

April 10, 2024

Consolidated Financial Results for Fiscal 2023

[Japanese Standards]

Name: **Hogy Medical Co., Ltd.**
Listing: **Prime Market, Tokyo Stock Exchange**
Stock code number: **3593**
Phone: **+81-3-6229-1300**
URL: **https://www.hogy.co.jp**
Representative: **Hideki Kawakubo, President and CEO**
Contact: **Katsuo Sasaki, Vice President**
Annual Meeting of Shareholders: **June 20, 2024**
Date of issue of Financial Report: **June 20, 2024**
Preparation of supplementary materials for financial results: **Yes**
Information meeting for financial results to be held: **Yes**
Start of cash dividend payments: **May 31, 2024**

1. Financial results for fiscal 2023 (April 1, 2023–March 31, 2024)

(1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		(% change from previous year)		(% change)		(% change)		(% change)
Fiscal 2023	¥39,100	+0.3%	¥4,169	−37.2%	¥4,245	−36.2%	¥2,804	−35.0%
Fiscal 2022	38,981	+6.0%	6,634	+8.1%	6,653	+5.8%	4,316	−1.2%

Note: Comprehensive income

Fiscal 2023: ¥4,310 million (down 19.9%)

Fiscal 2022: ¥5,380 million (up 14.5%)

	Profit per share	Profit per share (fully diluted)	ROE	Ordinary income/ Total assets	Operating income/ Net sales
	(Yen)	(Yen)	(%)	(%)	(%)
Fiscal 2023	¥115.57	—	3.3%	4.2%	10.7%
Fiscal 2022	177.95	—	5.3%	6.6%	17.0%

Reference: Gain/loss on investments based on equity method

Fiscal 2023: ¥—million

Fiscal 2022: ¥—million

(2) Financial position (year-end)

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
Fiscal 2023	¥100,041	¥86,120	86.1%	¥3,547.47
Fiscal 2022	102,180	83,678	81.8%	3,446.71

Reference: Equity capital at year-end

Fiscal 2023: ¥86,111 million

Fiscal 2022: ¥83,606 million

(3) Cash flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal 2023	¥7,117	¥-3,262	¥-3,892	¥18,623
Fiscal 2022	9,176	-1,951	-3,142	18,351

2. Cash dividends

	Cash dividends per share (Yen)					Total dividends paid (full year) (Millions of yen)	Payout ratio (consolidated)	Dividends paid/ Net assets (consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Fiscal 2022	¥17.50	¥17.50	¥18.00	¥18.00	¥71.00	¥1,722	39.9%	2.1%
Fiscal 2023	20.00	20.00	20.00	20.00	80.00	1,941	69.2%	2.3%
Fiscal 2024 (est.)	20.00	20.00	20.00	20.00	80.00		58.7%	

3. Forecast for fiscal 2024 (April 1, 2024–March 31, 2025)

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount
First 2 quarters	¥20,110	+2.9%	¥1,940	-18.3%	¥2,030	-14.5%	¥1,440	-16.9%	¥ 59.32
Full year	40,850	+4.5%	4,690	+12.5%	4,800	+13.1%	3,310	+18.0%	136.36

4. Notes

- (1) Important changes in scope of consolidation during period (changes to specified subsidiaries accompanying changes in scope of consolidation): No
- (2) Changes in accounting policies; changes in accounting estimates; restatements
 (1) Changes in accounting policies due to amendment of accounting standards: No
 (2) Other changes in accounting policies: No
 (3) Changes in accounting estimates: Yes
 (4) Restatements: No
- (3) Shares outstanding (common stock) at year-end
 1. Number of shares outstanding (including treasury stock)
 Fiscal 2023: 25,256,963
 Fiscal 2022: 32,682,310
 2. Number of treasury shares outstanding
 Fiscal 2023: 982,821
 Fiscal 2022: 8,425,347
 3. Average number of shares over period
 Fiscal 2023: 24,268,040
 Fiscal 2022: 24,257,024

(Reference) Summary of Non-Consolidated Financial Results

1. Financial results for fiscal 2023 (April 1, 2023–March 31, 2024)

(1) Results of operations

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		(% change)		(% change)		(% change)		(% change)
Fiscal 2023	¥38,569	+0.5%	¥3,676	−39.9%	¥3,771	−39.9%	¥2,097	−48.4%
Fiscal 2022	38,389	+6.4%	6,116	+8.0%	6,270	+4.6%	4,062	−2.8%

	Profit per share (Yen)	Profit per share (fully diluted) (Yen)
Fiscal 2023	¥ 86.44	—
Fiscal 2022	167.48	—

(2) Financial position

(Millions of yen, except per share data, rounded down)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share (Yen)
Fiscal 2023	¥89,892	¥74,924	83.3%	¥3,086.60
Fiscal 2022	93,855	74,070	78.9%	3,053.56

Reference: Equity capital at year-end

Fiscal 2023: ¥74,924 million

Fiscal 2022: ¥74,070 million

2. Forecast for fiscal 2024 (April 1, 2024–March 31, 2025)

(Millions of yen, except per share data, rounded down; percentage figures denote year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
First 2 quarters	¥19,851	+3.0%	¥1,721	-20.2%	¥1,711	-15.7%	¥1,201	-17.0%	¥ 49.48
Full year	40,350	+4.6%	4,060	+10.4%	4,310	+14.3%	3,020	+44.0%	124.41

*** This financial report is not subject to audits by certified public accountants or auditing companies.**

***Appropriate use of business forecasts; other special items**

Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Accordingly, the Company cannot make promises to achieve such forecasts. Due to various circumstances, however, actual results may differ significantly from such statements. For cautionary notes on assumptions underlying the Company's forecasts and the usage of such forecasts, please refer to "(1) Performance" on page 6.

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1. Performance and Financial Position

(1) Performance

In the fiscal year under review, the Japanese economy showed signs of recovery, evidenced by normalization of social activities after the COVID-19 pandemic and an increase in inbound demand. On the other hand, the outlook remained uncertain due to an increasingly tense international situation, as well as inflation, soaring prices caused by interest rate hikes, and a significant depreciation of the yen in the foreign exchange market.

In the healthcare sector, soaring prices of goods, materials, and utilities put pressure on business management. There are also concerns that the labor shortage problem will become more apparent as full-scale workstyle reforms for doctors take shape in April 2024. On the medical frontlines, where it is difficult to resolve quickly and fundamentally, we expect conditions to become harsh as operators are pressed to maintain and improve the quality of medical care while accepting various restrictions.

Under these circumstances, the Hogy Medical Group aggressively developed proposals for high-value-added products that contribute to medical safety and improved hospital operational efficiency. The performance of Premium Kit, our most important strategic product, was particularly noteworthy. Premium Kit has been warmly evaluated by customers as a high-value-added product that significantly reduces the time and effort required by customers before, during, and after surgery and ensures medical safety during surgery. Accordingly, it has generated increases in sales since its launch. In the fiscal year under review, we continued focusing on acquiring new customers and encouraging them to switch from existing kit products, and sales of Premium Kit rose significantly as a result. On the other hand, sales of nonwoven fabric products decreased in both volume and value terms due to price revisions implemented in the previous fiscal year. Sales of other nonwoven fabric products, which include infection-prevention products, also declined as demand for high-performance mask products, which attracted special demand in the previous fiscal year, returned to normal.

As a result, consolidated net sales for the year amounted to ¥39,100 million, up 0.3% from the previous year. Sales of surgical kit products rose 5.5%, to ¥25,503 million, of which Premium Kit sales climbed 8.7%, to ¥16,218 million. Cost of sales rose 7.0% due to an increase in depreciation costs associated with the commissioning of Stage 2 of our new surgical kit plant in April 2023, as well as surging costs of imported materials due to the yen's depreciation. Selling, general, and administrative (SG&A) expenses decreased overall thanks to cost containment efforts, despite an increase in expenditures required for sales promotion. As a result, operating income declined 37.2%, to ¥4,169 million, and ordinary income fell 36.2%, to ¥4,245 million. Accordingly, profit attributable to owners of parent declined 35.0%, to ¥2,804 million.

(Future Outlook)

In the domestic economy, there is rising anticipation that consumer confidence will recover gradually, as evidenced by high wage growth and other factors. However, we expect the outlook to remain difficult to predict due to unstable international conditions, soaring prices of resources and raw materials, and high prices of materials procured overseas due to exchange rate fluctuations.

In the healthcare sector, hospitals are expected to accelerate functional differentiation as the government's Community-based Integrated Care System takes shape. Medical institutions will also be pressured to address a revision of official prices for medical fees, the government's 8th National Medical Strategic Plan, and the start of workstyle reform for doctors. With respect to the revision of official prices for medical fees, the core portion will increase at a high level of 0.88%. Given the difficulty in attracting financial resources, however, the government has indicated its policy aimed at improving compensation for medical workers and solving the

problem of labor shortages on the medical frontlines. Therefore, reducing the turnover rate on the frontlines and improving both medical safety and productivity of hospital operations are expected to become social priorities.

In response, the Hogy Medical Group will remain sensitive to changes in its customers' business environment. We will also stay in close touch with customers and advance our corporate activities to become the only company that can provide solutions to their problems.

On the sales side, the functional differentiation of hospital beds in Japan is expected to lead to a concentration of surgeries at acute-care and highly acute-care hospitals, highlighting the need to improve productivity and address labor shortages. Leveraging Premium Kit, we will respond by aggressively developing proposals to reduce workloads and reform workstyles, thus helping resolve issues faced by our customers. In our overseas business, Hogy Medical Asia Pacific Pte. Ltd. (sales subsidiary in Singapore) and P.T. Hogy Medical Sales Indonesia (sales sub-subsidiary in Indonesia) will actively introduce our products to key hospitals in Southeast Asia, centered on Singapore and Indonesia.

In new fields, we will continue aggressively promoting our REVICE business, which involves re-manufacturing of single-use medical devices. As of March 31, 2024, we had obtained 7 licenses and approvals.

With respect to production, we will continue working to lower costs, improve productivity, and otherwise reduce expenses even under uncertain and complex business conditions. At the same time, we will work to ensure stable and continuous supplies of products that help maximize customer value. Regarding manufacturing costs, we expect a decrease in depreciation expenses associated with our investment in Stage 2 of our new surgical kit plant, which began operations in April 2023. However, due to investments to improve product value and maintain product quality, as well as the soaring cost of imported materials resulting from the yen's depreciation, we expect the cost of sales ratio to improve by only 1.0%. At P.T. Hogy Indonesia, an overseas manufacturing subsidiary, we will aggressively pursue plans to promote in-house production of medical materials and other items included in surgical kit products, while at the same time working to improve productivity and make further cost reductions.

In other business activities, we will continue striving to ensure appropriate allocation of expenditures while taking cost effectiveness into consideration. Looking ahead, we expect SG&A expenses to increase, mainly due to maintenance and renovation costs associated with our distribution centers, expenses related to R&D aimed at strengthening product competitiveness, and expenses required for sales activities.

In light of the aforementioned circumstances, our consolidated performance forecasts for the next fiscal year are as follows.

(Consolidated performance forecasts)

Net sales	¥40,850 million	(up 4.5%)
Operating income	¥ 4,690 million	(up 12.5%)
Ordinary income	¥ 4,800 million	(up 13.1%)
Profit attributable to owners of parent	¥ 3,310 million	(up 18.0%)

(2) Financial Position

1) Assets, Liabilities, and Net Assets

As of March 31, 2024, total assets amounted to ¥100,041 million, down ¥2,139 million from March 31, 2023.

During the period, total current assets rose ¥2,735 million, to ¥43,025 million. Factors included a ¥557 million increase in cash and bank deposits, an ¥804 million increase in notes and accounts receivable, a ¥589 million increase in inventories, and a ¥675 million increase in accrued consumption taxes and other. Within fixed assets, tangibles decreased ¥5,843 million, to ¥45,712 million, reflecting a ¥1,175 decrease in buildings and structures stemming from depreciation and a ¥9,889 million increase in equipment and vehicles—resulting from the commissioning of Stage 2 operations of the new surgical kit factory exceeding the decrease from depreciation—as well as a ¥14,488 million decrease in construction in progress (also resulting from commissioning of Stage 2). Intangibles decreased ¥324 million, to ¥495 million, mainly due to a ¥183 million impairment loss on software in progress and ¥255 million in depreciation. Investments and other assets increased ¥1,293 million, to ¥10,807 million, mainly due to a ¥974 million increase in investment securities stemming from acquisition and market valuation of such securities. As a result, total fixed assets ended the period at ¥57,015 million.

At fiscal year-end, total liabilities amounted to ¥13,921 million, down ¥4,580 million. Current liabilities decreased ¥2,893 million, to ¥8,241 million, mainly reflecting a ¥1,111 decrease in income taxes payable, a ¥1,068 million decrease in equipment-related notes payable, and a ¥562 million decrease in accrued consumption taxes and other. Long-term liabilities declined ¥1,687 million, to ¥5,680 million, mainly reflecting a ¥1,999 million decrease in long-term borrowings—which were transferred to short-term borrowings—and a ¥395 million increase in deferred tax liabilities.

Net assets at year-end totaled ¥86,120 million, up ¥2,441 million. Main factors were ¥2,804 million in profit attributable to owners of parent, ¥1,892 million in distributions from retained earnings, and a ¥916 million increase in translation adjustment.

Based on a resolution of the Board of Directors meeting held on April 12, 2023, the Company cancelled 7,425,347 shares of treasury stock on April 21, 2023. This led to a ¥24,288 million decline in both retained earnings and treasury stock, which ended the year at ¥67,762 million and ¥3,217 million, respectively.

As a result, the equity ratio rose to 86.1%, up from 81.8% from March 31, 2023.

2) Cash Flows

Cash and cash equivalents at the end of the year stood at ¥18,623 million, up ¥272 million from a year earlier. This reflected cash flow factors described below.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥7,117 million, from ¥9,176 million in the previous year. Factors in this result included ¥4,075 million in income before income taxes, ¥6,607 million in depreciation, a ¥739 million increase in notes and accounts receivable, a ¥675 million increase in accrued consumption taxes and other, and ¥2,252 million in income taxes paid.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥3,262 million, from ¥1,951 million in the previous year. Main factors included ¥2,686 million in purchase of tangible fixed assets and ¥206 million in purchase of investment securities.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥3,892 million, from ¥3,142 million in the previous year. Main factors included ¥1,999 million in repayments of long-term borrowings and ¥1,892 million in dividends paid.

For the next fiscal year, we expect net cash provided by operating activities of around ¥9,800 million; net cash used in investing activities of around ¥5,270 million, mainly due to purchases of tangible fixed assets; and net cash used in financing activities of around ¥4,000 million, mainly influenced by repayments of long-term borrowings and payments of dividends.

(Cash Flow Indicators)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Equity ratio (%)	90.8	80.8	81.8	86.1
Equity ratio based on market price (%)	104.4	107.0	101.6	94.7
Debt coverage (years)	0.0	1.1	0.8	0.8
Interest coverage ratio (times)	3,288.3	1,292.1	311.8	306.5

Notes:

Equity ratio: Equity capital/Total assets

Equity ratio based on market price: Total stock value based on market price/Total assets

Debt coverage: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest paid

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the year) by the number of shares outstanding at the end of the year.
3. Operating cash flow is calculated using net cash provided by operating activities (listed in the Consolidated Statements of Cash Flows).
4. Interest-bearing debt refers to all debt that incurs interest (listed in the Consolidated Balance Sheets). However, it does not include long-term debt stated under guidance of “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015). For interest paid, the amount shown in the Consolidated Statements of Cash Flows is used.

(3) Medium-Term Business Plan

The Company and is currently formulating a medium-term business plan based on the fundamental policies described below, having identified and collated issues to be addressed in the medium to long term.

1. Make improvements in capital profitability and efficiency with cost of capital in mind
2. Adopt a business strategy focused on “customer value enhancement” to maintain a sustainably high growth rate
3. Transform our governance structure from one revolving around our founder to one revolving around our corporate philosophy and commitment to corporate value enhancement

With respect to our governance structure, we will strengthen the supervisory function of the Board of Directors and further enhance our corporate governance structure with the aim of achieving sustainable growth and further increasing corporate value over the medium to long term. We also plan to transition to a company with an audit committee after obtaining approval at the 63rd General Meeting of Shareholders (scheduled for June 20, 2024). By delegating important business execution decisions to executive directors, our aim is to enable quicker decision-making and more flexible business execution.

Details of the medium-term business plan will be disclosed around July 2024 when we release our first-quarter results.

2. Basic Approach to Selection of Accounting Standards

To allow reliable year-on-year and company-to-company comparisons, the Hogy Medical Group's policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

With respect to application of IFRS, our policy is to respond appropriately based on consideration of various domestic and overseas circumstances.

3. Consolidated Financial Statements

(1) Balance Sheets

(Millions of yen, rounded down)

	Fiscal 2022 (At March 31, 2023)	Fiscal 2023 (At March 31, 2024)
ASSETS		
Current assets		
Cash and bank deposits	¥18,862	¥19,419
Notes receivable	6,005	2,711
Electronically recorded monetary claims	334	4,307
Accounts receivable	5,623	5,747
Goods and merchandise	3,927	4,502
Products in progress	448	390
Materials and supplies	4,492	4,563
Other	598	1,382
Allowance for doubtful accounts	-0	-0
Total current assets	40,290	43,025
Fixed assets		
Tangibles		
Buildings and structures	47,942	48,188
Accumulated depreciation	-27,232	-28,654
Buildings and structures (net)	20,710	19,534
Machinery and vehicles	45,320	60,228
Accumulated depreciation	-40,483	-45,502
Machinery and vehicles (net)	4,836	14,726
Land	9,695	9,728
Construction in progress	15,730	1,241
Other	5,861	5,951
Accumulated depreciation	-5,278	-5,470
Other (net)	582	481
Total tangibles	51,555	45,712
Intangibles		
Software	439	377
Software in progress	262	3
Telephone subscription rights	13	13
Other	103	100
Total intangibles	819	495
Investments and other assets		
Investment securities	8,239	9,213
Guaranty deposit	388	396
Deferred income taxes	210	263
Other	683	943
Allowance for doubtful accounts	-7	-8
Total investments and other assets	9,514	10,807
Total fixed assets	61,890	57,015
Total assets	102,180	100,041

(Millions of yen, rounded down)

	Fiscal 2022 (At March 31, 2023)	Fiscal 2023 (At March 31, 2024)
LIABILITIES		
Current liabilities		
Notes and accounts payable	¥ 4,813	¥ 4,834
Long-term debt due within one year	1,999	1,999
Accrued income tax	1,214	102
Reserve for employees' bonuses	428	464
Reserve for directors' bonuses	80	70
Equipment-related notes payable	1,223	155
Payables	350	131
Other current liabilities	1,025	482
Total current liabilities	11,134	8,241
Long-term liabilities		
Long-term borrowings	5,668	3,669
Deferred income taxes	546	942
Liability related to employees' retirement benefits	424	509
Long-term payables	32	32
Other long-term liabilities	695	526
Total long-term liabilities	7,367	5,680
Total liabilities	18,502	13,921
NET ASSETS		
Shareholders' equity		
Common stock	7,123	7,123
Capital surplus	8,270	8,294
Retained earnings	91,142	67,762
Treasury stock	-27,561	-3,217
Total shareholders' equity	78,974	79,962
Valuation/translation gains or losses		
Net unrealized gain or loss on securities	2,719	3,418
Deferred hedging gain or loss	102	—
Translation adjustment	1,914	2,831
Cumulative adjustment related to employees' retirement benefits	-104	-101
Total valuation/translation gains or losses	4,632	6,148
Non-controlling interests	72	8
Total net assets	83,678	86,120
Total liabilities and net assets	102,180	100,041

(2) Statements of Income and Statements of Comprehensive Income

(Statements of Income)

(Millions of yen, rounded down)

	Fiscal 2022 (April 1, 2022– March 31, 2023)	Fiscal 2023 (April 1, 2023– March 31, 2024)
Net sales	¥38,981	¥39,100
Cost of sales	23,241	26,037
Gross profit	15,740	13,063
Selling, general, and administrative expenses	9,105	8,894
Operating income	6,634	4,169
Other income		
Interest income	106	249
Dividend income	49	58
Foreign exchange gain	0	—
Insurance money received	1	35
Rental income	68	62
Other	34	34
Total other income	261	440
Other expenses		
Interest expense	29	23
Foreign exchange loss	—	37
Loss on investment partnership	141	187
Cost of rental income	71	94
Other	0	21
Total other expenses	242	363
Ordinary income	6,653	4,245
Extraordinary income		
Gain on sales of fixed assets	—	40
Total extraordinary income	—	40
Extraordinary expenses		
Loss on disposal of fixed assets	0	11
Impairment loss	464	198
Total extraordinary expenses	464	210
Income before income taxes	6,189	4,075
Income taxes	2,176	1,183
Income tax adjustment	–272	99
Total income taxes	1,904	1,282
Profit	4,285	2,793
Profit attributable to non-controlling interests	–31	–11
Profit attributable to owners of parent	4,316	2,804

(Statements of Comprehensive Income)

(Millions of yen, rounded down)

	Fiscal 2022 (April 1, 2022– March 31, 2023)	Fiscal 2023 (April 1, 2023– March 31, 2024)
Profit	¥4,285	¥2,793
Other comprehensive income		
Net unrealized gain or loss on securities	–112	699
Deferred hedging gain or loss	–158	–102
Translation adjustment	1,306	917
Adjustment related to employees’ retirement benefits	60	3
Total other comprehensive income	1,095	1,516
Comprehensive income	5,380	4,310
(Breakdown)		
Comprehensive income attributable owners of parent	5,411	4,321
Comprehensive income attributable to non-controlling interests	–31	–10

(3) Statements of Changes in Shareholders' Equity

Fiscal 2022 (April 1, 2022–March 31, 2023)

(Millions of yen, rounded down)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of the term	¥7,123	¥8,336	¥88,523	¥-27,561	¥76,422
Changes during term in review					
Distribution of retained earnings			-1,697		-1,697
Profit attributable to owners of parent			4,316		4,316
Purchase of treasury stock				-0	-0
Disposal of treasury stock		-0		0	0
Transfer from retained earnings to capital surplus		0	-0		—
Increase/decrease in equity due to capital increase of consolidated subsidiaries		-65			-65
Changes during term not related to shareholders' equity (net)					
Total changes during term	—	-65	2,618	-0	2,552
Balance at end of term	¥7,123	¥8,270	¥91,142	¥-27,561	¥78,974

	Valuation and translation adjustments						
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Translation adjustment	Cumulative adjustment related to employees' retirement benefits	Total valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at beginning of the term	¥2,831	¥261	¥608	¥-164	¥3,536	¥37	¥79,996
Changes during term in review							
Distribution of retained earnings							-1,697
Profit attributable to owners of parent							4,316
Purchase of treasury stock							-0
Disposal of treasury stock							0
Transfer from retained earnings to capital surplus							—
Increase/decrease in equity due to capital increase of consolidated subsidiaries							-65
Changes during term not related to shareholders' equity (net)	-112	-158	1,306	60	1,095	34	1,129
Total changes during term	-112	-158	1,306	60	1,095	34	3,682
Balance at end of term	¥2,719	¥102	¥1,914	¥-104	¥4,632	¥72	¥83,678

Fiscal 2023 (April 1, 2023–March 31, 2024)

(Millions of yen, rounded down)

	Shareholders' equity					Total shareholders' equity	
	Common stock	Capital surplus	Retained earnings	Treasury stock			
Balance at beginning of the term	¥7,123	¥8,270	¥91,142	¥-27,561		¥78,974	
Changes during term in review							
Distribution of retained earnings			-1,892			-1,892	
Profit attributable to owners of parent			2,804			2,804	
Purchase of treasury stock				-0		-0	
Disposal of treasury stock		-3		56		53	
Cancellation of treasury stock		-24,288		24,288		—	
Transfer from retained earnings to capital surplus		24,291	-24,291			—	
Changes in parent company's interest in transactions with non-controlling shareholders		23				23	
Changes during term not related to shareholders' equity (net)							
Total changes during term	—	23	-23,379	24,344		988	
Balance at end of term	¥7,123	¥8,294	¥67,762	¥-3,217		¥79,962	
	Valuation and translation adjustments						
	Net unrealized gain or loss on securities	Deferred hedging gain or loss	Translation adjustment	Cumulative adjustment related to employees' retirement benefits	Total valuation and translation adjustments	Non-controlling interests	Total net assets
Balance at beginning of the term	¥2,719	¥102	¥1,914	¥-104	¥4,632	¥72	¥83,678
Changes during term in review							
Distribution of retained earnings							-1,892
Profit attributable to owners of parent							2,804
Purchase of treasury stock							-0
Disposal of treasury stock							53
Cancellation of treasury stock							—
Transfer from retained earnings to capital surplus							—
Changes in parent company's interest in transactions with non-controlling shareholders							23
Changes during term not related to shareholders' equity (net)	699	-102	916	3	1,516	-63	1,453
Total changes during term	699	-102	916	3	1,516	-63	2,441
Balance at end of term	¥3,418	—	¥2,831	¥-101	¥6,148	¥8	¥86,120

(4) Statements of Cash Flows

(Millions of yen, rounded down)

	Fiscal 2022 (April 1, 2022– March 31, 2023)	Fiscal 2023 (April 1, 2023– March 31, 2024)
Operating activities		
Income before income taxes	¥ 6,189	¥4,075
Depreciation	3,617	6,607
Increase (decrease) in liability related to employees' retirement benefits	-107	9
Increase (decrease) in allowance for doubtful accounts	0	0
Interest and dividend income	-156	-307
Interest expense	29	23
Loss (gain) on investment partnership	141	187
Foreign exchange gain	22	42
Loss (gain) on sales of tangible fixed assets	—	-40
Loss (gain) on disposal of tangible fixed assets	0	11
Impairment loss	464	198
Changes in assets and liabilities:		
Notes and accounts receivable	-504	-739
Inventories	314	-410
Notes and accounts payable	396	-40
Accrued consumption tax payables and other	406	-562
Accrued consumption taxes and other	—	-675
Other current assets	-57	-50
Other current liabilities	126	-170
Other investments and others	42	-61
Other long-term liabilities	19	-3
Other	91	1,007
Subtotal	11,036	9,101
Interest and dividends received	127	291
Interest paid	-29	-23
Incomes taxes paid	-1,958	-2,252
Net cash provided by operating activities	9,176	7,117

(Millions of yen, rounded down)

	Fiscal 2022 (April 1, 2022– March 31, 2023)	Fiscal 2023 (April 1, 2023– March 31, 2024)
Investing activities		
Increase in time deposits	¥ -60	¥ 287
Proceeds from withdrawals from time deposits	107	2
Purchase of investment securities	-525	-206
Purchase of tangible fixed assets	-1,318	-2,686
Proceeds from sales of tangible fixed assets	—	43
Purchase of intangible fixed assets	-74	-115
Proceeds from distribution from investment partnership	90	63
Expenditures by loans receivable	-0	-50
Collection of loans receivable	0	0
Increase (decrease) in other investments	-170	-27
Net cash used in investing activities	-1,951	-3,262
Financing activities		
Repayment of long-term borrowings	-1,999	-1,999
Proceeds from sale of treasury stock	0	—
Purchase of treasury stock	-0	-0
Cash dividends paid	-1,697	-1,892
Proceeds from settlement of derivatives	555	—
Net cash used in financing activities	-3,142	-3,892
Effect of exchange rate changes on cash and cash equivalents	448	310
Net change in cash and cash equivalents	4,531	272
Cash and cash equivalents at beginning of year	13,820	18,351
Cash and cash equivalents at end of year	18,351	18,623

**(5) Notes on Consolidated Financial Statements
(Note Related to Ongoing Concern Assumption)**

Not applicable.

(Changes in Accounting Estimate)

For some consolidated subsidiaries, actuarial gains and losses related to retirement benefits were previously amortized over a certain period (15 years) within the average remaining service period of employees. Because the average remaining service period was found to be lower than this, however, the period for amortizing expenses was changed to 12 years from fiscal year in review. The effect of this change on the consolidated financial statements is minimal.

(Segment Information)

The Company and its consolidated subsidiaries are engaged in the manufacture and sales of medical-use consumables and in peripheral activities, which together are regarded as a single business. Accordingly, there are no classified segments for disclosure purposes.

(Per-Share Information)

	Fiscal 2022 (April 1, 2022–March 31, 2023)	Fiscal 2023 (April 1, 2023–March 31, 2024)
Net assets per share	¥3,446.71	¥3,547.47
Profit per share	¥177.95	¥115.57

Notes: 1. Diluted profit per share is not shown because there are no diluted shares outstanding.

2. The basis for calculating profit per share is shown below.

	Fiscal 2022 (April 1, 2022– March 31, 2023)	Fiscal 2023 (April 1, 2023– March 31, 2024)
Profit per share		
Profit attributable to owners of parent (¥ millions)	4,316	2,804
Profit attributable to owners of parent related to common stock (¥ millions)	4,316	2,804
Average number of shares during the period (shares)	24,257,024	24,268,040

(Subsequent Event)

Not applicable.