

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	24.00	-	27.00	51.00
Fiscal year ending March 31, 2024	-	25.00	-		
Fiscal year ending March 31, 2024 (Forecast)				26.00	51.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 3rd quarter dividend for the fiscal year ending March 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	40,500	(6.4)	4,040	(45.8)	4,130	(45.4)	3,040	(47.0)	82.45

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

December 31, 2023: 41,041,438 shares

March 31, 2023: 43,541,438 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 3,943,508 shares

March 31, 2023: 6,512,625 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 37,071,051 shares

Nine months ended December 31, 2022: 36,964,574 shares

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1. Qualitative Information on the Third Quarter of the Fiscal Year Ending March 31, 2024

(1) Qualitative Information Regarding Consolidated Operating Results

During the nine months ended December 31, 2023, the Japanese economy progressed toward normalized economic activities and gradually recovered owing to the reclassification of COVID-19 to a Class 5 infectious disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases. Meanwhile, overseas economies remained unstable due to surging global resource prices and the continued yen depreciation against a backdrop of geopolitical uncertainty, including the protracted situation in Ukraine as well as growing tensions in the Middle East.

The business environment became increasingly severe in the clinical diagnostics industry due to measures to cap medical expenses and rising costs such as for logistics and raw material procurement, etc., on account of yen depreciation and high crude oil prices. Corporations are being forced to focus on greater cost competitiveness and to actively expand overseas.

In the context of this business environment, the Eiken Group is implementing key measures focused on the three key business fields of “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” and striving to achieve sustainable growth and steadily enhance profitability for the Group as a whole, in accordance with the Medium-term Management Plan established based on the Group’s management framework “EIKEN ROAD MAP 2030.”

In addition, 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.” Through this, we strive to further enhance our corporate value and achieve a sustainable society.

The net sales for the nine months ended December 31, 2023 declined to 30,493 million yen (down 9.9% year-on-year) due to sales of COVID-19 genetic testing reagents using the LAMP method decreasing significantly following limited demand for genetic testing in response to the reclassification of COVID-19 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases. For net sales by product class and type, sales of microbiological testing reagents increased to 3,339 million yen (up 9.6% year-on-year) due to a substantial recovery of products related to infectious diseases other than COVID-19, particularly rapid diagnosis kits and drug sensitivity testing reagents. As for urinalysis reagents, sales were 3,222 million yen (up 3.9% year-on-year), with the domestic hospital market and the medical examination market having recovered to pre-COVID-19 pandemic levels. Sales for immunological and serological reagents were 16,935 million yen (up 5.6% year-on-year) due to fecal immunochemical test reagents recovering to pre-COVID-19 pandemic levels in the domestic market, together with significantly increased sales in overseas markets. Sales for clinical chemistry reagents were 454 million yen (down 2.3% year-on-year). Sales for the equipment and culture medium for food and environment related category amounted to 1,489 million yen (down 9.6% year-on-year). Sales in other category (medical devices, genetic-related products, etc.) fell to 5,053 million yen (down 47.2% year-on-year) due to a significant decrease in sales for COVID-19 detection reagents.

Overseas sales were 7,696 million yen (up 16.8% year-on-year) as sales for fecal immunochemical test reagents increased significantly.

Regarding profit, operating profit was 3,417 million yen (down 51.2% year-on-year) due to decreases in sales of high-profit COVID-19 detection reagent products and income from patent rights for the LAMP method. Ordinary profit was 3,497 million yen (down 50.8% year-on-year) while profit attributable to owners of parent was 2,571 million yen (down 52.0% year-on-year).

(2) Qualitative Information Regarding Consolidated Financial Position

The financial position at the end of the third quarter of the consolidated accounting period under review was as follows.

When compared to the end of the previous consolidated fiscal year, total assets decreased by 1,080 million yen, liabilities decreased by 1,816 million yen, and net assets increased by 735 million yen.

Major increases and decreases in the category of assets include a decrease of 591 million yen in cash and deposits and an increase of 1,505 million yen in notes and accounts receivable - trade, and contract assets. In addition, long-term time deposits declined by 1,100 million yen.

In the category of liabilities, income taxes payable decreased by 807 million yen and provision for bonuses decreased by 445 million yen. In addition, other in current liabilities decreased by 803 million yen due to investment in facilities, etc.

In the category of net assets, capital surplus decreased by 183 million yen and the deduction of treasury shares decreased by 1,221 million yen in line with the cancellation of treasury shares. In addition, despite having recorded profit attributable to owners of parent, retained earnings decreased by 302 million yen due to the payment of dividends and cancellation of treasury shares.

As a result of the above, the equity ratio increased to 76.6% from 74.2% at the end of the previous consolidated fiscal year.

(3) Qualitative Information Regarding Forecasts for Consolidated Business Performance

For the consolidated financial results forecasts for the full year ending March 31, 2024, please refer to “Notice of Revision to Financial Results Forecasts” announced on January 30, 2024.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	18,317	17,726
Notes and accounts receivable - trade, and contract assets	11,122	12,627
Merchandise and finished goods	4,739	4,632
Work in process	1,940	1,916
Raw materials and supplies	1,733	1,893
Other	1,370	886
Allowance for doubtful accounts	(6)	(7)
Total current assets	39,217	39,674
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,367	25,564
Accumulated depreciation	(13,117)	(13,576)
Buildings and structures, net	12,249	11,987
Machinery, equipment and vehicles	7,155	7,358
Accumulated depreciation	(5,765)	(5,971)
Machinery, equipment and vehicles, net	1,390	1,386
Tools, furniture and fixtures	5,027	5,239
Accumulated depreciation	(3,950)	(4,225)
Tools, furniture and fixtures, net	1,076	1,013
Land	1,928	1,928
Leased assets	329	295
Accumulated depreciation	(154)	(127)
Leased assets, net	174	168
Construction in progress	382	426
Total property, plant and equipment	17,202	16,912
Intangible assets	1,054	860
Investments and other assets		
Long-term time deposits	4,900	3,800
Other	3,936	3,971
Allowance for doubtful accounts	(34)	(23)
Total investments and other assets	8,802	7,748
Total non-current assets	27,058	25,520
Total assets	66,275	65,195

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,685	4,516
Electronically recorded obligations - operating	2,933	3,318
Income taxes payable	827	19
Provision for bonuses	766	321
Other	3,230	2,427
Total current liabilities	12,443	10,603
Non-current liabilities		
Bonds payable	3,000	3,000
Asset retirement obligations	34	35
Other	1,261	1,285
Total non-current liabilities	4,296	4,321
Total liabilities	16,740	14,924
Net assets		
Shareholders' equity		
Share capital	6,897	6,897
Capital surplus	8,076	7,892
Retained earnings	36,865	36,563
Treasury shares	(3,095)	(1,874)
Total shareholders' equity	48,743	49,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28	31
Foreign currency translation adjustment	268	298
Remeasurements of defined benefit plans	115	104
Total accumulated other comprehensive income	411	434
Share acquisition rights	380	358
Total net assets	49,535	50,271
Total liabilities and net assets	66,275	65,195

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended December 31, 2023

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	33,860	30,493
Cost of sales	17,312	17,425
Gross profit	16,547	13,068
Selling, general and administrative expenses	9,548	9,650
Operating profit	6,999	3,417
Non-operating income		
Interest income	13	6
Dividend income	3	4
Rental income	13	14
Compensation income for damage	38	-
Compensation income	6	4
Outsourcing service income	9	10
Subsidy income	10	10
Foreign exchange gains	9	19
Other	24	25
Total non-operating income	128	95
Non-operating expenses		
Interest expenses	11	12
Compensation expenses	6	-
Other	2	3
Total non-operating expenses	20	15
Ordinary profit	7,107	3,497
Extraordinary income		
Gain on sale of non-current assets	-	1
Gain on sale of investment securities	56	-
Total extraordinary income	56	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	66
Total extraordinary losses	6	66
Profit before income taxes	7,157	3,432
Income taxes	1,795	860
Profit	5,361	2,571
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	5,361	2,571

Quarterly Consolidated Statements of Comprehensive Income
 Nine months ended December 31, 2023

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	5,361	2,571
Other comprehensive income		
Valuation difference on available-for-sale securities	(8)	3
Foreign currency translation adjustment	(14)	29
Remeasurements of defined benefit plans, net of tax	(13)	(10)
Total other comprehensive income	(36)	22
Comprehensive income	5,325	2,594
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,325	2,594
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting policies adopted particularly for the preparation of quarterly consolidated financial statements)

(Tax expense calculation)

Tax expenses on profit before income taxes are calculated by multiplying profit before income taxes by the reasonably estimated effective tax rate for the consolidated fiscal year including the third quarter of the consolidated accounting period under review after applying tax effect accounting.

(Significant subsequent events)

(Purchase and retirement of treasury stock)

At a meeting of the Board of Directors held on January 30, 2024, the Company resolved matters pertaining to the purchase of treasury shares in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act, and also resolved to retire treasury shares in accordance with Article 178 of the Companies Act.

1. Reasons for the purchase and retirement of treasury stock

We will purchase and retire treasury shares in a flexible manner to improve capital efficiency and to further return profits to shareholders, taking into consideration opportunities for investment in growth, capital conditions, and market environment, including recent stock prices.

2. Details of the Board of Directors' resolution on the purchase of treasury shares

(1) Type of shares to be purchased	Common shares of the Company
(2) Total number of shares that may be purchased	2,700,000 shares (maximum) (Ratio to the total number of issued shares, excluding treasury shares: 7.28%)
(3) Total purchase cost	5,400,000,000 yen (maximum)
(4) Purchase period	January 31, 2024 to June 30, 2024
(5) Purchase method	(a) Purchases through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) (b) Market purchase on the Tokyo Stock Exchange

3. Details of the Board of Directors' resolution on the retirement of treasury shares

(1) Type of shares to be retired	Common shares of the Company
(2) Total number of shares to be retired	All treasury shares purchased through 2. above (Ratio to the total number of issued shares before retirement: 6.58%) February 9, 2024: 1,000,000 shares; the month following the month in which the purchase is completed for the number of shares obtained by deducting 1,000,000 shares from the total number of shares to be purchased in accordance with 2. above
(3) Scheduled date of retirement	