Member of the Financial Accounting Standards Foundation

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May 13, 2022

CONSOLIDATED EARNINGS REPORT FOR FISCAL 2021

[Japanese GAAP]

Company Name: BML, Inc.
Stock Listing: Tokyo Stock Exchange
Stock Code: 4694
URL: http://www.bml.co.jp
Representative: Kensuke Kondo, President and Representative Director
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Scheduled Date for the General Meeting of Shareholders: June 29, 2022
Scheduled Date for Filing of Annual Securities Report: June 29, 2022
Scheduled Date for Payment of Dividends: June 30, 2022
Creation of Supplementary Explanatory Materials: Yes
Holding of Explanatory Meeting: Yes

(Rounded down to nearest million yen)

1. Results for Fiscal 2021 (April 1, 2021–March 31, 2022)
(1) Consolidated business results

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2021	186,067	34.3	48,889	145.2	51,077	145.5	33,741	146.1
FY2020	138,571	14.8	19,936	104.2	20,803	103.7	13,711	115.1

(Note) Comprehensive income: FY2021 ¥34,689 million / 137.0% FY2020 ¥14,638 million / 120.5%

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to sales ratio
	Yen	Yen	%	%	%
FY2021	833.24	832.62	33.0	32.1	26.3
FY2020	337.44	337.09	16.7	16.3	14.4

(Reference) Equity in earnings (losses) of affiliates: FY2021 ¥— million FY2020 ¥— million

(2) Consolidated financial position

	Total assets ¥ million	Net assets ¥ million	Equity ratio %	Net assets per share Yen
As of March 31, 2022	179,200	121,684	64.8	2,909.29
As of March 31, 2021	139,174	93,123	63.5	2,174.27

(Reference) Equity capital: As of March 31, 2022 ¥116,163 million As of March 31, 2021 ¥88,377 million

(3) Consolidated cash flow position

	Operating activities ¥ million	Investing activities ¥ million	Financial activities ¥ million	End-of-year cash and cash equivalents ¥ million
FY2021	45,603	(7,297)	(9,828)	88,360
FY2020	19,574	(4,584)	(3,382)	59,853

2. Dividends

	Dividends per share					Total amount (Full year)	Dividend payout ratio (Consolidated)	Dividend on net asset (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	¥ million	%	%
FY2020	–	20.00	–	50.00	70.00	2,845	20.7	3.5
FY2021	–	35.00	–	85.00	120.00	4,817	14.4	4.7
FY2022 (forecast)	–	40.00	–	40.00	80.00		28.5	

3. Consolidated Cumulative Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022–March 31, 2023)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen
Full year	146,000	(21.5)	16,500	(66.3)	17,000	(66.7)	11,000	(67.4)	280.87

*** Notes**

(1) Changes in major subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): None

Increases: –   Decreases: –

(2) Changes in accounting policies, accounting estimates, and restatements

1) Changes in accounting policies in conjunction with revisions to accounting standards: Yes
2) Other changes: None
3) Changes in accounting estimates: None
4) Restatements: None

(3) Number of outstanding stocks (common stock)

a. Number of outstanding stocks at the end of the fiscal year (treasury shares included)

As of March 31, 2022	43,514,726	As of March 31, 2021	44,014,726

b. Number of treasury shares at the end of period

As of March 31, 2022	3,586,202	As of March 31, 2021	3,367,662

c. Average number of shares during the period

FY2021	40,494,591	FY2020	40,634,125

Reference: Non-Consolidated Results of Operations

1. Non-Consolidated Business Results for Fiscal 2021 (April 1, 2021 – March 31, 2022)

(1) Non-consolidated management performance

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2021	148,886	34.6	35,467	167.2	38,589	158.8	27,228	157.8
FY2020	110,583	16.4	13,276	138.7	14,913	115.5	10,562	113.2

	Profit attributable to owners of parent per share Yen	Profit attributable to owners of parent per share (diluted) Yen
FY2021	672.41	671.91
FY2020	259.95	259.68

(2) Non-consolidated financial position

	Total assets ¥ million	Net assets ¥ million	Equity ratio %	Net assets per share Yen
As of March 31, 2022	138,366	89,796	64.9	2,248.06
As of March 31, 2021	108,981	68,585	62.9	1,686.26

(Reference) Equity capital: As of March 31, 2022 ¥89,761 million   As of March 31, 2021 ¥68,541 million

Notes:

* The earnings report is exempted from auditing by a certified public accountant or an audit firm.

* Disclaimer regarding appropriate use of forecasts and related points of note

Earnings forecasts contained in these materials are based on certain assumptions judged to be reasonable and on the information available when the forecasts were made. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors. Please refer to “(4) Forecasts” under “1. Overview of Operating Results” (page 7) of this earnings report concerning financial forecasts such as the assumptions used for financial forecasts and factors that could cause these assumptions to change, as well as cautionary notes.

1. Overview of Operating Results

(1) Overview of operating results in the fiscal period under review

Looking at the Japanese economy in the consolidated fiscal year under review, weakness persisted in some sectors, although signs of recovery were observed on the back of progress in COVID-19 vaccinations and the effects of various policy measures. With a resurgence of COVID-19 cases due to the emergence of variants, the outlook remains uncertain.

Under these circumstances, the contract clinical testing business remained in a challenging environment given the lackluster trend in the number of patients due to the spread of COVID-19 while competition among companies continued. The market, however, is expanding, reflecting growth in demand for COVID-19-related testing.

In this business environment, both net sales and profit for the fiscal year under review increased significantly. Net sales for the consolidated fiscal year under review were ¥186,067 million, an increase of 34.3% year on year, and operating income was ¥48,889 million, an increase of 145.2% year on year. Ordinary income increased by 145.5% year on year to ¥51,077 million, and profit attributable to owners of parent increased by 146.1% year on year to ¥33,741 million.

Conditions by business segment are described below.

In the clinical testing business, the BML Group made efforts in new customer acquisition, and sought to enhance business performance by implementing marketing activities to further cultivate sales of new testing items, unique testing items, priority testing items, and others. Regarding testing related to COVID-19, orders for PCR testing increased with the rise in the number of new COVID-19 cases. Meanwhile, operations in contract screening testing and genomic analysis for identification of variants were launched. Although it is difficult to predict how the infection situation will develop, the Group will work on reinforcing its testing system related to COVID-19 in order to be able to respond to various changes in the situation. As a result, net sales in the clinical testing business increased by 36.2% year on year.

In the food hygiene business, net sales increased by 5.1% year on year, reflecting a recent recovery notably in the areas of food consulting and norovirus testing. Still, the business environment remains severe in view of such possible impact of COVID-19 as the emergence of new variants, which could lead to postponement or cancellation of store inspection or other consequences.

As a result of the above, net sales in the testing business overall increased by 35.2%.

In the medical informatics business, despite restrictions on sales activities targeting new clients, sales improved by 14.3% year on year thanks to an increase in the number of requests for online certification checks and solid maintenance sales attributable to the greater number of facilities at which systems are installed. We released the cloud-based electronic patient chart system in April 2022.

In other businesses, the dispensing pharmacy business was affected by a revision of medical service fees (reduction in drug prices), but net sales recorded an increase of 3.7% year on year, reflecting a rebound in the number of outpatient visits from last year’s decline caused by the spread of COVID-19.

(2) Overview of financial position in the fiscal period under review

Regarding the financial position at the end of the consolidated fiscal year under review, total assets amounted to ¥179,200 million, a ¥40,026 million increase over the end of the previous fiscal year, net assets totaled ¥121,684 million, up ¥28,561 million over the end of the previous fiscal year, and the equity ratio increased by 1.3% over the end of the previous fiscal year to 64.8%.

As for the main items contributing to an increase or decrease, in the assets section under current assets, cash and deposits increased by ¥28,647 million and notes and accounts receivable–trade by ¥5,995 million. In the liabilities section, notes and accounts payable–trade increased by ¥1,366 million, income taxes payable by ¥6,844 million, and accounts payable–other by ¥2,842 million. In net assets, retained earnings increased by ¥29,237 million.

(3) Overview of cash flows in the fiscal period under review

The balance of cash and cash equivalents at the end of the fiscal year under review was ¥88,360 million, up ¥28,506 million year on year. By type of activity, the cash flow situation and the main factors contributing to an increase or decrease are as follows.

Cash flows from operating activities resulted in a cash inflow of ¥45,603 million, an increase of ¥26,029 million from the previous fiscal year. This largely reflected an increase of ¥29,326 million in inflow from profit before income taxes, while there was an increase of ¥6,345 million in outflow from income taxes.

Cash flows from investing activities resulted in a cash outflow of ¥7,297 million, an increase of ¥2,712 million from the previous fiscal year.

Cash flows from financing activities resulted in a cash outflow of ¥9,828 million, an increase of ¥6,445 million from the previous fiscal year. This is primarily due to an increase of ¥4,818 million in outflow from purchase of treasury shares and an increase of ¥1,627 million in outflow from dividends paid.

Reference: Trend of cash flow index

	FY2017	FY2018	FY2019	FY2020	FY2021
Equity ratio (%)	66.3	66.5	65.4	63.5	64.8
Equity ratio on market value (%)	105.7	117.9	101.5	111.7	68.8
Interest-bearing debt to cash flow ratio (%)	34.2	34.8	34.6	21.5	9.4
Interest coverage ratio (times)	307.5	331.0	334.7	515.6	1,253.0

・Equity ratio: Equity capital ÷ total assets
・Equity ratio on market value: Current capital stock ÷ gross assets
・Interest-bearing debt to cash flow ratio: Interest-bearing debt ÷ cash flow
・Interest coverage ratio: Cash flow ÷ interest expense

Note 1: The calculation of each index is on a consolidated basis.

Note 2: The total market value of listed shares is calculated by the number of outstanding shares excluding treasury stocks.

Note 3: Cash flows are calculated using operating cash flow.

Note 4: In liabilities recorded on the consolidated balance sheet, interest-bearing debt means all liabilities with paid interest.

(4) Forecasts

Looking ahead, it is difficult to assess conditions in the future, as the outlook remains uncertain regarding when the pandemic will subside or what its impact will be.

In this operating environment, the Group will push forward with its nine-year management plan, which has entered the second year of the Eighth Medium-Term Management Plan. Positioning this period to be a phase for taking the leap toward achieving the Group Vision “to become the most trusted choice in the medical world,” we will step up our commitment to quality and service improvements that we have been pursuing from the Sixth Medium-Term Management Plan. The strategic framework specifically encompasses the pursuit of quality improvement and greater operational efficiency based on standardization and digital transformation (hereinafter DX).

In DX initiatives, we will aim for enhancing efficiency of collection and delivery operations. Through these efforts, we will achieve not only greater convenience for medical institutions, but also quality improvement, including prevention of specimen mix-ups. Also, to strengthen the management foundation, we will work on enhancing the education system for development and effective utilization of human resources, as well as on building a structure for lasting corporate growth. Further, ESG initiatives will be actively pushed forward to achieve our goals of “contribution to a sustainable society” and “sustainable enhancement of corporate value.”

With respect to consolidated earnings for the fiscal year ending March 31, 2023, we forecast ¥146,000 million in net sales, ¥16,500 million in operating income, ¥17,000 million in ordinary income, and ¥11,000 million in profit attributable to owners of parent.

3. Management Policy

(1) Basic policies

Since its foundation, BML has maintained a firm commitment to providing speedy, precise testing services across a broad range from general to highly specialized tests. Today, we support and carry out more than 4,000 different tests. True to our corporate mission of contributing to health and welfare through medical services, we have always been quick to respond to market needs, introduce the latest technologies, and positively promote quality control practice.

While expanding clinical testing services as a main business and remaining committed to its motto: "Tireless in Working toward Quality and Productivity Enhancement," the BML Group strives to seek continuous growth and improvement of company value.

These days, under progress of medical structural reform, since the requirements for medical efficiency and quality improvement are growing stronger, the business environment surrounding BML is showing drastic change. Against this backdrop, BML will respond flexibly and rapidly to these environmental changes. We will also provide systems and services based on an accurate understanding of these trends. Our overall aim is to become a company that contributes to the application of IT to medical care.

In addition, we will improve our service quality and customer satisfaction by means of obtaining ISO 9001 and ISO 15189, which is specialized management system for clinical testing laboratories. Furthermore, from the viewpoint of social responsibility of our business enterprise, we will make active efforts to protect the environment by means of expanding the acquisition of ISO 14001 to the whole Group.

(2) Financial targets

Ordinary income to net sales ratio (consolidated basis): 10%
Return on equity (consolidated basis): 8%
Focus on free cash flow

(3) Medium- to long-term business strategy

FY2022 is the second year of the Eighth Medium-Term Management Plan (FY2021–FY2023), which forms part of the management plan that the Group has been implementing as a nine-year project. Positioning this period to be a phase for taking the leap toward achieving the Group Vision "to become the most trusted choice in the medical world," the Company will step up its commitment to quality and service improvement that it has been pursuing from the Sixth Medium-Term Management Plan.

Our mission, as set out in the Eight Medium-Term Management Plan, is threefold. The first is Customer Satisfaction, which is to seek maximization of customer satisfaction through quality and service enhancement. The second is Synergy, which is to aim for mutual growth with various companies. The third is Social Responsibility, which is to provide stable testing facilities and thereby fulfill our responsibilities toward society and the health care industry. While actively pursuing the Eighth Medium-Term Management Plan, the Group will continue its efforts in further improving test quality control (control of accuracy/process) to enhance its corporate presence.

(4) Tasks ahead

1) Establishment of infrastructure through construction of a new building

In the new building construction plan, which is scheduled for completion in August 2024, we aim to establish an infrastructure that supports stable growth for the next generation. In the first phase, we will strengthen our BCP measures to prepare for natural disasters such as inundations and earthquakes. We will also work on reducing greenhouse gas emissions to lower our environmental impact by installing solar power generation systems and high-efficiency heat source equipment. In the second phase, we will seek to secure testing extensibility and put in place a highly efficient testing system. As we aim for further expansion of our business scope, we will strive to enhance testing capacity to accommodate future growth of business volume and build a high-efficiency and low-cost structure while improving quality.

2) DX initiatives

For promotion of DX, we will focus on the three initiatives of DRS (Digital Reporting System), cloud-based electronic patient charts, and clinical testing systems. Specifically, as innovation of collection and delivery processes, we will work on improving customer convenience and reducing workload. Efforts will also be made to increase operational efficiency by promoting use of electronic patient charts and upgrading the functionality of clinical testing systems. To respond to changes in the environment, we will work on establishing systems and infrastructure that would allow for utilization of digital technologies and IT innovation in the medium to long term, in order to further improve customer experience and increase operational efficiency.

3) Strengthening business structure

As part of initiatives to strengthen our management foundation, we will seek to enhance our corporate governance by improving the effectiveness of the Board of Directors, strengthening and enhancing internal controls, and other measures. Further, we will work on enhancing the education system for development and effective utilization of human resources, and push diversity forward by further promoting implementation of various measures aimed at career formation for women. Moreover, we will continue to promote the preservation and improvement of health for our employees and their families, while moving ahead with the creation of a healthy and pleasant working environment.

4) Initiatives to address the novel coronavirus

The outlook remains uncertain due to the impact of COVID-19. The Group promptly acted to put in place testing systems for COVID-19 in the core laboratories located nationwide, and provided services to help enhance the regional health care system. At the same time, BML General Laboratory started contract screening testing and genomic analysis for identification of variants. We will continue our efforts in preventing the spread of infections in tandem with adapting to changes in the testing business environment to fulfill our role as a rearguard support company for Japan’s medical professionals.

4. Basic Policy on the Selection of Accounting Standards

With regard to adopting the International Financial Reporting Standards (IFRS) in the future, BML Group will respond appropriately based on due consideration of circumstances.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	63,478	92,126
Notes and accounts receivable–trade	30,410	36,405
Merchandise and finished goods	324	467
Work in process	691	749
Raw materials and supplies	3,018	3,659
Other current assets	1,106	3,737
Allowance for doubtful accounts	(80)	(75)
Total current assets	98,950	137,070
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,272	9,844
Land	13,553	13,342
Leased assets, net	2,915	2,969
Others, net	4,944	6,180
Total property, plant and equipment	30,685	32,337
Intangible assets		
Other intangible assets	3,807	3,973
Total intangible assets	3,807	3,973
Investments and other assets		
Investment securities	1,793	1,701
Deferred tax assets	2,375	2,566
Other	1,646	1,635
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	5,731	5,819
Total non-current assets	40,224	42,130
Total assets	139,174	179,200

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable–trade	20,305	21,672
Lease obligations	1,216	1,194
Income taxes payable	5,756	12,600
Provision for bonuses	3,419	3,616
Accounts payable–other	7,307	10,150
Other current liabilities	2,402	2,787
Total current liabilities	40,407	52,022
Non-current liabilities		
Lease obligations	2,037	2,136
Provision for retirement benefits for directors (and other officers)	246	214
Retirement benefit liability	2,866	2,616
Other non-current liabilities	494	525
Total non-current liabilities	5,644	5,494
Total liabilities	46,051	57,516
Net assets		
Shareholders' equity		
Share capital	6,045	6,045
Capital surplus	6,705	6,646
Retained earnings	81,220	110,458
Treasury shares	(6,651)	(8,057)
Total shareholders' equity	87,320	115,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	496	453
Remeasurements of defined benefit plans	560	616
Total accumulated other comprehensive income	1,057	1,069
Share acquisition rights	44	35
Non-controlling interests	4,701	5,485
Total net assets	93,123	121,684
Total liabilities and net assets	139,174	179,200

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(millions of yen)

	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Net sales	138,571	186,067
Cost of sales	83,803	99,116
Gross profit	54,768	86,951
Selling, general and administrative expenses	34,831	38,061
Operating income	19,936	48,889
Non-operating income		
Rental income from real estate	60	60
Subsidy income	391	1,887
Other	484	343
Total non-operating income	936	2,292
Non-operating expenses		
Interest expenses	37	36
Cost of real estate lease revenue	23	44
Refund of subsidy	–	10
Other	7	13
Total non-operating expenses	68	104
Ordinary income	20,803	51,077
Extraordinary income		
Gain on sales of investment securities	252	6
Gain on extinguishment of tie-in shares	–	20
Other	1	1
Total extraordinary income	254	29
Extraordinary losses		
Loss on retirement of non-current assets	47	449
Impairment losses	2	327
Other	5	0
Total extraordinary losses	55	777
Profit before income taxes	21,002	50,328
Income taxes–current	7,072	15,845
Income taxes–deferred	(354)	(195)
Total income taxes	6,718	15,650
Profit	14,284	34,678
Profit attributable to non-controlling interests	572	937
Profit attributable to owners of parent	13,711	33,741

Consolidated statements of comprehensive income

(millions of yen)

	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Profit	14,284	34,678
Other comprehensive income		
Valuation difference on available-for-sale securities	(174)	(43)
Remeasurements of defined benefit plans, net of tax	528	54
Total other comprehensive income	353	11
Comprehensive income	14,638	34,689
Breakdown		
Comprehensive income attributable to owners of parent	14,056	33,754
Comprehensive income attributable to non-controlling interests	581	935

(3) Consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	6,705	69,337	(6,701)	75,387
Changes during period					
Dividends of surplus			(1,828)		(1,828)
Profit attributable to owners of parent			13,711		13,711
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		50	50
Cancellation of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	0	11,883	49	11,933
Balance at end of current period	6,045	6,705	81,220	(6,651)	87,320

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	671	40	712	59	4,263	80,422
Changes during period						
Dividends of surplus						(1,828)
Profit attributable to owners of parent						13,711
Purchase of treasury shares						(0)
Disposal of treasury shares						50
Cancellation of treasury shares						
Net changes in items other than shareholders' equity	(174)	519	344	(15)	437	766
Total changes during period	(174)	519	344	(15)	437	12,700
Balance at end of current period	496	560	1,057	44	4,701	93,123

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	6,705	81,220	(6,651)	87,320
Changes during period					
Dividends of surplus			(3,455)		(3,455)
Profit attributable to owners of parent			33,741		33,741
Purchase of treasury shares				(2,555)	(2,555)
Cancellation of treasury shares		9		33	43
Disposal of treasury shares		(68)	(1,048)	1,116	–
Net changes in items other than shareholders' equity					
Total changes during period	–	(58)	29,237	(1,405)	27,773
Balance at end of current period	6,045	6,646	110,458	(8,057)	115,094

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income			
Balance at beginning of current period	496	560	1,057	44	4,701	93,123
Changes during period						
Dividends of surplus						(3,455)
Profit attributable to owners of parent						33,741
Purchase of treasury shares						(2,555)
Disposal of treasury shares						43
Cancellation of treasury shares						–
Net changes in items other than shareholders' equity	(43)	55	12	(8)	783	787
Total changes during period	(43)	55	12	(8)	783	28,561
Balance at end of current period	453	616	1,069	35	5,485	121,684

(4) Consolidated statements of cash flows

(millions of yen)

	Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	21,002	50,328
Depreciation	5,365	5,801
Impairment losses	2	327
Loss on retirement of non-current assets	47	449
Interest expenses	37	36
Decrease (increase) in trade receivables	(9,223)	(5,996)
Decrease (increase) in inventories	(901)	(836)
Increase (decrease) in trade payables	4,542	1,365
Increase (decrease) in provision for bonuses	220	196
Subsidy income	(391)	(1,887)
Increase (decrease) in accrued consumption taxes	1,268	1,512
Other, net	(159)	1,510
Sub-total	21,811	52,807
Interest paid	(37)	(36)
Income taxes paid	(2,874)	(9,220)
Subsidies received	417	1,919
Other proceeds	126	132
Net cash provided by (used in) operating activities	19,574	45,603
Cash flows from investing activities		
Payments into time deposits	(5,462)	(5,388)
Proceeds from withdrawal of time deposits	4,907	5,248
Purchases of property, plant and equipment	(3,091)	(5,694)
Purchases of intangible assets	(1,106)	(1,391)
Other, net	168	(71)
Net cash provided by (used in) investing activities	(4,584)	(7,297)
Cash flows from financing activities		
Repayments of lease obligations	(1,379)	(1,378)
Dividends paid	(1,828)	(3,455)
Dividends paid to non-controlling interests	(144)	(151)
Purchase of treasury shares	(0)	(4,818)
Other, net	(30)	(23)
Net cash provided by (used in) financing activities	(3,382)	(9,828)
Net increase (decrease) in cash and cash equivalents	11,606	28,477
Cash and cash equivalents at beginning of period	48,246	59,853
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	28
Cash and cash equivalents at end of period	59,853	88,360

(5) Notes to consolidated financial statements

(Note on the assumption as a going concern)

Not applicable

(Basis of preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 21

Names of major consolidated subsidiaries: Kyodo Igaku Laboratories, Inc.
PCL Japan, Inc.
Daiichi Kishimoto Clinical Laboratories Inc.

(2) Number of non-consolidated companies: 7, including SPL

Reason for exclusion from the scope of consolidation:

Amounts for all non-consolidated subsidiaries, including total assets, net sales, profit (loss), and retained earnings, are not significant and would not materially change the overall consolidated financial statements. We have therefore excluded these subsidiaries from consolidation.

2. Scope of equity method

Number of non-consolidated subsidiaries and affiliates not accounted for under the equity method: 9, including SPL

We have excluded these subsidiaries and affiliates not accounted for under the equity method because of their minor impacts on profit (loss) and retained earnings and on overall performance in the fiscal year under review.

(Changes in accounting policies)

The Company began applying the "Accounting Standard For Revenue Recognition" (ASBJ Statement No. 29 of March 31, 2020; hereinafter "Revenue Recognition Standard") at the start of the consolidated fiscal year ended March 31, 2022. Accordingly, at the point that control of a good or service is transferred to the customer, the Company recognizes revenue equivalent to the amount it expects to receive in exchange for said good or service.

With regard to the application of the Revenue Recognition Standard, in accordance with the transitional measures set forth in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the fiscal year ended March 31, 2022, has been added to or subtracted from retained earnings at the beginning of the fiscal year ended March 31, 2022, and the new accounting policy has been applied from the start of this period. However, although the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition has been applied, the new accounting policy has not been applied retrospectively to contracts for which nearly all revenue amounts had already been recognized prior to the beginning of the fiscal year ended March 31, 2022, in accordance with the previous treatment. The Company has also applied the method set forth in the proviso (1) to paragraph 86 of the Accounting Standard for Revenue Recognition. Based on the contract conditions after the application of all changes for contracts made prior to the beginning of the fiscal year ended March 31, 2022, the cumulative effect of making these changes in accounting treatment has been added to or subtracted from the beginning balance of retained earnings for said period.

The revision has no effect on profit and loss for the fiscal year ended March 31, 2022. There is no cumulative impact to be reflected on the balance of retained earnings at the beginning of the consolidated fiscal year ended March 31, 2022.

The Group has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereafter "Accounting Standard for Fair Value Measurement") and related guidance from the beginning of the consolidated fiscal year ended March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement and related guidance will be applied into the future. This will have no impact on the quarterly consolidated financial statements.

<Segment information, etc.>

(Segment information)

1. Overview of reportable segments

The reportable segments of the Company and its subsidiaries are components for which discrete financial information is available and for which the Board of Directors makes decisions on the allocation of management resources and periodically considers operating results to evaluate business performance.

The Company and its subsidiaries are comprised of segments based on products and services and identify "testing business" as a reportable segment. In the other segment, which is not identified as a reportable segment, "medical informatics business" is included. The "testing business" engages in contracted clinical testing operations and others; additionally, we carry out production and sales of system equipment for medical institutions and provision of medical information service as "medical informatics business."

2. Calculation of sales, profit or loss, assets, liabilities, and amounts of other items for each reportable segment

Accounting treatment for the reportable business segment is almost identical to that described in "Basis of preparation for consolidated financial statements."

3. Information about sales, profit or loss, assets, liabilities, and other items by reportable segment

Since information related to the business other than the reportable "testing business" segment is deemed immaterial, separate disclosure of the information is omitted.

(Per share information)

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

	FY2020	FY2021
	Yen	
Net assets per share	2,174.27	2,909.29
Profit attributable to owners of parent per share	337.44	833.24
Profit attributable to owners of parent per share (diluted)	337.09	832.62

(Note) 1. Profit attributable to owners of parent per share and profit attributable to owners of parent per share (diluted) were calculated on the following basis.

		FY2020	FY2021
Profit attributable to owners of parent per share			
Profit attributable to owners of parent	¥ millions	13,711	33,741
Amount not attributable to common shareholders	¥ millions	–	–
Profit attributable to owners of parent that is related to common shares	¥ millions	13,711	33,741
Average number of shares during the period	Shares	40,634,125	40,494,591
Profit attributable to owners of parent per share (diluted)			
Amount for adjustment to profit attributable to owners of parent	¥ millions	–	–
Increase in common shares	Shares	42,587	29,938
(Share acquisition rights)	Shares	42,587	29,938
Descriptions of potentially dilutive common shares that were not included in the computation of diluted profit attributable to owners of parent per share because of their anti-dilutive effect	–		

2. Net assets per share were calculated on the following basis.

		FY2020	FY2021
Total net assets	¥ millions	93,123	121,684
Amounts deducted from total net assets	¥ millions	4,745	5,520
(Share acquisition rights)	¥ millions	44	35
(Non-controlling interests)	¥ millions	4,701	5,485
Net assets attributable to common stock at year-end of current period	¥ millions	88,377	116,163
Number of common shares at end of current period used in calculation of net assets per share	Shares	40,647,064	39,928,524

(Important subsequent events)

(Acquisition of treasury stock)

The Company passed a resolution at the meeting of its Board of Directors held on February 28, 2022, on matters relating to repurchase of its own shares, and executed the repurchase, pursuant to Article 156 of the Companies Act of Japan as applicable through Article 165, Paragraph 3 of the Act. Details are as follows:

(1) Reason for the acquisition of treasury stock

The Company positions return to shareholders as one of the priority management issues. The repurchase of own shares at this time is intended to facilitate flexible implementation of capital policies and improve capital efficiency aligned with changes in the operational environment, and enhance shareholder returns.

(2) Details of the Board of Directors resolution on repurchase of own shares

(i) Class of stock to be repurchased: Common stock
(ii) Total number of shares to be repurchased: 1,000,000 shares (maximum)
(iii) Total amount to be spent on share repurchasing: 3,000,000,000 yen (maximum)
(iv) Period of the repurchase: March 1, 2022, to August 31, 2022

(3) Execution details of the repurchase

(i) Period of the repurchase: March 1, 2022, to May 12, 2022
(ii) Total number of shares repurchased: 521,800 shares
(iii) Total amount spent on share repurchasing: 1,685,514,000 yen
(iv) Method of repurchase: Market transactions on the Tokyo Stock Exchange