

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 9, 2024

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: +81-3-5846-3379

Scheduled date of Annual General Meeting of Shareholders: June 25, 2024

Scheduled date of commencing dividend payments: June 7, 2024

Scheduled date of filing annual securities report: June 26, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	40,052	(7.4)	3,377	(54.7)	3,568	(52.8)	2,634	(54.1)
March 31, 2023	43,271	0.6	7,457	(11.1)	7,568	(11.0)	5,736	(7.8)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 2,931 million [(47.6) %]
Fiscal year ended March 31, 2023: ¥ 5,595 million [(11.0) %]

	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, 2024	71.69	71.10	5.6	5.6	8.4
March 31, 2023	155.17	153.86	12.1	11.8	17.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ - million
Fiscal year ended March 31, 2023: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	61,651	45,971	74.0	1,318.38
March 31, 2023	66,275	49,535	74.2	1,327.47

(Reference) Equity: As of March 31, 2024: ¥ 45,613 million
As of March 31, 2023: ¥ 49,154 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	3,806	(2,216)	(6,694)	10,966
March 31, 2023	7,575	(316)	(2,095)	16,064

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	Millions of yen	%	%
March 31, 2023	-	24.00	-	27.00	51.00	1,886	32.9	4.0
March 31, 2024	-	25.00	-	26.00	51.00	1,826	71.1	3.9
Fiscal year ending March 31, 2025 (Forecast)	-	26.00	-	27.00	53.00		40.9	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2024 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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
Six months ending September 30, 2024	21,500	6.1	2,870	33.6	2,830	27.2	2,230	37.7	64.45
Full year	43,100	7.6	5,660	67.6	5,620	57.5	4,480	70.1	129.49

* 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: No

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, 2024: 40,041,438 shares

March 31, 2023: 43,541,438 shares

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

March 31, 2024: 5,443,508 shares

March 31, 2023: 6,512,625 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 36,744,670 shares

Fiscal Year ended March 31, 2023: 36,967,242 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	39,962	(7.5)	3,422	(54.5)	3,581	(53.0)	2,648	(54.2)
March 31, 2023	43,195	0.7	7,514	(11.0)	7,613	(10.6)	5,781	(7.2)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	72.07	71.48
March 31, 2023	156.40	155.08

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	61,503	45,828	73.9	1,314.26
March 31, 2023	66,404	49,667	74.2	1,331.05

(Reference) Equity: As of March 31, 2024: ¥ 45,470 million
As of March 31, 2023: ¥ 49,287 million

Table of Contents - Attachments

1. Overview of Consolidated Business Performance	2
(1) Summary of Consolidated Business Performance for This Term	2
(2) Summary of Consolidated Financial Position for This Term	2
(3) Summary of Cash Flows for This Term	3
(4) Future Prospects	4
(5) Policy on the Determination of Dividends from Surplus, etc.	4
2. Basic Stance Concerning Choice of Accounting Standards	4
3. Consolidated Financial Statements and Principal Notes	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Comprehensive Income	7
(3) Consolidated Statements of Changes in Net Assets	9
(4) Consolidated Statements of Cash Flows	11
(5) Notes to Consolidated Financial Statements	13
(Notes on going concern assumption)	13
(Material basis for the preparation of consolidated financial statements)	13
(Notes to Consolidated Balance Sheets)	16
(Notes to Consolidated Statements of Income)	16
(Notes to Consolidated Statements of Comprehensive Income)	17
(Notes to Consolidated Statements of Changes in Net Assets)	18
(Notes to Consolidated Statements of Cash Flows)	20
(Lease transactions)	20
(Segment information)	22
(Per share information)	23
(Significant subsequent events)	23
4. Non-consolidated Financial Statements and Principal Notes	24
(1) Non-consolidated Balance Sheets	24
(2) Non-consolidated Statements of Income	27
(3) Non-consolidated Statements of Changes in Net Assets	28
(4) Notes to Non-consolidated Financial Statements	30
(Notes on going concern assumption)	30
(Significant accounting policies)	30
(Notes to Non-consolidated Balance Sheets)	32
(Notes to Non-consolidated Statements of Income)	33
(Significant subsequent events)	33
5. Others	34
(1) Changes in Officers	34
(2) Sales	34

1. Overview of Consolidated Business Performance

(1) Summary of Consolidated Business Performance for This Term

During the consolidated fiscal year under review, 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 downside risks mainly caused by surging global resource prices and the impact of monetary tightening 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 consolidated fiscal year under review declined to 40,052 million yen (down 7.4% 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 4,312 million yen (up 9.5% 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 4,401 million yen (up 6.2% 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 21,710 million yen (up 4.8% 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 575 million yen (down 2.5% year-on-year). Sales for the equipment and culture medium for food and environment related category amounted to 1,961 million yen (down 9.4% year-on-year). Sales in other category (medical devices, genetic-related products, etc.) fell to 7,090 million yen (down 39.5% year-on-year) due to a significant decrease in sales for COVID-19 detection reagents.

Overseas sales were 10,115 million yen (up 15.0% year-on-year) as sales for fecal immunochemical test reagents, urinalysis reagents, and Mycobacterium tuberculosis complex detection reagent kits for Nigeria increased significantly.

Regarding profit, operating profit was 3,377 million yen (down 54.7% 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 3,568 million yen (down 52.8% year-on-year) while profit attributable to owners of parent was 2,634 million yen (down 54.1% year-on-year).

(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 decreased by 4,623 million yen, liabilities decreased by 1,059 million yen, and net assets decreased by 3,564 million yen.

Major increases and decreases in the category of assets include a decrease of 2,009 million yen in cash and deposits and an increase of 1,359 million yen in notes and accounts receivable - trade, and contract assets. In addition, long-term time deposits declined by 3,000 million yen. In the category of liabilities, electronically recorded obligations - operating decreased by 174 million yen, and income taxes payable decreased by 827 million yen. In the category of net assets, despite having recorded profit attributable to owners of parent, shareholders’ equity decreased by 3,838 million yen due to the payment of dividends and purchase of treasury shares. In addition, due to the cancellation of treasury shares, capital surplus decreased by 242 million yen, retained earnings decreased by 1,771 million yen, and treasury shares decreased by 2,013 million yen.

As a result of the above, the equity ratio decreased to 74.0% from 74.2% 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”) decreased by 5,098 million yen compared to the end of the previous consolidated fiscal year to 10,966 million yen on March 31, 2024.

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 3,806 million yen (compared to the net cash proceed of 7,575 million yen in the previous consolidated fiscal year). This was mainly due to a 1,355 million yen expenditure due to increased trade receivables, a 322 million yen proceed caused by a decrease in inventories, a 212 million yen expenditure caused by a decrease in trade payables, and 3,503 million yen in profit before income taxes.

Depreciation totaled 2,326 million yen.

Cash flows from investing activities

Net cash used in investing activities was an expenditure of 2,216 million yen (compared to the net cash expenditure of 316 million yen in the previous consolidated fiscal year). This was mainly due to 1,976 million yen in purchase of property, plant and equipment, 2,341 million yen in payments into time deposits, and 2,279 million yen in proceeds from withdrawal of time deposits.

Cash flows from financing activities

Net cash used in financing activities was 6,694 million yen (compared to the net cash expenditure of 2,095 million yen in the previous consolidated fiscal year). This was mainly due to a 4,707 million yen expenditure due to purchase of treasury shares and dividends paid of 1,927 million yen.

(Reference) Change in cash flow related indicators

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	73.5	74.3	72.8	74.2	74.0
Equity ratio based on fair value (%)	144.5	143.5	102.1	87.3	112.2
Years of debt redemption (Years)	0.1	0.1	0.2	0.4	0.9
Interest coverage ratio (Times)	1,118.2	1,908.2	983.3	468.5	222.9

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, difficult conditions will likely continue due to the unstable global situation in Ukraine, the Middle East, etc., soaring resource and raw material prices and the impact of rising prices caused by the weaker yen.

In addition to responding to the unfolding changes in its business environment, the Eiken Group will identify existing business domains as its core businesses and implement 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,” based on the Group’s management framework “EIKEN ROAD MAP 2030.” 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.

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. The Group sets key performance indicators (KPIs) for each materiality and proceeds with each materiality while monitoring progress toward achievement. As a Group with a mission to protect the health of people worldwide, the 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 achieving a sustainable society.

Regarding our performance forecast for the next fiscal year, we forecast sales of 43,100 million yen (up 7.6% year-on-year) due to increased sales of fecal immunochemical test reagents and Mycobacterium tuberculosis complex detection reagent kits overseas. Regarding profit, we forecast operating profit of 5,660 million yen (up 67.6% year-on-year), ordinary profit of 5,620 million yen (up 57.5% year-on-year), and profit attributable to owners of parent of 4,480 million yen (up 70.1% year-on-year) due to an increase in expenses from investment for research and development and investment to bolster management fundamentals.

Overseas, we forecast net sales of 12,320 million yen (up 21.8% year-on-year) and a sales ratio of 28.6%.

(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 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.”

The year-end dividend for the current fiscal year has been set at 26 yen per share. As we have already paid an interim dividend of 25 yen on December 1, 2023, 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 26 yen and a year-end dividend of 27 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

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	18,317	16,308
Notes and accounts receivable - trade, and contract assets	11,122	12,482
Investments in leases	337	337
Merchandise and finished goods	4,739	4,170
Work in process	1,940	2,035
Raw materials and supplies	1,733	1,892
Other	1,033	633
Allowance for doubtful accounts	(6)	(7)
Total current assets	39,217	37,851
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,367	25,811
Accumulated depreciation	(13,117)	(13,821)
Buildings and structures, net	12,249	11,989
Machinery, equipment and vehicles	7,155	7,638
Accumulated depreciation	(5,765)	(6,115)
Machinery, equipment and vehicles, net	1,390	1,522
Tools, furniture and fixtures	5,027	5,371
Accumulated depreciation	(3,950)	(4,374)
Tools, furniture and fixtures, net	1,076	996
Land	1,928	1,928
Leased assets	329	286
Accumulated depreciation	(154)	(133)
Leased assets, net	174	153
Construction in progress	382	414
Total property, plant and equipment	17,202	17,005
Intangible assets	1,054	792
Investments and other assets		
Investment securities	586	597
Long-term time deposits	4,900	1,900
Retirement benefit asset	1,448	1,821
Deferred tax assets	551	356
Other	1,349	1,349
Allowance for doubtful accounts	(34)	(23)
Total investments and other assets	8,802	6,001
Total non-current assets	27,058	23,799
Total assets	66,275	61,651

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,685	4,648
Electronically recorded obligations - operating	2,933	2,759
Lease liabilities	390	384
Income taxes payable	827	-
Provision for bonuses	766	674
Other	2,839	2,885
Total current liabilities	12,443	11,351
Non-current liabilities		
Bonds payable	3,000	3,000
Lease liabilities	919	951
Asset retirement obligations	34	35
Other	342	342
Total non-current liabilities	4,296	4,329
Total liabilities	16,740	15,680
Net assets		
Shareholders' equity		
Share capital	6,897	6,897
Capital surplus	8,076	7,892
Retained earnings	36,865	35,801
Treasury shares	(3,095)	(5,686)
Total shareholders' equity	48,743	44,904
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28	35
Foreign currency translation adjustment	268	353
Remeasurements of defined benefit plans	115	319
Total accumulated other comprehensive income	411	708
Share acquisition rights	380	358
Total net assets	49,535	45,971
Total liabilities and net assets	66,275	61,651

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	43,271	40,052
Cost of sales	22,765	23,328
Gross profit	20,506	16,723
Selling, general and administrative expenses	13,049	13,345
Operating profit	7,457	3,377
Non-operating income		
Interest income	15	8
Dividend income	3	4
Rental income	18	18
Compensation income for damage	38	-
Compensation income	8	5
Outsourcing service income	9	10
Subsidy income	10	155
Foreign exchange gains	14	50
Other	35	31
Total non-operating income	154	284
Non-operating expenses		
Interest expenses	16	17
Loss on redemption of investment securities	13	-
Compensation expenses	9	-
Commission for purchase of treasury shares	-	70
Other	3	6
Total non-operating expenses	42	93
Ordinary profit	7,568	3,568
Extraordinary income		
Gain on sale of non-current assets	24	1
Gain on sale of investment securities	56	-
Total extraordinary income	81	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	57	66
Total extraordinary losses	57	66
Profit before income taxes	7,592	3,503
Income taxes - current	1,758	767
Income taxes - deferred	97	101
Total income taxes	1,856	869
Profit	5,736	2,634
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	5,736	2,634

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	5,736	2,634
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	7
Foreign currency translation adjustment	9	84
Remeasurements of defined benefit plans, net of tax	(144)	204
Total other comprehensive income	(140)	296
Comprehensive income	5,595	2,931
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,595	2,931
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,897	8,000	33,162	(3,126)	44,934
Changes during period					
Dividends of surplus			(2,033)		(2,033)
Profit attributable to owners of parent			5,736		5,736
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		75		30	105
Cancellation of treasury shares					-
Net changes in items other than shareholders' equity					
Total changes during period	-	75	3,703	30	3,808
Balance at end of period	6,897	8,076	36,865	(3,095)	48,743

	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	33	258	259	551	316	45,803
Changes during period						
Dividends of surplus						(2,033)
Profit attributable to owners of parent						5,736
Purchase of treasury shares						(0)
Disposal of treasury shares						105
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	(5)	9	(144)	(140)	63	(76)
Total changes during period	(5)	9	(144)	(140)	63	3,731
Balance at end of period	28	268	115	411	380	49,535

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,897	8,076	36,865	(3,095)	48,743
Changes during period					
Dividends of surplus			(1,927)		(1,927)
Profit attributable to owners of parent			2,634		2,634
Purchase of treasury shares				(4,636)	(4,636)
Disposal of treasury shares		58		32	91
Cancellation of treasury shares		(242)	(1,771)	2,013	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(183)	(1,064)	(2,590)	(3,838)
Balance at end of period	6,897	7,892	35,801	(5,686)	44,904

	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	28	268	115	411	380	49,535
Changes during period						
Dividends of surplus						(1,927)
Profit attributable to owners of parent						2,634
Purchase of treasury shares						(4,636)
Disposal of treasury shares						91
Cancellation of treasury shares						-
Net changes in items other than shareholders' equity	7	84	204	296	(22)	274
Total changes during period	7	84	204	296	(22)	(3,564)
Balance at end of period	35	353	319	708	358	45,971

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	7,592	3,503
Depreciation	2,125	2,326
Increase (decrease) in allowance for doubtful accounts	21	(9)
Increase (decrease) in provision for bonuses	(10)	(92)
Decrease (increase) in retirement benefit asset	(118)	(57)
Share-based payment expenses	63	15
Interest and dividend income	(18)	(12)
Interest expenses	16	17
Foreign exchange losses (gains)	0	0
Compensation income	(8)	(5)
Compensation expenses	9	-
Subsidy income	(10)	(155)
Loss (gain) on sale and retirement of property, plant and equipment	33	61
Loss (gain) on sale of investment securities	(56)	-
Decrease (increase) in trade receivables	835	(1,355)
Decrease (increase) in inventories	(180)	322
Decrease (increase) in other current assets	(533)	510
Decrease (increase) in other investments	2	(1)
Increase (decrease) in trade payables	161	(212)
Increase (decrease) in other current liabilities	(111)	343
Other, net	(28)	220
Subtotal	9,785	5,417
Interest and dividends received	23	12
Interest paid	(16)	(17)
Proceeds from insurance income	4	4
Income taxes paid	(2,224)	(1,610)
Income taxes refund	3	-
Net cash provided by (used in) operating activities	7,575	3,806
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,206)	(1,976)
Proceeds from sale of property, plant and equipment	27	8
Purchase of intangible assets	(72)	(114)
Payments for retirement of non-current assets	(17)	(63)
Proceeds from sale of investment securities	61	-
Proceeds from redemption of investment securities	3,000	-
Payments into time deposits	(5,253)	(2,341)
Proceeds from withdrawal of time deposits	5,224	2,279
Purchase of insurance funds	(100)	(31)
Proceeds from cancellation of insurance funds	100	31
Other payments	(79)	(6)
Net cash provided by (used in) investing activities	(316)	(2,216)

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Purchase of treasury shares	(0)	(4,707)
Dividends paid	(2,033)	(1,927)
Other, net	(62)	(59)
Net cash provided by (used in) financing activities	(2,095)	(6,694)
Effect of exchange rate change on cash and cash equivalents	0	6
Net increase (decrease) in cash and cash equivalents	5,164	(5,098)
Cash and cash equivalents at beginning of period	10,900	16,064
Cash and cash equivalents at end of period	16,064	10,966

(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: 2

EIKEN CHINA CO., LTD.

EIKEN MEDICAL AMERICA INC.

As EIKEN MEDICAL AMERICA INC. was newly established in the consolidated fiscal year under review, it is included in the scope of consolidation.

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

Not applicable.

2. Equity method

Not applicable.

3. Accounting period of consolidated subsidiaries

Of the consolidated subsidiaries, the fiscal closing date of 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.

The fiscal closing date of the other consolidated subsidiary is in line with the consolidated fiscal closing date.

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: 7-40 years

Machinery, equipment, and vehicles: 4-10 years

Tools, furniture and fixtures 2-15 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 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.

(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.

(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, 2023	As of March 31, 2024
Notes	497	802
Accounts receivable - trade	10,398	11,440

*2. Contract liabilities in other is as follows.

	(Million yen)	
	As of March 31, 2023	As of March 31, 2024
Contract liability	30	62

*3. Regarding accounting policies for notes maturing on the last day of the consolidated fiscal year, although the last day of the consolidated fiscal year under review was a holiday for financial institutions, the notes are treated as if the settlement was made on the maturity date.

Notes maturing on the last day of the consolidated fiscal year under review are as follows.

	(Million yen)	
	As of March 31, 2023	As of March 31, 2024
Notes	-	17

4. 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, 2023	As of March 31, 2024
Total of overdraft maximum amount and commitment lines	5,400	4,600
Outstanding borrowings	-	-
Difference	5,400	4,600

(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, 2023	For the fiscal year ended March 31, 2024
	42,944	39,767

*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, 2023	For the fiscal year ended March 31, 2024
	310	114

*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, 2023	For the fiscal year ended March 31, 2024
Salaries	2,268	2,526
Provision for bonuses	400	353
Retirement benefit expenses	76	112
Research and development expenses	4,065	3,939
Provision of allowance for doubtful accounts	21	(1)

*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, 2023	For the fiscal year ended March 31, 2024
	4,065	3,939

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

	(Million yen)	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Buildings and structures	0	15
Machinery, equipment and vehicles	9	1
Tools, furniture and fixtures	16	0
Software	-	3
Dismantlement cost	30	46
Total	57	66

(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, 2023	For the fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities:		
Amount incurred during the period	(0)	11
Reclassification adjustment	(6)	-
Before tax effect adjustment	(7)	11
Tax effect	2	(3)
Valuation difference on available-for-sale securities	(5)	7
Foreign currency translation adjustment:		
Amount incurred during the period	9	84
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(182)	315
Reclassification adjustment	(25)	(20)
Before tax effect adjustment	(208)	294
Tax effect	63	(90)
Remeasurements of defined benefit plans, net of tax	(144)	204
Total other comprehensive income	(140)	296

(Notes to Consolidated Statements of Changes in Net Assets)

For the fiscal year ended March 31, 2023

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.	6,576,861	44	64,280	6,512,625
Total	6,576,861	44	64,280	6,512,625

(Notes) 1. The increase in treasury shares by 44 shares of common shares is due to the purchase of shares of less than one unit.

2. The decrease in treasury shares by 64,280 shares of common shares is due to the disposal of treasury shares as restricted stock units.

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	—	—	—	—	—	380
Total		—	—	—	—	—	380

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, 2022 Board of Directors meeting	Common shares	1,145	31	March 31, 2022	June 6, 2022
October 27, 2022 Board of Directors meeting	Common shares	887	24	September 30, 2022	December 1, 2022

(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, 2023 Board of Directors meeting	Common shares	999	Retained earnings	27	March 31, 2023	June 8, 2023

For the fiscal year ended March 31, 2024

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 (Note) 1.	43,541,438	—	3,500,000	40,041,438
Total	43,541,438	—	3,500,000	40,041,438
Treasury shares				
Common shares (Notes) 2. 3.	6,512,625	2,500,000	3,569,117	5,443,508
Total	6,512,625	2,500,000	3,569,117	5,443,508

- (Notes)
1. The decrease in total number of issued shares by 3,500,000 shares of common shares is due to the cancellation of treasury shares based on a resolution of the Board of Directors.
 2. The increase in treasury shares by 2,500,000 shares of common shares is due to the purchase of treasury shares based on a resolution of the Board of Directors.
 3. The decrease in treasury shares by 3,569,117 shares of common shares is due to the 3,500,000 share decrease caused by the cancellation of treasury shares based on a resolution of the Board of Directors, the 35,417 share decrease caused by the disposal of treasury shares as restricted stock units, and the 33,700 share decrease caused by 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	—	—	—	—	—	358
Total		—	—	—	—	—	358

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, 2023 Board of Directors meeting	Common shares	999	27	March 31, 2023	June 8, 2023
October 26, 2023 Board of Directors meeting	Common shares	927	25	September 30, 2023	December 1, 2023

(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
May 9, 2024 Board of Directors meeting	Common shares	899	Retained earnings	26	March 31, 2024	June 7, 2024

(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, 2023	For the fiscal year ended March 31, 2024
Cash and deposits	18,317	16,308
Time deposits with deposit terms of more than three months	(2,253)	(5,341)
Cash and cash equivalents	16,064	10,966

(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, 2023	As of March 31, 2024
Within one year	238	252
Over one year	171	241
Total	410	494

(Lessor)

Finance lease transactions

(1) Description of investments in leases

1) Current assets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Lease receivables	356	359
Interest income equivalents	(18)	(21)
Investments in leases	337	337

2) Investments and other assets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Lease receivables	814	867
Interest income equivalents	(27)	(35)
Investments in leases	786	832

(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, 2023					
	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	356	—	—	—	—	—

(Million yen)

	As of March 31, 2024					
	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	359	—	—	—	—	—

2) Investments and other assets

(Million yen)

	As of March 31, 2023					
	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	—	283	242	168	77	41

(Million yen)

	As of March 31, 2024					
	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	—	318	241	151	78	77

(Segment information)

Segment information

Fiscal year ended March 31, 2023 and fiscal year ended March 31, 2024

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

(Per share information)

(Yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	1,327.47	1,318.38
Basic earnings per share	155.17	71.69
Diluted earnings per share	153.86	71.10

(Note) The basis for the calculation of basic earnings per share and diluted earnings per share is as follows.

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	5,736	2,634
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	5,736	2,634
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	36,967	36,744
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	—	—
Increase in number of shares of common shares (Thousand shares)	314	306
(Bonds with share acquisition rights included in the above)	(314)	(306)
Overview of residual shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	

(Significant subsequent events)

(Retirement of treasury shares)

At a meeting of the Board of Directors held on April 24, 2024, the Company resolved to retire treasury shares in accordance with Article 178 of the Companies Act, and the Company has retired treasury shares as follows.

- Reason for the retirement of treasury shares
To improve shareholder profits by reducing the total number of issued shares
- Details of matters related to the retirement of treasury shares
 - Type of shares retired: common shares
 - Number of shares retired: 1,500,000 shares
(Ratio to the total number of issued shares before retirement: 3.75%)
 - Date of retirement: April 26, 2024

4. Non-consolidated Financial Statements and Principal Notes

(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	17,917	15,721
Notes receivable - trade	499	804
Accounts receivable - trade	10,619	11,675
Investments in leases	337	337
Merchandise and finished goods	4,728	4,172
Work in process	1,917	2,001
Raw materials and supplies	1,710	1,874
Prepaid expenses	327	310
Other	685	313
Allowance for doubtful accounts	(6)	(7)
Total current assets	38,736	37,204
Non-current assets		
Property, plant and equipment		
Buildings	22,710	23,178
Accumulated depreciation	(11,682)	(12,328)
Buildings, net	11,028	10,849
Structures	1,745	1,654
Accumulated depreciation	(845)	(812)
Structures, net	900	842
Machinery and equipment	6,728	7,201
Accumulated depreciation	(5,428)	(5,756)
Machinery and equipment, net	1,300	1,445
Vehicles	48	49
Accumulated depreciation	(38)	(41)
Vehicles, net	10	8
Tools, furniture and fixtures	5,003	5,342
Accumulated depreciation	(3,933)	(4,356)
Tools, furniture and fixtures, net	1,070	985
Land	1,928	1,928
Leased assets	325	281
Accumulated depreciation	(150)	(129)
Leased assets, net	174	152
Construction in progress	382	414
Total property, plant and equipment	16,794	16,627
Intangible assets		
Patent right	3	4
Software	848	572
Other	19	24
Total intangible assets	871	601

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Investments and other assets		
Investment securities	586	597
Shares of subsidiaries and associates	-	72
Investments in capital	0	0
Investments in capital of subsidiaries and associates	1,316	1,316
Distressed receivables	30	20
Long-term prepaid expenses	127	89
Long-term time deposits	4,900	1,900
Life insurance funds	168	170
Prepaid pension costs	1,282	1,360
Deferred tax assets	599	495
Investments in leases	786	832
Other	235	236
Allowance for doubtful accounts	(34)	(23)
Total investments and other assets	10,001	7,070
Total non-current assets	27,667	24,299
Total assets	66,404	61,503
Liabilities		
Current liabilities		
Accounts payable - trade	4,715	4,678
Electronically recorded obligations - operating	2,933	2,759
Lease liabilities	390	384
Accounts payable - other	1,397	1,503
Accrued expenses	227	285
Income taxes payable	827	-
Refund liabilities	411	373
Contract liabilities	24	54
Deposits received	67	126
Provision for bonuses	766	674
Other	676	505
Total current liabilities	12,439	11,345
Non-current liabilities		
Bonds payable	3,000	3,000
Lease liabilities	919	951
Asset retirement obligations	34	35
Other	342	342
Total non-current liabilities	4,296	4,329
Total liabilities	16,736	15,675

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	6,897	6,897
Capital surplus		
Legal capital surplus	7,892	7,892
Other capital surplus	183	-
Total capital surplus	8,076	7,892
Retained earnings		
Legal retained earnings	338	338
Other retained earnings		
Reserve for tax purpose reduction entry	58	54
General reserve	4,330	4,330
Retained earnings brought forward	32,654	31,608
Total retained earnings	37,381	36,331
Treasury shares	(3,095)	(5,686)
Total shareholders' equity	49,259	45,434
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	28	35
Total valuation and translation adjustments	28	35
Share acquisition rights	380	358
Total net assets	49,667	45,828
Total liabilities and net assets	66,404	61,503

(2) Non-consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales		
Net sales of finished goods	22,133	18,459
Net sales of goods	21,062	21,503
Total net sales	43,195	39,962
Cost of sales		
Beginning inventory of merchandise and finished goods	4,654	4,728
Cost of products manufactured	7,954	8,116
Cost of purchased goods	15,012	14,752
Ending inventory of merchandise and finished goods	4,728	4,172
Total cost of sales	22,892	23,425
Gross profit	20,303	16,536
Selling, general and administrative expenses	12,788	13,114
Operating profit	7,514	3,422
Non-operating income		
Interest income	9	0
Dividend income	3	4
Compensation income for damage	38	-
Compensation income	8	5
Outsourcing service income	9	10
Foreign exchange gains	26	45
Subsidy income	10	155
Other	35	30
Total non-operating income	141	253
Non-operating expenses		
Interest expenses	3	4
Interest expenses on bonds	12	12
Commission for purchase of treasury shares	-	70
Commitment fees	2	3
Loss on redemption of investment securities	13	-
Compensation expenses	9	-
Other	0	3
Total non-operating expenses	42	93
Ordinary profit	7,613	3,581
Extraordinary income		
Gain on sale of non-current assets	24	0
Gain on sale of investment securities	56	-
Total extraordinary income	81	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	57	65
Total extraordinary losses	57	65
Profit before income taxes	7,637	3,516
Income taxes - current	1,758	767
Income taxes - deferred	97	100
Total income taxes	1,855	868
Profit	5,781	2,648

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

For the fiscal year ended March 31, 2023

(Millions of 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	108	338	66	4,330	28,898
Changes during period							
Reversal of reserve for tax purpose reduction entry					(7)		7
Dividends of surplus							(2,033)
Profit							5,781
Purchase of treasury shares							
Disposal of treasury shares			75				
Cancellation of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	75	-	(7)	-	3,756
Balance at end of period	6,897	7,892	183	338	58	4,330	32,654

	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	(3,126)	45,405	33	316	45,755
Changes during period					
Reversal of reserve for tax purpose reduction entry		-			-
Dividends of surplus		(2,033)			(2,033)
Profit		5,781			5,781
Purchase of treasury shares	(0)	(0)			(0)
Disposal of treasury shares	30	105			105
Cancellation of treasury shares		-			-
Net changes in items other than shareholders' equity			(5)	63	58
Total changes during period	30	3,854	(5)	63	3,912
Balance at end of period	(3,095)	49,259	28	380	49,667

For the fiscal year ended March 31, 2024

(Millions of 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	183	338	58	4,330	32,654
Changes during period							
Reversal of reserve for tax purpose reduction entry					(3)		3
Dividends of surplus							(1,927)
Profit							2,648
Purchase of treasury shares							
Disposal of treasury shares			58				
Cancellation of treasury shares			(242)				(1,771)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	(183)	-	(3)	-	(1,046)
Balance at end of period	6,897	7,892	-	338	54	4,330	31,608

	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	(3,095)	49,259	28	380	49,667
Changes during period					
Reversal of reserve for tax purpose reduction entry		-			-
Dividends of surplus		(1,927)			(1,927)
Profit		2,648			2,648
Purchase of treasury shares	(4,636)	(4,636)			(4,636)
Disposal of treasury shares	32	91			91
Cancellation of treasury shares	2,013	-			-
Net changes in items other than shareholders' equity			7	(22)	(14)
Total changes during period	(2,590)	(3,824)	7	(22)	(3,839)
Balance at end of period	(5,686)	45,434	35	358	45,828

(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	7-40 years
Machinery and equipment	8 years
Vehicles	4-6 years
Tools, furniture and fixtures	2-15 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 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 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 policies 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.

(Notes to Non-consolidated Balance Sheets)

- *1. Regarding accounting policies for notes maturing on the last day of the fiscal year, although the last day of the fiscal year under review was a holiday for financial institutions, the notes are treated as if the settlement was made on the maturity date.

Notes maturing on the last day of the fiscal year under review are as follows.

(Million yen)		
	As of March 31, 2023	As of March 31, 2024
Notes	-	17

2. 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, 2023	As of March 31, 2024
Total of overdraft maximum amount and commitment lines	5,400	4,600
Outstanding borrowings	-	-
Difference	5,400	4,600

(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, 2023	For the fiscal year ended March 31, 2024
Salaries	2,203	2,464
Provision for bonuses	400	353
Retirement benefit expenses	76	112
Legal welfare expenses	581	567
Travel and transportation expenses	476	535
Packaging and transportation expenses	822	804
Research and development expenses	4,011	3,916
Depreciation	412	464
Provision of allowance for doubtful accounts	21	(1)

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

	(Million yen)	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Buildings	0	14
Structures	0	0
Machinery and equipment	9	0
Vehicles	0	0
Tools, furniture and fixtures	16	0
Software	-	3
Dismantlement cost	30	46
Total	57	65

(Significant subsequent events)

(Retirement of treasury shares)

At a meeting of the Board of Directors held on April 24, 2024, the Company resolved to retire treasury shares in accordance with Article 178 of the Companies Act, and the Company has retired treasury shares as follows.

- Reason for the retirement of treasury shares
To improve shareholder profits by reducing the total number of issued shares
- Details of matters related to the retirement of treasury shares
 - Type of shares retired: common shares
 - Number of shares retired: 1,500,000 shares
(Ratio to the total number of issued shares before retirement: 3.75%)
 - Date of retirement: April 26, 2024

5. Others

(1) Changes in Officers

1) Changes in CEO

Not applicable

2) Changes in Other Officers

Not applicable

(2) Sales

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

Sales performance

Sales performance for the consolidated fiscal year under review described by product class and type is as follows.

(Million yen)

Name of class and type of product	For the fiscal year ended March 31, 2024	Change from the previous corresponding period (%)
Microbiological testing reagents	4,312	109.5
Urinalysis reagents	4,401	106.2
Immunological and serological reagents	21,710	104.8
Clinical chemistry reagents	575	97.5
Equipment and culture medium for food and environment related category	1,961	90.6
Other category	7,090	60.5
Total	40,052	92.6