain and loss and unrecognized past service cost, after adjusting tax effect, they are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in net assets.

(5) Significant revenue and expense recognition standards

1) Sales of merchandise and finished goods

Sales of merchandise and finished goods include the manufacture and sale of clinical diagnostic reagents and clinical diagnostic equipment. The Company principally recognizes revenue from sales of merchandise and finished goods when making delivery of the goods to a customer as it satisfies a performance obligation by transferring control of the goods to a customer based on receipt of the goods. For clinical diagnostic equipment which requires installation at the time of sale, the Company recognizes revenue at inspection of installed equipment as it satisfies a performance obligation by transferring control of the goods to a customer based on inspection by a customer.

2) Royalty Revenue

Royalty revenue includes upfront payment based on license agreement etc., milestone revenues, and running royalty calculated based on net sales etc. For upfront payment, the Company recognizes revenue at customers' receipt of the right which the Company promised to transfer to a customer based on the contract. For milestone revenues, the Company recognizes revenue at achievement of the milestone defined in the contract. For running royalty calculated based on net sales etc., the Company recognizes revenue when sales or usage occur, or it satisfies a performance obligation for which sales-based or usage-based royalty is allocated, whichever is later.

(6) Translation of significant foreign currency denominated assets and liabilities into Japanese yen

Foreign currency denominated monetary receivables and payables are translated into Japanese yen using the spot exchange rate on the closing date and the translation difference is charged or credited to income.

The assets, liabilities, income, and expenses of overseas subsidiaries and affiliates are translated into yen at the year-end spot exchange rate, and translation adjustments are included in foreign currency translation adjustments in net assets.

(7) Significant hedge accounting method

1) Hedge accounting method

The appropriation procedure is adopted to foreign exchange fluctuation risk hedging that satisfies the relevant requirements.

2) Hedging instruments and hedged items, hedging policy

The risks of foreign exchange fluctuation are hedged in accordance with the Company's rules.

Hedging instruments and hedged items where hedge accounting was applied for the consolidated fiscal year under review are as follows.

Hedging instruments: Forward exchange contracts

Hedged items: Foreign currency denominated accounts payable, foreign currency denominated Accounts payable - other

3) Assessment of hedge effectiveness

For forward exchange contracts, hedged items with same date and amount and denominated in the same currency are allocated to each account payable, accounts payable – other. Therefore, the correlation by foreign exchange fluctuation thereafter is ensured completely, and the assessment of hedge effectiveness is omitted.

(8) Funds covered by consolidated statements of cash flows

Funds (cash and cash equivalents) as used in the consolidated statements of cash flows comprises cash on hand, deposits available for withdrawal as needed, and short-term investments due for redemption within three months from the date of acquisition, which are easily cashable and are subject to minimal risk of fluctuation in value.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

We have decided to apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc. effective from the beginning of the consolidated fiscal year under review and recognize revenue at the amount expected to be received in exchange for the goods or services when control over the promised goods or services is transferred to a customer.

As a result, we began recognizing revenue upon receipt for our domestic sales of merchandise and finished goods, which had previously been recognized upon shipment. In addition, if the consideration in a contract with a customer included variable consideration, the variable consideration was included in the transaction price only to the extent that it was probable that a significant reversal in the amount of cumulative revenue recorded would not occur when the uncertainty associated with the variable consideration was subsequently resolved. Furthermore, with respect to buy-sell transactions falling within the category of buyback contract, inventories for the goods in possession of buyers because of relevant financial transactions continued to be recognized, and “liabilities associated with buy-sell transactions” were recognized with respect to the amount equivalent to the ending balance of inventories for the goods in possession of buyers.

The application of the Revenue Recognition Accounting Standard, etc. is subject to the transitional treatment specified in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application of the new accounting policy to periods prior to the beginning of the consolidated fiscal year under review was added to or subtracted from the beginning balance of retained earnings for the consolidated fiscal year under review, and the new accounting policy has been applied from the beginning balance of the period.

Since we applied the Revenue Recognition Accounting Standard, etc., “Notes and accounts receivable - trade” which were included in “Current assets” in the consolidated balance sheets for the previous consolidated fiscal year, are included in “Notes and accounts receivable - trade, and contract assets” from for the consolidated fiscal year under review. In accordance with the transitional treatment specified in Paragraph 89-2 of the Revenue Recognition Accounting Standard, we have not used the new presentation method to restate figures for the previous fiscal year.

Consequently, compared to the previous accounting treatment, in the consolidated balance sheet for the consolidated fiscal year ended March 31, 2022, accounts receivable - trade decreased by 850 million yen, inventories increased by 76 million yen, and other in current liabilities increased by 71 million yen due to liabilities associated with buy-sell transactions. In the consolidated statement of income for the consolidated fiscal year ended March 31, 2022, net sales decreased by 93 million yen, cost of sales decreased by 1 million yen, and operating profit, ordinary profit, and profit before income taxes decreased by 92 million yen, respectively.

Profit before income taxes in consolidated statements of cash flows decreased 92 million yen.

The cumulative effect of this change has been reflected on net assets at the beginning of consolidated fiscal year ended March 31, 2022. As a result, the beginning balance of retained earnings decreased by 523 million yen in the consolidated statement of changes in equity.

The impact of per share information is described in appropriate sections.

In accordance with the transitional treatment specified in Paragraph 89-3 of the Revenue Recognition Accounting Standard, notes to “Revenue Recognition related” for the previous fiscal year ended is not described.

(Application of Accounting Standard for Fair Value Measurement, etc.)

We have decided to apply the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”), etc. effective from the beginning of the consolidated fiscal year ended March 31, 2022 and apply the new accounting policy specified in the Fair Value Measurement Accounting Standard, etc., prospectively, in accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019). As a result, the

valuation method for quoted shares which were included in available-for-sale securities was changed from the market value method based on the average market price during the one-month period prior to the balance sheet date to the market value method based on the market price at the balance sheet date. The impact of the application of said Accounting Standard on our consolidated financial statements is insignificant.

(Changes in presentation methods)

(Consolidated statement of income)

“Foreign exchange gains” were included in “Other” under “Non-operating income” in the previous fiscal year ended. However, it is presented independently from the consolidated fiscal year ended March 31, 2022 since it exceeded ten hundredths the total of non-operating income. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect these changes in presentation methods.

As a result, 70 million yen which was in “Other” under “Non-operating income” in the previous fiscal year ended was reclassified to 15 million yen for “Foreign exchange gains” and 55 million yen for “Other.”

(Notes to Consolidated Balance Sheets)

- *1. Receivables from contracts with customers in notes and accounts receivable - trade and contract assets are as follows.

	(Million yen)
	As of March 31, 2022
Notes	501
Accounts receivable - trade	11,222

- *2. Contract liabilities in other is as follows.

	(Million yen)
	As of March 31, 2022
Contract liability	118

- *3. Overdraft contracts and commitment lines are concluded for efficient procurement of working capital. The balance of unexecuted loans based on these contracts is as follows.

	(Million yen)	
	As of March 31, 2021	As of March 31, 2022
Total of overdraft maximum amount and commitment lines	5,400	5,400
Outstanding borrowings	-	-
Difference	5,400	5,400

(Notes to Consolidated Statements of Income)

- *1. Revenue from contracts with customers is not presented independently. Revenue from contracts with customers is as follows.

	(Million yen)
	For the fiscal year ended March 31, 2022
	42,622

- *2. Ending inventory is the amount after being written down due to decreased profitability, and the following loss on valuation of inventory (the amount after offset of reversal with reversal method), is included in total cost of sales.

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
	6	176

- *3. The main expense items and amounts of selling, general and administrative expenses are as follows.

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Salaries	2,292	2,289
Provision for bonuses	412	410
Retirement benefit expenses	200	62
Research and development expenses	3,086	3,408
Provision of allowance for doubtful accounts	(1)	(0)

- *4. Research and development expenses included in general and administrative expenses, and manufacturing costs incurred during the period are as follows.

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
	3,086	3,408

- *5. Settlement received is settlement money received from an arbitration settlement regarding a dispute with a counterparty.

- *6. Description of loss on sale and retirement of non-current assets is as follows.

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Buildings and structures	5	10
Machinery, equipment and vehicles	4	0
Tools, furniture and fixtures	2	2
Dismantlement cost	35	12
Total	48	27

(Notes to Consolidated Statements of Comprehensive Income)

*1. Reclassification adjustment and tax effect relating to other comprehensive income

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Valuation difference on available-for-sale securities:		
Amount incurred during the period	9	5
Reclassification adjustment	-	-
Before tax effect adjustment	9	5
Tax effect	(2)	(1)
Valuation difference on available-for-sale securities	6	4
Foreign currency translation adjustment:		
Amount incurred during the period	95	146
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	453	(58)
Reclassification adjustment	66	(55)
Before tax effect adjustment	519	(113)
Tax effect	(159)	34
Remeasurements of defined benefit plans, net of tax	360	(78)
Total other comprehensive income	462	71

(Notes to Consolidated Statements of Changes in Net Assets)

For the fiscal year ended March 31, 2021

1. Class and total number of issued shares and class and total number of treasury shares

(Shares)

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares	43,541,438	—	—	43,541,438
Total	43,541,438	—	—	43,541,438
Treasury shares				
Common shares (Notes) 1. 2.	6,659,760	111	48,800	6,611,071
Total	6,659,760	111	48,800	6,611,071

(Notes) 1. The increase in treasury shares by 111 shares of common shares is due to purchase of shares of less than one unit.

2. The decrease in treasury shares by 48,800 shares of common shares is due to the exercise of stock options.

2. Share acquisition rights and treasury share acquisition rights

Category	Description of Share acquisition rights	Class of shares for Share acquisition rights	Number of shares for Share acquisition rights (Share)				Balance at the end of the period (Million yen)
			Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period	
The Company (Parent company)	Share acquisition rights as stock options	—	—	—	—	—	296
Total		—	—	—	—	—	296

3. Dividends

(1) Cash dividends paid

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
April 28, 2020 Board of Directors meeting	Common shares	626	17	March 31, 2020	June 1, 2020
October 26, 2020 Board of Directors meeting	Common shares	553	15	September 30, 2020	December 1, 2020

(2) Dividends for which the record date falls in the current period, but the effective date falls in the following period

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend source	Dividend per share (Yen)	Record date	Effective date
April 28, 2021 Board of Directors meeting	Common shares	960	Retained earnings	26	March 31, 2021	June 4, 2021

For the fiscal year ended March 31, 2022

1. Class and total number of issued shares and class and total number of treasury shares

	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares	43,541,438	—	—	43,541,438
Total	43,541,438	—	—	43,541,438
Treasury shares				
Common shares (Notes) 1. 2.	6,611,071	90	34,300	6,576,861
Total	6,611,071	90	34,300	6,576,861

(Notes) 1. The increase in treasury shares by 90 shares of common shares is due to purchase of shares of less than one unit.
2. The decrease in treasury shares by 34,300 shares of common shares is due to the exercise of stock options.

2. Share acquisition rights and treasury share acquisition rights

Category	Description of Share acquisition rights	Class of shares for Share acquisition rights	Number of shares for Share acquisition rights (Share)				Balance at the end of the period (Million yen)
			Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period	
The Company (Parent company)	Share acquisition rights as stock options	—	—	—	—	—	316
Total		—	—	—	—	—	316

3. Dividends

(1) Cash dividends paid

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend per share (Yen)	Record date	Effective date
April 28, 2021 Board of Directors meeting	Common shares	960	26	March 31, 2021	June 4, 2021
October 27, 2021 Board of Directors meeting	Common shares	739	20	September 30, 2021	December 1, 2021

(2) Dividends for which the record date falls in the current period, but the effective date falls in the following period

(Resolution)	Class of shares	Total cash dividends (Million yen)	Dividend source	Dividend per share (Yen)	Record date	Effective date
April 28, 2022 Board of Directors meeting	Common shares	1,145	Retained earnings	31	March 31, 2022	June 6, 2022

(Notes to Consolidated Statements of Cash Flows)

*1. Relationship between cash and cash equivalents at end of year and account items listed in the consolidated balance sheets

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash and deposits	9,150	16,121
Time deposits with deposit terms of more than three months	(2,181)	(5,221)
Cash and cash equivalents	6,968	10,900

(Lease transactions)

(Lessee)

1. Finance lease transactions

Finance leases wherein ownership of the leased asset does not transfer to the lessee

1) Description of leased assets

Property, plant and equipment

Research and development facility, tools, furniture and fixtures, and machinery, equipment and vehicles

2) Depreciation method of leased assets

As described in “(2) Depreciation method of significant depreciable assets under 4. Accounting policies” of (Material basis for the preparation of consolidated financial statements).

2. Operating lease transactions

Future lease payments under non-cancelable operating lease transactions

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Within one year	226	211
Over one year	458	252
Total	684	464

(Lessor)

Finance lease transactions

(1) Description of investments in leases

1) Current assets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Lease receivables	307	341
Interest income equivalents	(16)	(18)
Investments in leases	290	323

2) Investments and other assets

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Lease receivables	716	777
Interest income equivalents	(25)	(26)
Investments in leases	691	750

(2) Scheduled amount of debt recovery after the closing date for lease receivables associated with investments in leases

1) Current assets

(Million yen)

	As of March 31, 2021					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables	14	—	—	—	—	—
Investments in leases	307	—	—	—	—	—

(Million yen)

	As of March 31, 2022					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables	12	—	—	—	—	—
Investments in leases	341	—	—	—	—	—

2) Investments and other assets

(Million yen)

	As of March 31, 2021					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables	—	12	—	—	—	—
Investments in leases	—	259	195	123	84	53

(Million yen)

	As of March 31, 2022					
	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Lease receivables	—	—	—	—	—	—
Investments in leases	—	277	204	164	90	41

(Segment information)

Segment information

Fiscal year ended March 31, 2021 and fiscal year ended March 31, 2022

Omitted since the Group's business is single segment in the clinical diagnostics business.

(Per share information)

(Yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	1,120.36	1,230.55
Basic earnings per share	136.65	168.28
Diluted earnings per share	135.60	167.01

- (Notes)
1. The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.
 2. "Accounting Standard for Revenue Recognition" is applied as described in "Changes in accounting policies." As a result, net assets per share decreased by 15.98 yen, basic earnings per share decreased by 1.83 yen, and diluted earnings per share decreased by 1.81 yen, respectively.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	5,044	6,218
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	5,044	6,218
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	36,917	36,955
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	—	—
Increase in number of shares of common shares (Thousand shares)	284	282
(Bonds with share acquisition rights included in the above)	(284)	(282)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	

(Significant subsequent events)

Not applicable.

4. Non-consolidated Financial Statements and Principal Notes

(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	8,827	15,741
Notes receivable - trade	433	504
Accounts receivable - trade	11,861	11,447
Lease receivables	14	12
Investments in leases	290	323
Securities	80	-
Merchandise and finished goods	4,461	4,654
Work in process	1,621	1,709
Raw materials and supplies	1,632	1,789
Prepaid expenses	166	165
Other	213	226
Allowance for doubtful accounts	(4)	(4)
Total current assets	29,598	36,569
Non-current assets		
Property, plant and equipment		
Buildings	17,560	17,718
Accumulated depreciation	(10,596)	(11,045)
Buildings, net	6,964	6,672
Structures	1,456	1,468
Accumulated depreciation	(682)	(755)
Structures, net	773	712
Machinery and equipment	6,092	6,529
Accumulated depreciation	(4,882)	(5,111)
Machinery and equipment, net	1,209	1,418
Vehicles	37	44
Accumulated depreciation	(28)	(32)
Vehicles, net	9	12
Tools, furniture and fixtures	4,435	4,539
Accumulated depreciation	(3,460)	(3,858)
Tools, furniture and fixtures, net	975	681
Land	1,931	1,931
Leased assets	349	294
Accumulated depreciation	(201)	(191)
Leased assets, net	147	102
Construction in progress	345	3,302
Total property, plant and equipment	12,356	14,834
Intangible assets		
Patent right	2	1
Software	587	1,137
Other	693	25
Total intangible assets	1,283	1,164

(Million yen)

	As of March 31,2021	As of March 31,2022
Investments and other assets		
Investment securities	3,410	3,614
Investments in capital	0	0
Investments in capital of subsidiaries and associates	1,316	1,316
Distressed receivables	10	10
Long-term prepaid expenses	110	84
Long-term time deposits	4,900	1,900
Life insurance funds	167	167
Prepaid pension costs	969	1,138
Deferred tax assets	642	694
Investments in leases	691	750
Other	252	237
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	12,456	9,901
Total non-current assets	26,097	25,899
Total assets	55,696	62,469
Liabilities		
Current liabilities		
Notes payable - trade	3	-
Accounts payable - trade	4,073	4,534
Electronically recorded obligations - operating	2,636	2,961
Lease liabilities	377	392
Accounts payable - other	2,356	1,387
Accrued expenses	243	261
Income taxes payable	1,373	1,305
Refund liabilities	-	467
Contract liabilities	-	114
Advances received	52	-
Deposits received	81	112
Provision for bonuses	763	776
Provision for sales returns	8	-
Other	808	222
Total current liabilities	12,776	12,538
Non-current liabilities		
Bonds payable	-	3,000
Lease liabilities	782	798
Asset retirement obligations	33	34
Other	423	342
Total non-current liabilities	1,239	4,175
Total liabilities	14,016	16,713

(Million yen)

	As of March 31,2021	As of March 31,2022
Net assets		
Shareholders' equity		
Share capital	6,897	6,897
Capital surplus		
Legal capital surplus	7,892	7,892
Other capital surplus	81	108
Total capital surplus	7,973	8,000
Retained earnings		
Legal retained earnings	338	338
Other retained earnings		
Reserve for tax purpose reduction entry	74	66
General reserve	4,330	4,330
Retained earnings brought forward	24,881	28,898
Total retained earnings	29,624	33,632
Treasury shares	(3,142)	(3,126)
Total shareholders' equity	41,353	45,405
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29	33
Total valuation and translation adjustments	29	33
Share acquisition rights	296	316
Total net assets	41,679	45,755
Total liabilities and net assets	55,696	62,469

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales		
Net sales of finished goods	19,276	21,974
Net sales of goods	19,333	20,940
Total net sales	38,610	42,915
Cost of sales		
Beginning inventory of merchandise and finished goods	4,304	4,464
Cost of products manufactured	6,854	7,590
Cost of purchased goods	13,507	15,119
Ending inventory of merchandise and finished goods	4,461	4,654
Total cost of sales	20,204	22,519
Gross profit	18,405	20,395
Reversal of provision for sales returns	5	8
Provision for sales returns	8	-
Gross profit - net	18,402	20,403
Selling, general and administrative expenses	11,728	11,957
Operating profit	6,674	8,446
Non-operating income		
Interest income	12	12
Dividend income	2	2
Compensation income	62	12
Outsourcing service income	-	31
Foreign exchange gains	0	6
Subsidy income	49	17
Other	54	28
Total non-operating income	182	112
Non-operating expenses		
Interest expenses	2	1
Interest on bonds	-	6
Bond issuance costs	-	22
Commitment fees	2	2
Loss on valuation of investment securities	1	-
Loss on cancellation of insurance policies	4	-
Compensation expenses	11	9
Other	0	0
Total non-operating expenses	23	43
Ordinary profit	6,833	8,515
Extraordinary income		
Gain on sale of non-current assets	-	1
Settlement income	110	-
Total extraordinary income	110	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	48	21
Total extraordinary losses	48	21
Profit before income taxes	6,896	8,495
Income taxes - current	1,822	2,087
Income taxes - deferred	3	176
Total income taxes	1,825	2,264
Profit	5,070	6,231

(3) Non-consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings		
					Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward
Balance at beginning of period	6,897	7,892	42	338	82	4,330	20,984
Changes during period							
Reversal of reserve for tax purpose reduction entry					(7)		7
Dividends of surplus							(1,180)
Profit							5,070
Purchase of treasury shares							
Disposal of treasury shares			38				
Net changes in items other than shareholders' equity							
Total changes during period	-	-	38	-	(7)	-	3,897
Balance at end of period	6,897	7,892	81	338	74	4,330	24,881

	Shareholders' equity		Valuation and translation adjustments	Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at beginning of period	(3,165)	37,401	23	316	37,741
Changes during period					
Reversal of reserve for tax purpose reduction entry		-			-
Dividends of surplus		(1,180)			(1,180)
Profit		5,070			5,070
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	23	62			62
Net changes in items other than shareholders' equity			6	(19)	(13)
Total changes during period	22	3,951	6	(19)	3,938
Balance at end of period	(3,142)	41,353	29	296	41,679

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings		
					Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward
Balance at beginning of period	6,897	7,892	81	338	74	4,330	24,881
Cumulative effects of changes in accounting policies							(523)
Restated balance	6,897	7,892	81	338	74	4,330	24,358
Changes during period							
Reversal of reserve for tax purpose reduction entry					(7)		7
Dividends of surplus							(1,699)
Profit							6,231
Purchase of treasury shares							
Disposal of treasury shares			27				
Net changes in items other than shareholders' equity							
Total changes during period	-	-	27	-	(7)	-	4,539
Balance at end of period	6,897	7,892	108	338	66	4,330	28,898

	Shareholders' equity		Valuation and translation adjustments	Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities		
Balance at beginning of period	(3,142)	41,353	29	296	41,679
Cumulative effects of changes in accounting policies		(523)			(523)
Restated balance	(3,142)	40,830	29	296	41,156
Changes during period					
Reversal of reserve for tax purpose reduction entry		-			-
Dividends of surplus		(1,699)			(1,699)
Profit		6,231			6,231
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	16	43			43
Net changes in items other than shareholders' equity			4	19	23
Total changes during period	16	4,574	4	19	4,598
Balance at end of period	(3,126)	45,405	33	316	45,755

(4) Notes to Non-consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant accounting policies)

1. Valuation standards and methods for Significant Securities

(1) Held-to-maturity debt securities

Stated at amortized cost (straight-line method)

(2) Shares of subsidiary

Cost method by the moving-average method

(3) Available-for-sale securities

Securities other than shares, etc., which do not have a market price

Market value method

(The valuation difference is directly included in net assets, and cost of sales is determined by the moving-average method.)

Shares, etc., which do not have a market price

Principally cost method by the moving-average method

2. Valuation standards and methods for derivative financial instruments

Market value method

3. Valuation standards and methods for inventories

(1) Merchandise and finished goods, raw materials, and work in process

Cost method by the moving-average method (carrying amount is written down due to decreased profitability) is adopted.

(2) Supplies

Cost method by the last purchase price method (carrying amount is written down due to decreased profitability) is adopted.

4. Depreciation method of non-current assets

(1) Property, plant and equipment (excluding leased assets)

Declining-balance method

However, the straight-line method is adopted for buildings purchased on or after April 1, 1998 (excluding facilities attached to buildings), and for facilities attached to buildings and structures purchased on or after April 1, 2016.

Major useful lives are as follows:

Buildings	15-38 years
Structures	10-30 years
Machinery and equipment	8 years
Vehicles	4-6 years
Tools, furniture and fixtures	2-8 years

(2) Intangible assets (excluding leased assets)

Straight-line method

For internal use software, the straight-line method based on amortization over the internally estimated useful lives (5 years) is adopted.

(3) Leased assets

Leased assets are depreciated over the lease terms as useful lives using the straight-line method without any residual value.

5. Accounting standards for significant reserves and allowances

(1) Allowance for doubtful accounts

In order to prepare for possible credit losses on trade receivables, etc., the estimated amount of non-recoverable receivables based on the historical loss rate for general receivables and specific collectability for specific doubtful receivables are recorded.

(2) Provision for bonuses

In order to prepare for payments of bonuses to the employees, the estimated payable amount to be used in the future attributable to the current fiscal year is recorded as provision for bonuses.

(3) Provision for retirement benefits

In order to prepare for employees' retirement benefits, provision for retirement benefits is recorded based on the retirement benefit obligations and estimated plan assets as of the current fiscal year-end.

1) Period attribution method for estimated retirement benefits

In calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the periods up to the end of the current fiscal year is based on the benefit formula basis.

2) Accounting method for actuarial difference and past service cost

Past service cost is expensed using the straight-line method over a period of definite years (3 years) within the employees' average remaining service years at the time when it is incurred.

Actuarial difference is expensed at the amount divided proportionally using the straight-line method over a period of definite years (12 years) within the employees' average remaining service years in each fiscal year when it is incurred, commencing from the fiscal year following the fiscal year in which the difference is incurred.

6. Revenue and expense recognition standards

(1) Sales of merchandise and finished goods

Sales of merchandise and finished goods include the manufacture and sale of clinical diagnostic reagents and clinical diagnostic equipment. The Company principally recognizes revenue from sales of merchandise and finished goods when making delivery of the goods to a customer as it satisfies a performance obligation by transferring control of the goods to a customer based on receipt of the goods. For clinical diagnostic equipment which requires installation at the time of sale, the Company recognizes revenue at inspection of installed equipment as it satisfies a performance obligation by transferring control of the goods to a customer based on inspection by a customer.

(2) Royalty Revenue

Royalty revenue includes upfront payment based on license agreement etc., milestone revenues, and running royalty calculated based on net sales etc. For upfront payment, the Company recognizes revenue at customers' receipt of the right which the Company promised to transfer to a customer based on the contract. For milestone revenues, the Company recognizes revenue at achievement of the milestone which was agreed on by the parties. For running royalty calculated based on net sales etc., the Company recognizes revenue when sales or usage occur, or it satisfies a performance obligation which sales-based or usage-based royalty is allocated, whichever is later.

7. Translation of significant foreign currency denominated assets and liabilities into Japanese yen

Foreign currency denominated monetary receivables and payables are translated into Japanese yen using the spot exchange rate on the closing date and the translation difference is charged or credited to income.

8. Hedge accounting method

(1) Hedge accounting method

The appropriation procedure is adopted to foreign exchange fluctuation risk hedging that satisfy the relevant requirements.

(2) Hedging instruments and hedged items, hedging policy

The risks of foreign exchange fluctuation are hedged in accordance with the Company's rules.

Hedging instruments and hedged items where hedge accounting was applied for the consolidated fiscal year under review are as follows.

Hedging instruments: Forward exchange contracts

Hedged items: Foreign currency denominated accounts payable, foreign currency denominated accounts payable - other

(3) Assessment of hedge effectiveness

For forward exchange contracts, hedged items with the same date and amount and denominated in the same currency are allocated to each account payable, accounts payable – other. Therefore, the correlation by foreign exchange fluctuation thereafter is ensured completely, and the assessment of hedge effectiveness is omitted.

9. Accounting method for retirement benefits

The accounting methods of unrecognized actuarial gain and loss and unrecognized past service cost for retirement benefits differ from those of the consolidated financial statements.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

We have decided to apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Accounting Standard”), etc. effective from the beginning of the fiscal year under review and recognize revenue at the amount expected to be received in exchange for the goods or services when control over the promised goods or services is transferred to a customer.

As a result, we began recognizing revenue upon receipt for our domestic sales of finished goods and merchandise, which had previously been recognized upon shipment. In addition, if the consideration in a contract with a customer included variable consideration, the variable consideration was included in the transaction price only to the extent that it was probable that a significant reversal in the amount of cumulative revenue recorded would not occur when the uncertainty associated with the variable consideration was subsequently resolved. Furthermore, with respect to buy-sell transactions falling within the category of buyback contract, inventories for the goods in possession of buyers because of relevant financial transactions continued to be recognized, and “liabilities associated with buy-sell transactions” were recognized with respect to the amount equivalent to the ending balance of inventories for the goods in possession of buyers.

The application of the Revenue Recognition Accounting Standard, etc. is subject to the transitional treatment specified in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application of the new accounting policy to periods prior to the beginning of the fiscal year under review was added to or subtracted from the beginning balance of retained earnings for the fiscal year under review, and the new accounting policy has been applied from the beginning balance of the period.

Since we applied the Revenue Recognition Accounting Standard, etc., the amount to be refunded to a customer which was included in “Accounts payable - other” which were presented in “Current liabilities” in the balance sheets for the previous fiscal year, are included in “Refund liabilities”, and “Advances received” are included in

“Contract liabilities.” In accordance with the transitional treatment specified in Paragraph 89-2 of the Revenue Recognition Accounting Standard, we have not used the new presentation method to restate figures for the previous fiscal year.

Consequently, compared to the previous accounting treatment, in the non-consolidated balance sheet for fiscal year ended March 31, 2022, accounts receivable - trade decreased by 850 million yen, inventories increased by 76 million yen, and other in current liabilities increased by 71 million yen due to liabilities associated with buy-sell transactions. In the non-consolidated statement of income for fiscal year ended March 31, 2022, net sales decreased by 93 million yen, cost of sales decreased by 1 million yen, and operating profit, ordinary profit, and profit before income taxes decreased by 92 million yen, respectively.

The cumulative effect of this change has been reflected on net assets at the beginning of the fiscal year ended March 31, 2022. As a result, the beginning balance of retained earnings brought forward decreased by 523 million yen in the non-consolidated statement of changes in equity.

For the fiscal year ended March 31, 2022, net assets per share decreased by 15.98 yen, basic earnings per share decreased by 1.83 yen, and diluted net income per share decreased by 1.81 yen respectively.

(Application of Accounting Standard for Fair Value Measurement, etc.)

We have decided to apply the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”), etc. effective from the beginning of the fiscal year ended March 31, 2022 and apply the new accounting policy specified in the Fair Value Measurement Accounting Standard, etc., prospectively, in accordance with the transitional treatment specified in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019). As a result, the valuation method for quoted shares which were included in available-for-sale securities was changed from the market value method based on the average market price during the one-month period prior to the balance sheet date to the market value method based on the market price at the balance sheet date. The impact of the application of said Accounting Standard on our financial statements is insignificant.

(Notes to Non-consolidated Balance Sheets)

Overdraft contract and commitment line are concluded for efficient procurement of working capital. Balance of unexecuted loans based on these contracts are as follows.

	(Million yen)	
	As of March 31, 2021	As of March 31, 2022
Total of Overdraft maximum amount and Commitment lines	5,400	5,400
Outstanding borrowings	—	—
Difference	5,400	5,400

(Notes to Non-consolidated Statements of Income)

- *1. Approximate percentages of expenses belonging to selling expenses are 45% for the previous fiscal year, 45% for the fiscal year under review, and approximate percentages of expenses belonging to general and administrative expenses are 55% for the previous fiscal year, 55% for the fiscal year under review.

The main expense items and amounts of selling, general and administrative expenses are as follows.

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Salaries	2,246	2,238
Provision for bonuses	412	410
Retirement benefit expenses	200	62
Legal welfare expenses	574	586
Travel and transportation expenses	303	348
Packaging and transportation expenses	725	804
Research and development expenses	3,055	3,367
Depreciation	379	400
Provision of allowance for doubtful accounts	(1)	(0)

- *2. Description of Settlement income is the settlement money received by arbitral award regarding the dispute with a business counterparty.

- *3. Main losses on sales and retirement of non-current assets are as follows.

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Buildings	4	5
Structures	0	0
Machinery and equipment	4	0
Vehicles	0	0
Tools, furniture and fixtures	2	2
Dismantlement cost	35	12
Total	48	21

(Significant subsequent events)

Not applicable.

5. Others

(1) Changes in Officers

1) Changes in CEO

Name	New job title	Current job title	Scheduled date of change
Morifumi Wada	Director and Chairman	Director and Chairman & CEO	June 21, 2022

*For details, please refer to “Notice Regarding Change in Chairman & CEO” announced on April 26, 2022.

2) Changes in Other Officers

(Changes)

Name	New job title	Current job title	Scheduled date of change
Hajime Watari	Senior Vice President & Executive Officer, General Manager, Business Management Division, and Director	Senior Vice President & Executive Officer, General Manager, Business Management Division, General Manager, Global Business Division, and Director	April 1, 2022

*For details, please refer to “Notice Regarding Change in Vice President & Executive Officer” announced on February 18, 2022.

(Directors scheduled to retire)

Name	Current job title	Scheduled date of change
Takehisa Irisawa	Outside Director	June 21, 2022

*For details, please refer to “Notice Regarding Selection of Candidate for Director” announced on April 26, 2022.

(2) Sales

Sales is described by breaking down sales by classes and types of products since the Group's business is single segment.

Sales performance

Sales performance for the consolidated fiscal year under review described by classes and types of products is as follows.

(Million yen)

Name of class and type of product	For the fiscal year ended March 31, 2022	Change from the previous corresponding period (%)
Microbiological testing reagents	3,924	98.4
Urinalysis reagents	3,783	111.9
Immunological and serological reagents	20,593	109.8
Clinical chemistry reagents	599	100.8
Equipment and culture medium for food and environment related category	2,252	106.0
Other category	11,842	120.5
Total	42,996	111.2