

BML Inc.

**Financial Results Presentation for
the First Half of Fiscal 2022**

November 11, 2022

Kensuke Kondo,
President and
Representative Director

Overview of the First Half of Fiscal 2022

First-Half Earnings History in 10 Years

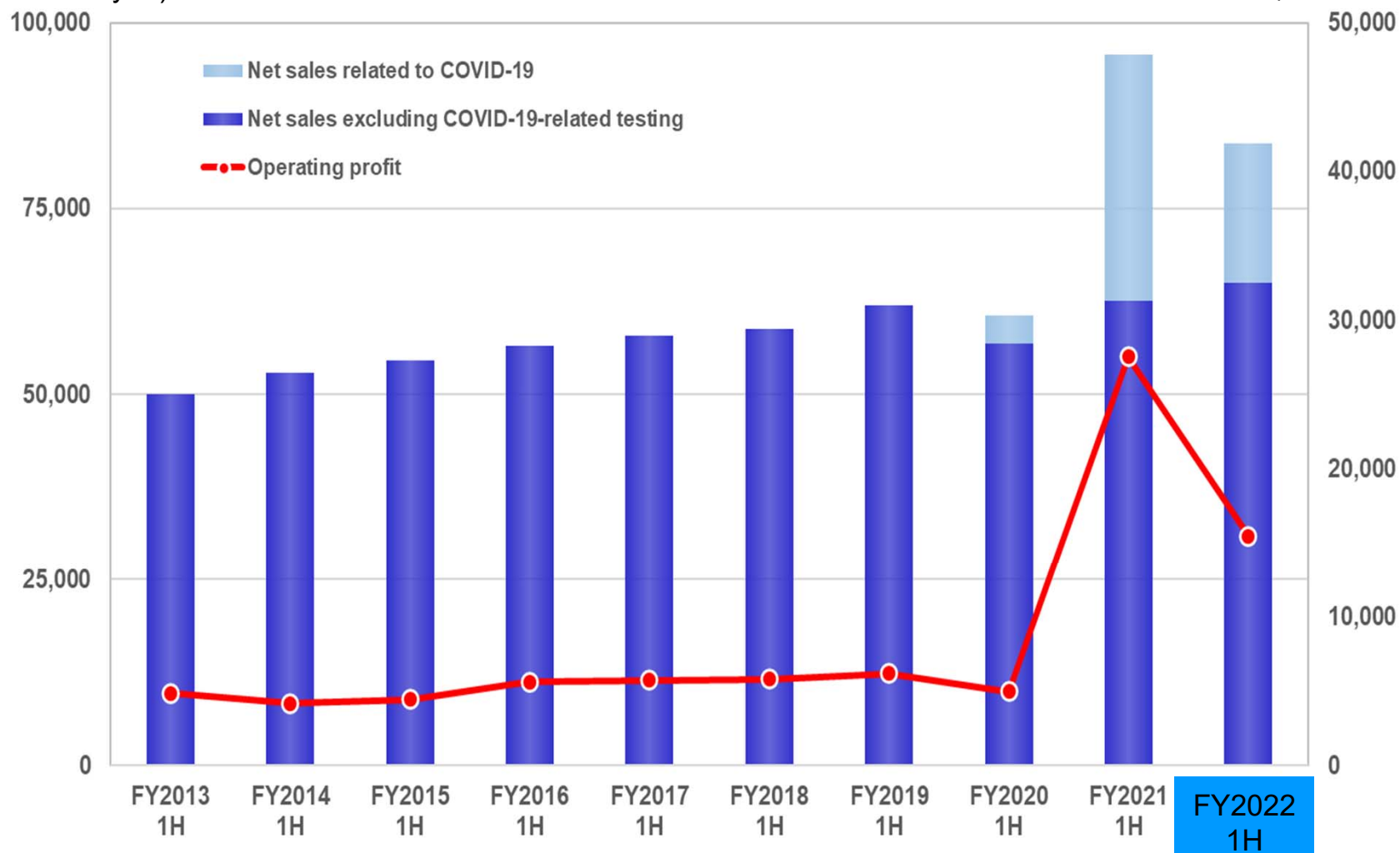
Decline in net sales due to decrease in testing related to COVID-19

Net sales

(Millions of yen)

Operating profit

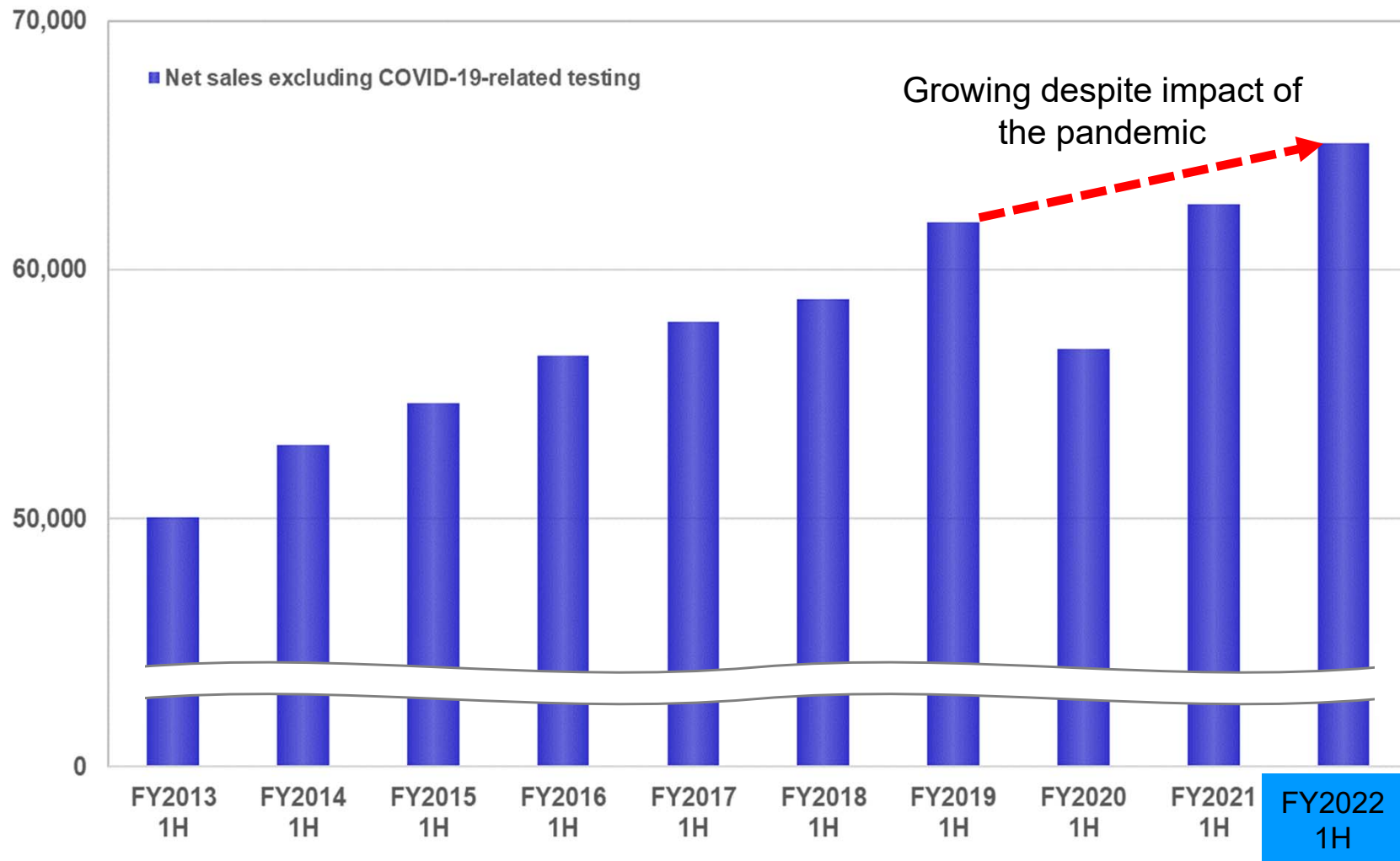
(Millions of yen)



10-Year History of Net Sales Excluding COVID-19-Related Testing

Excluding COVID-19-related testing, net sales excluding COVID-19-related testing surpassed the pre-pandemic level (FY2019)

(Millions of yen)



Year-on-Year Comparison

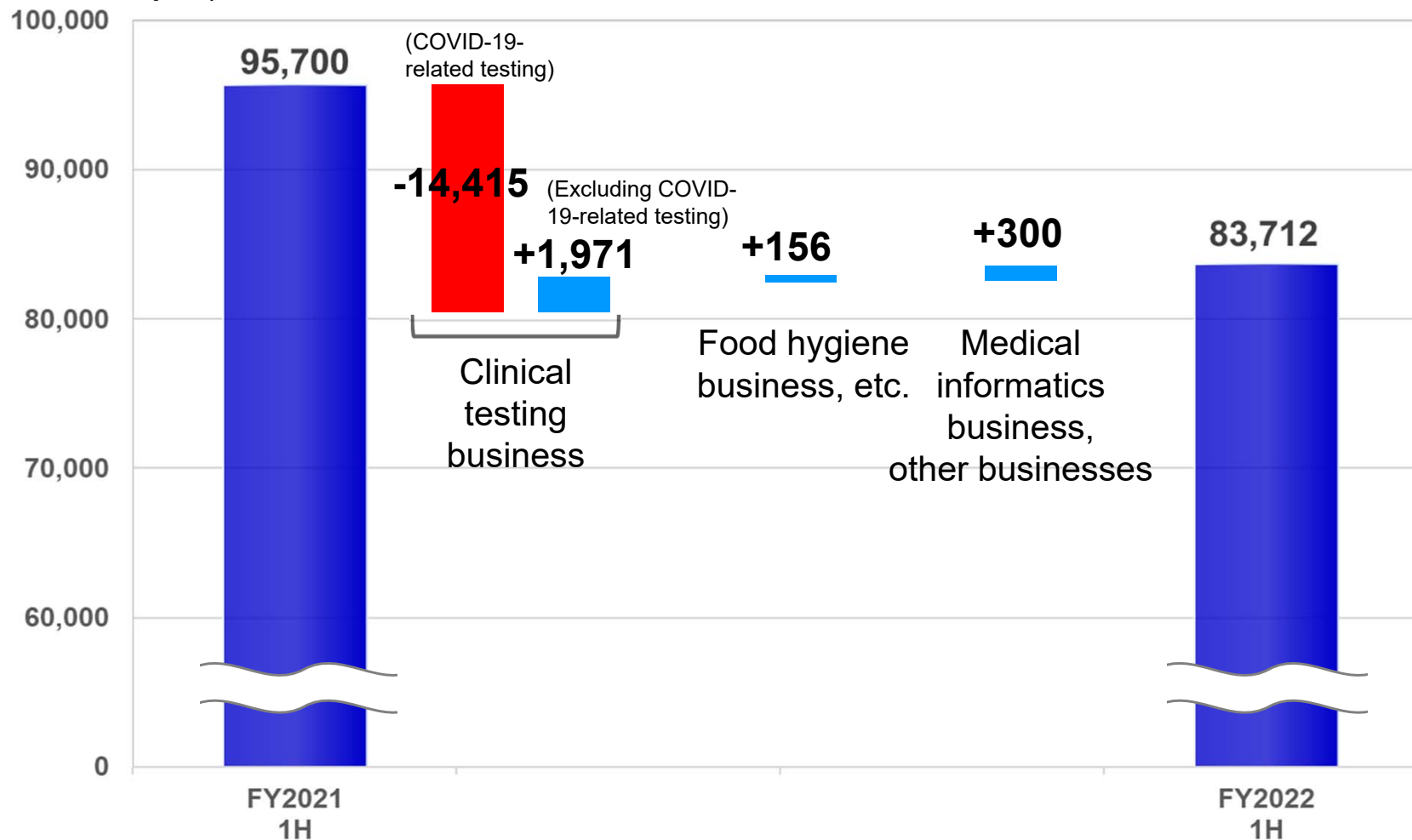
(Millions of yen)

	FY2021 1H	FY2022 1H	YoY	Change
Net sales	95,700	83,712	(11,987)	(12.5)%
Testing business	92,729	80,441	(12,287)	(13.3)%
Clinical testing	90,695	78,251	(12,444)	(13.7)%
Food hygiene business	2,033	2,190	156	7.7%
Medical informatics	2,231	2,536	304	13.7%
Other businesses	739	735	(4)	(0.6)%
Operating profit	27,525	15,448	(12,077)	(43.9)%
Ordinary profit	28,433	15,572	(12,860)	(45.2)%
Profit attributable to owners of parent	18,761	10,332	(8,428)	(44.9)%

Breakdown of Changes in Sales by Business Segment

Net sales down ¥11,987m (12.5%) YoY

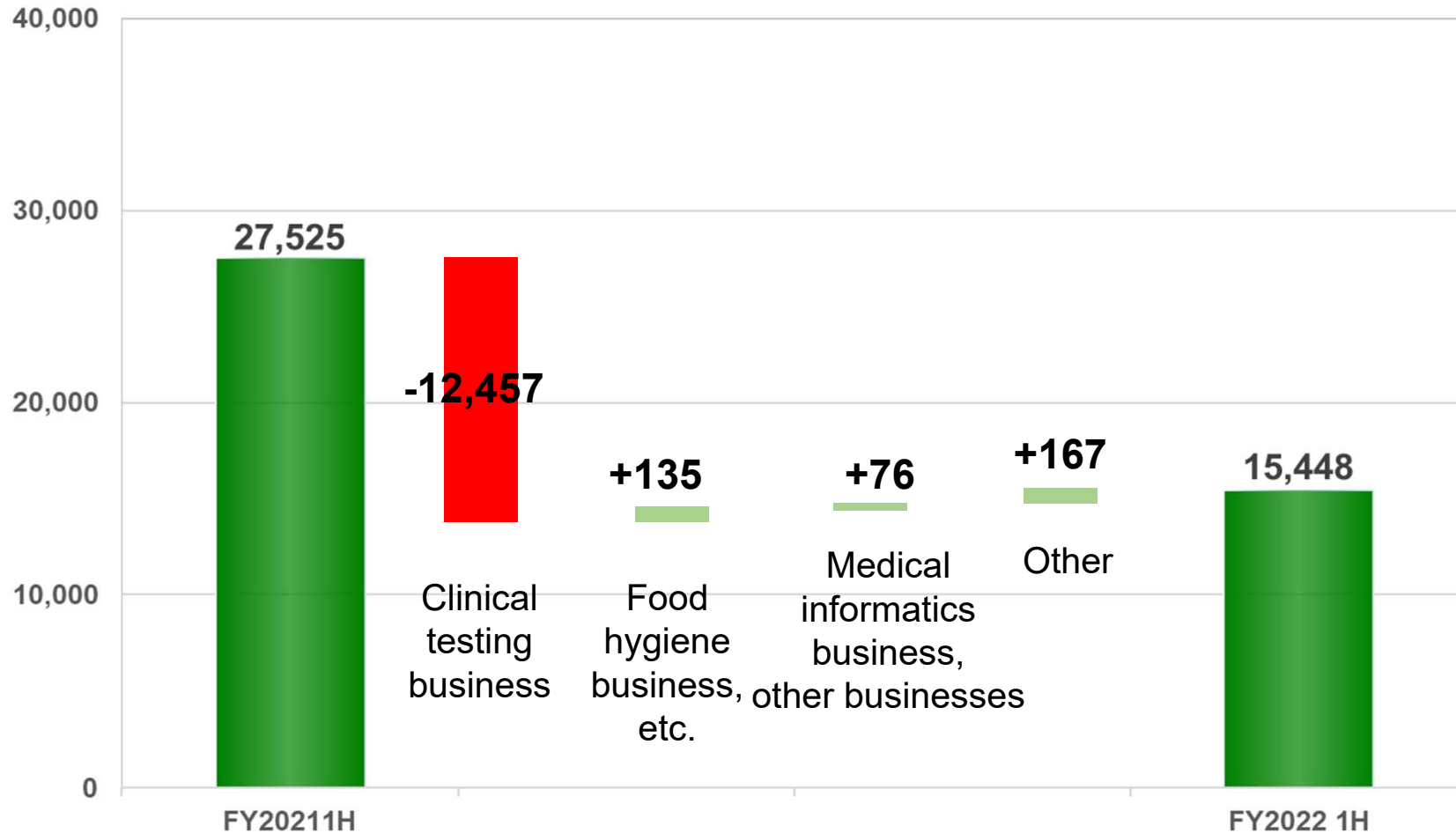
(Millions of yen)



Breakdown of Changes in Operating Profit by Business Segment

Operating profit down ¥12,077m (43.9%) YoY

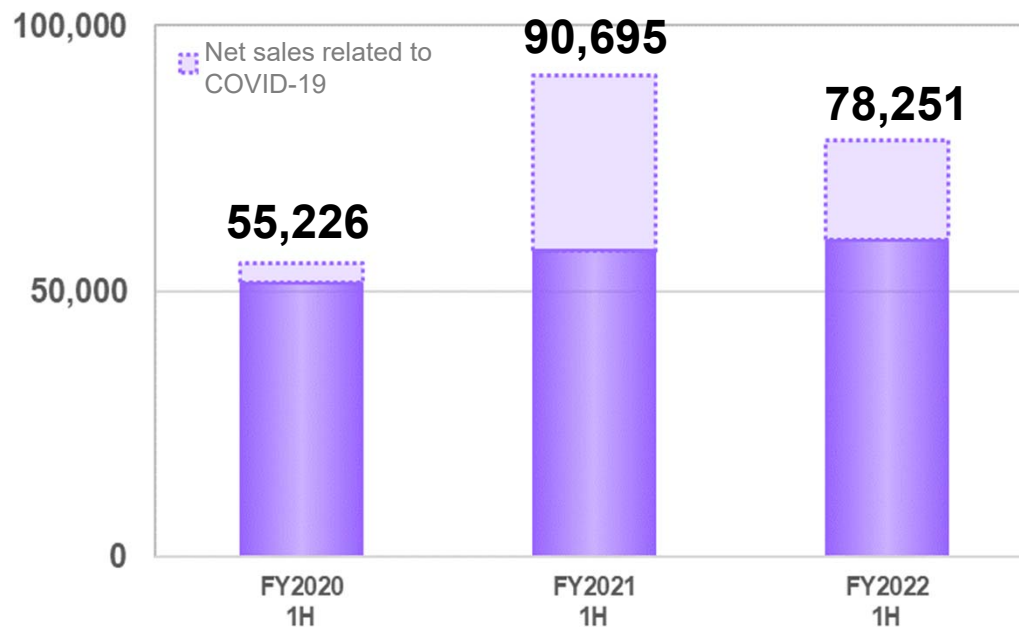
(Millions of yen)



Overview of Clinical Testing Business

Net sales: ¥78,251m
Down ¥12,444m (13.7%) YoY

(Millions of yen)



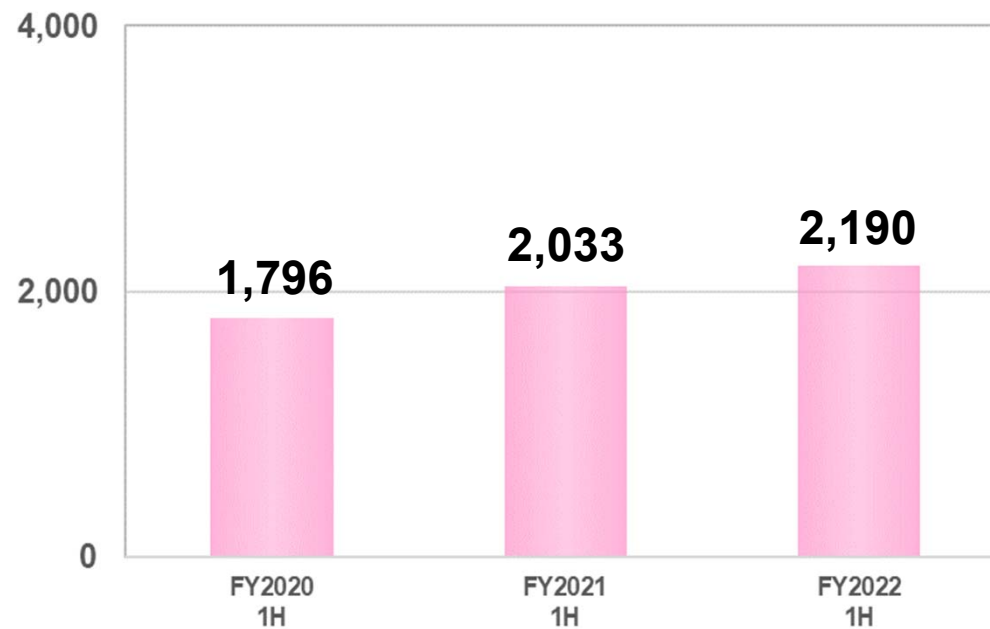
Major topics

- ✓ Tests related to COVID-19
 - PCR tests
 - Number of tests: Down 3.2%
 - Reduction of health insurance points (700 points from July 2022)
- ✓ New acquisitions, pre-existing tests
 - Increase despite challenging business environment due to spread of infection (seventh wave)
- ✓ Price fluctuations
 - Down 0.76% (Excluding COVID-19-related testing)

Overview of Food Hygiene and Other Testing Business

Net sales: ¥2,190m
Up ¥156m (7.7%) YoY

(Millions of yen)



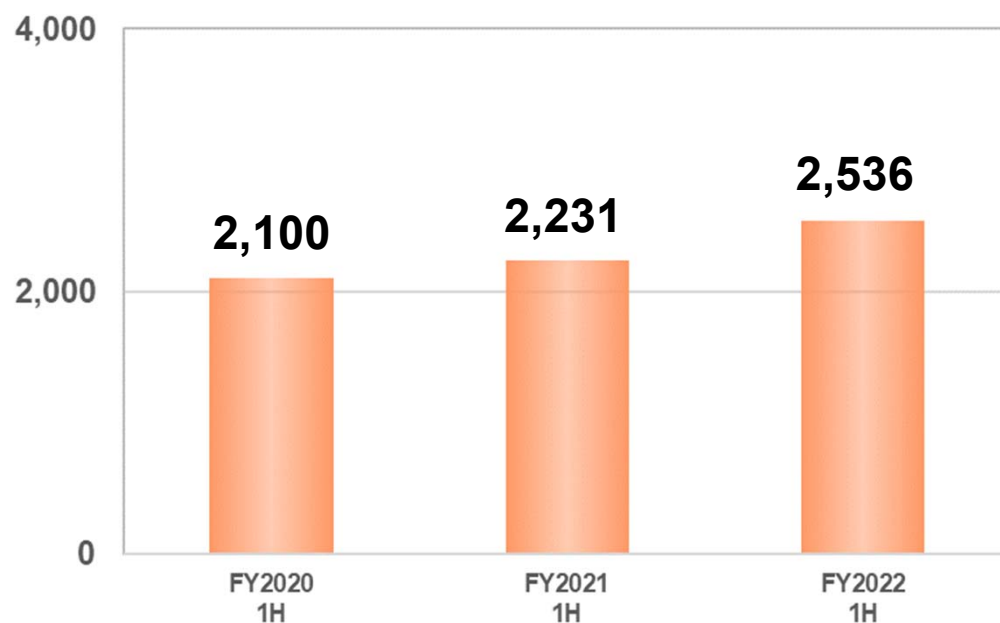
Major topic

- ✓ Consulting business
 - A recovery trend continued although still short of pre-pandemic levels

Overview of Medical Informatics (Electronic Patient Chart) Business

Net sales: ¥2,536m
Up ¥304m (13.7%) YoY

(Millions of yen)



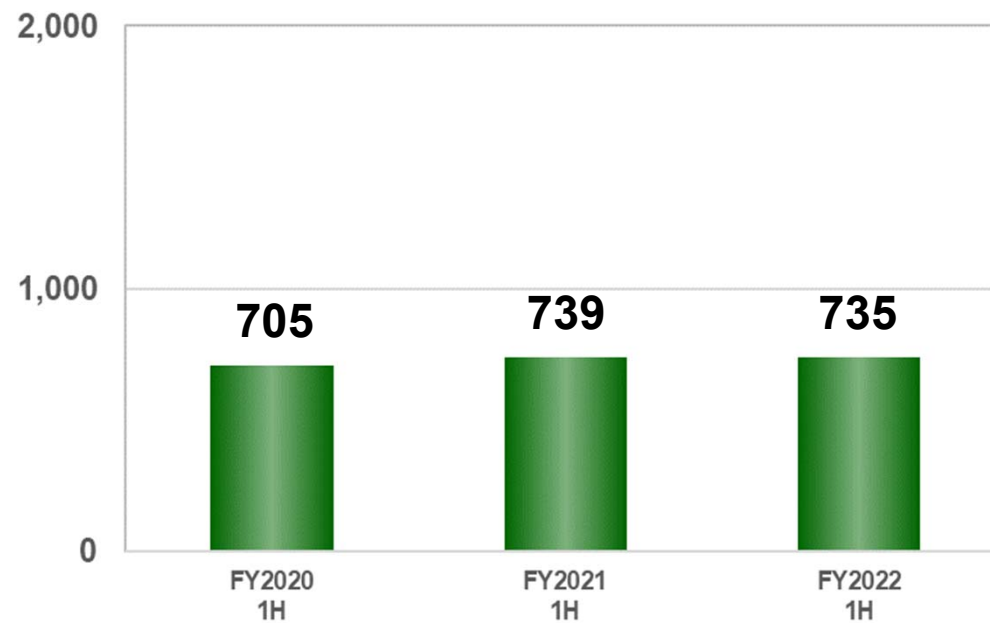
Major topics

- ✓ **New release**
 - Sales volume increased by 42% year on year with the launch of Qualis Cloud
- ✓ **Replacement**
 - Responded to demand for switch from on-premise
- ✓ **Expansion**
 - Last year's strong trend continued in installation of online health insurance qualification check function
- ✓ **Maintenance**
 - Trending solid due to the greater number of facilities where systems are installed

Overview of Other Businesses

Net sales: ¥735m
Down ¥4m (0.6%) YoY

(Millions of yen)

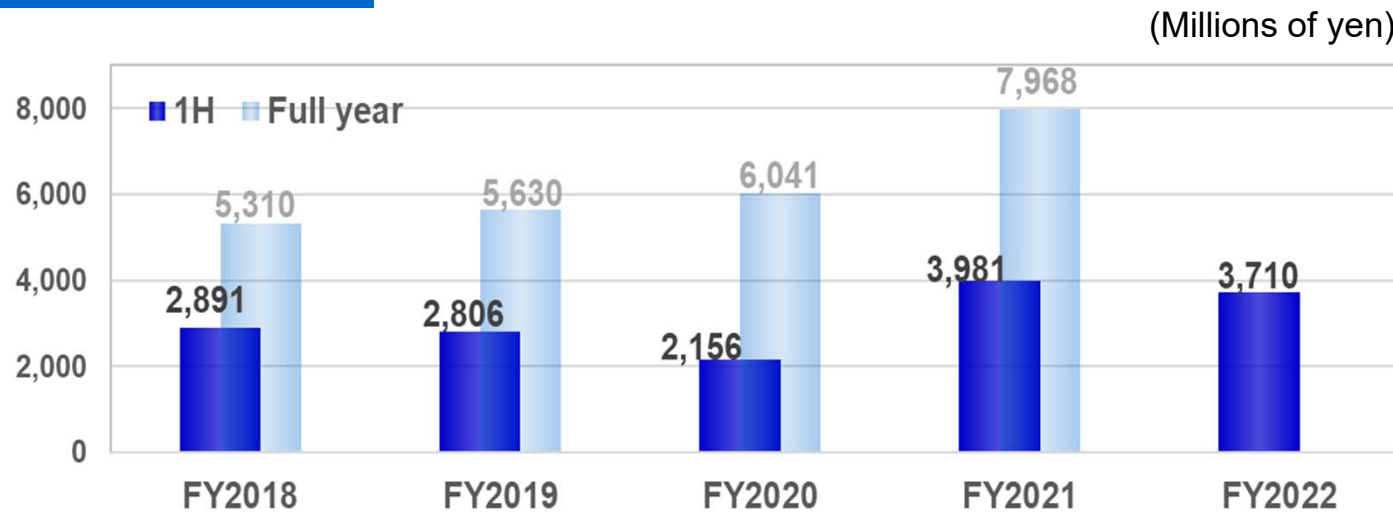


Major topic

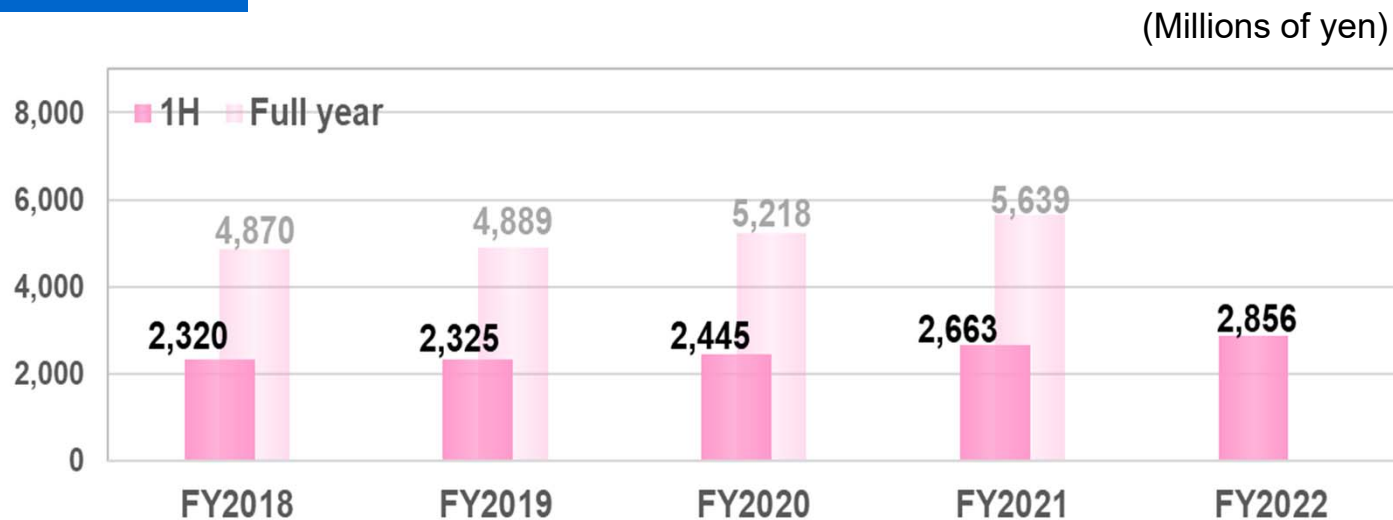
- ✓ Dispensing pharmacy business
 - Reduction in drug prices

Overview of Capital Expenditure and Depreciation

Capital Expenditure



Depreciation



Overview of Cash Flow

	(Millions of yen)		
	FY2021 1H	FY2022 1H	YoY
Cash flows from operating activities	21,461	6,431	(15,030)
Cash flows from investing activities	(3,949)	(3,144)	804
Cash flows from financing activities	(2,857)	(4,302)	(1,445)
Cash and cash equivalents at end of period	74,537	87,343	12,806

Main items contributing to increases/decreases

■ Cash flows from operating activities

Profit before income taxes : -12,606
Income taxes paid : -6,757

■ Cash flows from investing activities

Purchase of property, plant and equipment : +638
Purchase of intangible assets : -259

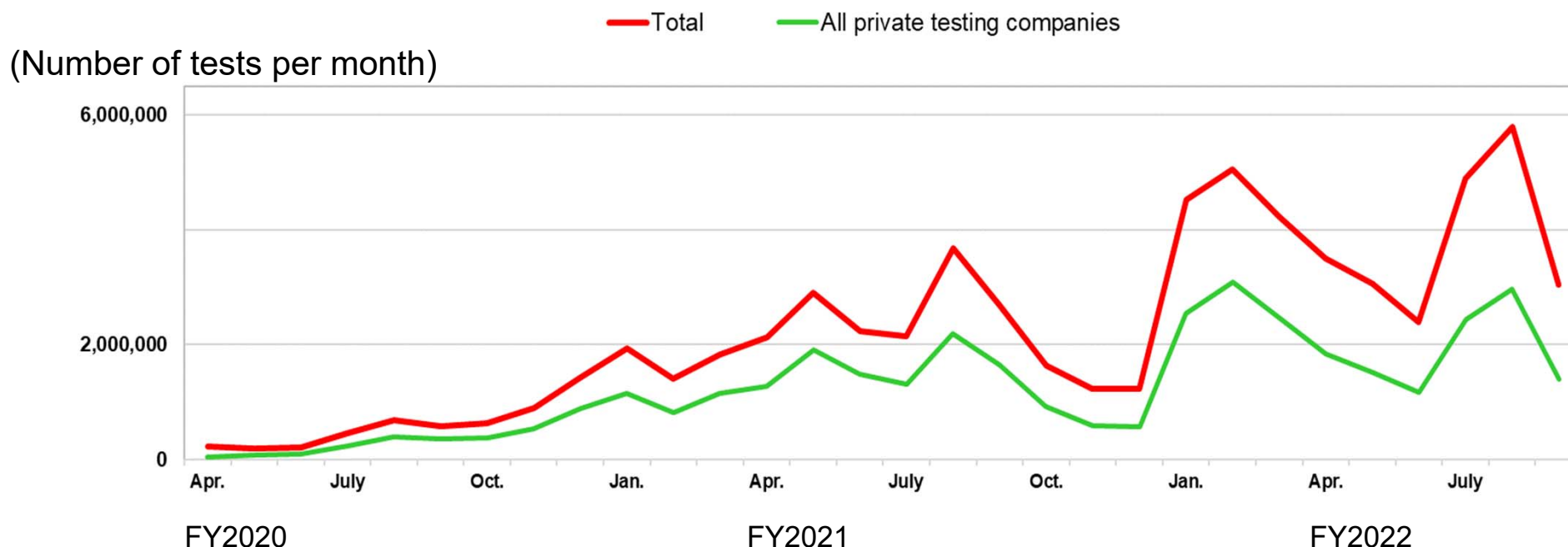
■ Cash flows from financing activities

Dividends paid : -1,361

Trend in COVID-19-Related Testing

Trend in COVID-19-Related Testing

- ✓ The number of PCR tests conducted by private testing companies* out of the total number of clinical tests
(*excluding tests not covered by subsidies/insurance) (April 2020 to September 2022)
- ◇ Percentage of tests (mainly clinical tests) conducted by private testing companies
 - April 2021 to March 2022 (FY2021 full year): Approx. 59%
 - April 2022 to September 2022 (FY2022 first half): Approx. 50%



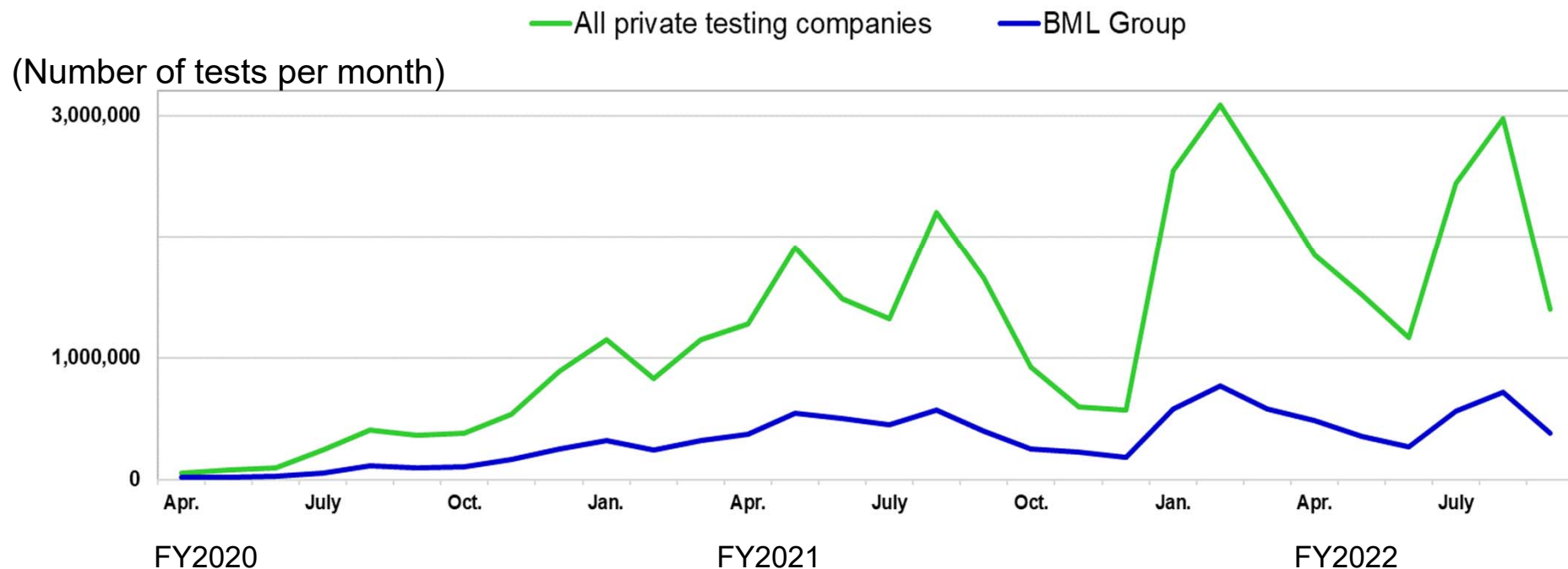
* Prepared by BML based on PCR test situation report released by the Ministry of Health, Labour and Welfare

Trend in COVID-19-Related Testing

- ✓ Number of PCR tests performed by BML Group, out of the entire tests performed by private testing companies*
(*excluding tests not covered by subsidies/insurance) (April 2020 to September 2022)

◇ Percentage of tests conducted by the BML Group

- April 2021 to March 2022 (FY2021 full year): Approx. 27%
- April 2022 to September 2022 (FY2022 first half): Approx. 24%



* Prepared by BML based on PCR test situation report released by the Ministry of Health, Labour and Welfare

Trend in COVID-19-Related Testing

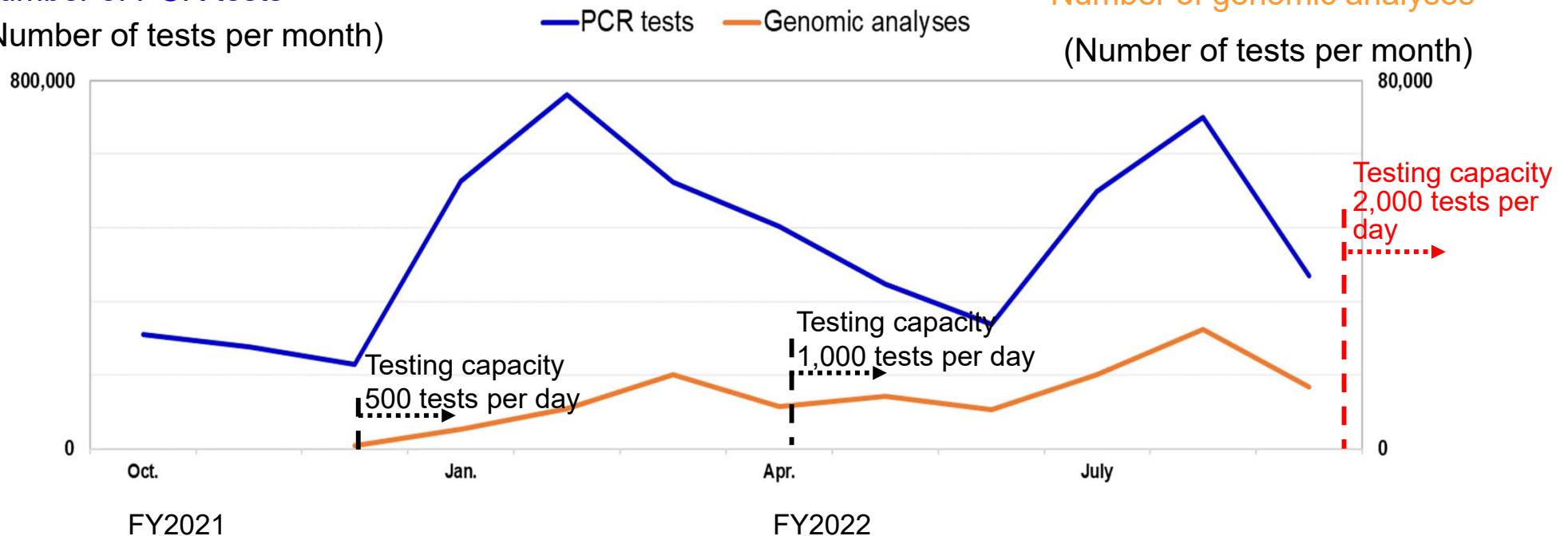
- ✓ Number of PCR tests and genomic analyses performed by the BML Group (October 2021 to September 2022)
- ◇ Identification of high-risk variants is important in forecasting the spread of COVID-19
- ◇ Phased enhancement of genomic analysis capabilities in line with the social demand
- ◇ From November 2022, capacity of 2,000 tests per day

Number of PCR tests

(Number of tests per month)

Number of genomic analyses

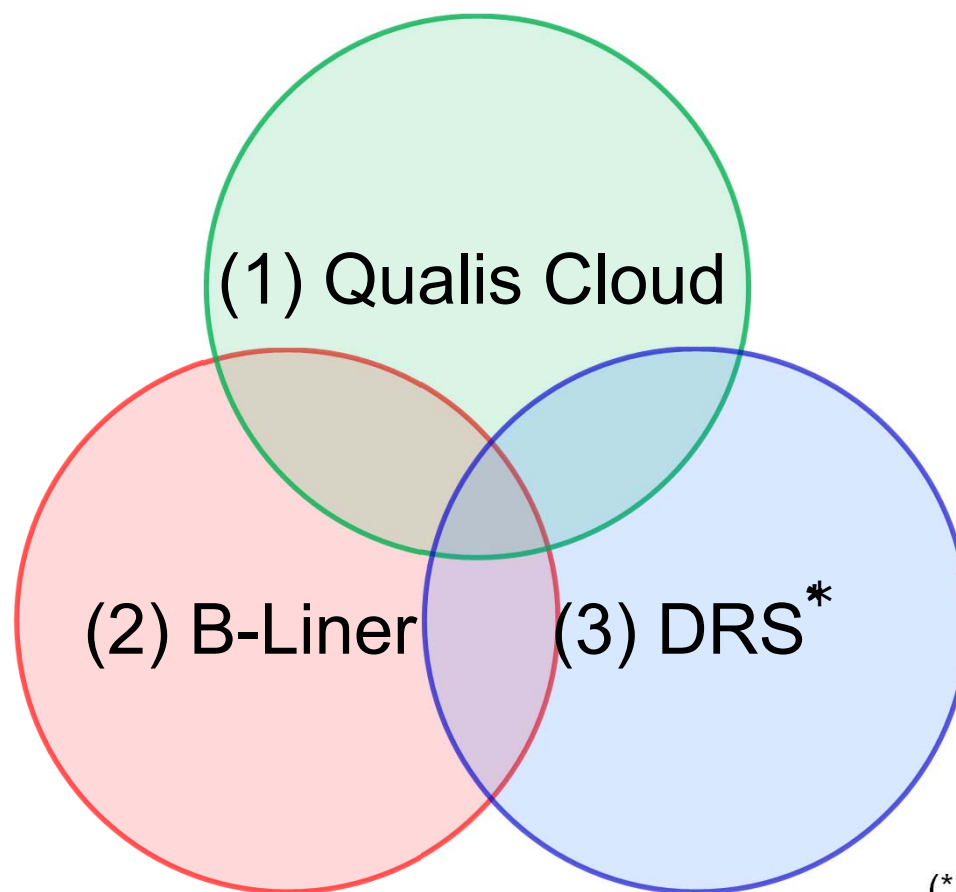
(Number of tests per month)



Digital Transformation (DX) Initiatives

- (1) Qualis Cloud
- (2) B-Liner
- (3) DRS (Digital Reporting System)

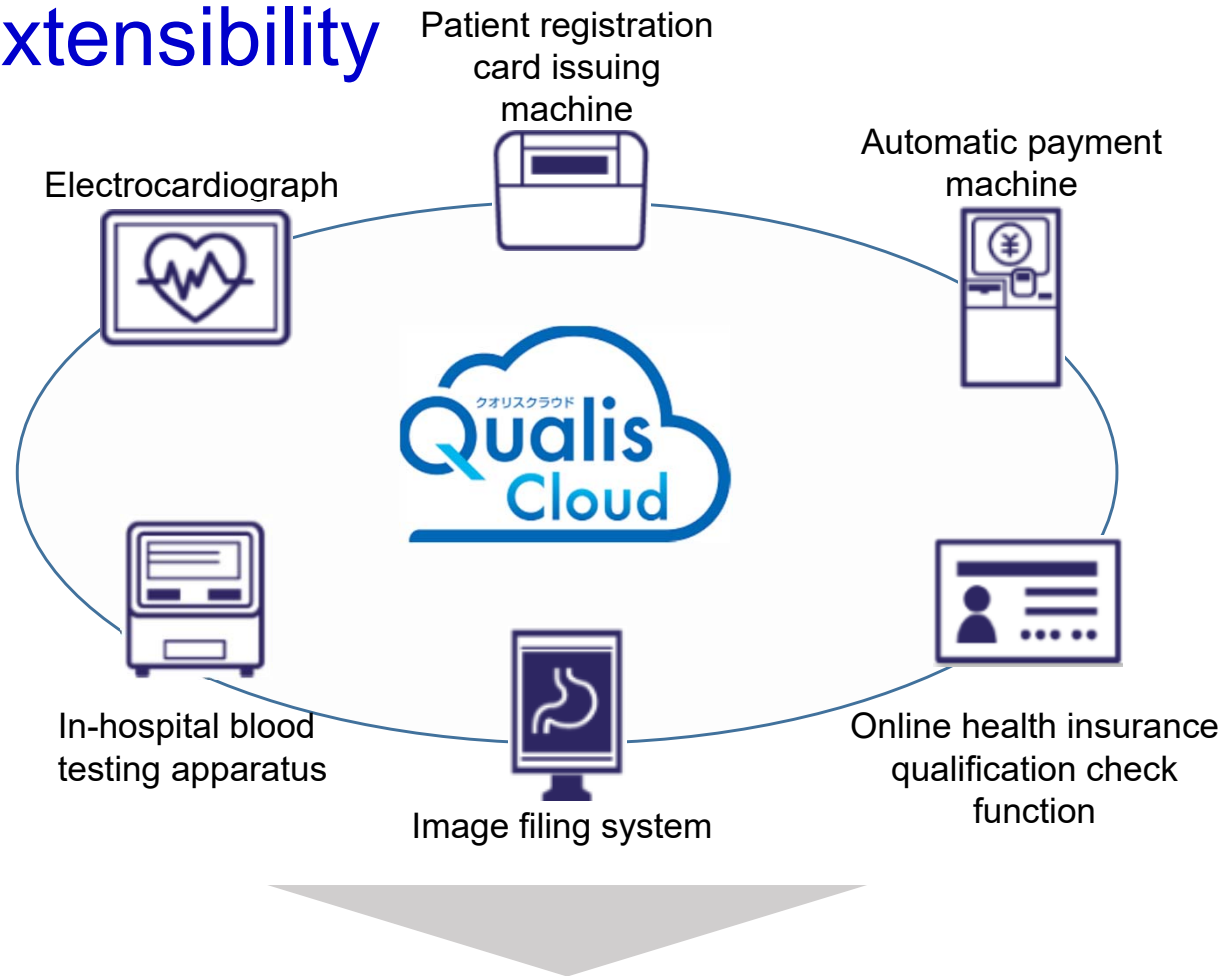
- ✓ BML's DX aims at improving customer experience and realizing greater operational efficiency through the following three services



(*Digital Reporting System)

Concept

Diverse extensibility



Wide coverage from small to large-scale clinics

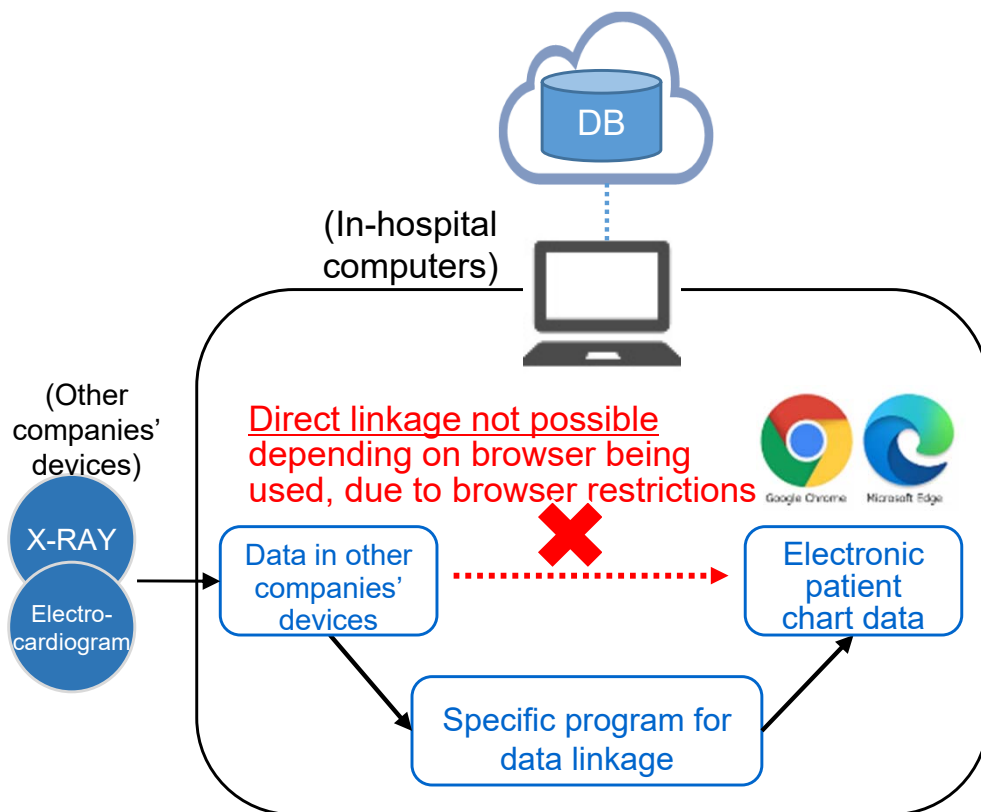
DX Initiatives (1) Qualis Cloud



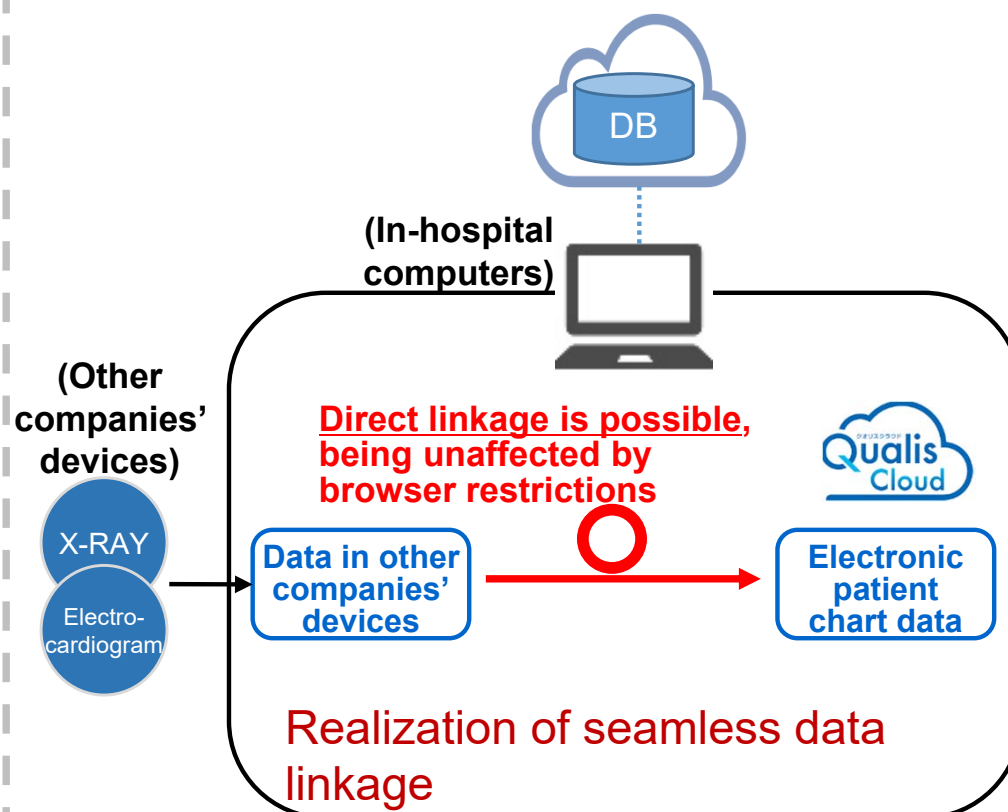
✓ Smart client type

◇ Adopted “smart client” type rather than browser type.

Browser type



“Smart client” type



DX Initiatives (1) Qualis Cloud

✓ Comparison of electronic patient chart systems

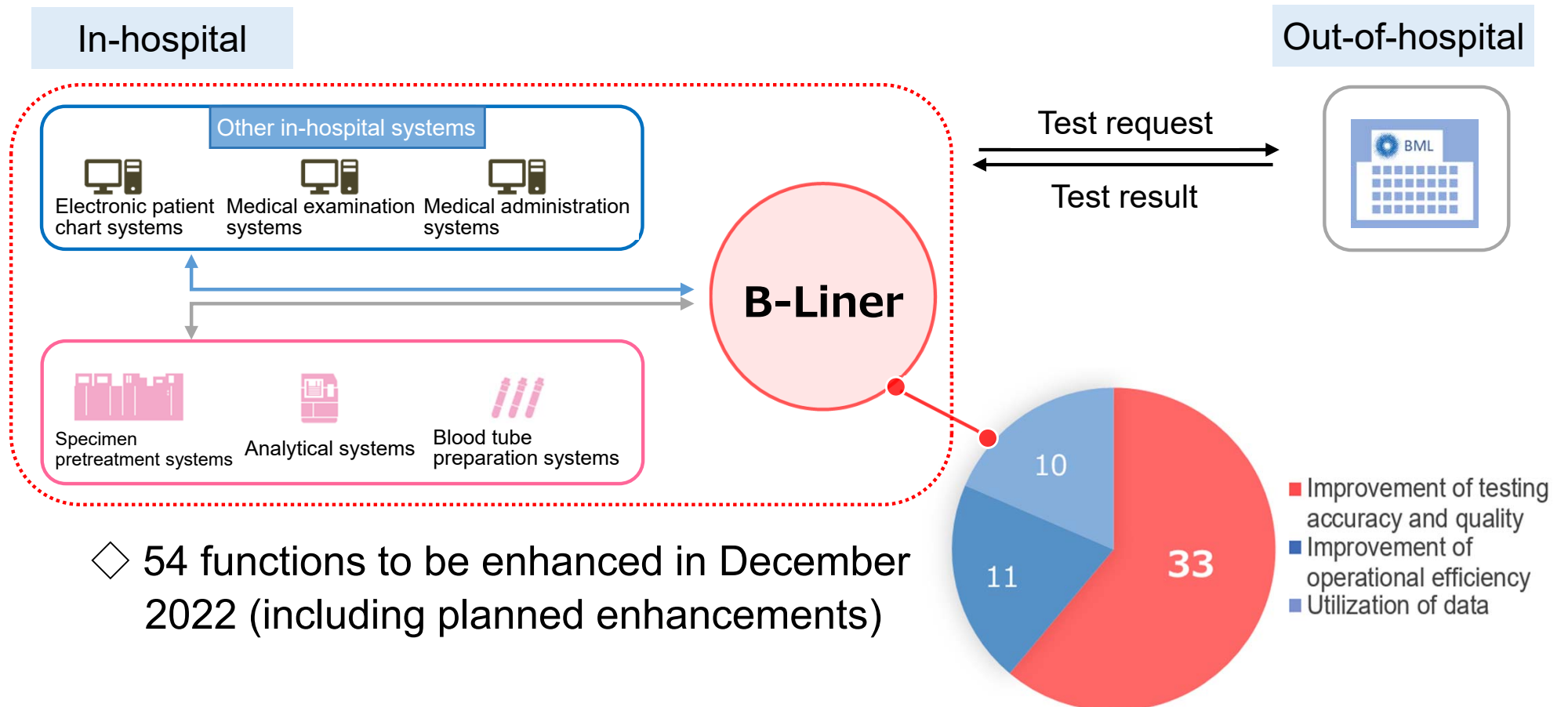
Cloud-type

	On-premise	Browser type	Smart client type
* Shaded areas indicate user benefits			
Server installation Running costs	High cost	Low cost	Low cost
Patient charts data security (natural disaster)	High risk	Low risk	Low risk
Patient charts data security (security measures)	High risk	Low risk	Low risk
Processing speed	High	High	High
Extensibility (linkage with other companies)	No restrictions	With restrictions	No restrictions
Restrictions on use of client terminals	With restrictions	No restrictions	With restrictions*

*** From March 2023, browser functions for the iPad will be added and restrictions will be relaxed**

✓ Clinical testing system “B-Liner”

- ◇ For in-hospital examination, achieves improvement in operational efficiency by linking to analytical and other systems
- ◇ For out-of-hospital examination (outsourced to BML), enables integrated processing from receiving test requests to reporting test results



DX Initiatives (3) DRS

- ✓ Results and cost-cutting effect of B-Label implementation in pilot sales offices
 - ◇ In terms of specimen label attachment rate, 28% to 47% switched to B-Label
 - ◇ Cost-cutting effect to date is estimated at 25 million yen per year
 - ◇ Phased nationwide roll-out from October 2022
 - 200 million to 350 million yen of cost reduction if 30% to 50% specimen label attachment rate is achieved

(May 2022)

	Annual economic benefit
Office A	12.5 million yen
Office B	
Office C	

(November 2022)

	Implementation rate* (number of facilities)	Specimen label attachment rate* (number of containers)	Annual cost-cutting effect
Office A	46.0%	47.2% (84,870/179,812 containers)	25 million yen
Office B	49.2%	43.5% (65,380/150,229 containers)	
Office C	53.4%	45.7% (56,627/123,836 containers)	
Office D	37.0%	28.9% (150,620/521,960 containers)	

*Respondents are facilities that have adopted electronic patient chart system, etc.

Aiming for 500 million yen per year of cost-cutting effect through company-wide roll-out of B-Label and even by aggressively promoting DX-related services, including Qualis Cloud and B-Liner

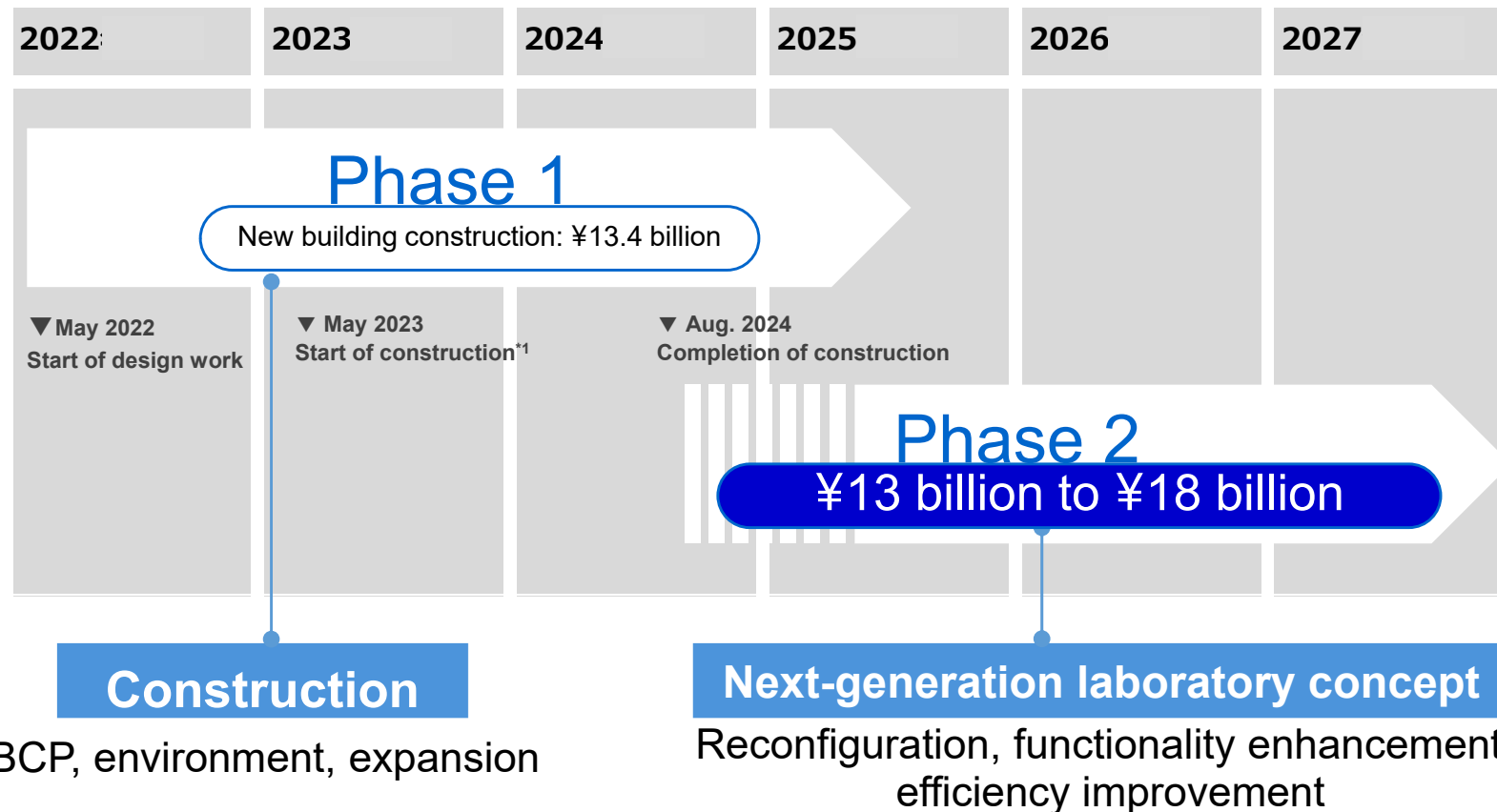
Investment for the Future

- **BML General Laboratory**
- **BML Food Science (New Building Construction)**

BML General Laboratory



✓ Roadmap to start of operations in the new building



- ◇ Secure 1.5-fold increase in processing capacity from the present level for both routine testing^{*2} and genomic testing
- ◇ Improvement of quality and speed of testing, cost reduction, labor saving

^{*1} Correction has been made to a typographical error found in the presentation material “Financial Results Presentation for Fiscal 2021,” with respect to start of construction. This does not affect the scheduled completion of construction in August 2024.

^{*2} Dispensing, biochemical tests, hematological tests, immunological tests

BML Food Science (New Building Construction)

- ✓ Approx. 1.8 billion yen to be invested for constructing a new building on the site adjacent to the existing food hygiene laboratory
 - ◇ BCP measures (equipment to be moved to higher floors where there is a risk of inundation affecting continuity of testing operations*)
 - ◇ Increase testing processing capacity to about twice the current level
 - ◇ Secure price competitiveness through cost reduction
- * Intestinal bacteria laboratory, high-voltage power receiving and transforming equipment, water receiving tank



Start of construction: April 2023 (scheduled)
Completion of construction: February 2024 (scheduled)

Forecast for FY2022 (Full Year) Shareholder Returns

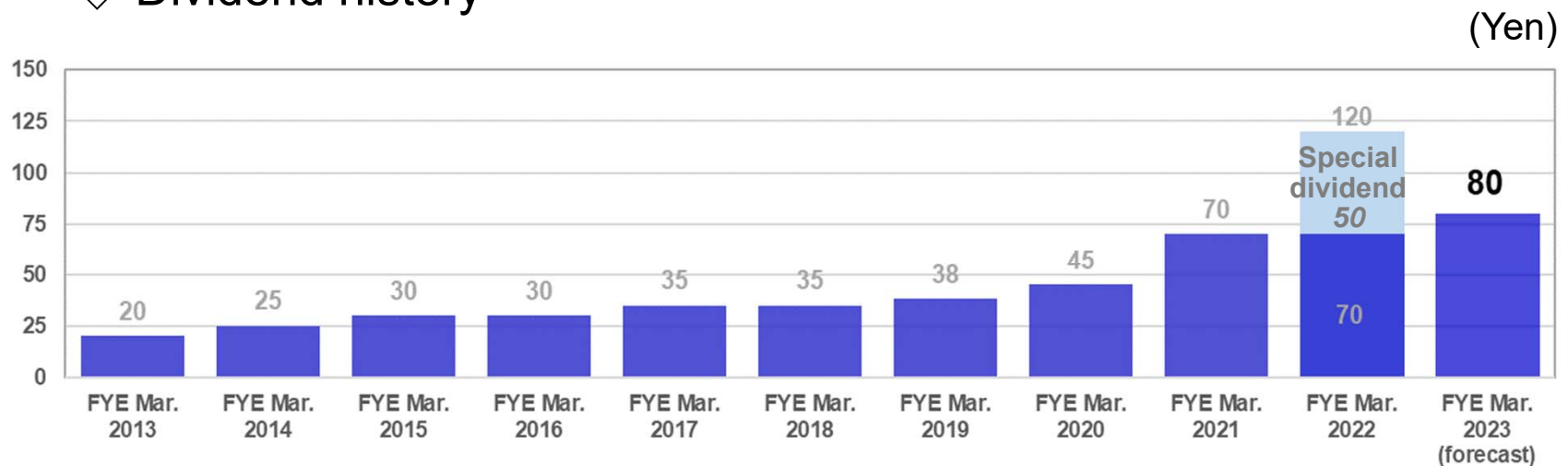
Forecast for FY2022 (Full Year)

			(Millions of yen)	
	FY2021	FY2022 (Revised on Nov. 11)	YoY	Change
Net sales	186,067	154,000	(32,067)	(17.2)%
Testing business	179,751	147,600	(32,151)	(17.9)%
Clinical testing	175,232	142,950	(32,282)	(18.4)%
Food hygiene business	4,519	4,650	131	2.9%
Medical informatics	4,816	4,950	134	2.8%
Other businesses	1,498	1,450	(48)	(3.2)%
Operating profit	48,889	22,000	(26,889)	(55.0)%
Ordinary profit	51,077	22,500	(28,577)	(55.9)%
Profit attributable to owners of parent	33,741	14,500	(19,241)	(57.0)%

Shareholder Returns

Dividends

◇ Dividend history



(Note) Effective September 1, 2016, the Company implemented a two-for-one split of its common stock.

(Note) Figures for FYE Mar. 2016 and prior years are the amounts after the stock split.

(Note) For the fiscal year ended March 31, 2023, an annual dividend of 80 yen is scheduled to be paid.

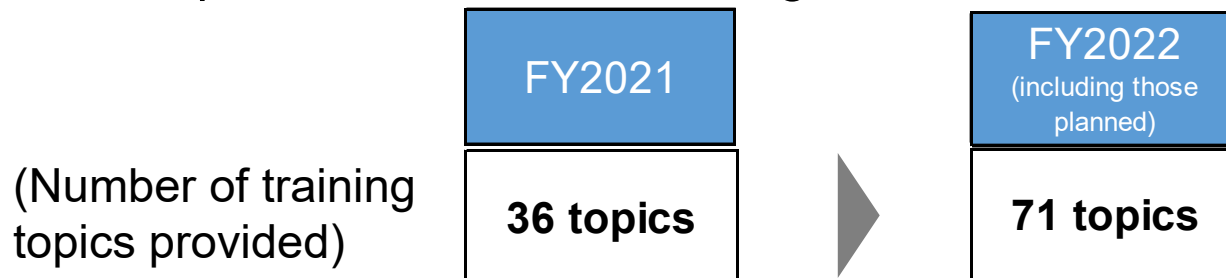
ESG Initiatives

- Investment in Human Capital

ESG Initiatives (Investment in Human Capital)

Training and education

- ◇ Setting up a new training system
 - Enhancement of rank-specific training and selective training
 - Increase in the number of training topics and attendance through implementation of e-learning



- Fostering a culture of “keep learning”

Health and productivity management

- ◇ Construction of a structure for promotion of health and productivity management
 - Promote work-life balance and create a workplace where diverse employees can demonstrate their skills
 - Maintain and promote physical and mental health
 - Provide support in self-initiated activities to maintain and promote health, etc.

Becoming the most trusted
choice in the medical world

Customer Satisfaction

Synergy

Social Responsibility



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