



Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on these statements. Should there be any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

May 13, 2021

CONSOLIDATED EARNINGS REPORT FOR FISCAL 2020

[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
Contact: Norihisa Takebe, Executive Officer
 Tel: +81-3-3350-0111

Scheduled Date for the General Meeting of Shareholders: June 29, 2021
Scheduled Date for Filing of Annual Securities Report: June 29, 2021
Scheduled Date for Payment of Dividends: June 30, 2021
Creation of Supplementary Explanatory Materials: Yes
Holding of Explanatory Meeting: Yes

(Rounded down to nearest million yen)

1. Results for Fiscal 2020 (April 1, 2020–March 31, 2021)

(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	%
FY2020	138,571	14.8	19,936	104.2	20,803	103.7	13,711	115.1
FY2019	120,732	3.1	9,763	(6.6)	10,211	(6.1)	6,375	(4.1)

(Note) Comprehensive income: FY2020 ¥14,638 million / 120.5% FY2019 ¥6,639 million / 1.2%

	Profit attributable to owners of parent per share Yen	Profit attributable to owners of parent per share (diluted) Yen	Return on equity %	Ordinary income to total assets %	Operating income to sales ratio %
FY2020	337.44	337.09	16.7	16.3	14.4
FY2019	151.27	151.07	8.3	8.8	8.1

(Reference) Equity in earnings (losses) of affiliates: FY2020 ¥— million FY2019 ¥— million

(2) Consolidated financial position

	Total assets ¥ million	Net assets ¥ million	Equity ratio %	Net assets per share Yen
As of March 31, 2021	139,174	93,123	63.5	2,174.27
As of March 31, 2020	116,273	80,422	65.4	1,873.36

(Reference) Equity capital: As of March 31, 2021 ¥88,377 million As of March 31, 2020 ¥76,099 million

(3) Consolidated cash flow position

	Operating activities ¥ million	Investing activities ¥ million	Financial activities ¥ million	End-of-year cash and cash equivalents ¥ million
FY2020	19,574	(4,584)	(3,382)	59,853
FY2019	12,771	(5,213)	(8,784)	48,246

2. Dividends

	Dividends per share					Total amount (Full year) ¥ million	Dividend payout ratio (Consolidated) %	Dividend on net asset (Consolidated) %
	First quarter-end Yen	Second quarter-end Yen	Third quarter-end Yen	Year-end Yen	Full year Yen			
FY2019	–	20.00	–	25.00	45.00	1,867	29.7	2.4
FY2020	–	20.00	–	50.00	70.00	2,845	20.7	3.5
FY2021 (forecast)	–	35.00	–	35.00	70.00		22.4	

3. Consolidated Cumulative Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021–March 31, 2022)

	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	142,300	2.7	19,200	(3.7)	20,100	(3.4)	12,700	(7.4)	312.45

*** 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: None
- 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 stocks included)

As of March 31, 2021	44,014,726	As of March 31, 2020	44,014,726
----------------------	------------	----------------------	------------

b. Number of treasury stocks at the end of period

As of March 31, 2021	3,367,662	As of March 31, 2020	3,393,015
----------------------	-----------	----------------------	-----------

c. Average number of shares during the period

FY2020	40,634,125	FY2019	42,147,235
--------	------------	--------	------------

Reference: Non-Consolidated Results of Operations**1. Non-Consolidated Business Results for Fiscal 2020 (April 1, 2020 – March 31, 2021)****(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	%
FY2020	110,583	16.4	13,276	138.7	14,913	115.5	10,562	113.2
FY2019	95,002	2.9	5,561	(9.7)	6,921	(7.4)	4,955	(6.6)

	Profit attributable to owners of parent per share Yen	Profit attributable to owners of parent per share (diluted) Yen
FY2020	259.95	259.68
FY2019	117.57	117.41

(2) Non-consolidated financial position

	Total assets ¥ million	Net assets ¥ million	Equity ratio %	Net assets per share Yen
As of March 31, 2021	108,981	68,585	62.9	1,686.26
As of March 31, 2020	91,790	59,792	65.1	1,470.46

(Reference) Equity capital: As of March 31, 2021 ¥68,541 million As of March 31, 2020 ¥59,732 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

In the consolidated fiscal year under review, the Japanese economy was in a severe situation due to the profound impact of the COVID-19 pandemic, including restrictions imposed on personal consumption and corporate activities by the government declaring a state of emergency during which people were requested to refrain from going out and certain businesses to close temporarily.

In this business environment, net sales for the consolidated fiscal year under review were ¥138,571 million, an increase of 14.8% year on year, and operating income was ¥19,936 million, an increase of 104.2% year on year. Ordinary income increased 103.7% year on year to ¥20,803 million, and profit attributable to owners of parent increased 115.1% year on year to ¥13,711 million. The contract clinical testing business was faced with patients refraining from seeking medical care due to COVID-19 concerns, but since June 2020, the situation has been gradually recovering after the lifting of the state of emergency. Still, the business environment remained challenging as operating activity restriction and competition with peer companies continued.

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. With respect to testing for the novel coronavirus (SARS-CoV-2), the Company worked to increase its capacity and enhance its system to respond to a surge in testing demand, and is now capable of conducting over 30,000 tests per day in 10 laboratories nationwide. This has actually led to a significant increase in the quantity of contract tests. As a result, net sales in the clinical testing business increased 16.8% year on year.

The food hygiene business recorded decreases notably in the areas of food consulting and intestinal bacteria testing due in part to customers voluntarily restricting their operations in the face of the COVID-19 pandemic, although signs of recovery are emerging, and as a result, net sales decreased by 12.4% year on year.

As a consequence of the above, net sales in the testing business overall increased 15.6%.

In the medical informatics business, despite restriction on sales activities, a 0.3% increase year on year in net sales was achieved through steady response to replacement demand and firmness of maintenance sales. With respect to the cloud-based electronic patent chart system, release is scheduled for April 2022.

In other businesses, the dispensing pharmacy business was affected by a decrease in outpatient visits due to the COVID-19 pandemic as well as revision of medical service fees (reduction in drug prices), while the SMO* business also saw declining sales, causing net sales overall to decrease by 4.1% year on year.

* Site Management Organization (SMO): An independent organization that contracts with a specific medical institution to support clinical trials specific to that institution.

(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 ¥139,174 million, a ¥22,901 million increase over the end of the previous fiscal year, net assets totaled ¥93,123 million, up ¥12,700 million over the end of the previous fiscal year, and the equity ratio decreased 1.9% over the end of the previous fiscal year to 63.5%.

As for the main items contributing to an increase or decrease, in the assets section under current assets, cash and deposits increased by ¥12,265 million and notes and accounts receivable–trade by ¥9,234 million. In the liabilities section, notes and accounts payable–trade increased ¥4,542 million, income taxes payable by ¥4,302 million, and accounts payable–other by ¥1,951 million, while retirement benefit liability decreased by ¥1,085 million. In net assets, retained earnings increased by ¥11,883 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 ¥59,853 million, up ¥11,606 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 ¥19,574 million, an increase of ¥6,803 million from the previous fiscal year. This largely reflected an increase of ¥10,826 million in inflow from profit before income taxes and an additional increase of ¥3,831 million from increase (decrease) in trade payables, while there was an outflow of ¥9,223 million (compared to an inflow of ¥478 million in the previous fiscal year) from decrease (increase) in trade receivables.

Cash flows from investing activities resulted in a cash outflow of ¥4,584 million, a decrease of ¥628 million from the previous fiscal year.

Cash flows from financing activities resulted in a cash outflow of ¥3,382 million, a decrease of ¥5,401 million from the previous fiscal year. This is primarily due to a decrease of ¥5,599 million in outflow from "other, net".

Reference: Trend of cash flow index

	FY2016	FY2017	FY2018	FY2019	FY2020
Equity ratio (%)	64.5	66.3	66.5	65.4	63.5
Equity ratio on market value (%)	99.9	105.7	117.9	101.5	111.7
Interest-bearing debt to cash flow ratio (%)	37.5	34.2	34.8	34.6	21.5
Interest coverage ratio (times)	274.4	307.5	331.0	334.7	515.6

- Equity ratio: $\text{Equity capital} \div \text{total assets}$
- Equity ratio on market value: $\text{Current capital stock} \div \text{gross assets}$
- Interest-bearing debt to cash flow ratio: $\text{Interest-bearing debt} \div \text{cash flow}$
- Interest coverage ratio: $\text{Cash flow} \div \text{interest expense}$

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 they will likely be impacted significantly by how the COVID-19 situation develops.

In this operating environment, the Group is working to reduce operating costs by improving the efficiency of its collection and delivery operations and is reviewing its capital investments, among other steps.

The fiscal year ending March 31, 2022 is the start of the Eighth Medium-Term Management Plan or the final three-year period of the plan that the Company 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. The strategic framework specifically includes pursuit of quality improvement based on standardization and digital transformation (DX). Also, to strengthen the management foundation, the Company will work on reconstructing its education system for the development and effective utilization of human resources, and on building a structure for ensuring lasting corporate growth. Furthermore, SDG initiatives will be actively pushed forward to achieve sustainable social development.

With respect to consolidated earnings for the fiscal year ending March 31, 2022, we forecast ¥142,300 million in net sales, ¥19,200 million in operating income, ¥20,100 million in ordinary income, and ¥12,700 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

FY2021 is the start of the Eighth Medium-Term Management Plan (FY2021 - FY2023) which is the final three-year period of the plan the Company 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 Eighth Medium-Term Management Plan, is threefold: Customer Satisfaction, Synergy and Social Responsibility. Customer Satisfaction is to seek maximization of customer satisfaction through quality and service enhancement; Synergy is to aim for mutual growth with various companies; and Social Responsibility is to provide stable testing facilities and thereby fulfill our responsibilities towards the 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) Strengthening business structure

The contract clinical testing industry is vulnerable to price competition because the industry is subject to medical system reforms and changes in government medical policies. Another factor is the maturity of the market, with many competitors. Competition among these companies is expected to escalate further, leading us to expect contract-testing prices to weaken.

It is thus vital to establish a solid business structure and revenue base that can withstand such challenging operating conditions. With regard to contract testing systems, at our main laboratory, the BML General Laboratory, we are moving ahead to consider fields such as pretreatment process, biochemical testing, hematological testing, and bacteriological testing, as part of the challenge to further automation and development of new testing methods by utilizing next-generation sequencers and mass spectrometers. In the self-contained regional laboratories set up in seven locations nationwide, we will seek to broaden the number of test items for faster reporting of test results, thereby improving user services. In addition, in the IT field, we are introducing cloud-based electronic patient charts and improving and upgrading the functionality of our clinical testing systems for users, while striving to enhance service. In collection and delivery operations in particular, we are working to reduce fixed costs by digitizing reports and raising the efficiency of the process for accepting and processing clinical tests. Through these efforts, we will further improve productivity and user services to become more competitive in the clinical testing business.

2) Enhancement of management foundation

As part of initiatives to strengthen our management foundation, we will proceed with reconstruction of the education system for the development and effective utilization of human resources. And to encourage diversity, we will further promote the 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.

3) Initiatives to address the novel coronavirus

We expect the outlook to remain uncertain due to the impact of the novel coronavirus. The Group promptly acted to put in place testing systems for the novel coronavirus in the core laboratories located nationwide, and provided services to help enhance regional health care system. In order to fulfill its role as a rearguard support company for Japan's medical professionals, the Group will continue to augment its testing capacity and reinforce its testing system so that it can provide large numbers of coronavirus tests.

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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	51,213	63,478
Notes and accounts receivable–trade	21,175	30,410
Merchandise and finished goods	262	324
Work in process	545	691
Raw materials and supplies	2,324	3,018
Other current assets	1,194	1,106
Allowance for doubtful accounts	(105)	(80)
Total current assets	76,610	98,950
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,896	9,272
Land	13,556	13,553
Leased assets, net	3,068	2,915
Others, net	4,234	4,944
Total property, plant and equipment	29,755	30,685
Intangible assets		
Other intangible assets	4,039	3,807
Total intangible assets	4,039	3,807
Investments and other assets		
Investment securities	2,315	1,793
Deferred tax assets	2,192	2,375
Other	1,454	1,646
Allowance for doubtful accounts	(93)	(83)
Total investments and other assets	5,868	5,731
Total non-current assets	39,663	40,224
Total assets	116,273	139,174

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable–trade	15,762	20,305
Lease obligations	1,224	1,216
Income taxes payable	1,453	5,756
Provision for bonuses	3,198	3,419
Accounts payable–other	5,356	7,307
Other current liabilities	2,041	2,402
Total current liabilities	29,036	40,407
Non-current liabilities		
Lease obligations	2,200	2,037
Provision for directors' retirement benefits	236	246
Net defined benefit liability	3,952	2,866
Other non-current liabilities	425	494
Total non-current liabilities	6,813	5,644
Total liabilities	35,850	46,051
Net assets		
Shareholders' equity		
Capital stock	6,045	6,045
Capital surplus	6,705	6,705
Retained earnings	69,337	81,220
Treasury stock	(6,701)	(6,651)
Total shareholders' equity	75,387	87,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	671	496
Remeasurements of defined benefit plans	40	560
Total accumulated other comprehensive income	712	1,057
Subscription rights to shares	59	44
Non-controlling interests	4,263	4,701
Total net assets	80,422	93,123
Total liabilities and net assets	116,273	139,174

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

(millions of yen)

	Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net sales	120,732	138,571
Cost of sales	78,481	83,803
Gross profit	42,250	54,768
Selling, general and administrative expenses	32,487	34,831
Operating income	9,763	19,936
Non-operating income		
Rental income from real estate	61	60
Royalty income	94	105
Subsidies for employment adjustment	-	131
Subsidy income	123	391
Other	260	247
Total non-operating income	538	936
Non-operating expenses		
Interest expense	38	37
Rent cost of real estate	23	23
Commission for purchase of treasury shares	19	-
Other	10	7
Total non-operating expenses	90	68
Ordinary income	10,211	20,803
Extraordinary income		
Gain on sales of investment securities	1	252
Other	2	1
Total extraordinary income	4	254
Extraordinary losses		
Loss on retirement of noncurrent assets	32	47
Other	7	8
Total extraordinary losses	39	55
Profit before income taxes	10,175	21,002
Income taxes—current	3,156	7,072
Income taxes—deferred	219	(354)
Total income taxes	3,376	6,718
Profit	6,799	14,284
Profit attributable to non-controlling interests	423	572
Profit attributable to owners of parent	6,375	13,711

Consolidated statements of comprehensive income

(millions of yen)

	Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Profit	6,799	14,284
Other comprehensive income		
Valuation difference on available-for-sale securities	181	(174)
Remeasurements of defined benefit plans, net of tax	(341)	528
Total other comprehensive income	(159)	353
Comprehensive income	6,639	14,638
Breakdown		
Comprehensive income attributable to owners of parent	6,221	14,056
Comprehensive income attributable to non-controlling interests	417	581

(3) Consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,045	6,685	64,623	(1,149)	76,205
Changes of items during period					
Dividends from surplus			(1,661)		(1,661)
Profit attributable to owners of parent			6,375		6,375
Purchase of treasury shares				(5,578)	(5,578)
Disposal of treasury shares		20		25	45
Net changes in items other than shareholders' equity					
Total changes of items during period	-	20	4,713	(5,552)	(818)
Balance at end of current period	6,045	6,705	69,337	(6,701)	75,387

	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	488	378	867	70	3,983	81,127
Changes of items during period						
Dividends from surplus						(1,661)
Profit attributable to owners of parent						6,375
Purchase of treasury shares						(5,578)
Disposal of treasury shares						45
Net changes in items other than shareholders' equity	182	(338)	(155)	(11)	280	113
Total changes of items during period	182	(338)	(155)	(11)	280	(704)
Balance at end of current period	671	40	712	59	4,263	80,422

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 of items during period					
Dividends from 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
Net changes in items other than shareholders' equity					
Total changes of items 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 of items during period						
Dividends from surplus						(1,828)
Profit attributable to owners of parent						13,711
Purchase of treasury shares						(0)
Disposal of treasury shares						50
Net changes in items other than shareholders' equity	(174)	519	344	(15)	437	766
Total changes of items during period	(174)	519	344	(15)	437	12,700
Balance at end of current period	496	560	1,057	44	4,701	93,123

(4) Consolidated statements of cash flows

(millions of yen)

	Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	10,175	21,002
Depreciation	5,043	5,365
Interest expenses	38	37
Decrease (increase) in trade receivables	478	(9,223)
Decrease (increase) in inventories	(17)	(901)
Increase (decrease) in trade payables	711	4,542
Increase (decrease) in provision for bonuses	(2)	220
Loss (gain) on sale of investment securities	(1)	(252)
Subsidies for employment adjustment	-	(131)
Subsidy income	(123)	(391)
Increase (decrease) in accrued consumption taxes	451	1,268
Other, net	(546)	273
Sub-total	16,207	21,811
Interest expenses paid	(38)	(37)
Income taxes paid	(3,690)	(2,874)
Subsidies for employment adjustment received	-	131
Subsidies received	119	417
Other revenue	172	126
Net cash provided by (used in) operating activities	12,771	19,574
Cash flows from investing activities		
Payments into time deposits	(4,727)	(5,462)
Proceeds from withdrawal of time deposits	4,456	4,907
Purchases of property, plant and equipment	(2,939)	(3,091)
Purchases of intangible assets	(1,168)	(1,106)
Proceeds from sale of investment securities	20	448
Other, net	(855)	(279)
Net cash provided by (used in) investing activities	(5,213)	(4,584)
Cash flows from financing activities		
Repayments of lease obligations	(1,355)	(1,379)
Dividends paid	(1,661)	(1,828)
Dividends paid to non-controlling interests	(137)	(144)
Other, net	(5,629)	(30)
Net cash provided by (used in) financing activities	(8,784)	(3,382)
Net increase (decrease) in cash and cash equivalents	(1,226)	11,606
Cash and cash equivalents at beginning of period	49,204	48,246
Increase in cash and cash equivalents from newly consolidated subsidiary	268	-
Cash and cash equivalents at end of period	48,246	59,853

(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: 8, 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:
10, 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.

<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, 2021 (From April 1, 2020 to March 31, 2021)

	FY2019	FY2020
	Yen	
Net assets per share	1,873.36	2,174.27
Profit attributable to owners of parent per share	151.27	337.44
Profit attributable to owners of parent per share (diluted)	151.07	337.09

(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.

		FY2019	FY2020
Profit attributable to owners of parent per share			
Profit attributable to owners of parent	¥ millions	6,375	13,711
Amount not attributable to common shareholders	¥ millions	-	-
Profit attributable to owners of parent that is related to common shares	¥ millions	6,375	13,711
Average number of shares during the period	Shares	42,147,235	40,634,125
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	55,373	42,587
(Subscription rights to shares)	Shares	55,373	42,587
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.

		FY2019	FY2020
Total net assets	¥ millions	80,422	93,123
Amounts deducted from total net assets	¥ millions	4,323	4,745
(Subscription rights to shares)	¥ millions	59	44
(Non-controlling interests)	¥ millions	4,263	4,701
Net assets attributable to common stock at year-end of current period	¥ millions	76,099	88,377
Number of common shares at end of current period used in calculation of net assets per share	Shares	40,621,711	40,647,064

(Important subsequent events)

None