Sysmex Corporation and Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2024, and Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sysmex Corporation:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Sysmex Corporation and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2(7) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

<table>
<tr><th colspan="2">Valuation of goodwill related to affiliated companies
(Sysmex Partec GmbH, Oxford Gene Technology IP Limited, and Sysmex Astrego AB)</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was
Addressed in the Audit</th></tr>
<tr><td>As described in Note 11, "IMPAIRMENT OF NON-FINANCIAL ASSETS," the amount of goodwill reported in the consolidated financial statements as of March 31, 2024, was ¥17,221 million (2.8% of total assets). The amount related to the cash-generating unit to which Sysmex Partec GmbH ("Sysmex Partec") belongs was ¥4,570 million. The amount related to the cash-generating unit to which Oxford Gene Technology IP Limited ("Oxford Gene Technology") belongs was ¥2,444 million. The amount related to the cash-generating unit to which Sysmex Astrego AB ("Sysmex Astrego") belongs was ¥5,965 million.

These subsidiaries were acquired for the purpose of expanding the business domains and reinforcing the technology base for personalized medicine and solving medical issues, and the amounts of goodwill include the expected excess earning power arising from future business development and synergy effect.

However, impairment loss of ¥1,360 million was recognized related to Oxford Gene Technology for the year ended March 31, 2024, because the recoverable amount fell below the carrying amount due to increased uncertainty of the financial budget.

The Group tests impairment for goodwill at least once a year, and if any indications of impairment exist, impairment testing is performed each time such indications of impairment become apparent. In performing the goodwill impairment test, the recoverable amount is calculated based on the value in use of the cash-generating unit and compared to its carrying value to evaluate whether impairment should be recognized. The value in use is the present value calculated by discounting estimated future cash flows based on the financial budget for one to five years, which is approved by management of the cash-generating unit and a growth rate.</td><td>We performed the following procedures on the goodwill impairment test for the cash-generating units of Sysmex Partec, Oxford Gene Technology, and Sysmex Astrego:

• We obtained an understanding of the process over the goodwill impairment test and evaluated the design and operating effectiveness of the controls.

• We tested the identification of the cash-generating unit to which the goodwill is related considering its consistency with the organizational structures and internal reporting systems of the Group.

• We assessed the level of competence and capabilities of management's experts who calculated the discount rate, considering their expertise and experience.

• We tested the value in use based on the discounted present value of future cash flows by performing the following procedures:

1. For the financial budget that future cash flows are based on:

—Sysmex Partec: We made inquiries of the appropriate responsible persons and inspected the supporting documents to determine whether the projections for the timing of introduction of products to the market in relevant regions, the breakdown of sales volume, price, and each associated cost reflected the results of the market environment analysis and the activities to market the products, as well as the most recent facts available.

—Oxford Gene Technology: We made inquiries of the appropriate responsible persons and inspected the supporting documents to determine whether the sales projection by region and that by product category of the main products were consistent with the business-related initiatives being undertaken and the results of the market environment analysis, and reflected the most recent facts available.</td></tr>
</table>

The financial budget used in the impairment test reflects the medium-term demand outlook for the products including those newly introduced, the demand outlook in the countries and markets the Group newly enters into and the results of business-related initiatives that are being undertaken. Therefore, it is necessary to estimate sales volume by product and by region, and associated costs. Additionally, the growth rate should consider the long-term average growth rate for the market or country to which the cash-generating unit belongs, and the discount rate should be calculated based on the weighted average cost of capital for the market or country to which the cash-generating unit belongs. The selection of such assumptions is largely affected by management's judgments. Particularly, there were uncertainties of the timing of introduction of the products to the market and the market response given the past business performances of Sysmex Partec's business and Oxford Gene Technology's business. Also, in Sysmex Astrego's business, the timing of introduction of the products to the market was affected by marketing approval and there was uncertainty of the market response to the products newly introduced. Considering these factors, we determined that the estimates used in the impairment test of goodwill related to these cash-generating units require careful consideration, and therefore, we identified the valuation of goodwill related to Sysmex Partec, Oxford Gene Technology, and Sysmex Astrego as a key audit matter.	—Sysmex Astrego: We made inquiries of the appropriate responsible persons and inspected the supporting documents to determine whether the projections for the timing of introduction of products to the market, which takes into account the timing of marketing approval by product and by region, the breakdown of sales volume, price, and each associated cost, were consistent with the business-related initiatives being undertaken and the results of the market environment analysis, and reflected the most recent facts available. 2. We evaluated whether assumptions used in the financial budget fell within a reasonable range by comparing the past financial budgets to the actual financial performance. 3. With the assistance of our valuation specialists, we evaluated the discount rate by testing whether the calculation method, indicators, and assumptions used in the calculation of the discount rate were within the range of what is considered reasonable based on market conditions and observable data. 4. With the assistance of our valuation specialists, we evaluated the growth rate by testing whether it was within the range of what is considered reasonable based on market conditions and observable data. 5. We tested the reasonableness of the calculation logic used in the impairment test, including the calculation of the value in use.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to Sysmex Corporation and its subsidiaries were ¥447 million and ¥91 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC
July 19, 2024

Sysmex Corporation and Subsidiaries

Consolidated Statement of Financial Position
As of March 31, 2024

	Notes	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 2) 2024
Assets				
Current assets				
Cash and cash equivalents	6	¥ 75,507	¥ 69,460	$ 500,046
Trade and other receivables	7, 15, 29	157,067	126,319	1,040,179
Inventories	8	79,123	73,310	523,993
Other short-term financial assets	18, 29	1,310	875	8,675
Income taxes receivable		934	600	6,185
Other current assets	19, 21	29,515	24,924	195,464
Total current assets		343,459	295,491	2,274,563
Non-current assets				
Property, plant and equipment	9, 11	116,693	102,106	772,801
Goodwill	10, 11	17,221	16,842	114,046
Intangible assets	10, 11	86,786	73,530	574,742
Investments accounted for using the equity method	12	472	92	3,126
Trade and other receivables	7, 15, 29	21,435	17,895	141,954
Other long-term financial assets	12, 18, 29	14,034	9,777	92,940
Asset for retirement benefits	17	458	614	3,033
Other non-current assets	19	4,339	3,842	28,735
Deferred tax assets	14	14,018	10,880	92,834
Total non-current assets		275,461	235,583	1,824,245
Total assets		¥ 618,920	¥ 531,074	$ 4,098,808

See notes to consolidated financial statements.

Sysmex Corporation and Subsidiaries

Consolidated Statement of Financial Position
As of March 31, 2024

	Notes	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 2) 2024
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	13, 29	¥ 33,602	¥ 31,678	$ 222,530
Lease liabilities	15, 27, 29	8,659	7,149	57,344
Other short-term financial liabilities	18, 29	1,028	3,537	6,808
Income taxes payable		12,476	14,662	82,623
Provisions	16	1,159	1,123	7,675
Contract liabilities	21	16,591	14,469	109,874
Accrued expenses		21,643	18,772	143,331
Accrued bonuses		12,611	11,360	83,517
Other current liabilities	19	10,311	8,348	68,285
Total current liabilities		118,084	111,102	782,013
Non-current liabilities				
Long-term loans payable		28,600		189,404
Lease liabilities	15, 27, 29	18,080	15,442	119,735
Other long-term financial liabilities	18, 29	76	305	503
Liability for retirement benefits	17	2,239	1,959	14,828
Provisions	16	674	398	4,464
Other non-current liabilities	19	10,350	7,059	68,543
Deferred tax liabilities	14	7,917	6,450	52,430
Total non-current liabilities		67,938	31,615	449,921
Total liabilities		186,023	142,718	1,231,940
Equity				
Equity attributable to owners of the parent				
Capital stock	20	14,729	14,282	97,543
Capital surplus	20	20,830	20,580	137,947
Retained earnings	20	365,985	334,192	2,423,742
Treasury stock	20	(12,315)	(314)	(81,556)
Other components of equity	20	42,814	18,925	283,536
Total equity attributable to owners of the parent		432,045	387,665	2,861,225
Non-controlling interests		851	690	5,636
Total equity		432,897	388,356	2,866,868
Total liabilities and equity		¥ 618,920	¥ 531,074	$ 4,098,808

See notes to consolidated financial statements.

Sysmex Corporation and Subsidiaries

Consolidated Statement of Income
For the Year Ended March 31, 2024

	Notes	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 2) 2024
Net sales	5, 21	¥ 461,510	¥ 410,502	$ 3,056,358
Cost of sales	22	219,013	194,419	1,450,417
Gross profit		242,497	216,082	1,605,940
Selling, general and administrative expenses	22, 30	133,798	112,371	886,079
Research and development expenses	22	31,402	31,060	207,960
Impairment losses	11	2,210	2,368	14,636
Other operating income	23, 30	4,203	4,103	27,834
Other operating expenses	23	905	705	5,993
Operating profit		78,382	73,679	519,086
Financial income	24	937	863	6,205
Financial expenses	24	2,386	1,566	15,801
Share of loss on equity method	12	(2,849)	(2,923)	(18,868)
Foreign exchange gain (loss)		516	(1,339)	3,417
Profit before tax		74,600	68,713	494,040
Income tax expenses	14	24,826	22,988	164,411
Profit		¥ 49,774	¥ 45,725	$ 329,629
Profit attributable to				
Owners of the parent		¥ 49,639	¥ 45,784	$ 328,735
Non-controlling interests		135	(59)	894
Profit		¥ 49,774	¥ 45,725	$ 329,629

	Notes	Yen 2024	Yen 2023	U.S. Dollars 2024
Earnings per share				
Basic	26	¥ 79.27	¥ 72.94	$ 0.52
Diluted	26	79.24	72.91	0.52

See notes to consolidated financial statements.

Sysmex Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income
For the Year Ended March 31, 2024

	Notes	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 2) 2024
Profit		¥ 49,774	¥ 45,725	$ 329,629
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss				
Net gain on financial assets measured at fair value through other comprehensive income	25	250	484	1,656
Remeasurements of defined benefit plans	25	(181)	(774)	(1,199)
Total		69	(289)	457
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	25	23,526	10,117	155,801
Share of other comprehensive income of investments accounted for using the equity method	12, 25	27	12	179
Total		23,553	10,130	155,980
Total other comprehensive income		23,623	9,841	156,444
Comprehensive income		¥ 73,397	¥ 55,566	$ 486,073
Comprehensive income attributable to				
Owners of the parent		¥ 73,262	¥ 55,625	$ 485,179
Non-controlling interests		135	(59)	894
Comprehensive income		¥ 73,397	¥ 55,566	$ 486,073

See notes to consolidated financial statements.

Sysmex Corporation and Subsidiaries

Consolidated Statement of Changes in Equity
For the Year Ended March 31, 2024

		Millions of Yen							
		Equity attributable to owners of the parent							
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
As of April 1, 2022		¥ 14,112	¥ 20,483	¥305,710	¥ (312)	¥ 8,309	¥348,303	¥ 750	¥349,053
Profit				45,784			45,784	(59)	45,725
Other comprehensive income (loss)						9,841	9,841	(0)	9,841
Comprehensive income (loss)				45,784		9,841	55,625	(59)	55,566
Exercise of warrants	20, 28	170	97				267		267
Cash dividends	20			(16,528)			(16,528)		(16,528)
Purchase of treasury stock	20				(1)		(1)		(1)
Transfer to retained earnings	20			(774)		774			
Total transactions with the owners		170	97	(17,302)	(1)	774	(16,263)		(16,263)
As of March 31, 2023		14,282	20,580	334,192	(314)	18,925	387,665	690	388,356
Profit				49,639			49,639	135	49,774
Other comprehensive income (loss)						23,623	23,623	0	23,623
Comprehensive income (loss)				49,639		23,623	73,262	135	73,397
Exercise of warrants	20, 28	447	255				703		703
Cash dividends	20			(17,579)			(17,579)		(17,579)
Purchase of treasury stock	20				(12,001)		(12,001)		(12,001)
Transfer to retained earnings	20			(266)		266			
Changes from business combination	30							87	87
Changes due to acquisition of control of a subsidiary	30		(5)				(5)	(62)	(67)
Changes due to loss of control of a subsidiary								(0)	(0)
Total transactions with the owners		447	250	(17,845)	(12,001)	266	(28,882)	25	(28,857)
As of March 31, 2024		¥ 14,729	¥ 20,830	¥365,985	¥ (12,315)	¥ 42,814	¥432,045	¥ 851	¥432,897

		Thousands of U.S. Dollars (Note 2)							
		Equity attributable to owners of the parent							
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total	Non-controlling interests	Total equity
As of March 31, 2023		$ 94,583	$136,291	$2,213,192	$ (2,079)	$ 125,331	$2,567,318	$ 4,570	$2,571,894
Profit				328,735			328,735	894	329,629
Other comprehensive income (loss)						156,444	156,444	0	156,444
Comprehensive income (loss)				328,735		156,444	485,179	894	486,073
Exercise of warrants	20, 28	2,960	1,689				4,656		4,656
Cash dividends	20			(116,417)			(116,417)		(116,417)
Purchase of treasury stock	20				(79,477)		(79,477)		(79,477)
Transfer to retained earnings	20			(1,762)		1,762			
Changes from business combination	30							576	576
Changes due to acquisition of control of a subsidiary	30		(33)				(33)	(411)	(444)
Changes due to loss of control of a subsidiary								(0)	(0)
Total transactions with the owners		2,960	1,656	(118,179)	(79,477)	1,762	(191,272)	166	(191,106)
As of March 31, 2024		$ 97,543	$137,947	$2,423,742	$ (81,556)	$ 283,536	$2,861,225	$ 5,636	$2,866,868

See notes to consolidated financial statements.

Sysmex Corporation and Subsidiaries

Consolidated Statement of Cash Flows
For the Year Ended March 31, 2024

	Notes	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 2) 2024
Operating activities				
Profit before tax		¥ 74,600	¥ 68,713	$ 494,040
Depreciation and amortization		35,888	31,807	237,669
Impairment loss	11	2,210	2,368	14,636
Interest and dividends income		(863)	(704)	(5,715)
Interest expenses		1,571	1,133	10,404
Share of loss on equity method		2,849	2,923	18,868
Loss on disposal of property, plant and equipment		381	265	2,523
Increase in trade receivables		(21,987)	(2,980)	(145,609)
Decrease (increase) in advance payments		474	(983)	3,139
Increase in inventories		(1,676)	(10,558)	(11,099)
Increase (decrease) in trade payables		1,274	(13)	8,437
Increase (decrease) in accounts payable – other		118	(713)	781
Increase in contract liabilities		201	1,450	1,331
Increase in accrued expenses		1,483	747	9,821
Decrease/increase in consumption taxes receivable/payable		1,157	766	7,662
Increase in accrued bonuses		749	125	4,960
Other – net		(4,769)	(920)	(31,583)
Subtotal		93,665	93,425	620,298
Interest and dividend received		598	676	3,960
Interest paid		(1,383)	(985)	(9,159)
Income taxes paid		(28,974)	(24,281)	(191,881)
Net cash provided by operating activities		63,905	68,835	423,212
Investing activities				
Purchase of property, plant and equipment		(25,610)	(17,485)	(169,603)
Proceeds from sales of property, plant and equipment		527	337	3,490
Purchase of intangible assets		(24,581)	(25,020)	(162,788)
Increase in long-term prepaid expenses		(841)	(646)	(5,570)
Purchase of investments in equity instruments		(4,026)	(5,189)	(26,662)
Acquisitions of subsidiaries or other businesses	30	(574)	(2,984)	(3,801)
Payments into time deposits		(1,460)	(711)	(9,669)
Proceeds from withdrawal of time deposits		1,260	811	8,344
Other – net		337	(863)	2,232
Net cash used in investing activities		(54,970)	(51,751)	(364,040)
Financing activities				
Proceeds from long-term loans payable		29,000		192,053
Exercise of warrants		703	267	4,656
Purchase of treasury shares	2	(12,001)	(1)	(79,477)
Dividends paid	20	(17,579)	(16,528)	(116,417)
Repayment of lease liabilities	15, 27	(9,068)	(7,959)	(60,053)
Other – net	2	(67)	(11)	(444)
Net cash used in financing activities		(9,013)	(24,234)	(59,689)
Foreign currency translation adjustments on cash and cash equivalents		6,125	2,858	40,563
Net (decrease) increase in cash and cash equivalents		6,047	(4,291)	40,046
Cash and cash equivalents, beginning of year		69,460	73,752	460,000
Cash and cash equivalents, end of year		¥ 75,507	¥ 69,460	$ 500,046

See notes to consolidated financial statements.

Sysmex Corporation and Subsidiaries

Notes to Consolidated Financial Statements
As of and for the Year Ended March 31, 2024

1. REPORTING ENTITY

Sysmex Corporation (the "Company") is incorporated in Japan. The address of its registered headquarters is in Chuo-ku, Kobe. The consolidated financial statements of the Company have an annual closing date of March 31 and comprise the Company and its subsidiaries (collectively, the "Group") and equity interests in associates and joint ventures. The Group and the Company's associates and joint ventures are primarily engaged in the "health care business," providing diagnostic products and related services.

2. BASIS OF PREPARATION

(1) Compliance of the consolidated financial statements in accordance with IFRS Accounting Standards.

The Company meets the requirements of a "specified company" as set forth in Article 1-2 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements." Accordingly, the Company has prepared the consolidated financial statements in accordance with IFRS Accounting Standards pursuant to the provisions of Article 93 of the ordinance.

The consolidated financial statements of the Company were approved by Kaoru Asano, President on June 21, 2024.

(2) Basis for measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments etc. as stated in "3. MATERIAL ACCOUNTING POLICY INFORMATION" and "33. HYPERINFLATIONARY ACCOUNTING ADJUSTMENTS."

(3) Presentation currency

The consolidated financial statements are presented in Japanese yen, the functional currency of the Company, with amounts rounded down to the nearest million.

(4) Use of estimates and judgments

In the preparation of the consolidated financial statements in accordance with IFRS Accounting Standards, management has used judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. These estimates and assumptions are based on the judgments of management, which take into account historical experience and various factors that are believed reasonable as of the reporting date. However, actual results in the future may differ from these estimates and assumptions.

The estimates and the underlying assumptions are reviewed on an ongoing basis, and the effects of a change in an accounting estimate are recognized prospectively by including it in profit or loss in the period of the change and future periods.

The judgments, estimates, and assumptions that materially affect the amounts recognized in the consolidated financial statements are as follows:

- Estimated useful lives and residual values of property, plant and equipment and intangible assets (Refer to "9. PROPERTY, PLANT AND EQUIPMENT" and "10. GOODWILL AND INTANGIBLE ASSETS")
- Impairment of non-financial assets (Refer to "11. IMPAIRMENT OF NON-FINANCIAL ASSETS")
- Recoverability of deferred tax assets (Refer to "14. INCOME TAXES")
- Lease term of right-of-use assets (Refer to "15. LEASES")
- Measurements of defined benefit obligations (assets) (Refer to "17. POST-EMPLOYMENT BENEFITS")
- Revenues (Refer to "21. REVENUES")
- Fair values of financial instruments (Refer to "29. FINANCIAL INSTRUMENTS")
- Fair values of assets acquired and liabilities assumed in a business combination (Refer to "30. BUSINESS COMBINATIONS")
- Evaluation of a contingent consideration in a business combination (Refer to "30. BUSINESS COMBINATIONS")

(5) Changes in accounting policies

Application of amendments to International Accounting Standard (IAS) 12

Effective from the year ended March 31, 2024, the Group has applied the "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)" published on May 7, 2021. The adoption of amendments to IAS 12 has no material impact on the Group's consolidated financial statements, except for the impact on the "14. INCOME TAXES (1) Deferred taxes 1) Components of deferred tax assets and deferred tax liabilities." In addition, amendments to IAS 12 were applied retroactively, and the amounts in "14. INCOME TAXES (1) Deferred taxes 1) Components of deferred tax assets and deferred tax liabilities" for the year ended March 31, 2023 were restated.

(6) Changes in presentation method

<Consolidated Statement of Cash Flows>

Due to the increased financial significance of "Purchase of treasury shares" whose amounts had been included in "Other – net" of financing activities in the fiscal year ended March 31, 2023, the amount was stated as independent line items from the fiscal year ended March 31, 2024. The consolidated financial statements for the previous fiscal year have been retroactively adjusted to conform with the current fiscal year's presentation.

As a result, negative ¥13 million ($86 thousand) that was presented in "Other – net" of financing activities in the consolidated statement of cash flows for the previous fiscal year was individually reclassified to " Purchase of treasury shares" and "Other – net" of financing activities, which resulted in, negative ¥1 million ($7 thousand) and negative ¥11 million ($73 thousand), respectively.

(7) U.S. dollar amounts

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151 to $1, the approximate rate of exchange at March 31, 2024. U.S. dollar amounts are rounded to the nearest thousand. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following accounting policies, unless stated otherwise, apply to all periods stated in the consolidated financial statements:

(1) Basis of consolidation

1) Subsidiaries

A subsidiary is an entity controlled by the Company. The Company controls an entity when it has exposure or rights to variable returns from its involvement in an entity and has the ability to use its power over an entity to affect such returns.

The financial statements of subsidiaries are included in the Company's consolidated financial statements from the date the Company obtains control to the date the Company loses control.

All subsidiaries that are included in the Group adopt common accounting policies.

Intragroup balances of receivables and payables, amounts of intragroup transactions, and any unrealized gains arising from intragroup transactions have been eliminated in preparing the consolidated financial statements.

Changes in the ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. If control over a subsidiary is lost, gains and losses arising from the loss of control are recognized in net profit or loss.

2) Associates and joint ventures

An associate is an entity over which the Company has significant influence, but does not have control over the financial and operating policies of such entity.

A joint venture is a joint arrangement between two or more parties that have joint control, whereby each party to the arrangement has a right to the net assets of the arrangement.

Investments in associates and joint ventures are initially recognized at cost at the time of acquisition and accounted for using the equity method from the date the Company obtains significant influence to the date the Company loses significant influence.

(2) Business combinations

Business combinations are accounted for using the acquisition method.

The identifiable assets and liabilities of the acquired entity are measured at their acquisition-date fair values.

If the cost of an acquisition, which includes the consideration transferred, the amount of non-controlling interests in the acquired entity, and the acquisition-date fair value of equity interests in the acquired entity previously held, exceeds the net value of identifiable assets and liabilities at the acquisition date, goodwill is measured at the excess amount. If the net value of identifiable assets and liabilities at the acquisition date exceeds the cost of an acquisition, the excess amount is recognized in net profit or loss. The consideration transferred is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer, including the fair values of the assets or liabilities arising from a contingent consideration arrangement. Acquisition-related costs are recognized as expenses in the periods in which the costs were incurred.

Non-controlling interests are measured either at fair value or at the present ownership instruments' proportionate share in the recognized amount of the acquiree's identifiable net assets, which is determined for each business combination.

(3) Foreign currency translation

1) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transaction.

At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was measured.

Exchange differences arising from such translation or settlement are recognized in net profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income.

2) Foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange for the year, unless there are material fluctuations in exchange rates. Exchange differences arising from such translation are recognized in other comprehensive income.

However, the revenues and expenses of the Group's subsidiaries in the hyperinflationary economy are translated into Japanese yen at the exchange rates prevailing at the fiscal year end date in accordance with the hyperinflationary accounting. For more information on hyperinflation accounting, please refer to "3. MATERIAL ACCOUNTING POLICY INFORMATION (4) Hyperinflationary accounting adjustments."

When foreign operations are disposed of, the cumulative exchange differences related to such foreign operations are reclassified to net profit or loss at the time of disposal.

(4) Hyperinflationary accounting adjustments

In accordance with IAS 29, the Group's consolidated financial statements include the financial statements of the subsidiaries in the hyperinflationary economy, which are restated in terms of the measuring unit current at the end of the reporting period.

The Group's subsidiaries in the hyperinflationary economy have restated its non-monetary items held at historical cost, such as property, plant and equipment, by applying the conversion coefficients as of the acquisition date. Monetary items and non-monetary items held at current cost are not restated as they are considered to be expressed in terms of the measuring unit current at the end of the reporting period.

(5) Financial instruments

1) Financial assets

(i) Initial recognition and measurement

Financial assets are classified into financial assets measured at amortized cost and financial assets measured at fair value at initial recognition.

Financial assets that meet both of the following conditions are measured at amortized cost, and all other financial assets are measured at fair value:

(a) The financial asset is held in order to collect contractual cash flows.

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments measured at fair value, excluding equity instruments held for trading that are required to be measured at fair value through profit or loss, shall be designated either as measured at fair value through profit or loss or measured at fair value through other comprehensive income for each equity instrument at the initial acquisition and subsequently to apply such designation.

In the case of financial assets not at fair value through profit or loss, the financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets at initial recognition. However, trade receivables, which do not contain a material financial component, are measured at the transaction price.

Financial assets, such as stocks and bonds, are initially recognized on the contract date. All other financial assets are initially recognized on the transaction date.

(ii) Subsequent measurement

After initial recognition, financial assets are measured according to their classification as follows:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured using the effective interest method. Amortized cost using the effective interest method and gains and losses upon derecognition are recognized in profit or loss.

(b) Financial assets measured at fair value

Changes in fair value of financial assets measured at fair value are recognized in profit or loss, except for equity instruments that have been designated as measured at fair value through other comprehensive income. Any changes in fair value are recognized in other comprehensive income and transferred directly to retained earnings when derecognized or where losses are expected to be realized.

(iii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets are expired or transferred, and substantially all the risks and rewards of ownership of such financial assets are transferred.

2) Impairment of financial assets

In terms of financial assets measured at amortized cost, an assessment is made at each reporting date as to whether or not the credit risk on financial assets has increased significantly since the initial recognition, and the following amounts are recognized as an impairment loss depending on whether or not a significant increase in credit risk has occurred since the initial recognition:

(i) If credit risk has not increased significantly since initial recognition:

Amount equal to 12-month expected credit losses

(ii) If credit risk has increased significantly since initial recognition:

Amount equal to lifetime expected credit losses

However, for trade receivables, contract assets, and lease receivables, impairment losses in the amount equivalent to lifetime expected credit losses are recognized, regardless of whether the credit risk has increased significantly since initial recognition.

Expected credit losses are calculated in the following manner:

(i) Trade receivables, contract assets, and lease receivables

- Assets for which credit risk has not increased significantly since initial recognition:
  Expected credit losses are calculated by multiplying the probability of default expected to occur in the future of similar assets by the carrying amount.
- Assets for which credit risk has increased significantly since initial recognition and assets that fall under credit-impaired financial assets:
  The recoverable amounts are estimated individually, and the difference between the recoverable amounts and the carrying amounts is recognized as expected credit loss.

(ii) Assets other than (i) above

- Assets for which credit risk has not increased significantly since initial recognition:
  Expected credit losses are calculated by multiplying the probability of default expected to occur in the future of similar assets by the carrying amount.
- Assets for which credit risk has increased significantly since initial recognition and assets that fall under credit-impaired financial assets:
  The recoverable amounts are estimated individually, and each expected credit loss is measured as the difference between the present value of such assets discounted by the initial effective interest rate and the carrying amount.

The carrying amount of financial assets for which an impairment loss has been recognized is reduced through loss allowance, and impairment loss is recognized in profit or loss. In addition, when the Group has no reasonable expectations of recovering a financial asset, the carrying amount of the financial asset is reduced directly and the corresponding allowance account is also reduced.

If, after recognition of an impairment loss, the amount of impairment loss is reduced, the amount of reduction of the impairment loss is reversed in net profit or loss through the allowance account.

3) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified into financial liabilities measured at amortized cost or at fair value through profit or loss at initial recognition. All financial liabilities are initially measured at fair value, except for financial liabilities measured at amortized cost, which are measured at the amount net of direct transaction costs.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured according to their classification as follows:

(a) Financial liabilities measured at amortized cost

Measured at amortized cost using the effective interest method. Amortized cost using the effective interest method and gains and losses upon derecognition are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

Measured at fair value. Any changes in fair value of financial liabilities measured at fair value are recognized in profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when obligations specified in a contract are discharged, cancelled, or expired.

4) Derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value.

The Group uses forward exchange contracts, and similar contracts, to manage the foreign currency exchange rate risk exposure of recognized financial assets, liabilities and forecast transactions.

The Company does not apply hedge accounting. Accordingly, derivative financial instruments are classified as "financial assets measured at fair value through profit or loss."

5) Offsetting financial instruments

A financial asset and a financial liability are offset and the net amount is presented in the consolidated statement of financial position only when the Company or its subsidiaries currently have a legally enforceable right to set off the recognized amounts and intend either to settle on net basis or to realize the asset and settle the liability simultaneously.

6) Fair value measurements

IFRS 13, "Fair Value Measurement," categorizes the inputs used to measure fair value into the following three levels according to the extent to which the input is observable from the outside:

- Level 1: Quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(6) Cash and cash equivalents

Cash and cash equivalents include cash on hand, call deposits, and short-term investments that are readily convertible to cash, with original maturities of three months or less, and have no significant risk of changes in value.

(7) Inventories

Inventories are measured at the lower of cost, or net realizable value. Cost of inventories is calculated primarily based on the weighted-average cost formula and comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(8) Property, plant and equipment

1) Recognition and measurement

All property, plant and equipment are measured at their cost less any accumulated depreciation and impairment losses.

Cost includes any directly attributable costs of acquiring the assets and the initially estimated costs of dismantling and removing the assets and site restoration.

2) Depreciation

Depreciation of property, plant and equipment (other than land and other non-depreciable assets) is calculated using the straight-line method over the estimated useful life of each asset.

The estimated useful lives are as follows:

Buildings and structures:	15 to 50 years
Machinery and vehicles:	5 to 11 years
Tools, furniture, and fixtures:	2 to 15 years

The depreciation methods, estimated useful lives, and residual values are reviewed at the end of the fiscal year and revised as necessary.

(9) Goodwill and intangible assets

1) Goodwill

Goodwill is presented at cost less accumulated impairment losses. Goodwill is not amortized, but is tested for impairment in each period. Measurement of goodwill at initial recognition is as stated in "(2) Business combinations."

2) Intangible assets

All intangible assets are measured at cost less any accumulated amortization and impairment losses.

An intangible asset arising from development is recognized only if the Group can demonstrate all of the following:

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(ii) Its intention to complete the intangible asset and use or sell it.

(iii) Its ability to use or sell the intangible asset.

(iv) How the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself, or if it is to be used internally, the usefulness of the intangible asset.

(v) The availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset.

(vi) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are amortized by the straight-line method over their estimated useful lives from the day on which the assets become available for use.

The estimated useful lives are as follows:

Software:	3 to 10 years
Development expenses:	3 to 20 years
Other intangible assets:	2 to 22 years

The amortization methods, estimated useful lives, and residual values are reviewed at the end of the fiscal year and revised as necessary. Certain trademarks that have been assessed as having indefinite useful lives are not amortized because the Group expects to continue to benefit from the trademarks as long as the related businesses continue to operate.

(10) Impairment of non-financial assets

In terms of non-financial assets (other than inventories and deferred tax assets), an assessment is made at the end of each reporting period for any indications of impairment in each asset or cash-generating unit. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash-generating unit.

Goodwill and intangible assets with indefinite useful lives are tested for impairment every year or whenever any indications of impairment exist.

As corporate assets do not independently generate cash inflows, when indications of impairment become apparent in corporate assets, impairment testing is conducted based on the recoverable amount of the cash-generating unit to which such assets belong.

The recoverable amount is calculated as the higher of the fair value, less costs of disposal or the value in use. The value in use is the present value calculated by discounting the estimated future cash flows from the asset or cash-generating unit.

If the recoverable amount of the asset or cash-generating unit is less than its carrying amount, the carrying amount is reduced to the recoverable amount and the difference is recognized as impairment loss in profit or loss.

For impairment loss recognized in prior periods, assessment is conducted at the end of each reporting period whether there is any indication that an impairment loss may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated, and if the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, impairment loss is reversed. Reversal is recognized in profit or loss and the increased carrying amount is not to exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior periods.

Impairment loss recognized for goodwill is not reversed.

(11) Leases

At inception of a contract, the Group shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1) Lease as lessor

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset are classified as finance lease transactions and other leases are classified as operating lease transactions.

In finance lease transactions, the amount of net investment in the lease is recognized as lease payments receivables. The lease payment receivable is treated as repayment of principal and interest income, and interest income is recognized as revenue in the consolidated statement of income.

In operating lease transactions, lease income is recognized as revenue on a straight-line basis over the lease term.

2) Lease as lessee

Right-of-use assets and lease liabilities are recognized at the commencement date. At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred and any lease payments made at or before the commencement date, etc. These assets are depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group does not recognize right-of-use assets and lease liabilities leases that have a lease period of less than 12 months and for which the underlying asset is of low value. These leases are recognized as expenses on a straight-line basis over the lease term. The right-of-use assets is recognized and included in the property, plant and equipment in the consolidated statement of financial position.

The lease term is determined as the non-cancellable period of a lease, together with both: a. periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and b. periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Specifically, the lease term is estimated by taking into account whether there is an option to extend or cancel the lease term, the possibility of renewal, and whether there is a cancellation penalty.

(12) Employee benefits

1) Post-employment benefits

The Group has defined benefit plans and defined contribution plans.

(i) Defined benefit plans

Net defined benefit liabilities (assets) are calculated at the discounted present value of benefit obligations under such plans less the fair value of the plan assets. Any amount recorded as assets from this calculation is limited to the present value of any future economic benefit available in the form of refunds from the plans or reductions in future contributions to the plans. Defined benefit plan obligations are calculated using the projected unit credit method as the discounted present value of the amount of estimated future benefits. The discount rate is determined by reference to market yields on high-quality corporate bonds as of the end of the reporting period, which reflect the estimated timing and amount of payment of the benefits.

Current service costs and net interest expenses related to the net defined benefit liabilities (assets) are recognized in net profit or loss.

Prior service costs are recognized immediately in net profit or loss.

Remeasurements of net defined benefit liabilities (assets), including actuarial gains and losses, are recognized in other comprehensive income and are immediately reclassified from other comprehensive income to retained earnings.

(ii) Defined contribution plans

The contributions under the defined contribution plans are recognized as expenses in the period in which the employee renders the related service.

2) Others

Short-term employee benefits are recognized as expenses in the period in which the employee renders the related service without discounting.

Long-term employee benefits are recognized as a liability, the discount amount of future payment in exchange for services rendered in the prior and current periods.

Bonus payments and paid leave are recognized as liabilities in the estimated payment amount, where there is a legal or constructive obligation to pay and the obligation can be estimated reliably.

(13) Stock-based compensation

The Company has adopted a stock option plan for members of the Managing Board, employees, and members of the Managing Board and employees of some of its subsidiaries. Stock options are estimated at fair value as of the grant date and recognized as expenses from the grant date throughout the vesting period, while the corresponding amount is recognized as an increase in equity. The fair value of the vested stock options is calculated by taking into account the requirements of the stock option and using the Black-Scholes option-pricing model.

(14) Provisions

Provisions are recognized if a present legal or constructive obligation exists as a result of a past event that can be estimated reliably and it is probable that an outflow of resources with economic benefits will be required to settle the obligation.

When the time value of money is material, a provision is measured at the present value of the amount required to settle the present obligation.

(15) Equity

1) Common stock

The amount of common stock issued by the Company is recognized in capital stock and capital surplus. Direct issue costs (net of tax effect) are deducted from equity.

2) Treasury stock

On the purchase of treasury stock, costs including direct transaction costs (net of tax effect) are deducted from equity.

On the disposal of treasury stock, the consideration received is recognized as an increase in equity.

(16) Revenues

The Company recognizes revenue from contracts with customers based on the following five-step approach:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

The Group engages in the sale of diagnostic instruments and reagents and the provision of related services. Based on the five-step approach outlined above, in accordance with the details of contracts with customers, the Group combines contracts and identifies multiple performance obligations. Transaction prices are determined on the basis of consideration agreed upon in contracts with customers, less discounts and rebates. Transaction prices determined in this manner are allocated to the performance obligations, and revenue is recognized. Certain of these contracts are transactions comprising multiple elements, including instruments, reagents, and maintenance services. To allocate the transaction price of multiple-element arrangements to each performance obligation on a relative stand-alone selling price basis, the Group determines the stand-alone selling price of the distinct good or service underlying each performance obligation in the contract at contract inception and allocates the transaction price in proportion to those stand-alone selling prices. If a stand-alone selling price is not directly observable, based on the actual transaction condition, the Group either uses the method to estimate the stand-alone selling price as expected cost plus a margin or the method to estimate the stand-alone selling price as the total transaction price of multiple-element arrangements less the stand-alone selling prices of other goods or services promised.

1) Sales of instruments and reagents

The Group recognizes revenue from the sale of instruments and reagents based on the details of contracts with customers, when the customer obtains control of such products and performance obligations are deemed to have been satisfied. Specifically, revenue is recognized when the rights of ownership and the risks thereof are transferred from the Group to the customer, either on the shipping date, at the time of transfer to the customer, or at the time of customer inspection and acceptance.

2) Maintenance service

Maintenance services mainly involve the provision of services on products for a certain period of time. As the control of these maintenance services is transferred over a defined period, revenue is recognized when performance obligations are satisfied over a defined period.

Revenue from maintenance services on products is primarily recognized through a calculation based on the percentage of the total volume of goods or services transferred (output method). If consideration is received from a customer before performance obligations are satisfied, this consideration is recognized as a contract liability.

Consideration related to the provision of these product sales and services is generally received within one year from the point revenue is recognized; therefore, it does not include a significant financial element.

(17) Government grants

Government grants are measured and recognized at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received. Government grants related to income are recognized in revenue over the period the expenses, which the grant is intended to compensate, are incurred. For government grants related to assets, the amounts of the grants are deducted from the costs of the assets.

(18) Income tax expenses

Income tax expenses comprise current taxes and deferred taxes and are recognized in net profit or loss, excluding items related to business combinations and items that are directly recognized in other comprehensive income or equity.

Current taxes are calculated based on the estimated amounts to be paid to (refunded from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax bases. Deferred taxes are not recognized for the following temporary differences:

- Temporary differences arising from the initial recognition of assets or liabilities in transactions that affect neither accounting profit nor taxable profit (tax loss), other than business combinations;
- Temporary differences associated with investments in subsidiaries and associates and joint arrangements where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Taxable temporary differences arising from the initial recognition of goodwill.

Deferred taxes are calculated at the tax rates that are expected to apply to the period when the temporary difference is reversed based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied on the same taxable entity by the same tax authority.

Deferred tax assets are recognized for deductible temporary differences, unused tax losses, and tax credits carried forward only to the extent it is probable that there will be taxable profit against which the deferred tax asset may be utilized. Deferred tax assets are reviewed at the end of each reporting period, and the carrying amount of a deferred tax asset is reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow the benefit of the deferred tax asset to be utilized.

In accordance with the temporary exception to IAS 12 as amended, no deferred tax assets or liabilities related to Pillar Two income taxes were recognized and no related information was disclosed.

(19) Earnings per share

Basic earnings per share are calculated by dividing profit for the fiscal period attributable to owners of the parent by the weighted-average number of common stock outstanding during the fiscal period, less the number of treasury stock during the fiscal period. Diluted earnings per share are calculated through adjustments for the effect of all potential dilutive common stock.

4. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET APPLIED

The new or revised standard and interpretation that was newly issued or amended by the date of the approval of the consolidated financial statements and to which the Group has not early adopted is as follows. The effect of the adoption on the Group's consolidated financial statements is under review.

Standard	Title	Effective date	Scheduled date of adoption by our group	Summary of new or revised
IFRS 18	Presentation and Disclosures in Financial Statements	January 1, 2027	Year ending March 31, 2028	IFRS 18 will replace IAS 1 "Presentation of financial statements," whilst retaining many of the principles from IAS 1 with limited changes.

5. SEGMENT INFORMATION

(1) Overview of reportable segments

The Group's reportable segments are the business units of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Managing Board to make decisions about resources to be allocated to the segment and assess its performance.

The Group is primarily engaged in the manufacture and sale of diagnostic instruments and reagents. These businesses are conducted in Japan by the Company and in the Americas, EMEA, China, and the Asia Pacific by regional headquarters established therein. These companies formulate comprehensive strategies tailored to regional characteristics and conduct business activities accordingly. Regional headquarters and other domestic and overseas subsidiaries are independent management units that handle production and sales for each region.

Accordingly, the Group has five reportable segments comprising geographical segments based on manufacturing and sales systems: "Japan," the "Americas," "EMEA," "China," and the "Asia Pacific."

(2) Segment profit and operating results

Profit and operating results from continuing operations by reportable segment of the Group are as follows:

- Intersegment sales are determined based on market prices or costs of goods manufactured.
- Accounting policies of reporting segments are consistent with the Group's accounting policies as indicated in "3. MATERIAL ACCOUNTING POLICY INFORMATION."

Year ended March 31, 2024

(Unit: Millions of yen)

	Reportable segment							
	Japan	Americas	EMEA	China	Asia Pacific	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales								
Sales to external customers	¥ 67,205	¥ 112,479	¥ 129,137	¥ 109,797	¥ 42,891	¥ 461,510		¥ 461,510
Intersegment sales	158,066	650	5,406	478		164,602	¥ (164,602)	
Total	¥ 225,271	¥ 113,129	¥ 134,543	¥ 110,276	¥ 42,891	¥ 626,112	¥ (164,602)	¥ 461,510
Segment profit	¥ 58,127	¥ 5,674	¥ 6,819	¥ 7,852	¥ 4,088	¥ 82,563	¥ (4,180)	¥ 78,382
Financial income								937
Financial expenses								2,386
Share of loss on equity method								(2,849)
Foreign exchange gain								516
Profit before tax								74,600
Income tax expenses								24,826
Profit								49,774
Other information								
Depreciation and amortization (Note 3)	18,577	5,490	6,693	1,146	4,822	36,730	(842)	35,888
Impairment losses		784	1,425			2,210		2,210

Notes:

1. Segment profit adjustments of negative ¥4,180 million include negative ¥3,504 million for unrealized gains on inventories, and negative ¥568 million for unrealized gains on non-current assets.
2. Segment profit is reconciled with operating profit in the consolidated statement of income.
3. Depreciation and amortization adjustments of negative ¥842 million are adjustments relating to intersegment transactions.

Year ended March 31, 2023

(Unit: Millions of yen)

	Reportable segment							
	Japan	Americas	EMEA	China	Asia Pacific	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales								
Sales to external customers	¥ 63,300	¥ 100,807	¥ 113,274	¥ 96,797	¥ 36,322	¥ 410,502		¥ 410,502
Intersegment sales	145,093	853	5,058	45	17	151,068	¥ (151,068)	
Total	¥ 208,393	¥ 101,661	¥ 118,332	¥ 96,843	¥ 36,340	¥ 561,570	¥ (151,068)	¥ 410,502
Segment profit	¥ 51,344	¥ 4,064	¥ 8,392	¥ 9,968	¥ 3,456	¥ 77,227	¥ (3,547)	¥ 73,679
Financial income								863
Financial expenses								1,566
Share of loss on equity method								(2,923)
Foreign exchange loss								(1,339)
Profit before tax								68,713
Income tax expenses								22,988
Profit								45,725
Other information								
Depreciation and amortization (Note 3)	16,342	5,267	5,871	1,019	4,137	32,637	(830)	31,807
Impairment losses	126		2,242			2,368		2,368

Notes:

1. Segment profit adjustments of negative ¥3,547 million include negative ¥3,503 million for unrealized gains on inventories, and negative ¥42 million for unrealized gains on non-current assets.
2. Segment profit is reconciled with operating profit in the consolidated statement of income.
3. Depreciation and amortization adjustments of negative ¥830 million are adjustments relating to intersegment transactions.

Year ended March 31, 2024

(Unit: Thousands of U.S. dollars)

	Reportable segment							
	Japan	Americas	EMEA	China	Asia Pacific	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales								
Sales to external customers	$ 445,066	$ 744,894	$ 855,212	$ 727,132	$ 284,046	$ 3,056,358		$ 3,056,358
Intersegment sales	1,046,795	4,305	35,801	3,166		1,090,079	$ (1,090,079)	
Total	$ 1,491,861	$ 749,199	$ 891,013	$ 730,305	$ 284,046	$ 4,146,437	$ (1,090,079)	$ 3,056,358
Segment profit	$ 384,947	$ 37,576	$ 45,159	$ 52,000	$ 27,073	$ 546,775	$ (27,682)	$ 519,086
Financial income								6,205
Financial expenses								15,801
Share of loss on equity method								(18,868)
Foreign exchange gain								3,417
Profit before tax								494,040
Income tax expenses								164,411
Profit								329,629
Other information								
Depreciation and amortization (Note 3)	123,026	36,358	44,325	7,589	31,934	243,245	(5,576)	237,669
Impairment losses		5,192	9,437			14,636		14,636

Notes:

1. Segment profit adjustments of negative $27,682 thousand include negative $23,205 thousand for unrealized gains on inventories, and negative $3,762 thousand for unrealized gains on non-current assets.
2. Segment profit is reconciled with operating profit in the consolidated statement of income.
3. Depreciation and amortization adjustments of negative $5,576 thousand are adjustments relating to intersegment transactions.

(3) Information about products and services

Sales of all products and services of the Group to external customers are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Instruments	¥ 100,959	¥ 91,796	$ 668,603
Reagents	280,843	247,535	1,859,887
Maintenance services	61,446	54,125	406,927
Others	18,261	17,044	120,934
Total	¥ 461,510	¥ 410,502	$ 3,056,358

(4) Information about geographical areas

Information about geographical areas is as follows:

Sales to external customers

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Japan	¥ 62,184	¥ 59,832	$ 411,815
United States of America	101,317	91,184	670,974
China	109,952	96,902	728,159
Others	188,056	162,582	1,245,404
Total	¥ 461,510	¥ 410,502	$ 3,056,358

Sales are classified by country based on the location of customers.

Non-current assets (excluding financial assets, asset for retirement benefit, and deferred tax assets)

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Japan	¥ 133,520	¥ 118,970	$ 884,238
Others	91,521	77,346	606,099
Total	¥ 225,041	¥ 196,316	$ 1,490,338

(5) Information about major customers

There are no customers who account for more than 10% of the consolidated sales.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Cash and cash equivalents	¥ 75,507	¥ 69,460	$ 500,046
Total	¥ 75,507	¥ 69,460	$ 500,046

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Notes and trade receivable	¥ 148,386	¥ 118,416	$ 982,689
Lease receivables	30,413	25,319	201,411
Accounts receivable – other	776	1,397	5,139
Loss allowance	(1,073)	(918)	(7,106)
Total	¥ 178,502	¥ 144,215	$ 1,182,132

Trade and other receivables are classified as financial assets measured at amortized cost.

8. INVENTORIES

Inventories consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Merchandise and finished goods	¥ 61,882	¥ 55,345	$ 409,815
Work in process	3,634	3,872	24,066
Raw materials and supplies	13,606	14,092	90,106
Total	¥ 79,123	¥ 73,310	$ 523,993

The costs of inventories recognized as an expense under "Cost of sales" for the years ended March 31, 2024 and 2023 were ¥140,150 million ($928,146 thousand) and ¥125,847 million, respectively.

Write-downs of inventories recognized as an expense for the years ended March 31, 2024 and 2023 were ¥625 million ($4,139 thousand) and ¥380 million, respectively.

9. PROPERTY, PLANT AND EQUIPMENT

Changes in the carrying amount from beginning balances to ending balances and year-end balances of acquisition cost, accumulated depreciation, and accumulated impairment losses on property, plant and equipment are as follows:

Carrying amount

	Millions of Yen					
	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2022	¥ 49,807	¥ 7,172	¥ 28,222	¥ 11,283	¥ 2,039	¥ 98,525
Acquisition	5,198	1,856	13,000		4,628	24,683
Acquisition by business combination	1	59	10	0		72
Depreciation	(7,448)	(2,519)	(10,615)	(33)		(20,616)
Impairment losses	(0)	(119)	(175)		(0)	(296)
Sale or disposal	(466)	(35)	(1,102)	(0)	(9)	(1,614)
Exchange differences on translation of foreign currency	1,231	346	1,181	46	151	2,956
Transfer	255	228	1,866		(3,953)	(1,604)
As of March 31, 2023	48,579	6,988	32,387	11,296	2,854	102,106
Acquisition	7,503	3,440	16,180	639	8,385	36,149
Acquisition by business combination	23	0				23
Depreciation	(7,913)	(2,750)	(11,750)	(36)		(22,451)
Impairment losses	(201)	(169)	(74)		(285)	(729)
Sale or disposal	(318)	(258)	(816)	(28)	(95)	(1,517)
Exchange differences on translation of foreign currency	2,036	617	2,425	106	317	5,504
Transfer	324	653	1,163	153	(4,686)	(2,390)
As of March 31, 2024	¥ 50,033	¥ 8,521	¥ 39,517	¥ 12,130	¥ 6,490	¥ 116,693

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Land	Construction in progress	Total
As of March 31, 2023	$ 321,715	$ 46,278	$ 214,483	$ 74,808	$ 18,901	$ 676,199
Acquisition	49,689	22,781	107,152	4,232	55,530	239,397
Acquisition by business combination	152	0				152
Depreciation	(52,404)	(18,212)	(77,815)	(238)		(148,682)
Impairment losses	(1,331)	(1,119)	(490)		(1,887)	(4,828)
Sale or disposal	(2,106)	(1,709)	(5,404)	(185)	(629)	(10,046)
Exchange differences on translation of foreign currency	13,483	4,086	16,060	702	2,099	36,450
Transfer	2,146	4,325	7,702	1,013	(31,033)	(15,828)
As of March 31, 2024	$ 331,344	$ 56,430	$ 261,702	$ 80,331	$ 42,980	$ 772,801

Acquisition cost

	Millions of Yen					
	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2022	¥ 92,261	¥ 19,620	¥ 79,742	¥ 11,493	¥ 2,039	¥ 205,156
As of March 31, 2023	97,856	21,289	89,017	11,554	2,854	222,573
As of March 31, 2024	107,662	25,769	106,935	12,320	6,491	259,179

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Land	Construction in progress	Total
As of March 31, 2024	$ 712,993	$ 170,656	$ 708,179	$ 81,589	$ 42,987	$ 1,716,417

Accumulated depreciation and accumulated impairment losses

	Millions of Yen					
	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2022	¥ (42,453)	¥ (12,448)	¥ (51,519)	¥ (209)		¥ (106,631)
As of March 31, 2023	(49,276)	(14,300)	(56,630)	(258)	¥ (0)	(120,466)
As of March 31, 2024	(57,628)	(17,247)	(67,418)	(189)	(0)	(142,485)

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Land	Construction in progress	Total
As of March 31, 2024	$ (381,642)	$ (114,219)	$ (446,477)	$ (1,252)	$ (0)	$ (943,609)

Depreciation of property, plant and equipment is included in "Cost of sales;" "Selling, general and administrative expenses;" and "Research and development expenses" in the consolidated statement of income.

The carrying amounts covered by operating lease included in property, plant and equipment are as follows:

Carrying amount

	Millions of Yen
	Furniture and fixtures
As of April 1, 2022	¥ 16,317
Acquisition	11,329
Depreciation	(6,584)
Sale or disposal	(890)
Exchange differences on translation of foreign currency	965
Transfer	(170)
As of March 31, 2023	20,966
Acquisition	15,804
Depreciation	(7,829)
Sale or disposal	(760)
Exchange differences on translation of foreign currency	1,916
Transfer	(1,664)
As of March 31, 2024	¥ 28,433

	Thousands of U.S. Dollars
	Furniture and fixtures
As of March 31, 2023	$ 138,848
Acquisition	104,662
Depreciation	(51,848)
Sale or disposal	(5,033)
Exchange differences on translation of foreign currency	12,689
Transfer	(11,020)
As of March 31, 2024	$ 188,298

Acquisition cost

	Millions of Yen
	Furniture and fixtures
As of April 1, 2022	¥ 47,844
As of March 31, 2023	55,641
As of March 31, 2024	70,966

	Thousands of U.S. Dollars
	Furniture and fixtures
As of March 31, 2024	$ 469,974

Accumulated depreciation and accumulated impairment losses

	Millions of Yen
	Furniture and fixtures
As of April 1, 2022	¥ (31,527)
As of March 31, 2023	(34,674)
As of March 31, 2024	(42,532)

	Thousands of U.S. Dollars
	Furniture and fixtures
As of March 31, 2024	$ (281,669)

10. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount from the beginning balances to the ending balances and year-end balances of acquisition cost, accumulated amortization, and accumulated impairment losses on goodwill and intangible assets are as follows:

Carrying amount

	Millions of Yen				
		Intangible assets			
	Goodwill	Software	Development expenses	Other	Total
As of April 1, 2022	¥ 13,010	¥ 41,843	¥ 8,747	¥ 6,669	¥ 57,260
Acquisitions		23,395	656	219	24,272
Acquisitions by business combination	5,239	0	2,412	131	2,544
Amortization		(7,433)	(2,360)	(947)	(10,741)
Impairment losses	(2,070)	(0)		(1)	(2)
Sale or disposal		(191)		(3)	(195)
Exchange differences on translation of foreign currency	662	214	28	150	392
As of March 31, 2023	16,842	57,828	9,484	6,218	73,530
Acquisitions		22,540	1,445	1,311	25,297
Acquisitions by business combination				0	0
Amortization		(9,789)	(2,279)	(917)	(12,987)
Impairment losses	(1,360)	(107)		(13)	(120)
Sale or disposal		(1)	(149)	(17)	(169)
Exchange differences on translation of foreign currency	1,739	486	231	596	1,314
Transfer		(234)	123	33	(77)
As of March 31, 2024	¥ 17,221	¥ 70,720	¥ 8,854	¥ 7,212	¥ 86,786

	Thousands of U.S. Dollars				
		Intangible assets			
	Goodwill	Software	Development expenses	Other	Total
As of March 31, 2023	$ 111,536	$ 382,967	$ 62,808	$ 41,179	$ 486,954
Acquisitions		149,272	9,570	8,682	167,530
Acquisitions by business combination				0	0
Amortization		(64,828)	(15,093)	(6,073)	(86,007)
Impairment losses	(9,007)	(709)		(86)	(795)
Sale or disposal		(7)	(987)	(113)	(1,119)
Exchange differences on translation of foreign currency	11,517	3,219	1,530	3,947	8,702
Transfer		(1,550)	815	219	(510)
As of March 31, 2024	$ 114,046	$ 468,344	$ 58,636	$ 47,762	$ 574,742

Acquisition cost

	Millions of Yen				
		Intangible assets			
	Goodwill	Software	Development expenses	Other	Total
As of April 1, 2022	¥ 18,010	¥ 80,065	¥ 16,749	¥ 15,010	¥ 111,824
As of March 31, 2023	24,247	102,453	18,942	15,678	137,075
As of March 31, 2024	26,935	124,742	16,535	18,333	159,610

	Thousands of U.S. Dollars				
		Intangible assets			
	Goodwill	Software	Development expenses	Other	Total
As of March 31, 2024	$ 178,377	$ 826,106	$ 109,503	$ 121,411	$ 1,057,020

Accumulated amortization and accumulated impairment losses

	Millions of Yen				
		Intangible assets			
	Goodwill	Software	Development expenses	Other	Total
As of April 1, 2022	¥ (5,000)	¥ (38,221)	¥ (8,001)	¥ (8,340)	¥ (54,564)
As of March 31, 2023	(7,404)	(44,625)	(9,458)	(9,460)	(63,544)
As of March 31, 2024	(9,713)	(54,022)	(7,680)	(11,120)	(72,823)

	Thousands of U.S. Dollars				
		Intangible assets			
	Goodwill	Software	Development expenses	Other	Total
As of March 31, 2024	$ (64,325)	$ (357,762)	$ (50,861)	$ (73,642)	$ (482,272)

Amortization of intangible assets is included in "Cost of sales;" "Selling, general and administrative expenses;" and "Research and development expenses" in the consolidated statement of income.

Software includes internally developed software.

11. IMPAIRMENT OF NON-FINANCIAL ASSETS

(1) Impairment losses

The Group recognizes an impairment loss when the recoverable amount falls below the carrying amount. For a breakdown of impairment losses by reportable segment, please refer to "5. SEGMENT INFORMATION."

Impairment loss by assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Property, plant and equipment	¥ 729	¥ 296	$ 4,828
Intangible assets	120	2	795
Goodwill	1,360	2,070	9,007
Total	¥ 2,210	¥ 2,368	$ 14,636

The Group recognized an impairment loss of ¥2,368 million for the year ended March 31, 2023. The carrying amounts of a cash-generating unit or group of cash-generating units, including goodwill, have been reduced to the recoverable amounts calculated by the value in use. The details are as follows:

For goodwill arising from the business combination of Oxford Gene Technology in the EMEA segment, an impairment loss of ¥1,600 million was recognized because the recoverable amount fell below the carrying amount caused by the increase in the discount rate due to interest rate fluctuations and revision of financial budget. The discount rate is calculated as 16.2% based on the before-tax weighted-average capital cost.

For goodwill arising from the business combination of Sysmex Partec in the EMEA segment, an impairment loss of ¥470 million was recognized because the recoverable amount fell below the carrying amount caused by the increase in the discount rate due to interest rate fluctuations and revision of financial budget. The discount rate is calculated as 15.3% based on the before-tax weighted-average capital cost.

The Group recognized an impairment loss of ¥2,210 million ($14,636 thousand) for the year ended March 31, 2024. The carrying amounts of a cash-generating unit or group of cash-generating units, including goodwill, have been reduced to the recoverable amounts calculated by the value in use. The details are as follows:

For goodwill arising from the business combination of Oxford Gene Technology in the EMEA segment, an impairment loss of ¥1,360 million ($9,007 thousand) was recognized because the recoverable amount fell below the carrying amount due to increased financial budget uncertainty. The discount rate is calculated as 17.3% based on the before-tax weighted-average capital cost.

(2) Impairment test of goodwill and intangible assets with indefinite useful lives

The Group tests impairment for goodwill and intangible assets with indefinite useful lives at least once a year, and if any indications of impairment exist, impairment testing is performed each time such indications of impairment become apparent.

The recoverable amount used in impairment testing of goodwill and intangible assets with indefinite useful lives is measured at the value in use. The value in use is determined by discounting estimated future cash flows based on financial budgets of each cash-generating unit or a group of cash-generating units for one to five years, which are approved by management, and growth rates. The financial budgets used for impairment testing are subject to uncertainty because they include assumptions such as the timing of regulatory approval and new product launches, demand forecasts for new countries and markets, the effects of business-related initiatives which are underway, and sales forecasts and related cost estimates for each product and region based on these assumptions. These estimates are based on historical data as well as external information, such as future market forecasts. Growth rates are determined by taking into consideration the average long-term growth rate of the market or the country in which each cash-generating unit or group of cash-generating units operates (year ended March 31, 2024: 0.0% to 3.0%; year ended March 31, 2023: 0.0% to 3.0%). The discount rates are determined based on the before-tax weighted-average capital cost for the market or the country in which each cash-generating unit or group of cash-generating units operates (year ended March 31, 2024: 10.9% to 18.6%; year ended March 31, 2023: 8.4% to 16.3%).

The recoverable amount of Sysmex Partec exceeds its carrying amount by ¥428 million ($2,834 thousand) as of March 31, 2024. The growth rate used for the calculation of the recoverable amount is 3.0%, and the discount rate used for the calculation of the recoverable amount is 14.3%. However, impairment loss may arise if its growth rate decreases by 0.6% or its discount rate increases by 0.3%. The recoverable amount of Sysmex Astrego exceeds its carrying amount by ¥5,144 million ($34,066 thousand) as of March 31, 2024. The growth rate used for the calculation of the recoverable amount is 2.0%, and the discount rate used for the calculation of the recoverable amount is 12.8%. However, impairment loss may arise if its growth rate decreases by 5.5% or its discount rate increases by 3.2%. For other cash-generating units or groups of cash-generating units, even if a reasonably possible change in a key assumption happened, it is unlikely that the recoverable amount would fall below the carrying amount of each cash-generating unit or group of cash-generating units as of March 31, 2024.

The carrying amounts of goodwill that has been allocated to cash-generating units are as follows:

	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Sysmex Astrego	¥ 5,965	¥ 5,438	$ 39,503
Sysmex Partec	4,570	4,063	30,265
Oxford Gene Technology	2,444	3,293	16,185
Sysmex Korea	1,866	1,710	12,358
Riken Genesis	1,655	1,655	10,960
Others	718	679	4,755
Total	¥ 17,221	¥ 16,842	$ 114,046

The carrying amounts of intangible assets with indefinite useful lives that have been allocated to cash-generating units are as follows:

	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars 2024
Oxford Gene Technology	¥ 1,168	¥ 1,011	$ 7,735
Total	¥ 1,168	¥ 1,011	$ 7,735

12. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

(1) Significant subsidiaries and associates

Significant subsidiaries and associates of the Company are as follows:

1) Subsidiaries

					Holding percentage of voting rights			Relationships					
								Concurrent officers					
Company name	Segment	Location	Capital or investments	Line of business	Direct (%)	Indirect (%)	Total (%)	Officers (person)	Employees (person)	Financial aid	Transactions in operations	Lease of facilities	Business partnership, etc.
Sysmex America, Inc.	Americas	Illinois, USA	Thousand USD 22,000	Sales of in vitro diagnostic instruments and reagents	100		100	1	2		Sales of in-house products, etc.		
Sysmex Europe SE	EMEA	Norderstedt, Germany	Thousand EUR 120	Sales of in vitro diagnostic instruments and sales and manufacture of in vitro diagnostic reagents	100		100	1	3		Sales and manufacture of in-house reagents, etc.		
Sysmex Deutschland GmbH	EMEA	Norderstedt, Germany	Thousand EUR 2,050	Sales of in vitro diagnostic instruments and reagents	100		100				Sales of in-house products		
Sysmex UK Limited	EMEA	Milton Keynes, United Kingdom	Thousand GBP 400	Sales of in vitro diagnostic instruments and reagents	100		100				Sales of in-house products		
Sysmex France S.A.S.	EMEA	Villepinte, France	Thousand EUR 2,457	Sales of in vitro diagnostic instruments and reagents	18.6	81.4	100				Sales of in-house products		
Sysmex Shanghai Ltd.	China	Shanghai, China	Thousand USD 1,000	Sales of in vitro diagnostic instruments and reagents	100		100	1	4		Sales of in-house products, etc.		
Sysmex Asia Pacific Pte Ltd.	Asia Pacific	Singapore	Thousand SGD 11,500	Sales of in vitro diagnostic instruments and sales and manufacture of in vitro diagnostic reagents	100		100	1	2	Working capital loan	Sales and manufacture of in-house reagents, etc.		
71 other subsidiaries													

2) Associates

					Holding percentage of voting rights			Relationships					
								Concurrent officers					
Company name	Segment	Location	Capital or investments	Line of business	Direct (%)	Indirect (%)	Total (%)	Officers (person)	Employees (person)	Financial aid	Transactions in operations	Lease of facilities	Business partnership, etc.
Medicaroid Corporation	Japan	Chuo-ku, Kobe	Million JPY 5,100	Marketing, development, manufacture, sales and service of medical robots	50		50	1	3		Purchase of products	Lease of buildings and facilities	
1 other associates													

(2) Investments accounted for using the equity method

The Group accounts for investments in associates and joint ventures using the equity method. The Group has no material associates or joint ventures.

The carrying amounts of investments in associates which are immaterial individually and the financial information thereof are as shown below. The following represents amounts after adjustments using the equity method:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Carrying amount	¥	¥	$

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Comprehensive income			
Profit	¥	¥ (69)	$
Other comprehensive income		(0)	
Total	¥	¥ (69)	$

The carrying amounts of investments in joint ventures which are immaterial individually, and the financial information thereof, are as shown below. The following represents amounts after adjustments using the equity method:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Carrying amount	¥ 472	¥ 92	$ 3,126

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Comprehensive income			
Profit	¥ (2,851)	¥ (2,853)	$ (18,881)
Other comprehensive income	27	12	179
Total	¥ (2,823)	¥ (2,841)	$ (18,695)

(3) Structured entities

The Group operates investment activities through investment partnerships. Such partnerships provide their investees with cash raised from members of the partnerships mainly in the form of investments, and have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

The Group invests in unconsolidated structured entities, such as investment funds and trusts, over which it does not have control regarding operating policies such as those related to selecting investees.

The Company does not have any contractual obligations to provide any financial support to the unconsolidated structured entities. Therefore, the potential maximum loss exposure incurred from the involvement with such structured entities is limited to the total of the carrying amount of the Company's investment, which is as follows: The Company's maximum loss exposure represents the potential maximum loss amount and does not indicate the probability of occurrence.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Other long-term financial assets	¥ 1,630	¥ 1,561	$ 10,795

13. TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Electronically recorded monetary obligations and note and trade payables	¥ 22,109	¥ 19,885	$ 146,417
Accounts payable – other	11,493	11,793	76,113
Total	¥ 33,602	¥ 31,678	$ 222,530

Trade and other payables are classified as financial liabilities measured at amortized cost.

14. INCOME TAXES

(1) Deferred taxes

1) Components of deferred tax assets and deferred tax liabilities

Components of deferred tax assets and deferred tax liabilities are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets			
Loss allowance	¥ 309	¥ 502	$ 2,046
Inventories	1,244	1,257	8,238
Unrealized intercompany profits	7,041	5,703	46,629
Property, plant and equipment	280	165	1,854
Intangible assets	1,766	1,683	11,695
Accrued enterprise tax	388	402	2,570
Accrued expenses	4,863	3,721	32,205
Accrued bonuses	1,959	1,724	12,974
Accrued paid leave	870	752	5,762
Liability for retirement benefits	519	473	3,437
Tax loss carryforwards	568	373	3,762
Lease liabilities	4,723	4,243	31,278
Other	3,932	2,456	26,040
Total deferred tax assets	28,466	23,459	188,517
Deferred tax liabilities			
Property, plant and equipment	888	734	5,881
Intangible assets	3,309	3,514	21,914
Financial assets measured at fair value through other comprehensive income	850	688	5,629
Assets for retirement benefits	140	188	927
Undistributed earnings of foreign subsidiaries	9,107	8,001	60,311
Right-of-use assets	4,414	4,007	29,232
Other	3,655	1,895	24,205
Total deferred tax liabilities	22,366	19,029	148,119
Net deferred tax assets (liabilities)	¥ 6,100	¥ 4,429	$ 40,397

Note:

As described in "2. BASIS OF PREPARATION (5) Changes in accounting policies," amendments to IAS12 was retroactively applied and the amounts for the fiscal year ended March 31, 2023 were restated.

The changes in net amounts of deferred tax assets (liabilities) are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	¥ 4,429	¥ 1,906	$ 29,331
Deferred tax expense	1,456	2,748	9,642
Deferred tax related to each item in other comprehensive income			
Net changes in fair value of financial assets measured at fair value through other comprehensive income	(162)	(216)	(1,073)
Remeasurement of defined benefit liabilities (assets)	59	341	391
Exchange difference on translation of foreign currency	316	(351)	2,093
Increase due to business combinations		1	
Ending balance	¥ 6,100	¥ 4,429	$ 40,397

2) Deductible temporary differences, tax loss carryforwards, and tax credits for which no deferred tax assets have been recognized

Deductible temporary differences, tax loss carryforwards, and tax credits for which no deferred tax assets have been recognized are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deductible temporary differences	¥ 1,323	¥ 1,311	$ 8,762
Tax loss carryforwards	33,803	21,634	223,861

Expiration dates for tax loss carryforwards for which deferred tax assets have not been recognized are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Within one year	¥ 1,427	¥ 224	$ 9,450
Between one year and two years	1,620	758	10,728
Between two and three years	2,030	620	13,444
Between three and four years	460	469	3,046
More than four years	28,264	19,562	187,179
Total	¥ 33,803	¥ 21,634	$ 223,861

(2) Income tax expenses

1) Components of income tax expenses

Income tax expenses consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Current tax expense	¥ 26,283	¥ 25,736	$ 174,060
Deferred tax expense			
Occurrence and reversal of temporary differences	(2,322)	(3,577)	(15,377)
Reassessment of recoverability of deferred tax assets	865	828	5,728
Total	¥ 24,826	¥ 22,988	$ 164,411

2) Reconciliation of applicable tax rates

The Group is mainly subject to income tax, inhabitant tax, and enterprise tax based on which the effective statutory tax rates came to 30.6% for the years ended March 31, 2024 and 2023. However, foreign subsidiaries are subject to income taxes applicable to the jurisdictions in which they are located.

The reasons for the difference between the effective tax rate and the actual tax rate are as follows:

	2024	2023
Effective tax rates	30.6 %	30.6 %
Expenses not deductible for income tax purposes	1.7	0.7
Tax credit for research and other	(3.1)	(2.3)
Reassessment of recoverability of deferred tax assets	1.2	1.2
Tax effect on undistributed earnings of foreign subsidiaries	1.5	1.3
Different tax rates applied to foreign subsidiaries	(1.6)	(1.5)
Share of loss on equity method	1.2	1.3
Impairment losses of goodwill	0.6	0.9
Other	1.2	1.3
Actual tax rates	33.3 %	33.5 %

(3) Potential impact of Pillar 2 corporate income tax

In Japan, where the Company is located, the Law for Partial Revision of the Income Tax Act, etc. was enacted on March 28, 2023 to introduce a global minimum tax system in line with the Pillar 2 Model Rules. The Tax Reform Act will be effective for fiscal years beginning on or after April 1, 2024.

Based on the latest national reports, financial statements, and tax returns of each of the constituent entities subject to the system, the Company has evaluated the potential impact of the application of the global minimum tax system. Based on the results of the assessment, the Company in Japan may be subject to an additional (top-up) tax until the tax burden in the lightly taxable countries where some of its subsidiaries are located reaches the base rate of 15%, but the Company has expected that the impact on the consolidated financial statements of the Group will be immaterial.

15. LEASES

(1) Lessor

1) Finance leases

The Group leases diagnostic instruments and others under finance leases.

Risks related to the underlying assets are reduced by providing maintenance services throughout the lease period.

Lease payments receivable relating to finance leases are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Not later than one year	¥ 9,249	¥ 7,825	$ 61,252
Later than one year and not later than two years	7,082	6,180	46,901
Later than two years and not later than three years	5,183	4,484	34,325
Later than three years and not later than four years	3,475	2,988	23,013
Later than four years and not later than five years	2,117	1,724	14,020
Later than five years	2,194	1,331	14,530
Undiscounted lease payments	¥ 29,303	¥ 24,534	$ 194,060
Unearned finance income	(1,747)	(1,501)	(11,570)
Present value of unguaranteed residual value	2,857	2,286	18,921
Net investment in the lease	¥ 30,413	¥ 25,319	$ 201,411

2) Operating leases

The Group leases diagnostic instruments and others under operating leases.

Risks related to the underlying assets are reduced by providing maintenance services throughout the lease period.

Future minimum lease payments expected to be received under operating leases are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Not later than one year	¥ 3,450	¥ 3,504	$ 22,848
Later than one year and not later than two years	1,534	1,195	10,159
Later than two years and not later than three years	875	706	5,795
Later than three years and not later than four years	644	348	4,265
Later than four years and not later than five years	510	154	3,377
Later than five years	569	241	3,768
Total	¥ 7,584	¥ 6,150	$ 50,225

Lease income from lease contracts in which the Group serves as a lessor is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Finance leases			
Selling profit or loss	¥ 2,663	¥ 2,031	$ 17,636
Finance income on the net investment in the lease	966	778	6,397
Operating leases			
Lease income	¥ 9,636	¥ 6,973	$ 63,815

In the lease income, ¥5,176 million ($34,278 thousand) of variable lease payments which do not depend on index or rate is included for the year ended March 31, 2024, ¥3,921 million for the year ended March 31, 2023, respectively.

(2) Lessee

The Group rents offices, diagnostic instruments and others as a lessee. Mainly for building leases, there are extension options and termination options. The terms and conditions depend on each lease.

Residual value guarantees, restrictions or covenants imposed by leases, leases not yet commenced to which the lessee is committed and sale and leaseback transactions were immaterial as of March 31, 2024.

The details of the profit or loss of lessee's lease are as follow:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Depreciation and amortization charge for right-of-use assets			
Buildings and structures	¥ 5,169	¥ 4,637	$ 34,232
Machinery and vehicles	1,690	1,445	11,192
Furniture and fixtures	1,206	1,220	7,987
Land	36	33	238
Total	¥ 8,102	¥ 7,337	$ 53,656
Interest expense on lease liabilities	¥ 1,179	¥ 943	$ 7,808
Expenses relating to short-term leases	827	648	5,477
Expenses relating to leases of low-value assets	347	289	2,298
Expenses relating to variable lease payments (Note)	44	26	291
Income from subleasing right-of-use assets	¥ 1,459	¥ 1,405	$ 9,662

Note:

Variable lease payments are not included in the measurement of the lease liability.

The detail of the carrying amount of right-of-use assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Right-of-use assets			
Buildings and structures	¥ 16,445	¥ 15,071	$ 108,907
Machinery and vehicles	3,729	2,530	24,695
Furniture and fixtures	3,245	2,178	21,490
Land	160	225	1,060
Total	¥ 23,581	¥ 20,006	$ 156,166

Right-of-use assets increased by ¥10,578 million ($70,053 thousand) as of March 31, 2024, ¥6,897 million as of March 31, 2023, respectively.

Cash outflows for lease was ¥11,467 million ($75,940 thousand) as of March 31, 2024, ¥9,867 million as of March 31, 2023, respectively.

For maturity analysis of lease liabilities, please refer to "29. FINANCIAL INSTRUMENTS (4) Liquidity risk management."

16. PROVISIONS

Reconciliations of provisions from the beginning balances to the ending balances are as follows:

	Millions of Yen		
	Provisions for product warranties	Asset retirement obligations	Total
As of April 1, 2022	¥ 1,234	¥ 366	¥ 1,601
Provision made	666	12	679
Increase associated with passage of time		1	1
Provision used	(805)		(805)
Effects of foreign currency exchange differences	27	17	45
As of March 31, 2023	1,123	398	1,522
Provision made	746	240	987
Increase associated with passage of time		4	4
Provision used	(790)		(790)
Provision reversed		(0)	(0)
Effects of foreign currency exchange differences	79	31	111
As of March 31, 2024	¥ 1,159	¥ 674	¥ 1,834

	Thousands of U.S. Dollars		
	Provisions for product warranties	Asset retirement obligations	Total
As of March 31, 2023	$ 7,437	$ 2,636	$ 10,079
Provision made	4,940	1,589	6,536
Increase associated with passage of time		26	26
Provision used	(5,232)		(5,232)
Effects of foreign currency exchange differences	523	205	735
As of March 31, 2024	$ 7,675	$ 4,464	$ 12,146

As a provision for product warranties, the Group recognized the expected service expenses within the warranty period based on historical data. In most cases, the warranty period is one year.

Asset retirement obligations mainly consist of obligations to restore rented buildings and other assets to their original states. While such expenses are expected to be paid after their estimated period of use, they are affected by future business plans and other factors.

17. POST-EMPLOYMENT BENEFITS

The Company and certain of its subsidiaries have cash balance plans as a defined benefit plan. Under the defined benefit plan, benefits are calculated according to length of service, salary levels, and other factors. The Company or asset managers are required by law to act in the best interests of the plan participants and are responsible for managing the plan assets in accordance with the designated policy. The defined benefit plan is a contract-type pension. The Company operates the plan by entrusting trust banks and other financial institutions to manage payment of contributions and plan assets. Trust banks are contracted by the Company to manage and invest pension assets while engaging in actuarial calculations and operations to pay out annuities and lump-sum payments.

The Company and certain of its subsidiaries have lump-sum retirement plans and defined contribution pension plans.

(1) Defined benefit plan

Amounts recognized in the consolidated statement of operating results arising from the defined benefit plan are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Present value of defined benefit obligation	¥ 15,039	¥ 14,062	$ 99,596
Fair value of plan assets	18,325	16,142	121,358
Total	¥ (3,286)	¥ (2,080)	$ (21,762)
Effects of asset ceiling	5,067	3,425	33,556
Net liability arising from defined benefit plan	¥ 1,780	¥ 1,344	$ 11,788
Amount in consolidated statement of financial position			
Liabilities	¥ 2,239	¥ 1,959	$ 14,828
Assets	458	614	3,033

Amounts recognized in the consolidated statement of income and consolidated statement of comprehensive income with regard to the defined benefit plan are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Defined benefit costs recognized in profit or loss			
Current service cost	¥ 1,021	¥ 811	$ 6,762
Net interest expense	6	(5)	40
Subtotal	1,027	806	6,801
Defined benefit costs recognized in other comprehensive income			
Remeasurements			
Return on plan assets (excluding amounts included in net interest expense)	(1,289)	434	(8,536)
Actuarial gains and losses arising from changes in demographic assumptions	(0)	870	(0)
Actuarial gains and losses arising from changes in financial assumptions	(93)	(621)	(616)
Actuarial gains and losses arising from experience adjustments	15	218	99
Amount of changes in effects of asset ceiling	1,609	214	10,656
Subtotal	241	1,115	1,596
Total	¥ 1,268	¥ 1,921	$ 8,397

Defined benefit costs recognized in profit or loss are included in "Cost of sales," "Selling, general and administrative expenses" and "Research and development expenses" in the consolidated statement of income.

1) Reconciliations of the present value of defined benefit obligations from the beginning balance to the ending balance

Reconciliation of the present value of defined benefit obligations is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	¥ 14,062	¥ 12,878	$ 93,126
Current service cost	1,021	811	6,762
Interest expense	170	67	1,126
Remeasurements			
Actuarial gains and losses arising from changes in demographic assumptions	(0)	870	(0)
Actuarial gains and losses arising from changes in financial assumptions	(93)	(621)	(616)
Actuarial gains and losses arising from experience adjustments	15	218	99
Benefits paid	(789)	(622)	(5,225)
Effects of foreign currency exchange differences	584	360	3,868
Others	69	99	457
Ending balance	¥ 15,039	¥ 14,062	$ 99,596

The weighted-average durations of defined benefit obligations as of March 31, 2024 and 2023, were 10 years and 10 years, respectively.

2) Reconciliation of the fair value of plan assets from the beginning balance to the ending balance

Reconciliation of the fair value of plan assets is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	¥ 16,142	¥ 15,729	$ 106,901
Interest income	196	91	1,298
Remeasurement			
Return on plan assets (excluding amounts included in interest income)	1,289	(434)	8,536
Contributions from the employer	722	700	4,781
Benefits paid	(590)	(335)	(3,907)
Effects of foreign currency exchange differences	476	295	3,152
Others	87	95	576
Ending balance	¥ 18,325	¥ 16,142	$ 121,358

The Company and certain of its subsidiaries expect ¥818 million ($5,417 thousand) of the contribution to be paid to the defined benefit plan in the year ended March 31, 2024.

With regard to the defined benefit pension plan, the Group periodically recalculates the amount of contributions in order to maintain a balanced budget into the future.

Investment of the Group's plan assets is conducted within an acceptable range to ensure comprehensive returns over the medium to long term; these are required in order to steadily pay out annuities and lump-sum payments stipulated in the defined benefit pension contracts, and to build up a portfolio of quality plan assets.

To this end, the Group maintains an investment policy of diversified investments after analyzing the attributes of risk and return on each asset and taking into account correlations among particular assets. Specifically, it determines a policy asset mix that efficiently combines various assets, such as stocks and bonds, and seeks to maintain that mix. Furthermore, periodic reviews of the policy asset mix are conducted in an effort to stay abreast of changes in the market environment, which have taken place since the initial assumptions were made, and changes in funding status.

3) Reconciliation of the asset ceiling

Reconciliation of the changes in effects of the asset ceiling is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	¥ 3,425	¥ 3,192	$ 22,682
Limit on interest income	32	18	212
Remeasurement			
Changes in effects of asset ceiling	1,609	214	10,656
Ending balance	¥ 5,067	¥ 3,425	$ 33,556

4) Fair values of major categories of plan assets

Fair values of major categories of plan assets are as follows:

	Millions of Yen					
	March 31, 2024			March 31, 2023		
	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Total	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Total
Domestic bonds	¥ 4,790		¥ 4,790	¥ 3,937		¥ 3,937
Domestic equity	2,396		2,396	1,974		1,974
Foreign bonds	3,069		3,069	2,466		2,466
Foreign equity	3,097		3,097	2,516		2,516
Others	4,653	¥ 316	4,970	4,797	¥ 450	5,248
Total	¥ 18,008	¥ 316	¥ 18,325	¥ 15,692	¥ 450	¥ 16,142

	Thousands of U.S. Dollars		
	March 31, 2024		
	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Total
Domestic bonds	$ 31,722		$ 31,722
Domestic equity	15,868		15,868
Foreign bonds	20,325		20,325
Foreign equity	20,510		20,510
Others	30,815	$ 2,093	32,914
Total	$ 119,258	$ 2,093	$ 121,358

5) Actuarial assumptions

Principal actuarial assumptions are as follows:

	2024	2023
Discount rate	1.3%	1.2%
Revaluation rate	1.1%	1.2%

6) Sensitivity analysis of actuarial assumptions

If the principal actuarial assumptions change within a reasonable range, the impact on defined benefit obligations will be as shown below. This analysis assumes a situation whereby changes occur in one assumption while all other assumptions remain unchanged.

		Millions of Yen		Thousands of U.S. Dollars
Assumption	Change in assumption	2024	2023	2024
Discount rate	Rise by 0.5%	¥ (162)	¥ (616)	$ (1,073)
	Decline by 0.5%	216	646	1,430
Revaluation rate	Rise by 0.5%	¥ 550	¥ 532	$ 3,642
	Decline by 0.5%	(515)	(495)	(3,411)

(2) Defined contribution plan

Expenses recognized with respect to the defined contribution plan as of March 31, 2024 and 2023 were ¥7,095 million ($46,987 thousand) and ¥6,151 million, respectively.

The above expenses are included in "Cost of sales;" "Selling, general and administrative expenses;" and "Research and development expenses."

18. OTHER FINANCIAL ASSETS AND LIABILITIES

Other short-term financial assets, other long-term financial assets, other short-term financial liabilities, and long-term financial liabilities consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Other short-term financial assets			
Derivative financial assets	¥ 210	¥ 58	$ 1,391
Time deposits	1,100	816	7,285
Others	0	0	0
Total	¥ 1,310	¥ 875	$ 8,675
Other long-term financial assets			
Stocks, etc.	¥ 12,031	¥ 8,132	$ 79,675
Others	2,002	1,645	13,258
Total	¥ 14,034	¥ 9,777	$ 92,940

Derivative financial assets are classified into financial assets measured at fair value through profit or loss. Time deposits are classified into financial assets measured at amortized cost. Stocks and similar equity instruments are classified into either financial assets measured at fair value through profit or loss, at fair value through other comprehensive income, or at amortized cost.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Other short-term financial liabilities			
Deposits received	¥ 539	¥ 533	$ 3,570
Derivative financial liabilities	69	96	457
Contingent consideration		2,088	
Others	419	819	2,775
Total	¥ 1,028	¥ 3,537	$ 6,808
Long-term financial liabilities			
Others	¥ 76	¥ 305	$ 503
Total	¥ 76	¥ 305	$ 503

Deposits received are classified into financial liabilities measured at amortized cost. Derivative financial liabilities and contingent consideration are classified into financial liabilities measured at fair value through profit or loss.

19. OTHER ASSETS AND LIABILITIES

Other current assets, other non-current assets, other current liabilities, and other non-current liabilities consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Other current assets			
Consumption taxes receivable	¥ 8,811	¥ 9,001	$ 58,351
Prepaid expenses	6,039	5,872	39,993
Advance payments	1,301	1,629	8,616
Accrued income	1,702	845	11,272
Contract assets	6,022	2,644	39,881
Others	5,636	4,930	37,325
Total	¥ 29,515	¥ 24,924	$ 195,464
Other non-current assets			
Long-term prepaid expenses	¥ 2,220	¥ 2,037	$ 14,702
Guarantee deposits	2,115	1,799	14,007
Others	3	5	20
Total	¥ 4,339	¥ 3,842	$ 28,735

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Other current liabilities			
Accrued short-term paid leave	¥ 4,223	¥ 3,648	$ 27,967
Accrued directors' bonuses	642	491	4,252
Others	5,445	4,208	36,060
Total	¥ 10,311	¥ 8,348	$ 68,285
Other non-current liabilities			
Accrued long-term paid leave	¥ 328	¥ 299	$ 2,172
Liabilities associated with equity method	5,149	2,545	34,099
Others	4,872	4,214	32,265
Total	¥ 10,350	¥ 7,059	$ 68,543

20. EQUITY

(1) Capital stock and capital surplus

Capital surplus comprises amounts generated through capital transactions that were not included in capital stock, and other capital surplus.

Reconciliations of number of authorized shares and number of issued shares from the beginning balance to the ending balance are as follows:

	Thousands of shares			
	2024		2023	
	Number of authorized shares	Number of issued shares	Number of authorized shares	Number of issued shares
Beginning balance	598,688	209,693	598,688	209,657
Increase/decrease during the period		96		36
Ending balance	598,688	209,790	598,688	209,693

Notes:

1. Shares issued by the Company are common stock with no par value, and outstanding shares are fully paid up.
2. The increase of 96 thousand shares in the number of issued shares in the year ended March 31, 2024, was due to the exercise of subscription rights to shares as stock options.
3. The increase of 36 thousand shares in the number of issued shares in the year ended March 31, 2023, was due to the exercise of subscription rights to shares as stock options.
4. The Company conducted a three-for-one stock split on common stock with an effective date of April 1, 2024. As a result, the number of authorized shares increased by 1,197,376 thousands of shares to 1,796,064 thousands of shares, and the number of issued shares increased by 419,580 thousands of shares to 629,371 thousands of shares.

(2) Treasury stocks

Reconciliation of the number of treasury stocks from the beginning balance to the ending balance is as follows:

	Thousands of shares	
	2024	2023
Beginning balance	447	447
Increase/decrease during the period	1,509	0
Ending balance	1,957	447

Notes:

1. The increase of 0 thousand shares in the number of treasury stocks in the year ended March 31, 2024, was due to purchases of fractional shares less than one unit.
2. The increase of 0 thousand shares in the number of treasury stocks in the year ended March 31, 2023, was due to purchases of fractional shares less than one unit.
3. The number of shares on March 31, 2024 includes the Company's shares held by the Stock-Granting Employee Stock Ownership Plan ("ESOP") Trust.
4. The Company conducted a three-for-one stock split on common stock with an effective date of April 1, 2024. As a result, the number of treasury stocks increased by 3,914 thousands of shares to 5,872 thousands of shares.

(3) Retained earnings

Retained earnings comprise legal reserve of retained earnings and unappropriated retained earnings.

(4) Other components of equity

1) Net gain (loss) on financial assets measured at fair value through other comprehensive income

Amounts consist of changes in fair value of financial assets measured at fair value through other comprehensive income.

2) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans consist of actuarial differences, return on plan assets (excluding amounts included in interest income), and changes in effects of the asset ceiling (excluding amounts included in interest income). Actuarial differences consist of actual adjustments relating to defined benefit obligations (i.e., the difference between actuarial assumptions at the beginning of the period and actual results) and the effects of changes in actuarial assumptions. These amounts are recognized in other comprehensive income when they occur and are immediately reclassified from other components of equity into retained earnings.

3) Exchange difference on translation of foreign operations

Amounts consist of exchange differences arising from consolidation of the financial statements of foreign operations denominated in a currency other than the functional currency of the Company.

4) Share of other comprehensive income of investments accounted for using equity method

Amounts consist of exchange differences on translation of foreign operations of investments accounted for using equity method.

Details and amounts of other components of equity are as follows:

	Millions of Yen				
	Net gain (loss) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange difference on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total
As of April 1, 2022	¥ 1,043		¥ 7,258	¥ 7	¥ 8,309
Other comprehensive income	484	¥ (774)	10,117	12	9,841
Reclassification into retained earnings		774			774
As of March 31, 2023	1,528		17,377	19	18,925
Other comprehensive income	250	(181)	23,526	27	23,623
Reclassification into retained earnings	85	¥ 181			266
As of March 31, 2024	¥ 1,864		¥ 40,903	¥ 47	¥ 42,814

	Thousands of U.S. Dollars				
	Net gain (loss) on financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange difference on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total
As of March 31, 2023	$ 10,119		$ 115,079	$ 126	$ 125,331
Other comprehensive income	1,656	$ (1,199)	155,801	179	156,444
Reclassification into retained earnings	563	$ 1,199			1,762
As of March 31, 2024	$ 12,344		$ 270,881	$ 311	$ 283,536

(5) Dividends

Dividends paid are as follows:

Year Ended March 31, 2024

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Total dividends (Thousands of U.S. Dollars)	Dividends per share (U.S. Dollars)	Dividend record date	Effective date
Ordinary General Meeting of Shareholders June 23, 2023	Common stock	¥8,788	¥42.00	$58,199	$0.28	March 31, 2023	June 26, 2023
Board of Directors' Meeting November 8, 2023	Common stock	¥8,790	¥42.00	$58,212	$0.28	September 30, 2023	December 4, 2023

Year Ended March 31, 2023

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Dividend record date	Effective date
Ordinary General Meeting of Shareholders June 24, 2022	Common stock	¥8,159	¥39.00	March 31, 2022	June 27, 2022
Board of Directors' Meeting November 9, 2022	Common stock	¥8,369	¥40.00	September 30, 2022	December 5, 2022

Dividends with effective dates in the following fiscal year are as follows:

Year Ended March 31, 2024

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Total dividends (Thousands of U.S. Dollars)	Dividends per share (U.S. Dollars)	Dividend record date	Effective date
Ordinary General Meeting of Shareholders June 21, 2024	Common stock	¥8,792	¥42.00	$58,225	$0.28	March 31, 2024	June 24, 2024

Notes:

1. The total dividends as a result of the resolution of the Ordinary General Meeting of Shareholders on June 21, 2024 includes dividends of ¥63 million ($417 thousand) on the Company's shares held by the ESOP trust.
2. The Company conducted a three-for-one stock split on common stock with an effective date of April 1, 2024, and the above shows the actual amount of dividends before the stock split.

Year Ended March 31, 2023

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividends per share (Yen)	Dividend record date	Effective date
Ordinary General Meeting of Shareholders June 23, 2023	Common stock	¥8,788	¥42.00	March 31, 2023	June 26, 2023

21. REVENUES

(1) Disaggregation of revenue

The Group engages in the manufacture and sale of diagnostic instruments and reagents and the provision of related services. These businesses are conducted in Japan by the Company, and in the Americas, EMEA, China, and the Asia Pacific region by regional headquarters, and companies formulate comprehensive strategies tailored to regional characteristics and conduct business activities accordingly. Since the operating results are regularly reviewed by the Managing Board to make decisions about resources to be allocated to the segment and assess its performance, revenues in five regions, "Japan," the "Americas," "EMEA," "China," and "Asia Pacific" are recognized as sales.

Details disaggregated to goods or services based on revenue recognized from contracts with customers are as follows:

Year ended March 31, 2024

(Unit: Millions of yen)

	Reportable segment					
	Japan	Americas	EMEA	China	Asia Pacific	Total
Goods or services						
Instruments	¥ 17,993	¥ 29,154	¥ 29,287	¥ 15,030	¥ 9,493	¥ 100,959
Reagents	37,260	53,138	80,065	81,657	28,721	280,843
Maintenance services	8,771	28,532	13,474	7,296	3,370	61,446
Others	3,179	1,653	6,310	5,813	1,305	18,261
Total	¥ 67,205	¥ 112,479	¥ 129,137	¥ 109,797	¥ 42,891	¥ 461,510
Revenues recognized from contracts with customers	66,932	105,419	118,529	109,704	39,246	439,832
Revenues recognized from other items (Note)	272	7,060	10,607	93	3,644	21,678

Note:

Lease revenues based on IFRS 16 are included in revenues recognized from other items.

Year ended March 31, 2023

(Unit: Millions of yen)

	Reportable segment					
	Japan	Americas	EMEA	China	Asia Pacific	Total
Goods or services						
Instruments	¥ 13,375	¥ 27,783	¥ 27,429	¥ 15,153	¥ 8,054	¥ 91,796
Reagents	38,731	46,299	67,939	69,372	25,192	247,535
Maintenance services	8,178	25,606	11,526	6,679	2,134	54,125
Others	3,014	1,117	6,378	5,592	940	17,044
Total	¥ 63,300	¥ 100,807	¥ 113,274	¥ 96,797	¥ 36,322	¥ 410,502
Revenues recognized from contracts with customers	62,996	95,337	106,378	96,745	33,689	395,146
Revenues recognized from other items (Note)	303	5,469	6,896	52	2,633	15,355

Note:

Lease revenues based on IFRS 16 are included in revenues recognized from other items.

Year ended March 31, 2024

(Unit: Thousands of U.S. Dollars)

	Reportable segment					
	Japan	Americas	EMEA	China	Asia Pacific	Total
Goods or services						
Instruments	$ 119,159	$ 193,073	$ 193,954	$ 99,536	$ 62,868	$ 668,603
Reagents	246,755	351,907	530,232	540,775	190,205	1,859,887
Maintenance services	58,086	188,954	89,232	48,318	22,318	406,927
Others	21,053	10,947	41,788	38,497	8,642	120,934
Total	$ 445,066	$ 744,894	$ 855,212	$ 727,132	$ 284,046	$ 3,056,358
Revenues recognized from contracts with customers	443,258	698,139	784,960	726,517	259,907	2,912,795
Revenues recognized from other items	1,801	46,755	70,245	616	24,132	143,563

1) Sales of instruments and reagents

The Group recognizes revenue from the sale of instruments and reagents, based on the details of contracts with customers, when the customer obtains control of such products and performance obligations are deemed to have been satisfied. Specifically, revenue is recognized when the rights of ownership and the risks thereof are transferred from the Group to the customer, either on the shipping date, at the time of transfer to the customer, or at the time of customer inspection and acceptance. In addition, sales for reagents may be sold with rebates that are subject to certain sales targets. In this case, rebate estimation is deducted from the transaction price. For estimination of rebates, the most frequent method used is that based on past performance. In the Group, no transactions for selling the product with rights of return or any other similar rights are made.

2) Maintenance service

Maintenance services mainly involve the provision of services on products for a certain period of time. As the control of these maintenance services is transferred over a defined period, revenue is recognized when performance obligations are satisfied over a defined period.

Revenue from maintenance services for products is primarily recognized through a calculation based on the percentage of the total volume of goods or services transferred (output method). If consideration is received from a customer before performance obligations are satisfied, this consideration is recognized as a contract liability.

Consideration related to the provision of these product sales and services is generally received within one year from the point revenue is recognized, so it does not include a significant financial component.

(2) Contract balances

As of March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Contract assets	¥ 6,022	¥ 2,644	$ 39,881
Contract liabilities	16,591	14,469	109,874

As of March 31, 2023

	Millions of Yen	
	2023	2022
Contract assets	¥ 2,644	¥ 2,049
Contract liabilities	14,469	12,852

Contract assets are mainly unconditional rights to receive considerations in exchange for multi-component transactions consisting of instruments, reagents, and maintenance services, which are related to goods or services that have been completed as of the reporting date. In the consolidated statement of financial position, they are included in other current assets.

Contract liabilities are mainly related to advances received from customers. Of the revenue recognized in the fiscal year ended March 31, 2024, ¥14,160 million ($93,775 thousand) of contract liabilities was included in the beginning of the fiscal year.

(3) Transaction price allocated to remaining performance obligation

The aggregated amount of transaction price allocated to remaining performance obligations unsatisfied as of March 31, 2024, and the expected duration of the remaining performance obligations are as follows:

The table below does not include contracts for which original expected duration is one year or less. The table below also does not include contracts wherein the amount of consideration from a customer corresponds directly with the value provided to the customer using a practical expedient.

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Within one year	¥ 18,119	¥ 13,482	$ 119,993
Longer than one year	32,850	23,014	217,550
Total	¥ 50,969	¥ 36,497	$ 337,543

(4) Assets recognized from the costs to obtain or fulfil a contract with a customer

Assets recognized from the costs to obtain or fulfil a contract with a customer had no significance as of March 31, 2024. In addition, when the amortization period of the asset to be recognized is within one year, practical expedients are used and recognized as an expense when cost is incurred.

22. INFORMATION OF EXPENSES BY NATURE

Information of expenses by nature is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Cost of materials	¥ 56,699	¥ 56,182	$ 375,490
Personnel expenses	128,481	109,173	850,868
Depreciation and amortization	35,888	31,807	237,669

23. OTHER OPERATING INCOME AND EXPENSES

Other operating income and other operating expenses consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Other operating income			
Grants	¥ 606	¥ 885	$ 4,013
Gain on sales of property, plant and equipment	297	66	1,967
Change in fair value of contingent considerations	2,390		15,828
Compensation for warehouse fire	20	1,400	132
Others	887	1,750	5,874
Total	¥ 4,203	¥ 4,103	$ 27,834
Other operating expenses			
Loss on sales and retirement of property, plant and equipment	¥ 386	¥ 298	$ 2,556
Others	518	406	3,430
Total	¥ 905	¥ 705	$ 5,993

Notes:

1. Grants consist of government grants received for business activities conducted in special economic areas and subsidies to encourage the development of medical devices. There were no unfulfilled conditions or other contingent events entailed in these subsidies.
2. Change in fair value of contingent considerations relate to milestones for Astrego Diagnostics AB to be paid in addition upon obtaining regulatory approval.

24. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses consist of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Financial income			
Interest income			
Financial assets measured at amortized cost	¥ 672	¥ 546	$ 4,450
Dividend income			
Financial assets measured at fair value through other comprehensive income	127	107	841
Others	136	208	901
Total	¥ 937	¥ 863	$ 6,205
Financial expenses			
Interest expenses			
Lease liabilities	¥ 1,179	¥ 943	$ 7,808
Financial liabilities measured at amortized cost	355	179	2,351
Loss related to stock, etc.			
Financial assets measured at fair value through profit or loss	52	61	344
Others	798	382	5,285
Total	¥ 2,386	¥ 1,566	$ 15,801

25. OTHER COMPREHENSIVE INCOME

Amounts of each item of other comprehensive income for the year, reclassification adjustments to profit or loss, and the impact of tax effects are as follows:

Year Ended March 31, 2024

	Millions of Yen				
	Amount incurred	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified subsequently to profit or loss					
Net gain (loss) on financial assets measured at fair value through other comprehensive income	¥ 413	¥	¥ 413	¥ (162)	¥ 250
Remeasurements of defined benefit plans	(241)		(241)	59	(181)
Subtotal	172		172	(102)	69
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	23,526		23,526		23,526
Share of other comprehensive income of investments accounted for using the equity method	27		27		27
Subtotal	23,553		23,553		23,553
Total	¥ 23,725	¥	¥ 23,725	¥ (102)	¥ 23,623

Year Ended March 31, 2023

	Millions of Yen				
	Amount incurred	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified subsequently to profit or loss					
Net gain (loss) on financial assets measured at fair value through other comprehensive income	¥ 701	¥	¥ 701	¥ (216)	¥ 484
Remeasurements of defined benefit plans	(1,115)		(1,115)	341	(774)
Subtotal	(414)		(414)	124	(289)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	10,117		10,117		10,117
Share of other comprehensive income of investments accounted for using the equity method	12		12		12
Subtotal	10,130		10,130		10,130
Total	¥ 9,716	¥	¥ 9,716	¥ 124	¥ 9,841

Year Ended March 31, 2024

	Thousands of U.S. Dollars				
	Amount incurred	Reclassification adjustments	Before tax effects	Tax effects	After tax effects
Items that will not be reclassified subsequently to profit or loss					
Net gain (loss) on financial assets measured at fair value through other comprehensive income	$ 2,735	$	$ 2,735	$ (1,073)	$ 1,656
Remeasurements of defined benefit plans	(1,596)		(1,596)	391	(1,199)
Subtotal	1,139		1,139	(675)	457
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	155,801		155,801		155,801
Share of other comprehensive income of investments accounted for using the equity method	179		179		179
Subtotal	155,980		155,980		155,980
Total	$ 157,119	$	$ 157,119	$ (675)	$ 156,444

26. EARNINGS PER SHARE

The basis for calculating basic and diluted earnings per share is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Basis for calculating basic earnings per share			
Profit attributable to owners of the parent	¥ 49,639	¥ 45,784	$ 328,735
Profit not attributable to common stock shareholders of the parent			
Profit used in calculating basic earnings per share	49,639	45,784	328,735
Average number of common stock shares during the period (Thousands of shares)	626,187	627,682	4,146,934
Basis for calculating diluted earnings per share			
Profit used in calculating basic earnings per share	49,639	45,784	328,735
Profit adjustment			
Profit used in calculating diluted earnings per share	49,639	45,784	328,735
Average number of common stock shares during the period (Thousands of shares)	626,187	627,682	4,146,934
Effect of dilutive shares (Thousands of shares)	238	279	1,576
Average number of common stock shares after adjustment for dilution (Thousands of shares)	626,425	627,962	4,148,510
Summary of potential shares that were not included in the calculation of diluted earnings per share because they do not have a dilutive effect			

Notes:

1. The Company has introduced the ESOP trust, and in calculating basic earnings per share and diluted earnings per share, the Company treats the Company's shares held by the trust as treasury stock. Therefore, the number of shares is deducted from the average number of common stock shares during the period average number of shares during the period.
2. The Company conducted a three-for-one stock split on common stock with an effective date of April 1, 2024. Basic earnings per share and diluted earnings per share are calculated assuming the stock split took place on April 1, 2022.

27. SUPPLEMENTAL CASH FLOW INFORMATION

(1) Change of liabilities in financing activities

Year Ended March 31, 2024

The change of liabilities in financing activities is as follows:

	Millions of Yen				
			Fluctuations not accompanying cash flows		
	April 1, 2023	Fluctuations accompanying cash flows from financing activities	New leases	Others	March 31, 2024
Lease liabilities	¥ 22,592	¥ (9,068)	¥ 10,670	¥ 2,546	¥ 26,739
Long-term loans payable		29,000			29,000

Notes:

1. There is no change in liabilities in financing activities other than lease liabilities and long-term loans payable.
2. Long-term loans payable includes current portion of long-term loans payable which are included in other short-term financial liabilities in the consolidated statement of financial position.

	Thousands of U.S. Dollars				
			Fluctuations not accompanying cash flows		
	April 1, 2023	Fluctuations accompanying cash flows from financing activities	New leases	Others	March 31, 2024
Lease liabilities	$ 149,616	$ (60,053)	$ 70,662	$ 16,861	$ 177,079
Long-term loans payable		192,053			192,053

Year Ended March 31, 2023

The change of liabilities in financing activities is as follows:

	Millions of Yen				
			Fluctuations not accompanying cash flows		
	April 1, 2022	Fluctuations accompanying cash flows from financing activities	New leases	Others	March 31, 2023
Lease liabilities	¥ 22,280	¥ (7,959)	¥ 6,264	¥ 2,007	¥ 22,592

Note:

There is no change in liabilities in financing activities other than lease liabilities.

(2) Non-cash transactions

Year Ended March 31, 2024

Non-cash transactions cosists of increase in right-of-use assets through the lease agreements in the amount of ¥10,578 million ($70,053 thousand).

Year Ended March 31, 2023

Non-cash transactions cosists of increase in right-of-use assets through the lease agreements in the amount of ¥6,897 million.

28. STOCK-BASED COMPENSATION

(1) Details of stock-based compensation

The Company has adopted a stock option plan for members of the Managing Board, employees, and members of the Managing Board and employees of some of its subsidiaries.

The details are as follows:

	4th Stock Option
Grant date	September 20, 2019
Number and type of shares	Common stock 935 thousand shares
Exercise period	Within six years from vesting, provided, however, that those who retire after vesting may exercise their rights for only two years from retirement date
Exercise price	¥7,295
Settlement method	Equity settled
Exercise conditions	Must be employed by the Company continuously from the grant date (September 20, 2019) through the vesting date (September 19, 2021)

Note:

The Company conducted a three-for-one stock split on common stock with an effective date of April 1, 2024, however, the above does not reflect the impact of the stock split.

(2) The number of stock options and the weighted-average exercise prices

	2024		2023		2024	
	Number of shares (Thousand shares)	Weighted-average exercise price (Yen)	Number of shares (Thousand shares)	Weighted-average exercise price (Yen)	Number of shares (Thousand shares)	Weighted-average exercise price (U.S. Dollars)
Outstanding at beginning of period	665	¥ 7,295	720	¥ 7,295	665	$ 48.31
Granted during period						
Forfeited during period	(7)	7,295	(18)	7,295	(7)	48.31
Exercised during period	(96)	7,295	(36)	7,295	(96)	48.31
Outstanding at end of period	560	¥ 7,295	665	¥ 7,295	560	$ 48.31
Exercisable at end of period	560	¥ 7,295	665	¥ 7,295	560	$ 48.31

Notes:

1. The weighted-average share price on the exercise date for the years ended March 31, 2024 and 2023, were ¥8,857 ($58.66) and ¥8,354, respectively.
2. The exercise price of outstanding stock options for the years ended March 31, 2024 and 2023, were ¥7,295 ($48.31) and ¥7,295, respectively.
3. The weighted-average remaining contractual life for the years ended March 31, 2024 and 2023, were 3.4 years and 4.4 years, respectively.

(3) Stock-based expenses

No stock-based expenses were recognized for the years ended March 31, 2024 and 2023.

29. FINANCIAL INSTRUMENTS

(1) Capital management

The Group, in an effort to maximize its corporate value through sustained growth, has been focusing on capital management to maintain financial soundness in preparation for business investments that ensure growth, while enhancing capital efficiency.

To this end, the Group periodically monitors its ROE (ratio of profit attributable to owners of the parent to average equity attributable to the owners of the parent) to gauge its capital efficiency and its equity ratio (ratio of equity attributable to the owners of the parent) for financial soundness. ROE for the years ended March 31, 2024 and 2023, was 12.1% and 12.4%, respectively, and the equity ratios for the years ended March 31, 2024 and 2023, were 69.8% and 73.0%, respectively. The equity ratio was calculated by dividing total equity attributable to the owners of the parent by total liabilities and equity.

The Company, as part of efforts to expeditiously raise funds, has acquired an issuer rating of AA- (Double A minus) from Rating and Investment Information, Inc. (R&I), and updates such ratings through yearly reviews. Maintaining and improving such ratings contribute to keeping down future funding costs.

The Group is not subject to any material capital restrictions.

(2) Financial risk management policy

In the course of executing business activities, the Group is exposed to various financial risks (credit, liquidity, and market). In order to avoid or mitigate such risks, the Group engages in risk management based on certain policies.

The Group invests funds in low-risk financial assets, mainly short-term deposits, and uses financial instruments, mainly bank loans, for funding.

Derivative transactions have been approved by a predetermined decision-maker based on the internal guidelines, which prescribe the authority and the limit of transactions, and are managed through the finance department, regularly confirming the balance as at each due date.

(3) Credit risk management

The Company manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances for major customers by each business administration department in order to identify at an early stage any customer default risks due to deteriorating finances. The credit risk regarding subsidiaries is also managed in the same manner.

Credit risk from derivatives is minimized due to dealing only with large financial institutions.

The carrying amounts of financial assets after impairment loss stated in the consolidated statement of financial position represent the maximum exposure to credit risk at reporting dates that do not take into account collateral and other credit enhancements. The counterparties and trading areas of the Group are extensive, and no significant concentration of the credit risk has occurred.

The Group calculates the loss allowance by classifying them into the categories of trade, contract assets, and lease receivables, and other receivables. Both types of financial assets are treated as defaults at the point when contracted payment terms and conditions cannot be met.

The Group recognizes loss allowance for all trade and lease receivables at an amount equal to the lifetime expected credit loss. Loss allowance is calculated to reflect the following factors:

(a) Unbiased, probability-weighted amounts derived by evaluating the probable results within a certain range

(b) Time value of money

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions, and future economic conditions

For any types of financial assets, the Group considers information, in addition to information on due dates, that can be reasonably used and supported by the Group when evaluating whether or not the credit risk has increased significantly. Both types of financial assets are treated as credit-impaired financial assets in the event that the borrower requests revision of the payment terms and conditions, the borrower falls into serious financial difficulty, or legal liquidation procedures commence due to the borrower's bankruptcy, etc. In terms of amounts that are clearly not capable of being collected in future periods, the carrying amounts of financial assets are directly reduced and the corresponding loss allowance is also decreased.

Changes in the loss allowance are as follows:

	Millions of Yen			
	Financial assets with loss allowance measured at an amount equal to 12-month expected credit loss	Financial assets with loss allowance measured at an amount equal to lifetime expected credit loss		
		Credit-impaired financial assets	Trade, contract assets, and lease receivables	Total
As of April 1, 2022	¥	¥	¥ 867	¥ 867
Provision made			446	446
Provision used			(67)	(67)
Provision reversed			(370)	(370)
Exchange differences on translation of foreign currency			42	42
As of March 31, 2023			918	918
Provision made			648	648
Provision used			(248)	(248)
Provision reversed			(343)	(343)
Exchange differences on translation of foreign currency			97	97
As of March 31, 2024	¥	¥	¥ 1,073	¥ 1,073

	Thousands of U.S. Dollars			
	Financial assets with loss allowance measured at an amount equal to 12-month expected credit loss	Financial assets with loss allowance measured at an amount equal to lifetime expected credit loss		
		Credit-impaired financial assets	Trade, contract assets, and lease receivables	Total
As of March 31, 2023			$ 6,079	$ 6,079
Provision made			4,291	4,291
Provision used			(1,642)	(1,642)
Provision reversed			(2,272)	(2,272)
Exchange differences on translation of foreign currency			642	642
As of March 31, 2024	$	$	$ 7,106	$ 7,106

Changes in the gross carrying amount of financial assets are as follows:

	Millions of Yen			
	Financial assets with loss allowance measured at an amount equal to 12-month expected credit loss	Financial assets with loss allowance measured at an amount equal to lifetime expected credit loss		
		Credit-impaired financial assets	Trade, contract assets, and lease receivables	Total
As of April 1, 2022	¥ 1,237	¥ 7	¥ 137,116	¥ 138,362
Recognition and derecognition	108	4	4,625	4,739
Exchange differences on translation of foreign currency	38	1	4,639	4,678
As of March 31, 2023	1,384	14	146,381	147,780
Recognition and derecognition	(528)	¥ (14)	26,258	25,716
Exchange differences on translation of foreign currency	71		12,182	12,253
As of March 31, 2024	¥ 926		¥ 184,822	¥ 185,749

	Thousands of U.S. Dollars			
	Financial assets with loss allowance measured at an amount equal to 12-month expected credit loss	Financial assets with loss allowance measured at an amount equal to lifetime expected credit loss		
		Credit-impaired financial assets	Trade, contract assets, and lease receivables	Total
As of March 31, 2023	$ 9,166	$ 93	$ 969,411	$ 978,675
Recognition and derecognition	(3,497)	$ (93)	173,894	170,305
Exchange differences on translation of foreign currency	470		80,675	81,146
As of March 31, 2024	$ 6,132		$ 1,223,987	$ 1,230,126

No financial assets for which loss allowance was recorded at initial recognition were recognized for the years ended March 31, 2024 and 2023.

The carrying amounts of financial assets for which loss allowance was recognized are as follows:

As of March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars	
	Financial assets	Loss allowance	Financial assets	Loss allowance
Financial assets with significantly increased credit risk or credit-impaired financial assets	¥ 3,020	¥ 884	$ 20,000	$ 5,854
Financial assets other than the above	182,729	188	1,210,126	1,245
Total	¥ 185,749	¥ 1,073	$ 1,230,126	$ 7,106

As of March 31, 2023

	Millions of Yen	
	Financial assets	Loss allowance
Financial assets with significantly increased credit risk or credit-impaired financial assets	¥ 2,935	¥ 813
Financial assets other than the above	144,844	105
Total	¥ 147,780	¥ 918

(4) Liquidity risk management

The Company manages its liquidity risk by holding adequate volumes of cash on hand in view of business income and expenditure, and capital investment plan along with adequate cash management plan by the finance department. The finance department of the Company manages liquidity risk by obtaining information on cash flows for the whole Group.

The contractual maturities of financial liabilities are as follows:

As of March 31, 2024

	Millions of Yen							
	Carrying amount	Contractual cash flows	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Trade and other payables	¥ 33,602	¥ 33,602	¥ 33,602					
Long-term loans payable	29,000	30,010	613	¥ 608	¥ 604	¥ 601	¥ 25,534	¥ 2,048
Lease liabilities	26,739	29,617	10,399	7,693	5,000	2,648	1,333	2,541
Deposits received	539	539	539					
Others	95	95	19	19	20	21	14	
Subtotal	89,977	93,866	45,174	8,321	5,625	3,270	26,883	4,590
Derivative financial liabilities								
Forward exchange contracts	69	69	69					
Subtotal	69	69	69					
Total	¥ 90,047	¥ 93,935	¥ 45,244	¥ 8,321	¥ 5,625	¥ 3,270	¥ 26,883	¥ 4,590

As of March 31, 2023

	Millions of Yen							
	Carrying amount	Contractual cash flows	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Trade and other payables	¥ 31,678	¥ 31,678	¥ 31,678					
Lease liabilities	22,592	24,401	8,093	¥ 5,944	¥ 4,381	¥ 2,549	¥ 1,222	¥ 2,210
Deposits received	533	533	533					
Others	3,213	3,213	2,907	58	60	62	64	59
Subtotal	58,017	59,827	43,213	6,002	4,441	2,612	1,286	2,269
Derivative financial liabilities								
Forward exchange contracts	96	96	96					
Subtotal	96	96	96					
Total	¥ 58,114	¥ 59,923	¥ 43,309	¥ 6,002	¥ 4,441	¥ 2,612	¥ 1,286	¥ 2,269

As of March 31, 2024

	Thousands of U.S. Dollars							
	Carrying amount	Contractual cash flows	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years
Non-derivative financial liabilities								
Trade and other payables	$ 222,530	$ 222,530	$222,530					
Long-term loans payable	192,053	198,742	4,060	$ 4,026	$ 4,000	$ 3,980	$169,099	$ 13,563
Lease liabilities	177,079	196,139	68,868	50,947	33,113	17,536	8,828	16,828
Deposits received	3,570	3,570	3,570					
Others	629	629	126	126	132	139	93	
Subtotal	595,874	621,629	299,166	55,106	37,252	21,656	178,033	30,397
Derivative financial liabilities								
Forward exchange contracts	457	457	457					
Subtotal	457	457	457					
Total	$ 596,338	$ 622,086	$299,629	$ 55,106	$ 37,252	$ 21,656	$178,033	$ 30,397

Average interest rates as of March 31, 2024, were 0.7% for long-term loans payable, 5.3% for lease liabilities and 0.0% for deposits received.

(5) Market risk management

1) Management of foreign currency exchange rate risk

In terms of foreign currency receivables, foreign currency exchange rate risk, which is summarized with respect to each currency and each month, is managed mainly through use of forward exchange contracts. Forward exchange contracts are used for foreign currency forecast transactions and loans for subsidiaries, according to conditions in respect of foreign currency exchange rate fluctuations.

(i) Exposure to foreign currency exchange rate risk

The Group's exposure to foreign currency exchange rate risk is as shown below. The exposure amounts represent the exposure to risk less the foreign currency exchange risks hedged by the forward exchange contracts.

	2024	2023
Thousands of U.S. dollars	(39,162)	(43,320)
Thousands of euros	(38,795)	(50,541)
Thousands of yuan	(82)	(1,090)

(ii) Sensitivity analysis of foreign currency exchange risk

The following shows the impacts on profit or loss and equity of a 10% appreciation of the Japanese yen against the U.S. dollar, euro and yuan. This analysis assumes that all other factors are constant. The impacts of fluctuations in currencies other than the U.S. dollar, euro and yuan on the Group's exposure are immaterial.

	Millions of Yen				Thousands of U.S. Dollars	
	2024		2023		2024	
	Profit or loss	Equity	Profit or loss	Equity	Profit or loss	Equity
U.S. dollar (yen appreciates by 10%)	¥ 411	¥ 411	¥ 401	¥ 401	$ 2,722	$ 2,722
Euro (yen appreciates by 10%)	439	439	511	511	2,907	2,907
Yuan (yen appreciates by 10%)	(3)	(3)	(1)	(1)	(20)	(20)

2) Management of interest rate risk

As the Group does not have material financial instruments exposed to interest rate risk, the interest rate risk is limited.

3) Management of market price fluctuation risk

Equity instruments are managed through regular monitoring of market values and the financial positions of issuers.

With regard to listed shares held by the Group, the impacts of a 10% decline in share prices for the years ended March 31, 2024 and 2023 were ¥410 million ($2,715 thousand) and ¥311 million, respectively. This analysis assumes that all other factors are constant.

(6) Fair value of financial instruments

1) Fair value measurement method

The fair values of major financial assets and financial liabilities are determined in the following manner. In measuring the fair values of financial instruments, the quoted price is used, if available. If the quoted price is not available, the method of discounting future cash flows or other appropriate methods are used.

(i) Trade and other receivables

The fair values of lease receivables are measured at the present value calculated by discounting future cash flows, using the applicable discount rate considering credit risk, and classified in Level 3.

(ii) Other financial assets

- Stocks

  The fair values of listed stocks are measured from the quoted prices of identical assets in active markets, and classified in Level 1.

  The fair values of unlisted stocks and investments are measured, in accordance with the valuation policy and procedures set forth by the Company, using a valuation model based on the net assets of the investee and other appropriate valuation methods, and classified in Level 3.

(iii) Derivative financial assets and derivative financial liabilities

The fair values of forward exchange contracts, etc., are measured based on the prices indicated by the financial institutions, which are the counterparties of the contracts, and classified in Level 2.

(iv) Contingent consideration

The fair values of the contingent consideration arising from business combinations are measured based on an estimated future solvency, and classified in Level 3.

(v) Bonds and long-term loans payable

The fair values of bonds and long-term loans payable are measured at the present value discounted at the interest rate assumed for transactions with the same terms for the same remaining period.

The fair values of financial assets and financial liabilities other than those stated above approximate their carrying amount.

2) Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost are as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2024		2023		2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Lease receivables	¥ 30,413	¥ 29,701	¥ 25,319	¥ 23,355	$ 201,411	$ 196,695
Bonds	150	150			993	993
Total	¥ 30,563	¥ 29,852	¥ 25,319	¥ 23,355	$ 202,404	$ 197,695
Liabilities						
Long-term loans payable	¥ 29,000	¥ 29,001			$ 192,053	$ 192,060
Others	95	95	¥ 1,125	¥ 1,125	629	629
Total	¥ 29,095	¥ 29,097	¥ 1,125	¥ 1,125	$ 192,682	$ 192,695

Note:

Long-term loans payable include current portion of long-term loans payable which are included in "Other short-term financial liabilities" in the consolidated statement of financial position.

3) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is as follows:

As of March 31, 2024

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Assets				
Stocks, etc.				
Financial assets measured at fair value through profit or loss			¥ 2,882	¥ 2,882
Financial assets measured at fair value through other comprehensive income	¥ 4,100		4,950	9,051
Derivative financial assets				
Financial assets measured at fair value through profit or loss		¥ 210		210
Others				
Financial assets measured at fair value through profit or loss	539		1,409	1,948
Total	¥ 4,640	¥ 210	¥ 9,241	¥ 14,092
Liabilities				
Derivative financial liabilities				
Financial liabilities measured at fair value through profit or loss		¥ 69		¥ 69
Total		¥ 69		¥ 69

As of March 31, 2023

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Assets				
Stocks, etc.				
Financial assets measured at fair value through profit or loss			¥ 2,761	¥ 2,761
Financial assets measured at fair value through other comprehensive income	¥ 3,116		2,254	5,370
Derivative financial assets				
Financial assets measured at fair value through profit or loss		¥ 58		58
Others				
Financial assets measured at fair value through profit or loss	665		978	1,643
Total	¥ 3,781	¥ 58	¥ 5,994	¥ 9,834
Liabilities				
Derivative financial liabilities				
Financial liabilities measured at fair value through profit or loss		¥ 96		¥ 96
Contingent consideration				
Financial assets measured at fair value through profit or loss			¥ 2,088	2,088
Total		¥ 96	¥ 2,088	¥ 2,184

As of March 31, 2024

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Assets				
Stocks, etc.				
Financial assets measured at fair value through profit or loss			$ 19,086	$ 19,086
Financial assets measured at fair value through other comprehensive income	$ 27,152		32,781	59,940
Derivative financial assets				
Financial assets measured at fair value through profit or loss		$ 1,391		1,391
Others				
Financial assets measured at fair value through profit or loss	3,570		9,331	12,901
Total	$ 30,728	$ 1,391	$ 61,199	$ 93,325
Liabilities				
Derivative financial liabilities				
Financial liabilities measured at fair value through profit or loss		$ 457		$ 457
Total		$ 457		$ 457

Note:

Transfers between levels of the fair value hierarchy are recognized on the date on which the event occurred or the situation changed to necessitate the transfer. No transfers occurred for the years ended March 31, 2024 and 2023.

Increases/decreases in financial assets classified in Level 3 of the fair value hierarchy are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	¥ 5,994	¥ 5,392	$ 39,695
Total gains or losses recognized			
In profit or loss (Note 1)	(45)	(60)	(298)
In other comprehensive income (Note 2)	(323)	382	(2,139)
Purchase or contribution	3,654	279	24,199
Others	(37)		(245)
Ending balance	¥ 9,241	¥ 5,994	$ 61,199

Notes:

1. Total gains or losses recognized in profit or loss relate to financial assets measured at fair value through profit or loss, and are included in "Financial income" or "Financial expenses" in the consolidated statement of income.
2. Total gains or losses recognized in other comprehensive income relate to financial assets measured at fair value through other comprehensive income, and are included in "Net gain (loss) on financial assets measured at fair value through other comprehensive income" in the conslidated statement of comprehensive income.

Increases/decreases in financial liabilities classified in Level 3 of the fair value hierarchy are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Beginning balance	¥ 2,088		$ 13,828
Increase by business combination		¥ 1,963	
Change in fair value of contingent considerations	(2,307)		(15,278)
Exchange differences on translation of foreign currency	¥ 218	124	$ 1,444
Ending balance		¥ 2,088	

(7) Financial assets measured at fair value through other comprehensive income

The Group has designated investments in equity instruments held by the Group over the long term for the purpose of generating profit from rises in share prices or dividends, and for the purpose of reinforcing and stabilizing its business base, as financial assets measured at fair value through other comprehensive income.

1) Fair values of each investment

Name of major investments and their fair values are as follows:

As of March 31, 2024

Investment	Millions of Yen	Thousands of U.S. Dollars
TOA Corporation	¥ 1,709	$ 11,318
Noritz Corporation	819	5,424
Mitsubishi UFJ Financial Group, Inc.	510	3,377
KAINOS Laboratories, Inc.	275	1,821
Falco Holdings Co., Ltd.	208	1,377

As of March 31, 2023

Investment	Millions of Yen
TOA Corporation	¥ 1,202
Noritz Corporation	816
Mitsubishi UFJ Financial Group, Inc.	277
KAINOS Laboratories, Inc.	239
Falco Holdings Co., Ltd.	174

2) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Investments held at end of period	¥ 127	¥ 107	$ 841

30. BUSINESS COMBINATIONS

Year ended March 31, 2024

Not applicable.

Year ended March 31, 2023

(Acquisition of shares of Astrego Diagnostics AB)

(1) Overview of acquired company

Name: Astrego Diagnostics AB

Business description: Development of drug susceptibility testing products

(2) Overview of the business combination

The Company acquired an additional stake in Astrego Diagnostics AB ("ADA"). As a result, ADA became a wholly owned subsidiary of the Company from the fiscal year ended March 31, 2023.

The purpose of the acquisition is to further strengthen the synergies with ADA for accelerate clinical implementation of drug susceptibility testing.

In addition, ADA changed its trade name to Sysmex Astrego AB due to the additional acquisition of shares.

(3) Acquisition date

May 2, 2022

(4) Ratio of voting equity acquired

Ratio of voting rights held immediately prior to the acquisition:	24.99%
Ratio of voting rights additionally acquired on the acquisition date:	75.01%
Ratio of voting rights after the acquisition:	100.00%

(5) Consideration for acquisition

	Millions of Yen
Cash and cash equivalents	¥ 3,250
The acquisition-date fair value of the Company's previously held equity interest in ADA	1,211
Contingent considerations (Note)	1,963
Accrued considerations	616
Total	¥ 7,042

Note:

Contingent considerations is an additional milestone payment at the time of obtaining regulatory approval and may be up to €20 million.

(6) Acquisition-related costs

The ¥8 million in acquisition-related costs was included in "Selling, general and administrative expenses" in the consolidated statement of income.

(7) Gain on step acquisition

The Company recognized a gain on step acquisition of ¥255 million as a result of remeasuring the fair value of the equity interest of 24.99% in ADA, which the Company held prior to the acquisition date. This gain was included in "Other operating income" in the consolidated statement of income.

(8) Cash flows associated with acquisition

	Millions of Yen
Cash and cash equivalents paid due to the acquisition	¥ 3,250
Cash and cash equivalents held by the acquired company at the time of acquisition	(266)
Total	¥ 2,984

(9) Fair values of assets acquired and liabilities assumed as of the acquisition date

	Millions of Yen
Fair values of assets acquired and liabilities assumed	
Current assets	¥ 314
Cash and cash equivalents	266
Trade and other receivables (Note 2)	5
Others	42
Non-current assets	2,619
Property, plant and equipment	68
Intangible assets (Note 1)	2,544
Others	6
Current liabilities	151
Trade and other payables	71
Others	79
Non-current liabilities	979
Deferred tax liabilities (Note 1)	289
Long-term loans payable	689
Fair values of assets acquired and liabilities assumed (net)	1,803
Goodwill (Note 3)	¥ 5,239

Notes:

1. Acquisition costs have been allocated to assets acquired and liabilities assumed based on the fair values as of the acquisition date. Allocation of acquisition costs was completed as of the end of the fiscal year ended March 31, 2023. Major adjustments to the provisional amounts were as follows:

Intangible assets	Increase of ¥1,407 million
Deferred tax liabilities	Increase of ¥289 million

As a result, goodwill decreased by ¥1,117 million.

2. Gross contractual amounts of trade and other receivables and the best estimate at the acquisition date of the contractual cash flows not expected to be collected are as follows:

	Millions of Yen	
	Gross contractual amounts receivables	The best estimate at the acquisition date of the contractual cash flows not expected to be collected
Trade and other receivables	¥ 5	¥

3. Goodwill reflects the expected excess earning power arising from future business development and synergy effect generated between the Group and the acquired company.

(10) Impact on business results

As the impact on the consolidated financial statements was deemed to be immaterial, disclosure has been omitted for the impacts of the business combination on net sales and profit included in the consolidated statement of income for the fiscal year ended March 31, 2023 and the impacts on net sales and profit assuming that the business combination had occurred at the beginning of the fiscal year ended March 31, 2023.

31. RELATED PARTIES

(1) Related party transactions

The Group engages in transactions with the following related parties:

Transactions with subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are therefore not disclosed.

As of March 31, 2024

			Transaction amount		Outstanding	
Type	Name	Nature of transaction with related parties	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars
Officer	Kenji Tachibana	Exercise of stock options	¥ 50	$ 331		
Officer	Tomokazu Yoshida	Exercise of stock options	11	73		
Companies in which officers and their close relatives have a majority of voting rights	Vision Care Inc.	Expenditures from commissioned business related to R&D			¥ 45	$ 298
Companies in which officers and their close relatives have a majority of voting rights	VCCT Inc.	Underwriting of convertible bond	199	1,318		
Companies in which officers and their close relatives have a majority of voting rights	VCCT Inc.	Underwriting of convertible bonds with stock acquisition rights			200	1,325
Companies in which officers and their close relatives have a majority of voting rights	VCCT Inc.	Receiving interest	8	53	22	146

Notes:

1. The exercise price of stock options and other matters relating to stock options are as disclosed in "28. STOCK-BASED COMPENSATION."
2. Expenditures from commissioned business is determined in the same way as general transaction conditions.
3. The underwriting of convertible bond is done by VCCT Inc, which has undertaken the third-party allotment of new shares. The underwriting of the capital increase is determined based on the valuation amount calculated by the third party.
4. The basic agreement is concluded for the underwriting of convertible bond which is determined rationally in consideration of market interest rates.

As of March 31, 2023

Type	Name	Nature of transaction with related parties	Transaction amount	Outstanding
			Millions of Yen	Millions of Yen
Officer	Kaoru Asano	Exercise of stock options	¥ 43	
Companies in which officers and their close relatives have a majority of voting rights	Vision Care Inc.	Expenditures from commissioned business related to R&D	2	¥ 45
Companies in which officers and their close relatives have a majority of voting rights	VCCT Inc.	Underwriting of convertible bond		200
Companies in which officers and their close relatives have a majority of voting rights	VCCT Inc.	Receiving interest	7	14

Notes:

1. The exercise price of stock options and other matters relating to stock options are as disclosed in "28. STOCK-BASED COMPENSATION."
2. Expenditures from commissioned business is determined in the same way as general transaction conditions.
3. The basic agreement is concluded for the underwriting of convertible bond which is determined rationally in consideration of market interest rates.

(2) Key management personnel compensation

Key management personnel compensation is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Short-term benefits	¥ 834	¥ 737	$ 5,523
Stock-based compensation	28	27	185
Total	¥ 863	¥ 764	$ 5,715

32. COMMITMENTS FOR EXPENDITURES

Commitments for expenditures are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Commitments to purchase of property, plant and equipment	¥ 2,756	¥ 6	$ 18,252
Commitments to purchase of intangible assets and other assets	3,610	2,943	23,907

33. HYPERINFLATIONARY ACCOUNTING ADJUSTMENTS

In accordance with IAS 29, the Group's consolidated financial statements include the financial statements of the subsidiaries in the hyperinflationary economy, which are restated in terms of the measuring unit current at the end of the reporting period.

For the restatement of the financial statement of the subsidiary in Turkey, the Group applies the conversion coefficients derived from the Consumer Price Index of Turkey published by the Turkish Statistical Institute.

The Consumer Price Index and corresponding coefficient of Turkey as of each end of reporting period are as follows:

End of reporting period	Consumer Price Index	Conversion coefficient
March 31, 2014	237.18	902.04
March 31, 2015	255.23	838.25
March 31, 2016	274.27	780.06
March 31, 2017	305.24	700.91
March 31, 2018	336.48	635.84
March 31, 2019	402.81	531.14
March 31, 2020	450.58	474.83
March 31, 2021	523.53	408.66
March 31, 2022	843.64	253.60
March 31, 2023	1,269.75	168.50
March 31, 2024	2,139.47	100.00

The Group's subsidiaries in the hyperinflationary economy have restated its non-monetary items held at historical cost, such as property, plant and equipment, by applying the conversion coefficients as of the acquisition date. Monetary items and non-monetary items held at current cost are not restated as they are considered to be expressed in terms of the measuring unit current at the end of the reporting period.

For consolidation, the financial statements of the Group's subsidiaries in the hyperinflationary economy are translated using the spot exchange rate at the end of the reporting period.

34. CONTINGENT LIABILITIES

Guarantee of obligations

The Company is contingently liable as guarantor of the indebtedness of its equity-method affiliated company for borrowing from a financial institution.

Guarantor	Guarantee amount (Millions of Yen)	Guarantee amount (Thousands of U.S. Dollars)	Nature of Guarantee
Medicaroid Corporation	¥ 7,500	$ 49,669	Guarantee for working capital loans
Total	¥ 7,500	$ 49,669	

Note:

The Group recognized liabilities associated with equity method of ¥5,149 million ($34,099 thousand) for the year ended March 31, 2024.

35. SUBSEQUENT EVENT

Stock split and partial amendment to the Articles of Incorporation owing to the stock split

Based on resolutions by the Board of Directors' meeting on February 9, 2024, the Company conducted a stock split on April 1, 2024 and made partial amendment to its Articles of Incorporation in relation to the stock split.

(1) Objective of the stock split

To create a more investment-friendly environment and expand the investor base by lowering the investment unit amount and improving share liquidity.

(2) Overview of the stock split

1) Method of the stock split

We conducted a three-for-one stock split of each share of common stock held by a shareholder of record listed or recorded in the final shareholder registry as of the record date of March 31, 2024 (Sunday).

As the record date of March 31, 2024 (Sunday) is a holiday, the actual record date is March 29, 2024 (Friday).

2) Increase in shares due to the stock split

Number of shares outstanding prior to the stock split:	209,790,372
Increase in the number of shares owing to the current stock split:	419,580,744
Number of shares outstanding after the stock split:	629,371,116
Number of shares authorized after the stock split:	1,796,064,000

3) Schedule for the stock split

Public notice of record date:	March 15, 2024 (Friday)
Record date:	March 31, 2024 (Sunday)
Effective date:	April 1, 2024 (Monday)

4) Adjusted exercise price on warrants

In line with the current stock split, we adjusted the exercise price per share on warrants issued by the Company from April 1, 2024, as indicated below.

	Fourth round of warrants (Yen)	Fourth round of warrants (U.S. Dollars)
Unadjusted exercise price	¥ 7,295	$ 48
Adjusted exercise price	¥ 2,432	$ 16

(3) Partial amendment to the Articles of Incorporation owing to the stock split

1) Reason for changing the Articles of Incorporation

In line with the current stock split, we amended the Article 6 (Number of Shares Authorized) in the Articles of Incorporation of the Company, based on the Article 184-2 of the Companies Act of Japan.

2) Details of the amendment to the Articles of Incorporation

(Underlines indicated amendment)

Before the amendment	After the amendment
(Number of shares authorized) Article 6 The Company’s number of shares authorized shall be <u>598,688,000</u>.	(Number of shares authorized) Article 6 The Company’s number of shares authorized shall be <u>1,796,064,000</u>.

3) Schedule for amending the Articles of Incorporation

Effective date: April 1, 2024 (Monday)

4) Changes in the amount of paid-in capital

We did not change the amount of paid-in capital as a result of the current stock split.

For the impact on per-share information, please refer to "26. EARNINGS PER SHARE."