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May 9, 2025

CONSOLIDATED EARNINGS REPORT FOR FISCAL 2024

[Japanese GAAP]

Company Name: BML, Inc.
Stock Listing: Tokyo Stock Exchange
Stock Code: 4694
URL: <https://www.bml.co.jp>
Representative: Kensuke Kondo, President and Representative Director
Contact: Norihisa Takebe,
Representative Director and Senior Managing Executive Officer
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Scheduled Date for the General Meeting of Shareholders: June 27, 2025
Scheduled Date for Filing of Annual Securities Report: June 24, 2025
Scheduled Date for Payment of Dividends: June 30, 2025
Creation of Supplementary Explanatory Materials: Yes
Holding of Explanatory Meeting: Yes

(Rounded down to nearest million yen)

1. Results for Fiscal 2024 (April 1, 2024–March 31, 2025)

(1) Consolidated business results

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2024	143,191	3.8	9,364	2.1	9,970	3.8	6,263	3.8
FY2023	137,964	(13.5)	9,167	(61.7)	9,605	(60.3)	6,034	(61.3)

(Note) Comprehensive income: FY2024 ¥7,220 million / (5.3)% FY2023 ¥7,622 million / (50.4)%

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to sales ratio
	Yen	Yen	%	%	%
FY2024	160.62	160.55	4.9	5.7	6.5
FY2023	154.81	154.74	4.9	5.7	6.6

(Reference) Equity in earnings (losses) of affiliates: FY2024 ¥— million FY2023 ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	Yen
As of March 31, 2025	177,507	133,772	72.9	3,316.84
As of March 31, 2024	170,991	130,140	73.6	3,228.06

(Reference) Equity capital: As of March 31, 2025 ¥129,378 million As of March 31, 2024 ¥125,843 million

(3) Consolidated cash flow position

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
FY2024	15,809	(16,793)	(5,426)	63,928
FY2023	14,446	(21,137)	(5,733)	70,338

2. Dividends

	Dividends per share					Total amount (Full year) ¥ million	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			
FY2023	—	40.00	—	40.00	80.00	3,118	51.7	2.5
FY2024	—	50.00	—	70.00	120.00	4,680	74.7	3.7
FY2025 (forecast)	—	60.00	—	60.00	120.00		78.0	

(Note) Breakdown of the year-end dividend for FY2024:

Ordinary dividend ¥50.00 per share Commemorative dividend ¥20.00 per share

3. Consolidated Cumulative Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025–March 31, 2026)

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen
Full year	148,000	3.4	9,000	(3.9)	9,600	(3.7)	6,000	(4.2)	153.82

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: - companies (Company name:)

Excluded: 2 companies (Company name: Kyodo Igaku Laboratories, Inc., RINTEC Co., Ltd.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reason: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of outstanding shares (common shares)

a. Number of outstanding shares at the end of the period (treasury shares included)

As of March 31, 2025	42,294,426	As of March 31, 2024	42,294,426
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b. Number of treasury shares at the end of the period

As of March 31, 2025	3,287,817	As of March 31, 2024	3,310,287
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c. Average number of shares during the period

FY2024	38,997,966	FY2023	38,979,994
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Reference: Non-consolidated Results of Operations

1. Non-consolidated Business Results for Fiscal 2024 (April 1, 2024–March 31, 2025)

(1) Non-consolidated management performance

(% indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2024	117,420	4.6	4,811	10.9	7,844	20.9	5,970	11.7
FY2023	112,217	(12.5)	4,336	(73.3)	6,487	(65.1)	5,345	(66.8)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2024	153.11	153.04
FY2023	137.14	137.08

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	Yen
As of March 31, 2025	141,644	101,861	71.9	2,610.80
As of March 31, 2024	136,537	99,324	72.7	2,547.21

(Reference) Equity capital:

As of March 31, 2025 ¥101,838 million As of March 31, 2024 ¥99,300 million

Notes:

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

* Proper use of earnings forecasts, and other special matters

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. Qualitative Information on Operating Results” on page 4 of this earnings report concerning financial forecasts such as the assumptions used for financial forecasts, factors that could cause these assumptions to change, and cautionary notes.

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1. Overview of Financial Performance

(1) Operating results for the fiscal year under review

In the fiscal year under review, the Japanese economy continued to show a mild recovery trend, with a boost from various government policies amid an improvement in the employment and income environment. However, the international situation remains unstable due to geopolitical risks, such as the Russia and Ukraine conflict and the Middle East situation, as well as policy trends in the United States. In addition, there are concerns that raw material prices and energy costs will remain high. Due to these factors, uncertainty is expected to continue.

Under these economic conditions, the contract clinical testing business remained in a challenging environment due to a rise in various costs including personnel expenses and continuing competition among companies, in addition to a decrease in medical service fees (clinical testing), which was set in fiscal 2024, a designated year for the biennial revision of medical service fees under the national health insurance (NHI) system.

In these conditions, net sales for the fiscal year under review were ¥143,191 million, an increase of 3.8% year on year, and operating profit was ¥9,364 million, an increase of 2.1% year on year. Ordinary profit was ¥9,970 million, an increase of 3.8% year on year, and profit attributable to owners of parent was ¥6,263 million, an increase of 3.8% year on year. Although COVID-19-related testing numbers decreased, non-COVID-19-related testing numbers were solid, resulting in an increase in net sales. Profit also increased, partly reflecting the various initiatives implemented to improve profitability, in addition to higher net sales, despite increases in moving expenses and depreciation due to a new facility beginning operation in January 2025.

Conditions by business segment are described below.

In the clinical testing business, the BML Group strengthened efforts to acquire new customers and aimed to enhance business performance by implementing activities to further develop sales to existing customers of such items as new testing items, and priority testing items, as well as by optimizing sales prices. As a result, net sales in the clinical testing business increased by 3.5% year on year.

In the food hygiene business, orders for store inspection, which is a part of food consulting, increased, and numbers of intestinal bacteria testing and microbiological testing were solid. As a result, net sales in the food hygiene business increased by 5.5% year on year.

As a result of the above, net sales in the testing business overall increased by 3.6% year on year.

In the medical informatics business, we steadily responded to the replacement demand and net sales increased by 12.4% year on year.

With respect to net sales in other businesses, in addition to the completion of large-scale projects as a site management organization (SMO) for clinical trials at medical institutions, there was an impact of a reduction in medical service fees (drug prices) in the dispensing pharmacy business. As a result, net sales in other businesses decreased by 7.6% year on year.

(2) Financial position for the fiscal year under review

Regarding the financial position at the end of the fiscal year under review, total assets amounted to ¥177,507 million, a ¥6,515 million increase over the end of the previous fiscal year, liabilities amounted to ¥43,734 million, a ¥2,882 million increase over the end of the previous fiscal year, net assets totaled ¥133,772 million, up ¥3,632 million over the end of the previous fiscal year, and the equity ratio was 72.9%, a 0.7 percentage point decrease over the end of the previous fiscal year.

As for the main items contributing to an increase or decrease, in the assets section, buildings and structures increased by ¥16,166 million, but construction in progress decreased by ¥7,761 million. In the liabilities section, notes and accounts payable—trade increased by ¥982 million, income taxes payable increased by ¥1,331 million. In net assets, retained earnings increased by ¥2,754 million and remeasurements of defined benefit plans increased by ¥703 million.

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

Cash and cash equivalents at the end of the fiscal year under review decreased ¥6,410 million from the end of the previous fiscal year to ¥63,928 million. The cash flow position and factors behind changes for each type of activity are as follows.

Operating activities provided net cash of ¥15,809 million, ¥1,362 million more than in the previous fiscal year. This largely reflected an increase of ¥1,015 million in inflow from depreciation, an outflow of ¥1,862 million due to an increase in trade receivables (an inflow of ¥1,773 million in the previous fiscal year), an inflow of ¥982 million due to an increase in trade payables (an outflow of ¥1,362 million in the previous fiscal year), and a decrease of ¥1,271 million in outflow from income taxes paid.

Investing activities used net cash of ¥16,793 million, ¥4,344 million less than in the previous fiscal year. This was largely a result of a decrease of ¥3,866 million in purchase of property, plant and equipment.

Financing activities used net cash of ¥5,426 million, ¥307 million less than in the previous fiscal year. This was primarily due to a decrease of ¥390 million in dividends paid.

Reference: Trend of cash flow index

	FY2020	FY2021	FY2022	FY2023	FY2024
Equity ratio (%)	63.5	64.8	72.5	73.6	72.9
Equity ratio on market value (%)	111.7	68.8	71.3	66.3	66.4
Interest-bearing debt to cash flow ratio (%)	21.5	9.4	43.2	42.8	39.2
Interest coverage ratio (times)	515.6	1,253.0	287.8	137.8	132.8

- 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 shares.

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

The outlook for the Japanese economy is expected to remain uncertain due to factors such as an unstable international situation stemming from geopolitical risks, such as the Russia and Ukraine conflict and the Middle East situation, as well as policy trends in the United States. In addition, there are concerns that raw material prices and energy costs will remain high. Challenging conditions are expected to persist in the clinical testing business in the future. This is due to the difficulty in passing the soaring costs of various items on to sales prices, as these are based on medical service fees, which are revised every two years and have been sequentially lowered.

In this operating environment, the BML Group will strive to improve profitability by maintaining sales prices and setting appropriate service fees, and by implementing new measures to enhance operational efficiency.

In FY2025, the Company will enter the second year of its Ninth Medium-Term Management Plan (FY2024–FY2028), based on the Group Vision: “Becoming the most trusted choice in the medical world.” Under the Plan’s slogan “Expanding with Passion 2028” and the key concepts of “enhanced quality,” “solutions,” and “mutual development,” the Company will continue to engage in enhancing its quality and services and rebuilding its testing infrastructure.

With respect to consolidated earnings for the fiscal year ending March 31, 2026, we forecast ¥148,000 million in net sales, ¥9,000 million in operating profit, ¥9,600 million in ordinary profit, and ¥6,000 million in profit attributable to owners of parent.

2. Status of the Corporate Group

The BML Group consists of 17 consolidated subsidiaries, namely PCL Japan, Inc., Japan Clinical Service, Inc., Allegro, Inc., BML Food Science Solutions, Inc., Matsudo Medical Laboratories, Inc., Nikken Igaku, Inc., OPL, Inc., Morioka Clinical Laboratories, Inc., BML Life Science Holdings, Inc., Biken, Inc., Labotech, Inc., Daiichi Kishimoto Clinical Laboratories Inc., Q-syu Open Laboratories, Inc., QCL, Inc., BML Medical Works, Inc., Okayama Medicine Laboratories, Inc., and Tohkai Cytopathology Institute; non-consolidated subsidiaries not accounted for under the equity method, namely Local Medical Services Co., Ltd., SPL, Sapporo Immuno Diagnostic Laboratory, Inc., Diagnostic Pathology Research Co., Ltd., and OML Co., Ltd.; and affiliates not accounted for under the equity method, which are KITASATO-OTSUKA Biomedical Assay Laboratories Co., Ltd. and Chuo Microbe Laboratory Co., Ltd.

QCL, Inc. and 13 other companies mainly undertake general and highly specialized tests from hospitals and clinics in each local area, and outsource highly specialized tests to the Company. The Company also outsources urgent tests, among the general tests the Company undertakes, to these companies. Local Medical Services Co., Ltd. collects test specimens from Morioka Clinical Laboratories, Inc.

Japan Clinical Service, Inc. mainly receives clinical testing specimens, and engages in report processing on test data and transportation services for the Company.

PCL Japan, Inc. and Tohkai Cytopathology Institute undertake pathological and cytological testing mainly from the Company. Diagnostic Pathology Research Co., Ltd. undertakes pathological and cytological testing mainly from Morioka Clinical Laboratories, Inc.

BML Food Science Solutions, Inc. undertakes food and hygiene testing from the food service industry, large-scale retail stores, and other entities, and provides consulting services for them. The Company outsources food testing and other tests the Company undertakes, to BML Food Science Solutions, Inc.

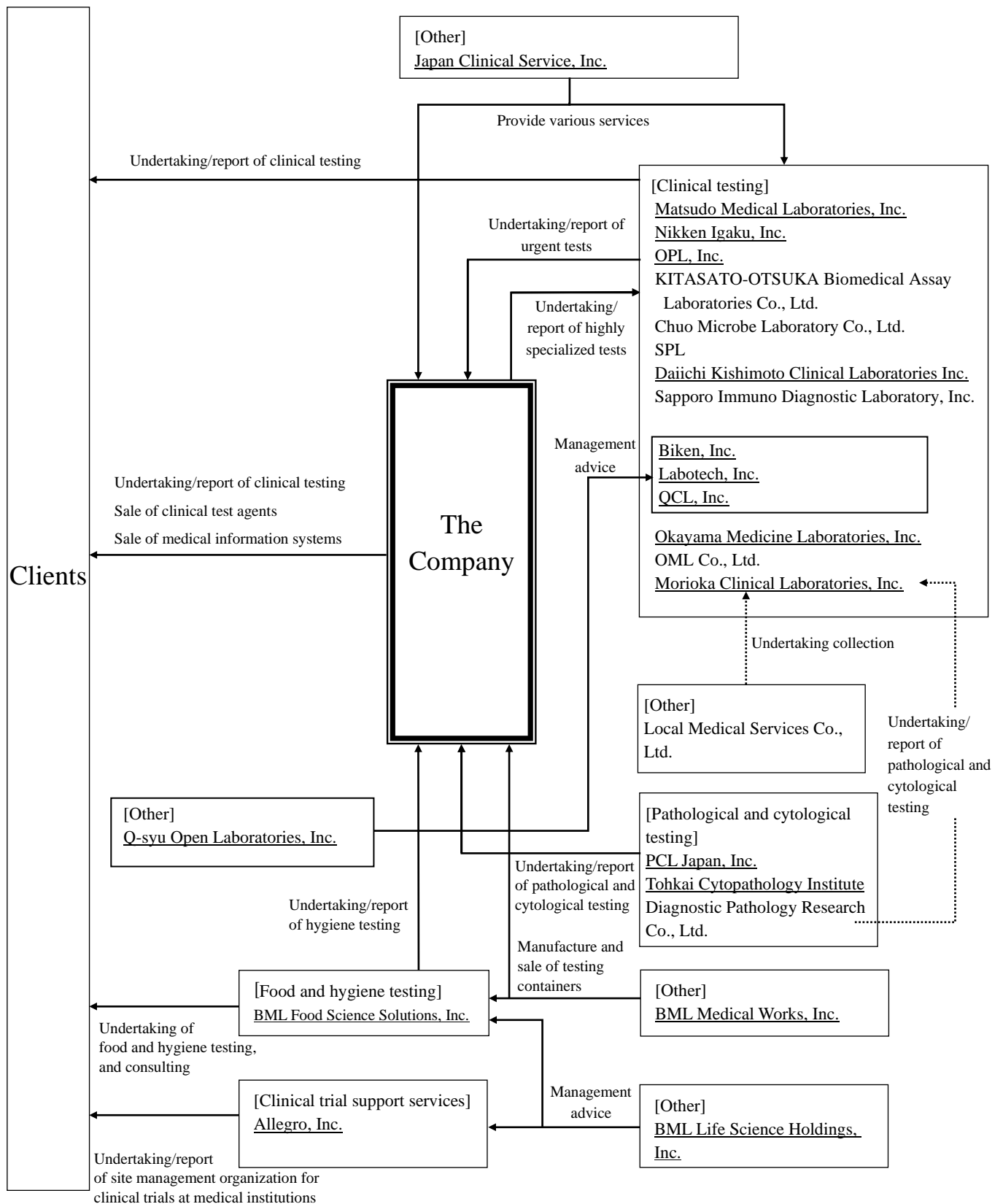
Allegro, Inc. undertakes site management organization for clinical trials at medical institutions from pharmaceutical companies and other entities. BML Life Science Holdings, Inc. engages in management advice to BML Food Science Solutions, Inc. and Allegro, Inc.

BML Medical Works, Inc. engages in manufacturing testing containers.

Q-syu Open Laboratories, Inc. engages in management advice to Biken, Inc., Labotech, Inc., and QCL, Inc.

As described above, the BML Group engages in clinical tests and related businesses.

The position of each group company is presented in the chart below.



- (Notes) 1. The underlined companies in the chart above are consolidated subsidiaries.
2. Kyodo Igaku Laboratories, Inc., and RINTEC Co., Ltd. were absorbed and merged into QCL, Inc. (former QOL Central Laboratories, Co., Ltd.), a consolidated subsidiary of the Company as of August 1, 2024.

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

Operating profit to sales ratio (consolidated basis): 8.5% or above

Return on equity (consolidated basis): 8.0% or above

(3) Medium- to long-term business strategy

The Ninth Medium-Term Management Plan (FY2024–FY2028) commenced in FY2024, based on the key concepts of the pursuit of “enhanced quality,” “solutions,” and “mutual development.” Under the Plan, the Company will pursue focused investments to substantially expand its business base while maintaining business growth, aiming to “reinforce its business expansion for the next decade” and achieve the Group Vision.

Specifically, the Plan will be implemented based on a framework of six basic strategies centered on the development of next-generation laboratories: expanding sales and market share, improving profitability, optimizing the business portfolio, enhancing the level of service, promoting standardization, and the development of high-performance tests.

Regarding the development of next-generation laboratories, a new BML Food Science Solutions test building began operation in May 2024, and the 6th Stage Building of the BML General Laboratory, as well as PCL Japan’s New Tokyo Laboratory began operation in January 2025. This will enable the Group to achieve the expansion of its sustainable testing capabilities for the next decade.

With regard to expanding sales and market share, the Company will strive to expand its business by appropriately allocating sales resources to suit each market and strengthening the head office solutions function to resolve issues faced by its customers. In addition, it will establish systems to address customer needs by expanding and enhancing its new testing items and functions.

With regard to improving profitability, the Company will raise recognition of its quality and service

level and set selling prices based on their value, to improve revenue. It will also pursue a reduction in operating costs through a radical review of the processes for collecting test specimens, reporting results, and invoicing. In addition, it will further streamline testing processes and reduce testing costs with the completion of next-generation laboratories.

With regard to optimizing the business portfolio, the Company will strive to expand sales across the clinical testing business, the food hygiene business, and the medical informatics business. At the same time, it also aims to reduce costs and significantly improve revenue, especially in the clinical testing business, to achieve a balanced improvement in revenue across portfolio sectors.

With regard to enhancing the level of service, the Company will promote the localization of bacteriological testing and pathological and cytological testing, which demand the swift reporting of results, to improve these services. It will also strengthen its call center functions for testing and electronic patient charts to boost the level of response to customer inquiries and requests, while also strengthening its customer support systems by increasing the number of personnel conducting upkeep and maintenance for customers who use electronic patient charts.

With regard to promoting standardization, the Company will classify its laboratories across Japan by scale, selecting and deploying standard equipment based on the size of each laboratory, while also establishing standard operating procedures. This will enable it to progressively standardize testing services and improve quality.

With regard to the development of high-performance tests, the Company will develop high-performance tests, such as genomic tests, through the introduction of advanced genomic analysis devices and stronger collaboration with biotech companies, universities, and research institutes.

The Company has engaged in DX solutions since the time of its Eighth Medium-Term Management Plan, defining DX as the improvement of customer experience and the realization of greater business efficiency. It already provides functions to support medical examination, such as the Digital Reporting System (DRS) and electronic patient charts. Going forward, it will continue to strengthen its functions to contribute to greater operational efficiency for customers while also expanding its lineup of new IT products. For this purpose, it plans to invest approximately ¥10 billion in promoting DX over 10 years. At the same time, it will encourage employees to obtain various qualifications as part of its efforts to develop digital human resources. Looking ahead, the Company will enhance the support it provides for obtaining qualifications while also recruiting and training high-level DX human resources.

Furthermore, the Ninth Medium-Term Management Plan also promotes stronger ESG initiatives.

In terms of environmental initiatives (E), the Company regards addressing climate change as a high-priority issue and has analyzed the impact of climate change in 2050, with reference to the climate change scenarios published by the International Energy Agency (IEA). The Company has selected 1.5–2°C/4°C scenarios for this analysis, based on its belief that strict countermeasures will be required, including the radical transition of systems to cope with the rapid advance of global warming. Based on this analysis, the Company has established KPIs for the reduction of CO₂ emissions and other issues related to the environment and will pursue activities based on its plan to address these issues.

In terms of social initiatives (S), the Company will enhance its training system to fully develop and utilize human resources. At the same time, it will implement various measures aimed at helping female employees build their careers, as part of its efforts to promote diversity, equity, and inclusion. 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. KPIs have been established for each of these items, and the Company will pursue activities based on its plan to address them.

In terms of governance initiatives (G), the Company will promote the diversity of Directors, stronger supervisory and executive structures, and a higher level of internal controls, with an awareness of Japan's Corporate Governance Code and the Company's policy on advice on the exercise of voting rights. As part of the initiatives, the Company plans to transition to a company with an Audit and Supervisory Committee. This will enable it to further enhance corporate governance by strengthening Directors' supervisory function and establishing a monitoring structure. The Company will conduct more proactive investor briefings and investor relations activities to strengthen communication with investors and deepen mutual understanding.

Regarding the promotion of management that is conscious of cost of capital and stock price, the Company will maintain an accurate consciousness of its cost of capital and profitability of each business, and work to improve ROE. Specifically, it will deploy its funds in hand to invest in growth, including the development of next-generation laboratories and DX, and ensure that these investments bear fruit in the form of higher revenues. At the same time, the Company will strive to optimize the balance of investment and shareholder returns by continuing to pay stable dividends while also enhancing the payout ratio. This will enable it to achieve an ROE of 8.0% or above, substantially exceeding the cost of capital.

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 and Primary Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	74,114	67,562
Notes and accounts receivable–trade	24,978	26,824
Merchandise and finished goods	395	252
Work in process	661	749
Raw materials and supplies	3,530	3,681
Other	4,319	3,213
Allowance for doubtful accounts	(21)	(23)
Total current assets	107,977	102,259
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,146	29,312
Land	16,919	16,919
Leased assets, net	4,664	4,672
Construction in progress	11,031	3,270
Other, net	6,071	8,314
Total property, plant and equipment	51,833	62,489
Intangible assets		
Other	4,792	4,987
Total intangible assets	4,792	4,987
Investments and other assets		
Investment securities	3,102	3,127
Deferred tax assets	1,440	1,087
Other	1,899	3,627
Allowance for doubtful accounts	(55)	(72)
Total investments and other assets	6,388	7,771
Total non-current assets	63,014	75,247
Total assets	170,991	177,507

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable–trade	18,731	19,714
Lease liabilities	1,533	1,630
Income taxes payable	642	1,974
Provision for bonuses	3,598	3,667
Accounts payable–other	7,393	8,235
Other	2,747	2,374
Total current liabilities	34,648	37,595
Non-current liabilities		
Lease liabilities	3,732	3,659
Provision for retirement benefits for directors (and other officers)	232	190
Retirement benefit liability	1,709	1,775
Other	529	513
Total non-current liabilities	6,203	6,138
Total liabilities	40,851	43,734
Net assets		
Shareholders' equity		
Share capital	6,045	6,045
Capital surplus	6,646	6,659
Retained earnings	119,730	122,484
Treasury shares	(8,229)	(8,173)
Total shareholders' equity	124,193	127,016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	568	577
Remeasurements of defined benefit plans	1,081	1,784
Total accumulated other comprehensive income	1,649	2,362
Share acquisition rights	23	23
Non-controlling interests	4,273	4,370
Total net assets	130,140	133,772
Total liabilities and net assets	170,991	177,507

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

	(Millions of yen)	
	Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net sales	137,964	143,191
Cost of sales	92,335	97,329
Gross profit	45,628	45,861
Selling, general and administrative expenses	36,461	36,497
Operating profit	9,167	9,364
Non-operating income		
Dividend income	229	290
Rental income from real estate	54	52
Subsidy income	155	155
Other	211	277
Total non-operating income	651	776
Non-operating expenses		
Interest expenses	104	118
Rental costs on real estate	26	30
Rental expenses on facilities	37	—
Other	44	21
Total non-operating expenses	213	170
Ordinary profit	9,605	9,970
Extraordinary income		
Gain on sale of non-current assets	5	2
Total extraordinary income	5	2
Extraordinary losses		
Loss on retirement of non-current assets	82	289
Other	5	10
Total extraordinary losses	87	299
Profit before income taxes	9,523	9,673
Income taxes—current	3,218	3,187
Income taxes—deferred	41	(23)
Total income taxes	3,260	3,164
Profit	6,263	6,509
Profit attributable to non-controlling interests	228	245
Profit attributable to owners of parent	6,034	6,263

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Profit	6,263	6,509
Other comprehensive income		
Valuation difference on available-for-sale securities	299	9
Remeasurements of defined benefit plans, net of tax	1,059	702
Total other comprehensive income	1,359	711
Comprehensive income	7,622	7,220
Comprehensive income attributable to		
Owners of parent	7,385	6,976
Non-controlling interests	237	244

(3) Consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,045	6,646	118,378	(8,902)	122,169
Changes during period					
Dividends of surplus			(3,900)		(3,900)
Profit attributable to owners of parent			6,034		6,034
Purchase of treasury shares				(175)	(175)
Disposal of treasury shares		11		55	66
Cancellation of treasury shares		(11)	(782)	793	—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,351	673	2,024
Balance at end of period	6,045	6,646	119,730	(8,229)	124,193

	Accumulated other comprehensive income			Share acquisition rights	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 period	268	29	298	23	4,260	126,751
Changes during period						
Dividends of surplus						(3,900)
Profit attributable to owners of parent						6,034
Purchase of treasury shares						(175)
Disposal of treasury shares						66
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	299	1,051	1,351	—	12	1,364
Total changes during period	299	1,051	1,351	—	12	3,388
Balance at end of period	568	1,081	1,649	23	4,273	130,140

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,045	6,646	119,730	(8,229)	124,193
Changes during period					
Dividends of surplus			(3,509)		(3,509)
Profit attributable to owners of parent			6,263		6,263
Purchase of treasury shares					—
Disposal of treasury shares		12		55	68
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	12	2,754	55	2,822
Balance at end of period	6,045	6,659	122,484	(8,173)	127,016

	Accumulated other comprehensive income			Share acquisition rights	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 period	568	1,081	1,649	23	4,273	130,140
Changes during period						
Dividends of surplus						(3,509)
Profit attributable to owners of parent						6,263
Purchase of treasury shares						—
Disposal of treasury shares						68
Cancellation of treasury shares						—
Net changes in items other than shareholders' equity	9	703	712	—	97	810
Total changes during period	9	703	712	—	97	3,632
Balance at end of period	577	1,784	2,362	23	4,370	133,772

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	9,523	9,673
Depreciation	6,700	7,716
Impairment losses	0	10
Interest and dividend income	(231)	(319)
Interest expenses	104	118
Decrease (increase) in trade receivables	1,773	(1,862)
Decrease (increase) in inventories	204	(93)
Increase (decrease) in trade payables	(1,362)	982
Loss on retirement of non-current assets	82	289
Increase (decrease) in provision for bonuses	(122)	69
Subsidy income	(155)	(155)
Increase (decrease) in accrued consumption taxes	101	118
Decrease (increase) in consumption taxes refund receivable	364	(421)
Other, net	(1,601)	445
Subtotal	15,381	16,569
Interest and dividends received	231	186
Interest paid	(104)	(119)
Income taxes paid	(3,191)	(1,919)
Income taxes refund	2,051	980
Subsidies received	101	113
Other, net	(22)	(2)
Net cash provided by (used in) operating activities	14,446	15,809
Cash flows from investing activities		
Payments into time deposits	(5,594)	(5,502)
Proceeds from withdrawal of time deposits	5,580	5,643
Purchase of property, plant and equipment	(19,012)	(15,146)
Purchase of intangible assets	(1,915)	(1,512)
Other, net	(195)	(276)
Net cash provided by (used in) investing activities	(21,137)	(16,793)

	(Millions of yen)	
	Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash flows from financing activities		
Repayments of lease liabilities	(1,595)	(1,757)
Dividends paid	(3,900)	(3,509)
Dividends paid to non-controlling interests	(224)	(146)
Other, net	(13)	(12)
Net cash provided by (used in) financing activities	(5,733)	(5,426)
Net increase (decrease) in cash and cash equivalents	(12,425)	(6,410)
Cash and cash equivalents at beginning of period	82,760	70,338
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	4	—
Cash and cash equivalents at end of period	70,338	63,928

(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: 17

Names of major consolidated subsidiaries: QCL, Inc.

PCL Japan, Inc.

Daiichi Kishimoto Clinical Laboratories Inc.

(2) Number of non-consolidated companies: 5, 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: 7, 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)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, the “Revised Accounting Standard 2022”) and related accounting guidance from the beginning of the fiscal year under review.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, “Revised Guidance 2022”). The change in accounting policies had no impact on the consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the fiscal year under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements of the previous fiscal year.

(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 of 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)

	FY2023	FY2024
	Yen	
Net assets per share	3,228.06	3,316.84
Basic earnings per share	154.81	160.62
Diluted earnings per share	154.74	160.55

(Notes) 1. Basic earnings per share and diluted earnings per share were calculated on the following basis.

		FY2023	FY2024
Basic earnings per share			
Profit attributable to owners of parent	¥ millions	6,034	6,263
Amount not attributable to common shareholders	¥ millions	—	—
Profit attributable to owners of parent that is related to common shares	¥ millions	6,034	6,263
Average number of shares during the period	Shares	38,979,994	38,997,966
Diluted earnings per share			
Amount for adjustment to profit attributable to owners of parent	¥ millions	—	—
Increase in common shares	Shares	16,998	16,998
(Share acquisition rights)	Shares	16,998	16,998
Descriptions of potentially dilutive common shares that were not included in the computation of diluted earnings per share because of their anti-dilutive effect		—	

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

		FY2023	FY2024
Total net assets	¥ millions	130,140	133,772
Amounts deducted from total net assets	¥ millions	4,296	4,394
(Share acquisition rights)	¥ millions	23	23
(Non-controlling interests)	¥ millions	4,273	4,370
Net assets attributable to common shares at the end of the period	¥ millions	125,843	129,378
Number of common shares at the end of the period used in calculation of net assets per share	Shares	38,984,139	39,006,609

(Important subsequent events)

Not applicable

6. Non-consolidated Financial Statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	48,011	40,679
Notes receivable–trade	142	161
Accounts receivable–trade	21,156	23,059
Merchandise and finished goods	219	119
Work in process	483	539
Raw materials and supplies	2,711	2,878
Prepaid expenses	485	567
Other	3,189	2,544
Allowance for doubtful accounts	(17)	(20)
Total current assets	76,383	70,529
Non-current assets		
Property, plant and equipment		
Buildings	8,709	24,827
Structures	374	422
Machinery and equipment	139	738
Vehicles	14	14
Tools, furniture and fixtures	3,973	5,626
Land	14,351	14,351
Leased assets	3,709	3,678
Construction in progress	10,878	3,217
Total property, plant and equipment	42,150	52,877
Intangible assets		
Leasehold interests in land	233	199
Software	2,782	3,581
Leased assets	7	4
Other	1,106	582
Total intangible assets	4,129	4,367

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Investments and other assets		
Investment securities	2,733	2,755
Shares of subsidiaries and associates	8,484	8,484
Investments in capital	55	55
Long-term loans receivable from subsidiaries and associates	333	166
Long-term loans receivable from employees	1	0
Distressed receivables	41	58
Long-term prepaid expenses	264	362
Deferred tax assets	992	950
Other	1,008	1,094
Allowance for doubtful accounts	(41)	(58)
Total investments and other assets	13,874	13,870
Total non-current assets	60,153	71,114
Total assets	136,537	141,644

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable–trade	17,003	18,110
Short-term borrowings	900	900
Lease liabilities	1,253	1,319
Accounts payable–other	6,640	7,432
Accrued expenses	579	552
Income taxes payable	99	1,337
Provision for bonuses	2,374	2,404
Advances received	26	37
Deposits received	3,477	3,354
Unearned revenue	57	69
Asset retirement obligations	1	0
Other	54	56
Total current liabilities	32,469	35,574
Non-current liabilities		
Lease liabilities	2,926	2,845
Provision for retirement benefits	1,430	993
Asset retirement obligations	342	351
Other	44	17
Total non-current liabilities	4,743	4,208
Total liabilities	37,213	39,782

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Net assets		
Shareholders' equity		
Share capital	6,045	6,045
Capital surplus		
Legal capital surplus	6,646	6,646
Other capital surplus	—	12
Total capital surplus	6,646	6,659
Retained earnings		
Legal retained earnings	233	233
Other retained earnings		
Reserve for special depreciation	2	1
Reserve for tax purpose reduction entry of non-current assets	292	288
General reserve	15,400	15,400
Retained earnings brought forward	78,347	80,813
Total retained earnings	94,275	96,737
Treasury shares	(8,229)	(8,173)
Total shareholders' equity	98,739	101,269
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	561	569
Total valuation and translation adjustments	561	569
Share acquisition rights	23	23
Total net assets	99,324	101,861
Total liabilities and net assets	136,537	141,644

(2) Non-consolidated statements of income

(Millions of yen)

	Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net sales	112,217	117,420
Cost of sales	78,156	82,934
Gross profit	34,061	34,485
Selling, general and administrative expenses	29,724	29,674
Operating profit	4,336	4,811
Non-operating income		
Interest income	3	27
Dividend income	1,682	2,473
Rental income from real estate	479	519
Other	464	472
Total non-operating income	2,630	3,491
Non-operating expenses		
Interest expenses	115	124
Rental costs on real estate	284	324
Rental expenses on facilities	64	—
Other	15	9
Total non-operating expenses	480	458
Ordinary profit	6,487	7,844
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on extinguishment of tie-in shares	612	—
Total extraordinary income	613	1
Extraordinary losses		
Loss on retirement of non-current assets	30	54
Loss on valuation of investment securities	3	—
Other	0	—
Total extraordinary losses	34	54
Profit before income taxes	7,065	7,792
Income taxes—current	1,688	1,793
Income taxes—deferred	30	28
Total income taxes	1,719	1,821
Profit	5,345	5,970

(3) Non-consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		
						Reserve for special depreciation	Reserve for tax purpose reduction entry of non-current assets	General reserve
Balance at beginning of period	6,045	6,646	—	6,646	233	—	292	15,400
Changes during period								
Reversal of reserve for tax purpose reduction entry of non-current assets							(0)	
Reversal of reserve for advanced depreciation of noncurrent assets accompanying tax-rates change								
Provision of reserve for special depreciation						2		
Reversal of reserve for special depreciation						(0)		
The amount of change of the special depreciation liability reserve with the tax rate change								
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			11	11				
Cancellation of treasury shares			(11)	(11)				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	—	—	—	2	(0)	—
Balance at end of period	6,045	6,646	—	6,646	233	2	292	15,400

	Shareholders' equity				Valuation and translation adjustments		Share acquisition rights	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
	Other retained earnings	Total retained earnings						
	Retained earnings brought forward							
Balance at beginning of period	77,686	93,612	(8,902)	97,403	267	267	23	97,693
Changes during period								
Reversal of reserve for tax purpose reduction entry of non-current assets	0	—		—				—
Reversal of reserve for advanced depreciation of noncurrent assets accompanying tax-rates change				—				—
Provision of reserve for special depreciation	(2)	—		—				—
Reversal of reserve for special depreciation	0	—		—				—
The amount of change of the special depreciation liability reserve with the tax rate change				—				—
Dividends of surplus	(3,900)	(3,900)		(3,900)				(3,900)
Profit	5,345	5,345		5,345				5,345
Purchase of treasury shares			(175)	(175)				(175)
Disposal of treasury shares			55	66				66
Cancellation of treasury shares	(782)	(782)	793	—				—
Net changes in items other than shareholders' equity					294	294	—	294
Total changes during period	661	663	673	1,336	294	294	—	1,630
Balance at end of period	78,347	94,275	(8,229)	98,739	561	561	23	99,324

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for special depreciation	Reserve for tax purpose reduction entry of non-current assets	General reserve
Balance at beginning of period	6,045	6,646	—	6,646	233	2	292	15,400
Changes during period								
Reversal of reserve for tax purpose reduction entry of non-current assets							(0)	
Reversal of reserve for advanced depreciation of noncurrent assets accompanying tax-rates change							(3)	
Provision of reserve for special depreciation								
Reversal of reserve for special depreciation						(0)		
The amount of change of the special depreciation liability reserve with the tax rate change						(0)		
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			12	12				
Cancellation of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	12	12	—	(0)	(3)	—
Balance at end of period	6,045	6,646	12	6,659	233	1	288	15,400

	Shareholders' equity				Valuation and translation adjustments		Share acquisition rights	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
	Other retained earnings	Total retained earnings						
	Retained earnings brought forward							
Balance at beginning of period	78,347	94,275	(8,229)	98,739	561	561	23	99,324
Changes during period								
Reversal of reserve for tax purpose reduction entry of non-current assets	0	—		—				—
Reversal of reserve for advanced depreciation of noncurrent assets accompanying tax-rates change	3	—		—				—
Provision of reserve for special depreciation				—				—
Reversal of reserve for special depreciation	0	—		—				—
The amount of change of the special depreciation liability reserve with the tax rate change	0	—		—				—
Dividends of surplus	(3,509)	(3,509)		(3,509)				(3,509)
Profit	5,970	5,970		5,970				5,970
Purchase of treasury shares				—				—
Disposal of treasury shares			55	68				68
Cancellation of treasury shares				—				—
Net changes in items other than shareholders' equity					7	7	—	7
Total changes during period	2,465	2,461	55	2,529	7	7	—	2,537
Balance at end of period	80,813	96,737	(8,173)	101,269	569	569	23	101,861

7. Other

(1) Breakdown of production, orders and sales

(i) Production results

Production results for the fiscal year under review by testing type are as follows.

Testing		Fiscal Year Ended March 31, 2025	
		Production results (¥ million)	Year-on-year change (%)
Testing business	Clinical testing business		
	Biochemical tests	54,901	3.9
	Hematological tests	11,621	5.0
	Immunological tests	28,359	6.3
	Microbiological tests	7,242	5.0
	Pathological tests	10,130	6.4
	Other tests	18,448	(5.3)
	(Clinical testing business total)	130,704	3.4
	Food hygiene business	5,270	5.1
	Testing business subtotal	135,975	3.4
Medical informatics business		5,454	12.2
Other businesses		1,501	(6.7)
Total		142,931	3.6

(Note) The amounts are calculated based on sales prices, and do not include consumption tax, etc.

(ii) Order status

There is usually only a small backlog of orders, due to the very short duration from receiving orders to reporting results. Orders backlog nearly corresponds to production results during the period, and is therefore omitted.

(iii) Sales results

Sales results for the fiscal year under review by testing type are as follows.

Testing		Fiscal Year Ended March 31, 2025	
		Sales results (¥ million)	Year-on-year change (%)
Testing business	Clinical testing business		
	Biochemical tests	54,977	4.1
	Hematological tests	11,638	5.2
	Immunological tests	28,397	6.5
	Microbiological tests	7,253	5.2
	Pathological tests	10,143	6.6
	Other tests	18,515	(5.1)
	(Clinical testing business total)	130,925	3.5
	Food hygiene business	5,294	5.5
	Testing business subtotal	136,219	3.6
Medical informatics business		5,478	12.4
Other businesses		1,493	(7.6)
Total		143,191	3.8

(Notes) 1. The amounts do not include consumption tax, etc.

2. No clients account for more than 10% of sales to total sales results.

(2) Changes in officers

Regarding the changes in officers, please refer to the notice of personnel changes, which is disclosed on May 9, 2025.