

BML Inc.

**Financial Results
Presentation for Fiscal 2021**

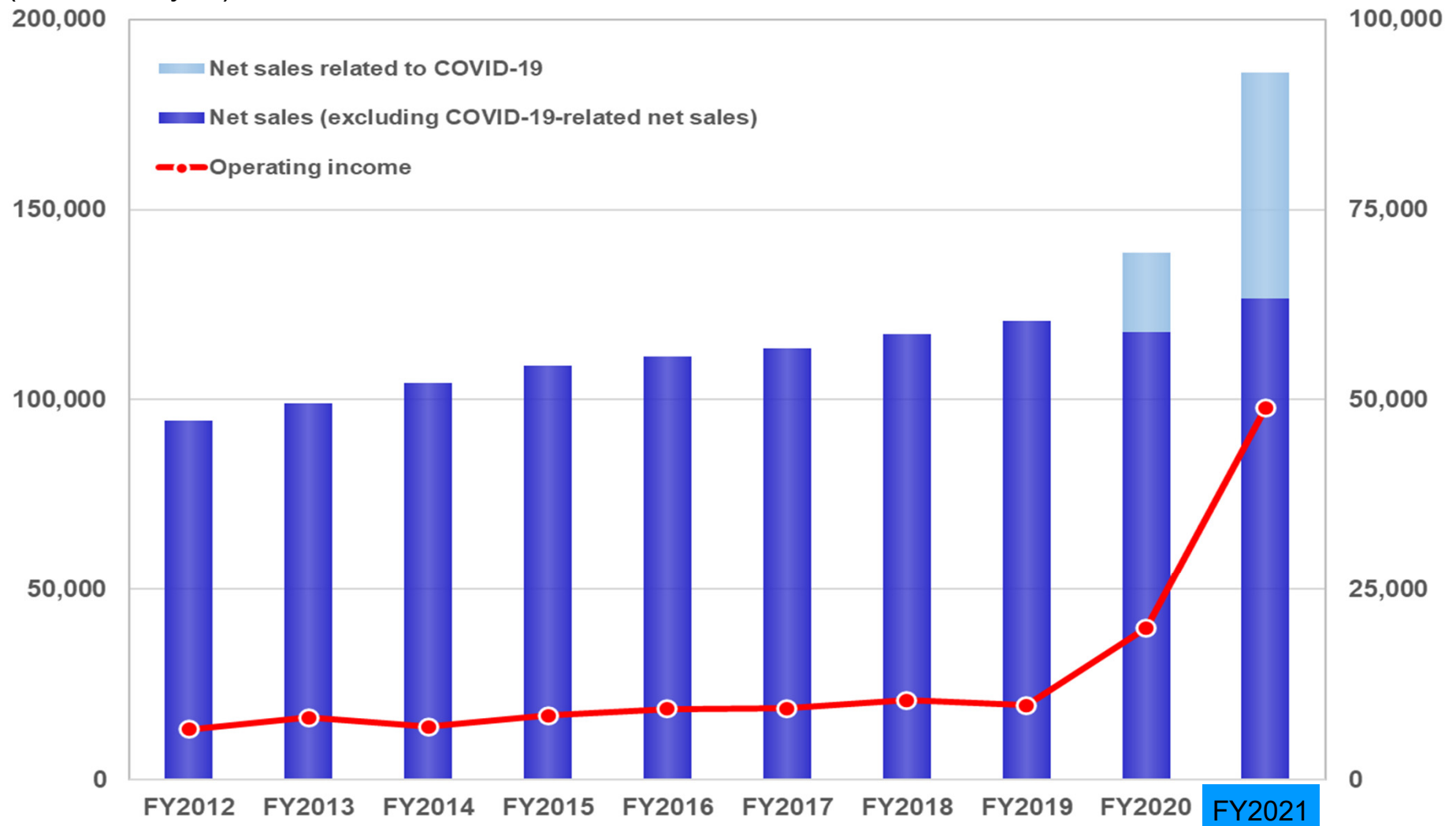
May 13, 2022
Kensuke Kondo,
President and
Representative Director

Overview of Fiscal 2021 Financial Results

10-Year Earnings History

Significant increase in tests related to COVID-19

(Millions of yen)



Year-on-Year Comparison

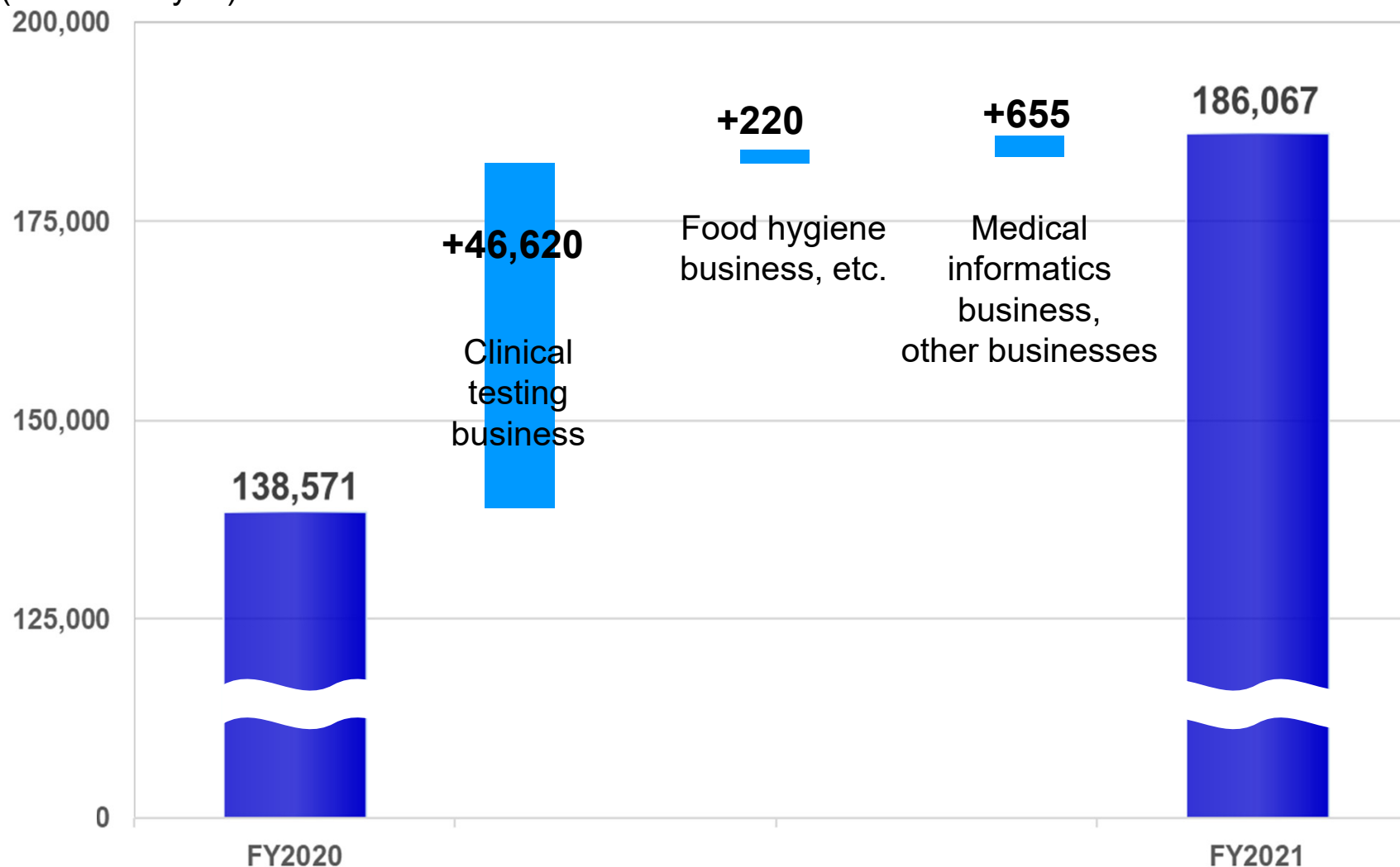
(Millions of yen)

	FY2020	FY2021	YoY	Change
Net sales	138,571	186,067	47,495	34.3%
Testing business	132,911	179,751	46,840	35.2%
Clinical testing business	128,612	175,232	46,620	36.2%
Other testing business	4,299	4,519	220	5.1%
Medical informatics business	4,214	4,816	602	14.3%
Other businesses	1,445	1,498	52	3.7%
Operating income	19,936	48,889	28,953	145.2%
Ordinary income	20,803	51,077	30,273	145.5%
Profit attributable to owners of parent	13,711	33,741	20,029	146.1%

Breakdown of Changes in Sales by Business Segment

Net sales up ¥47,495m (34.3%) YoY

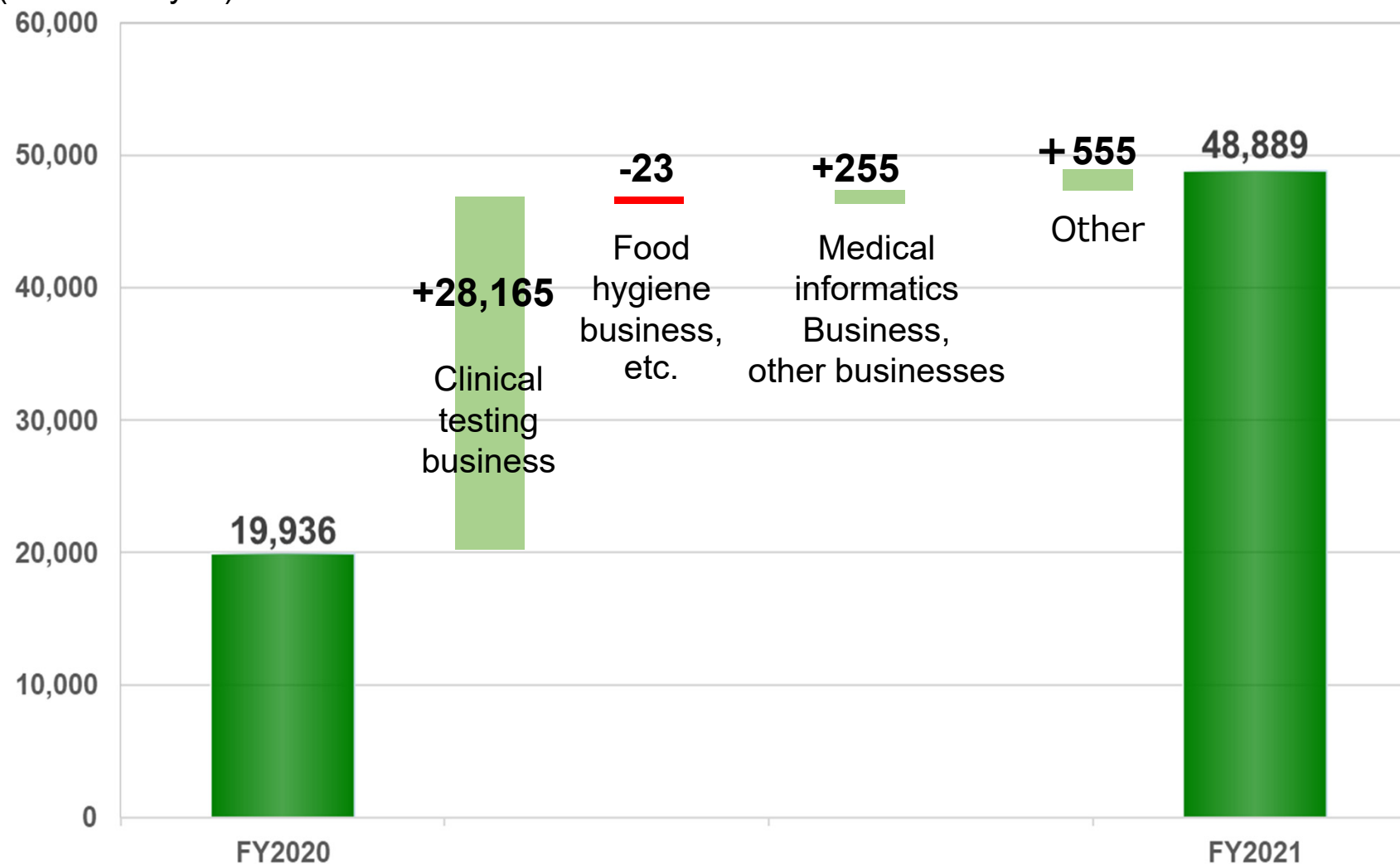
(Millions of yen)



Breakdown of Changes in Income by Business Segment

Operating income up ¥28,953m (145.2%) YoY

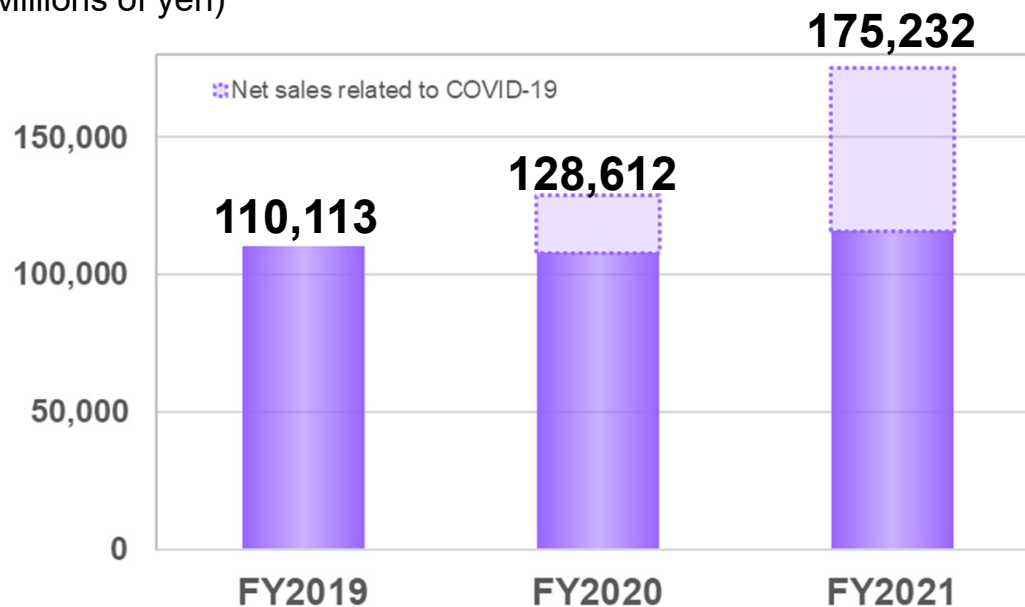
(Millions of yen)



Overview of Clinical Testing Business

Net sales: ¥175,232m
Up ¥46,620m (36.2%) YoY

(Millions of yen)



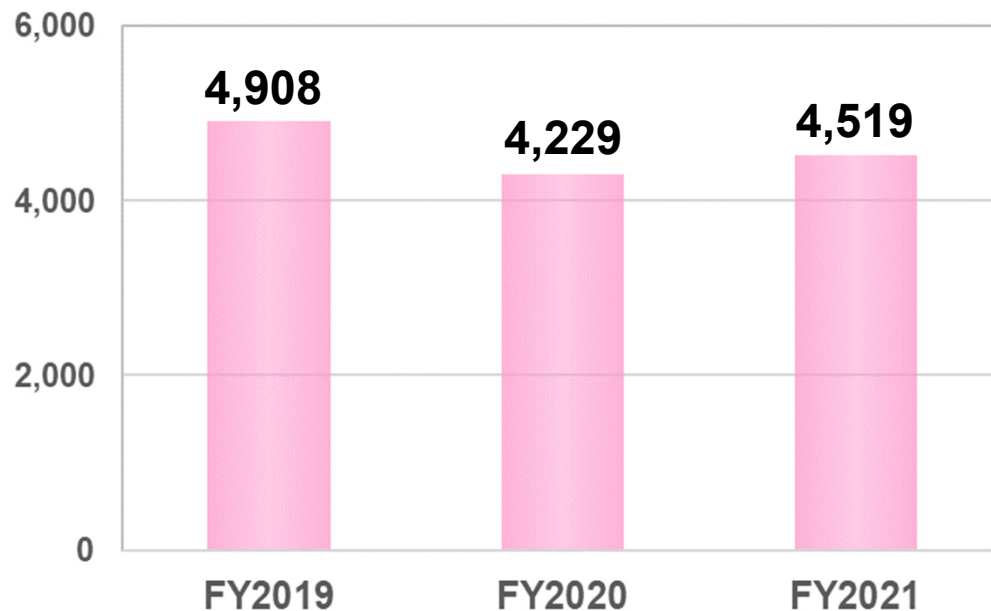
Major topics

- ✓ Tests related to COVID-19
 - Increase in PCR tests
 - Screening tests for variants
 - Contribution of genomic analysis
- ✓ Pre-existing tests
 - New acquisitions maintaining pre-pandemic levels
- ✓ Price fluctuations
 - Down 0.85%

Overview of Food Hygiene and Other Testing Business

Net sales: ¥4,519m
Up ¥220m (5.1%) YoY

(Millions of yen)



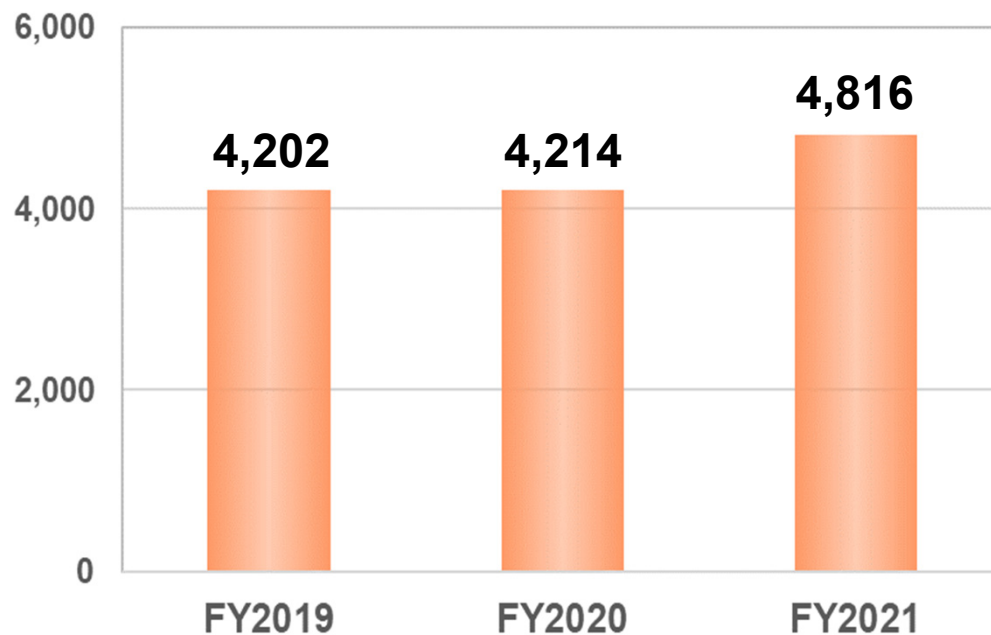
Major topics

- ✓ Consulting business
 - Continued severe conditions for store inspections and factory audits due partly to customers' voluntary restraint on their operations
- ✓ Intestinal bacteria testing
 - On a recovery trend although still short of pre-pandemic levels
- ✓
 - Reaction to the state of emergency declared at this time last year

Overview of Medical Informatics (Electronic Patient Chart) Business

Net sales: ¥4,816m
Up ¥602m (14.3%) YoY

(Millions of yen)



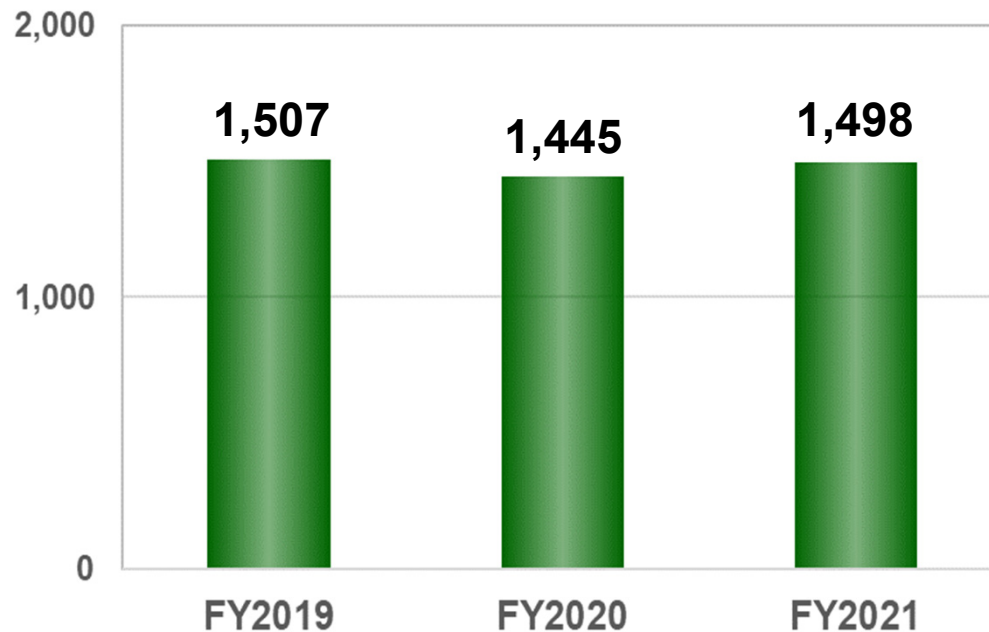
Major topics

- ✓ Replacement and expansion
 - Increase in the number of requests for online certification checks which started in March 2021
→ To continue in FY2022
- ✓ Maintenance
 - Trending solid due to the greater number of facilities at which systems are installed

Overview of Other Businesses

Net sales: ¥1,498m
Up ¥52m (3.7%) YoY

(Millions of yen)

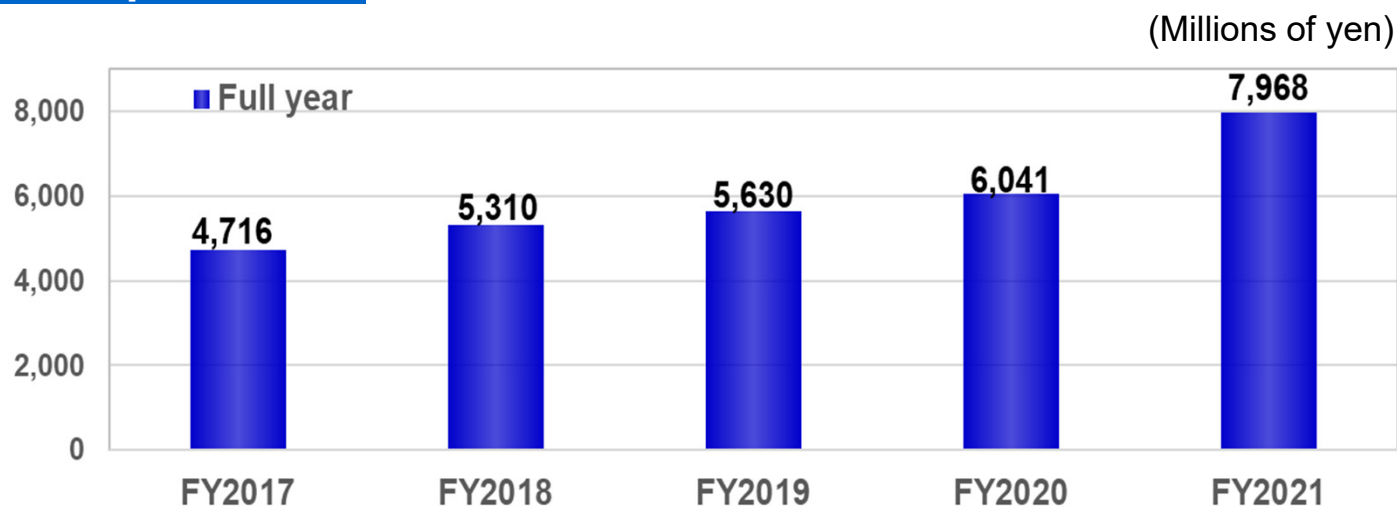


Major topics

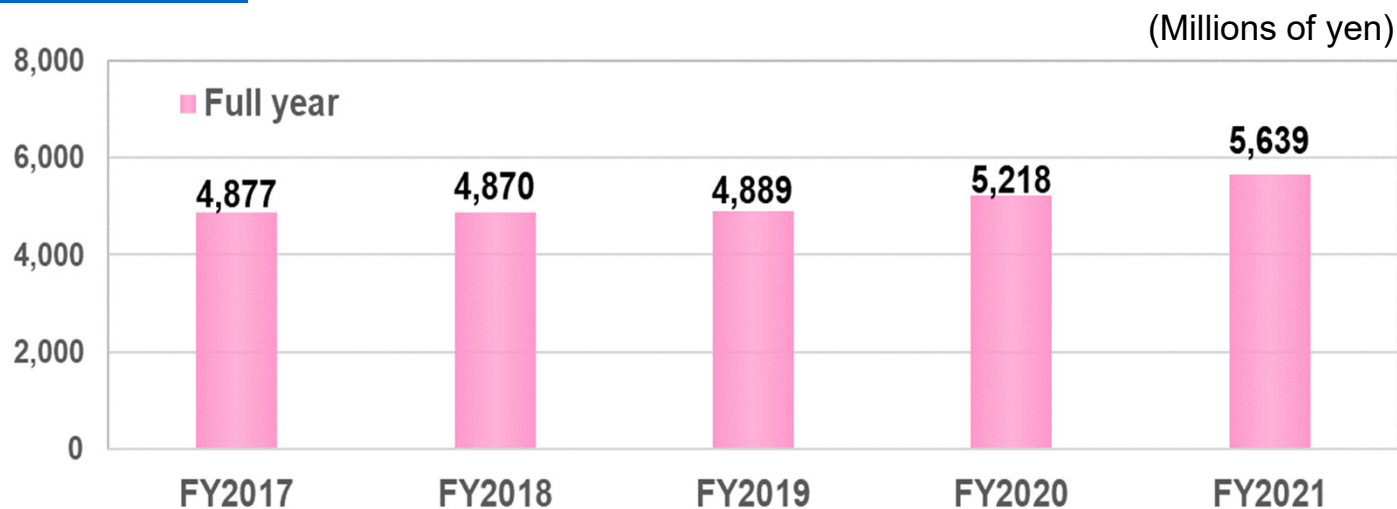
- ✓ Dispensing pharmacy business
 - Reduction in medical service fees
 - Rebound reflecting previous year's public reluctance to receive medical care due to concerns about COVID-19

Overview of Capital Expenditure and Depreciation

Capital Expenditure



Depreciation



Overview of Cash Flow

	(Millions of yen)		
	FY2020	FY2021	Change
Cash flows from operating activities	19,574	45,603	26,029
Cash flows from investing activities	(4,584)	(7,297)	(2,712)
Cash flows from financing activities	(3,382)	(9,828)	(6,445)
Cash and cash equivalents at end of period	59,853	88,360	28,506

Main items contributing to increases/decreases

■ Cash flows from operating activities

Profit before income taxes: : +29,326
Income taxes paid: : -6,345

■ Cash flows from investing activities

Purchase of property, plant and equipment : -2,603
Purchase of intangible assets : -284

■ Cash flows from financing activities

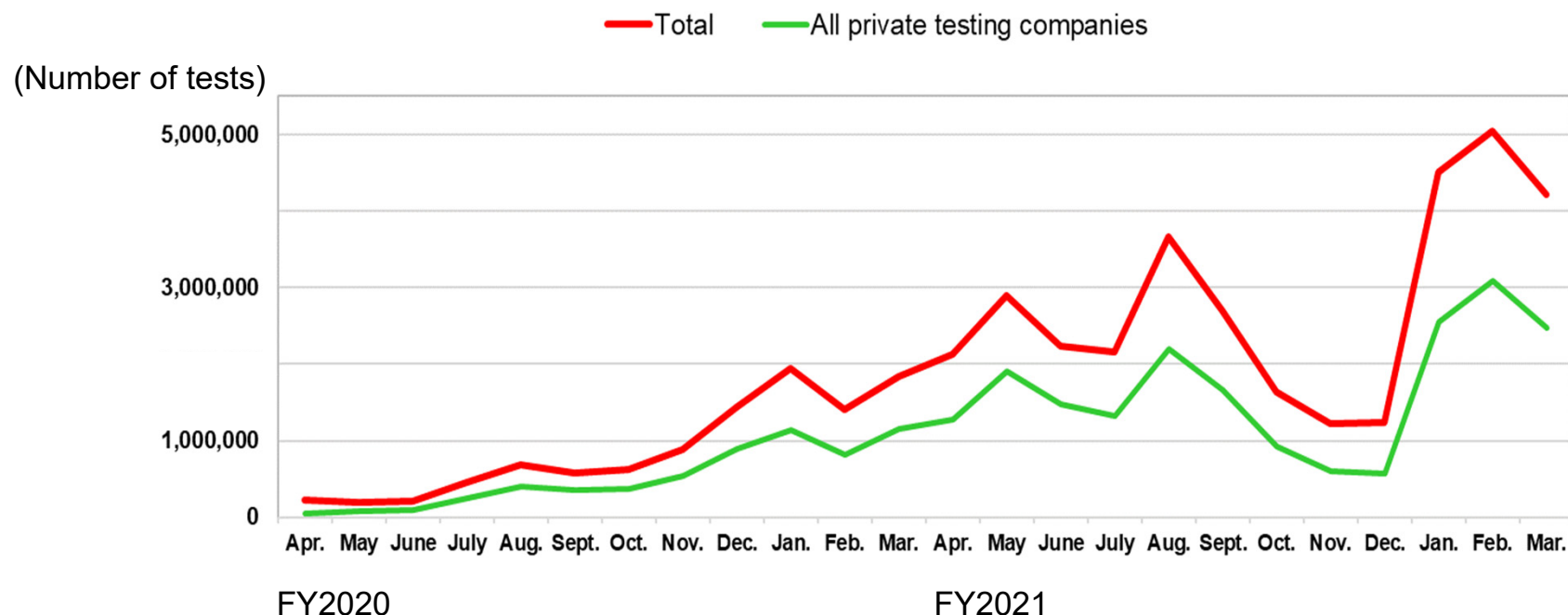
Dividends paid : -1,627
Purchase of treasury shares : -4,818

Response to COVID-19

Changes in the number of PCR tests performed

- ✓ Changes in the number of tests performed (April 2020 to March 2022)

- ◇ The number of PCR tests conducted by private testing companies* amid the total number of clinical tests (*excluding tests not covered by subsidies/insurance)
- Percentage of tests (mainly clinical tests) conducted by private testing companies
- April 2020 to March 2021: Approx. 59%
 - April 2021 to March 2022: Approx. 59%



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

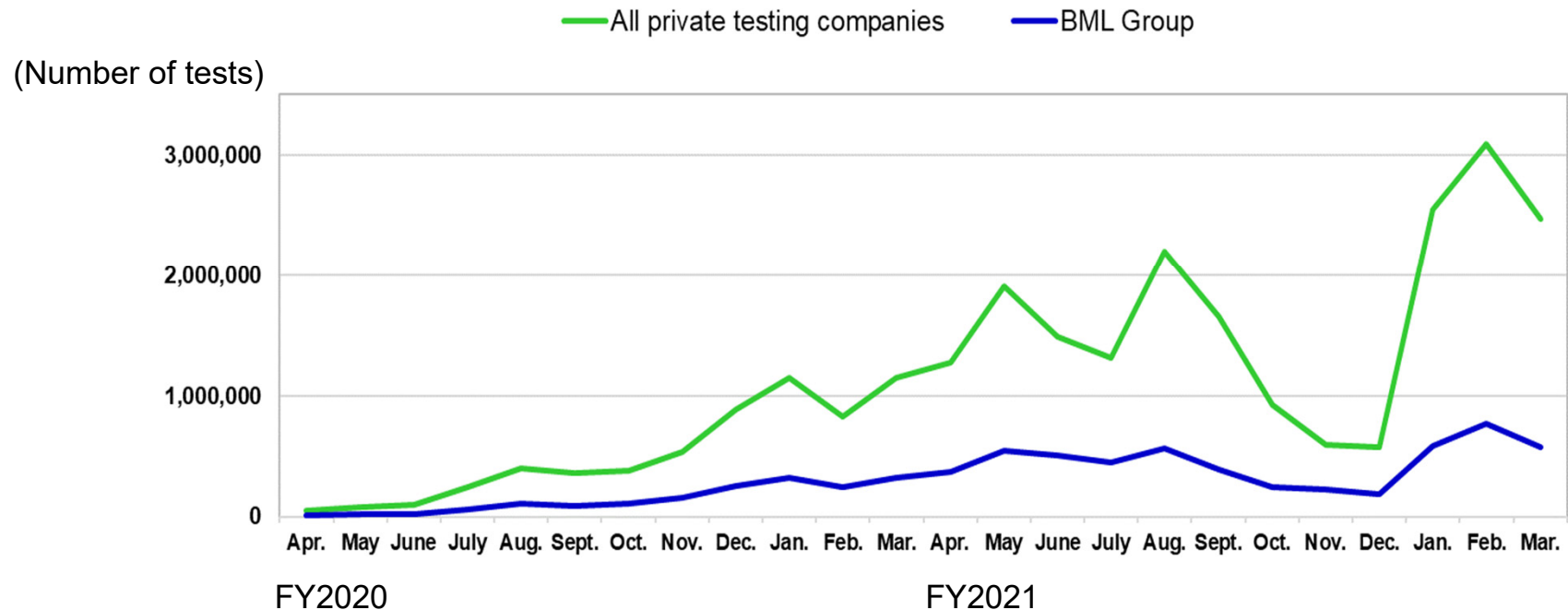
Changes in the number of PCR tests performed

✓ Changes in the number of tests performed (April 2020 to March 2022)

◇ 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)

→ Percentage of tests conducted by the BML Group

- April 2020 to March 2021: Approx. 28%
- April 2021 to March 2022: Approx. 27%

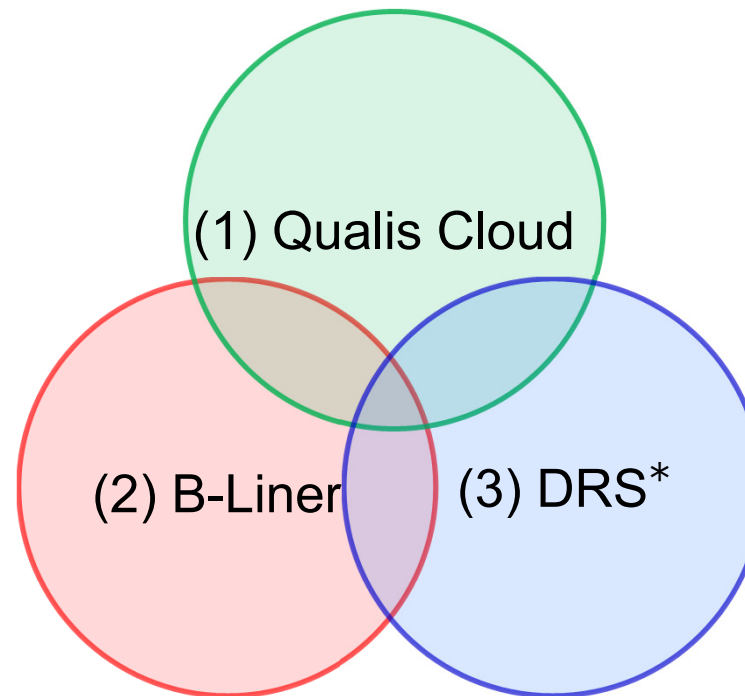


* Prepared by BML based on PCR test situation report released by the Ministry of Health, Labour and Welfare

Digital Transformation (DX) Initiatives

DX Initiatives

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



* Digital Reporting System

- ✓ With the three initiatives (1) to (3), BML obtained DX certification from the Ministry of Economy, Trade and Industry as the first "DX certified operator" in the clinical testing industry



DX Initiatives (1)

Cloud-based electronic patient chart system (Qualis Cloud)

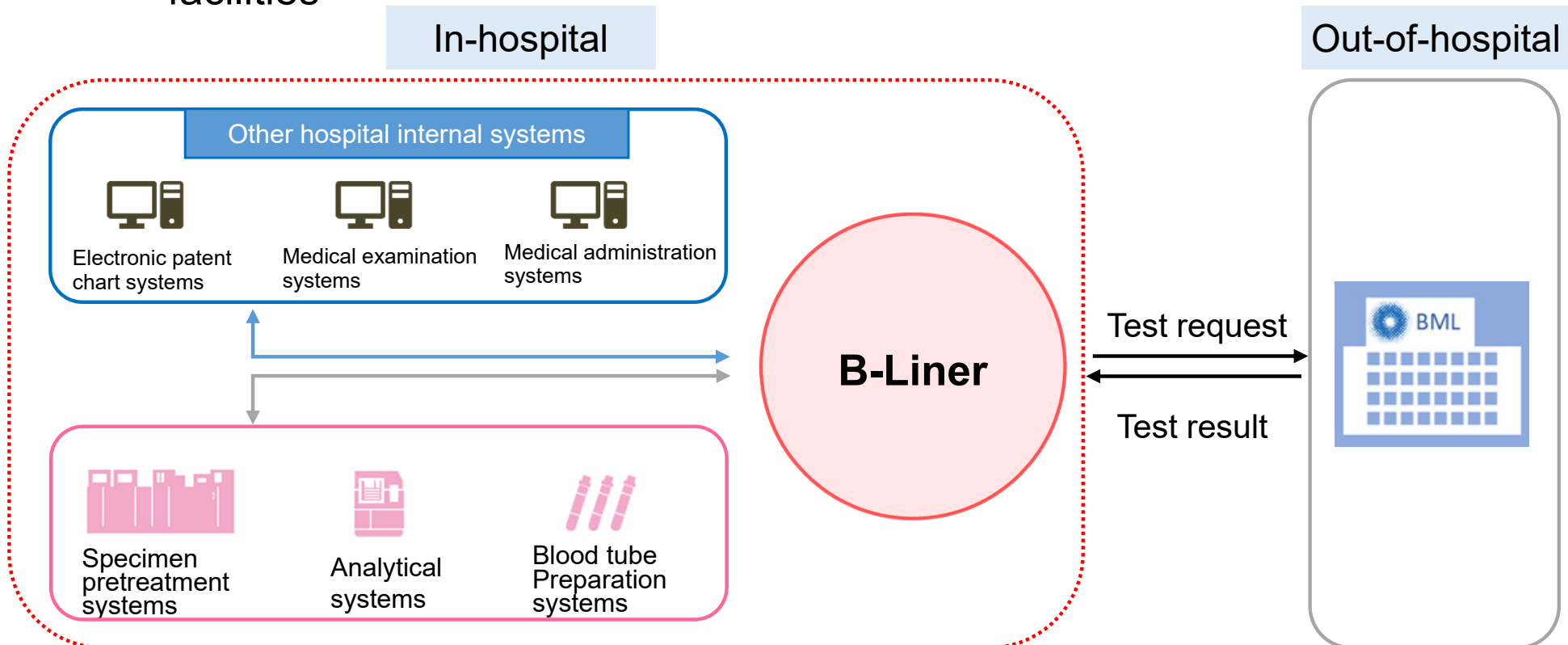
Released on April 1, 2022

- ◇ The first in the industry to adopt a smart client approach
 - Maintains compatibility, operability, and functionality of current Qualis
 - Compatibility: Addresses the shortcomings of previous cloud-based electronic patient chart system
 - Operability, functionality: Allows easy migration from the current Qualis system
- ◇ Lower installation cost, as server is not needed
 - Promoting adoption at clinic
- ◇ Improved data maintainability with cloud migration
- ◇ Functions enabling web-based operation scheduled to be released in March 2023
 - To facilitate [remote access such as while at patients' homes](#) using tablets or similar devices

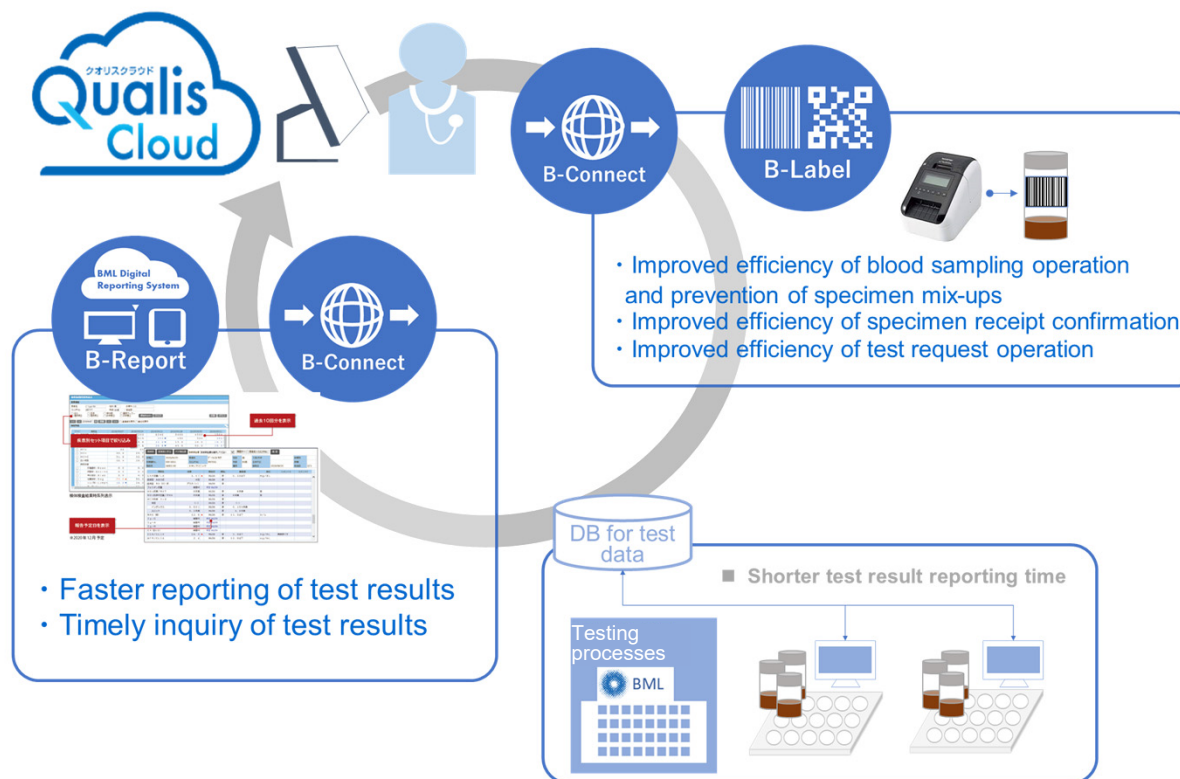


Clinical testing system “B-Liner”

- ◇ 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
- ◇ Compatible with clinics, hospitals, and testing centers, deployed in around 250 facilities



DRS



Specimen labels containing specimen and patient information, and with barcodes
Deployed in around 1,000 facilities mainly in pilot regions



Internet access to test requests and test result reports
Deployed in around 20,000 facilities



Internet access to inquiries on test results
Deployed in around 7,000 facilities

(Improved efficiency of blood sampling operation, prevention of specimen mix-ups, and improved efficiency of specimen receipt confirmation)

(Improved efficiency of test requests and faster reporting of test results)

(Timely inquiry of test results)

Results and effects of B-Label implementation in pilot sales offices

	Implementation rate* (number of facilities)	Specimen label attachment rate* (number of containers)	Annual economic benefit
Office A	39.0% (124/318 facilities)	33.1% (57,452/173,337 containers)	12.5 million yen
Office B	49.2% (88/179 facilities)	43.5% (65,380/150,229 containers)	
Office C	53.4% (111/208 facilities)	45.7% (56,627/123,836 containers)	

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

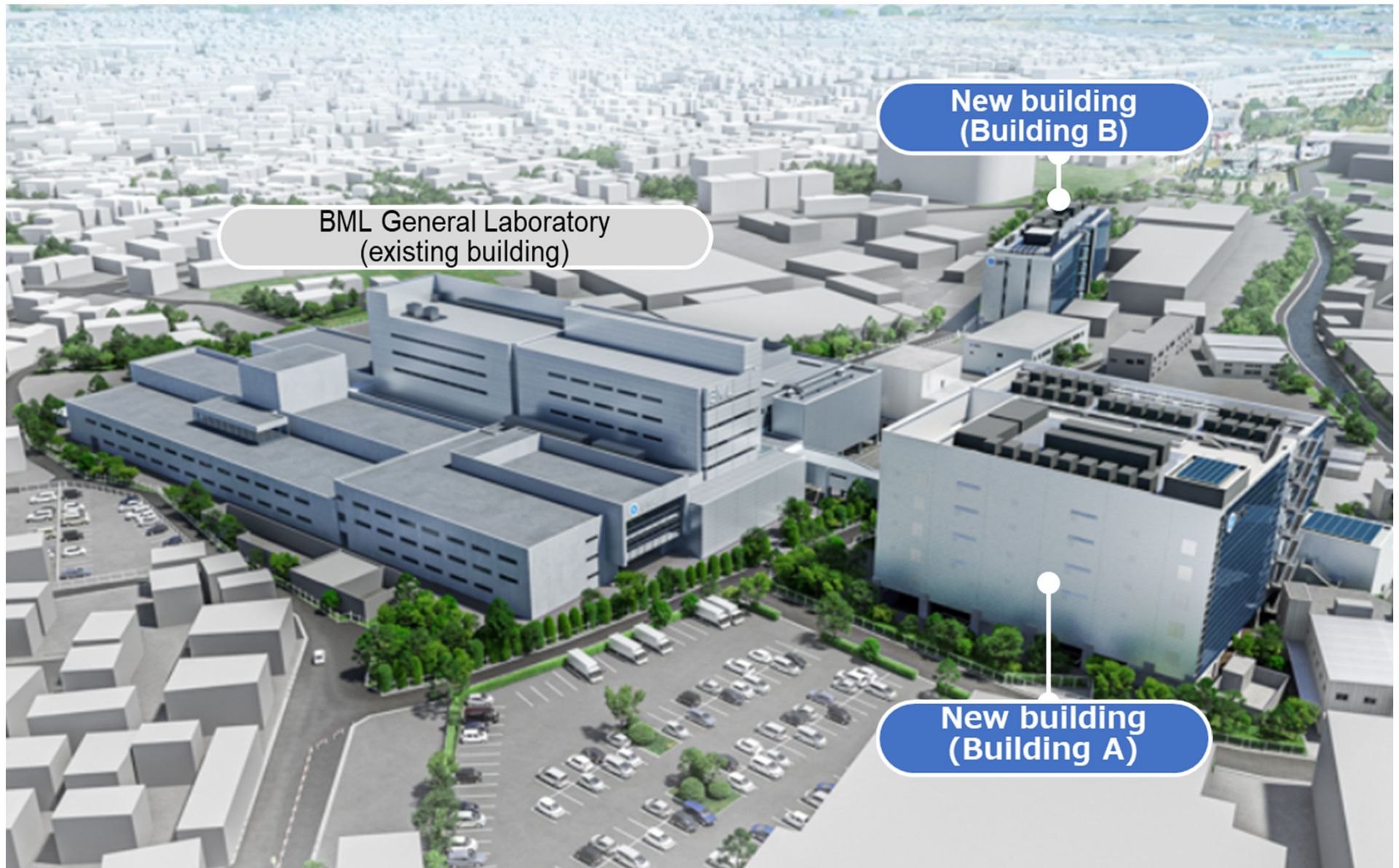
- ◇ Among facilities that have adopted electronic patient chart systems, etc., 39% to 53% have implemented B-Label
- ◇ Specimen label attachment rate ranges from 33% to 45%
- ◇ So far, economic benefit is estimated at 12.5 million yen per year

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

BML General Laboratory New Building Construction

- **Architectural Rendering of the New Buildings**
- **Concept**
- **Roadmap**
- **Phase 1**

Architectural Rendering of the New Buildings



■ “Sustainability”

Establishment of infrastructure that supports sustainable growth for the next 10 years and beyond

BCP

Countermeasures
against intensifying
disasters

Environ- ment

Consideration to
reducing
environmental load

Expansion

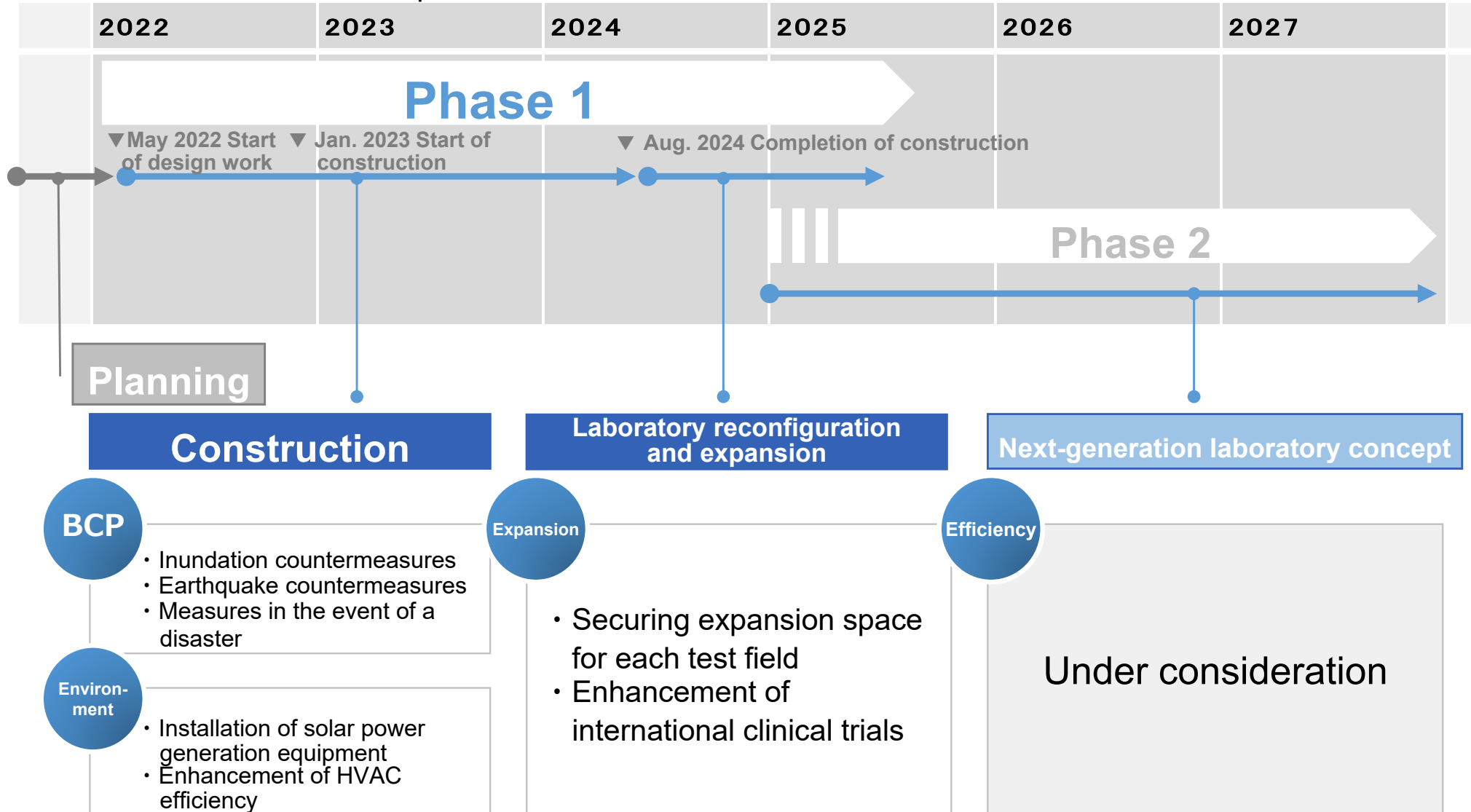
Securing extensibility
in line with expansion
of business scope

Efficiency

Improvement of
processing capacity and
processing efficiency

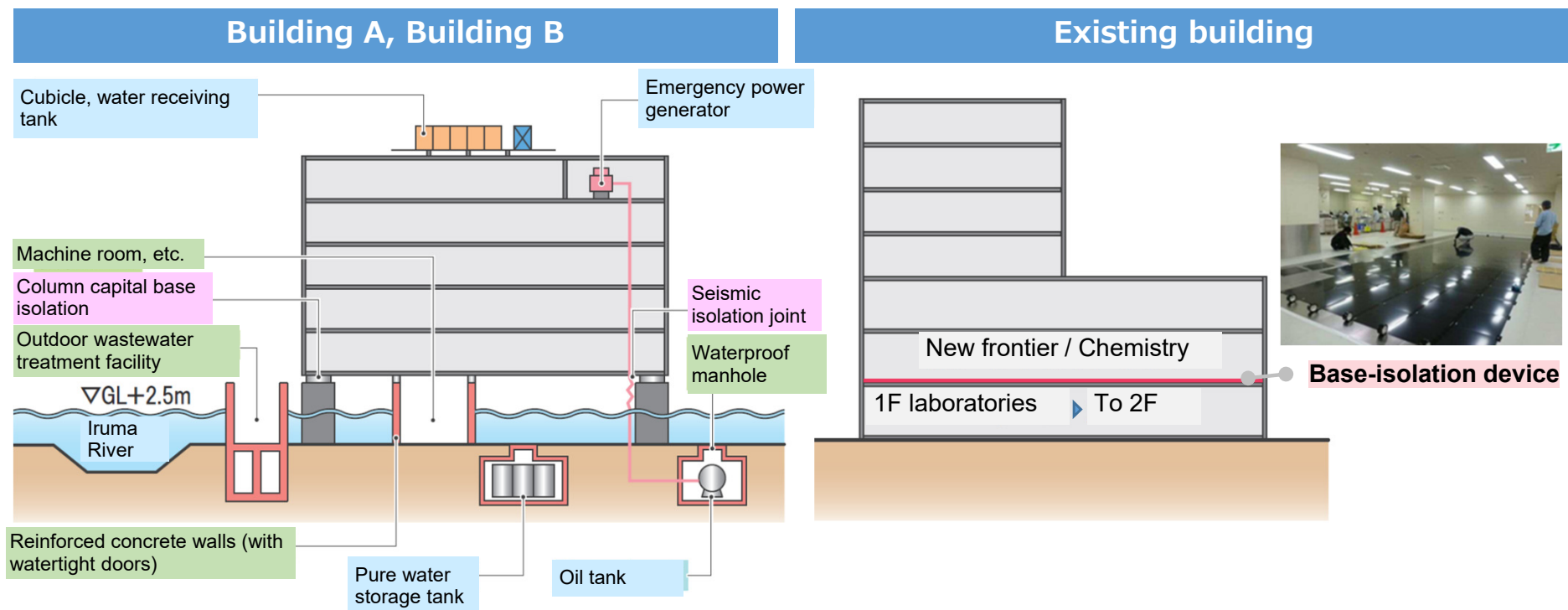
Roadmap

- Phase 1: BCP incorporating construction of the new buildings / Environmental measures and expansion of testing space
- Phase 2: Improvement of testing processing capacity and efficiency aligned to future expansion of business scope



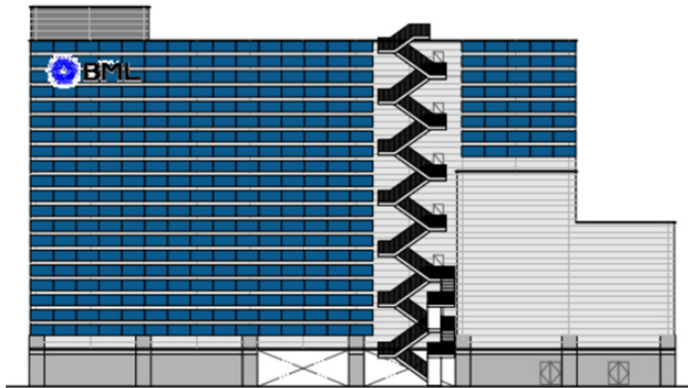
Phase 1: BCP

- **Inundation countermeasures** : All testing functions of BML General Laboratory to be relocated to the 2F or higher
- **Earthquake countermeasures** : The new buildings (Building A and B) to be constructed with base isolation system
: The existing building to be made earthquake resistant + equipped with seismic isolation device for testing equipment
- **Measures in the event of a disaster** : Backup power and water supplies
→ Emergency power generators (72 hours of power supply in the new buildings)
→ Storage tanks for clean water and pure water (to secure 2 to 3 days of supply for the whole of BML General Laboratory)

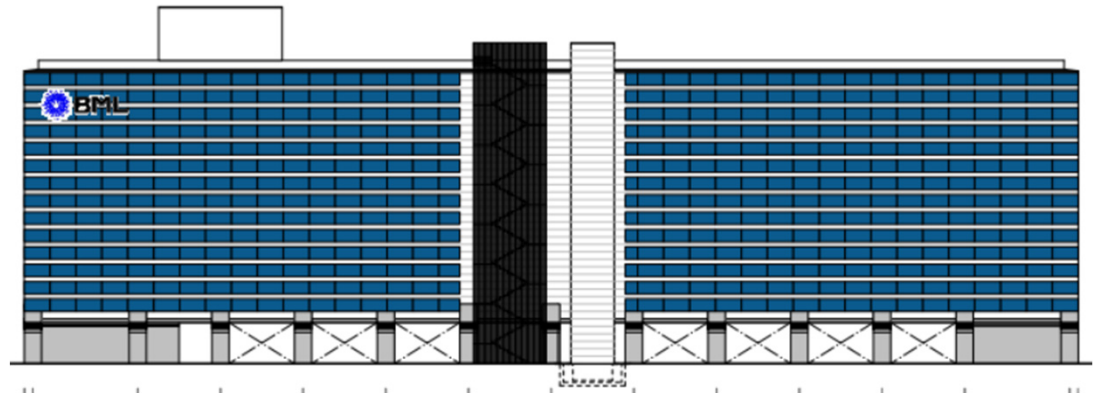


Phase 1: Environment

- Installation of solar power generation equipment: solar panels will be mounted on the south walls of the new buildings to utilize natural energy



Building A Solar wall



Building B Solar wall

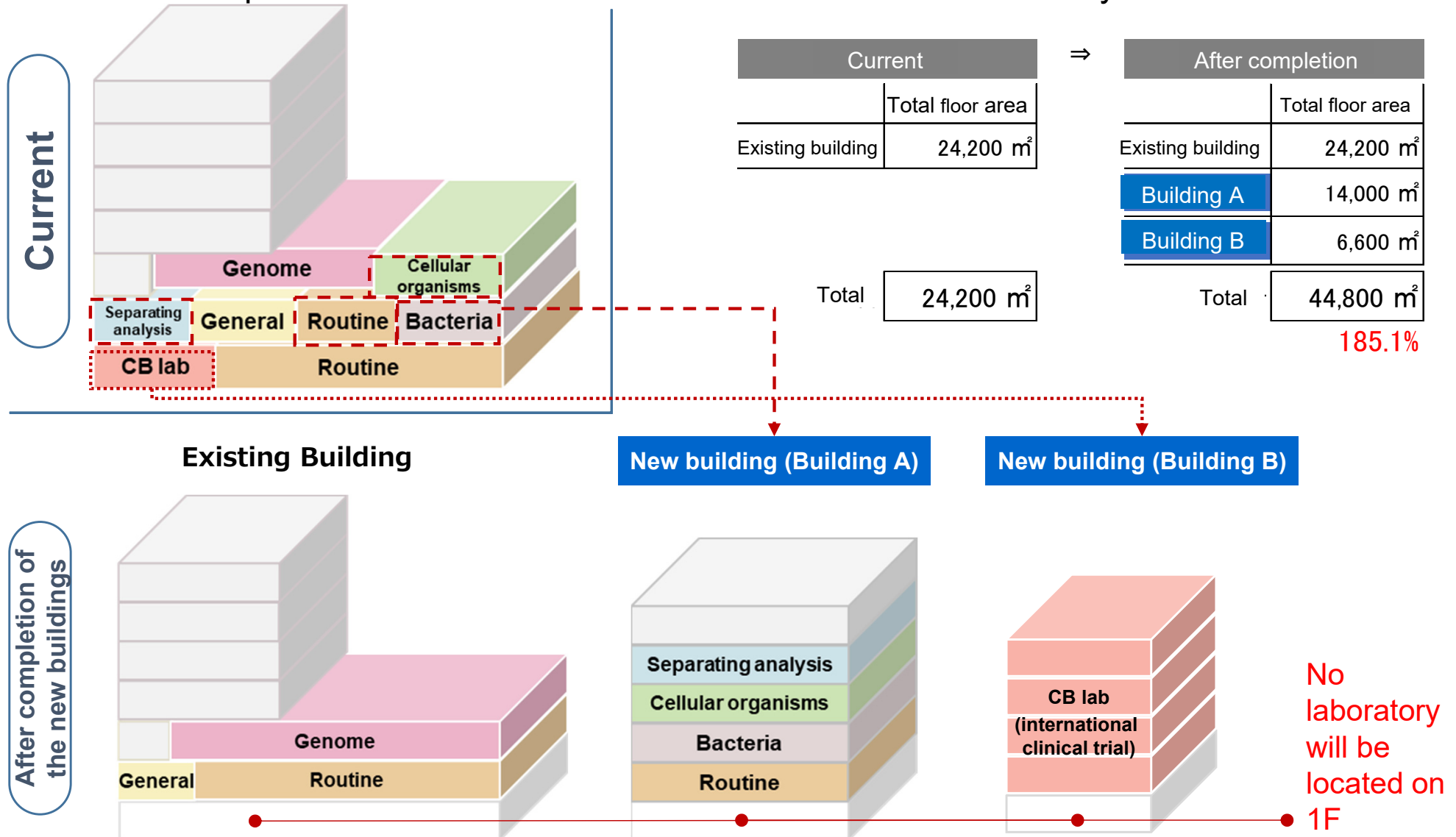
- Enhancement of HVAC efficiency: improved energy efficiency with high-efficiency heat source equipment



Annual reduction of CO₂ emissions: 478 t-CO₂/year

Phase 1: Expansion

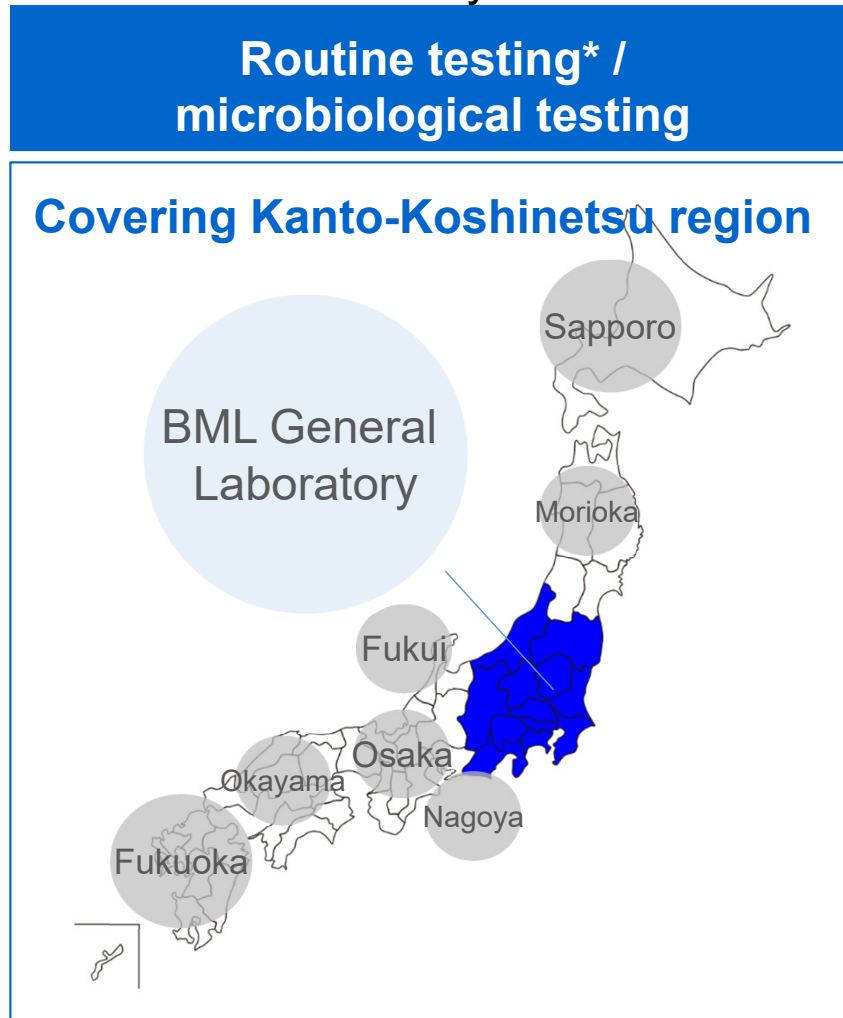
- All laboratories in the existing building to be reconfigured following completion of the new buildings, and to be expanded
- 185% expansion in the total floor area of BML General Laboratory



Phase 1: Expansion

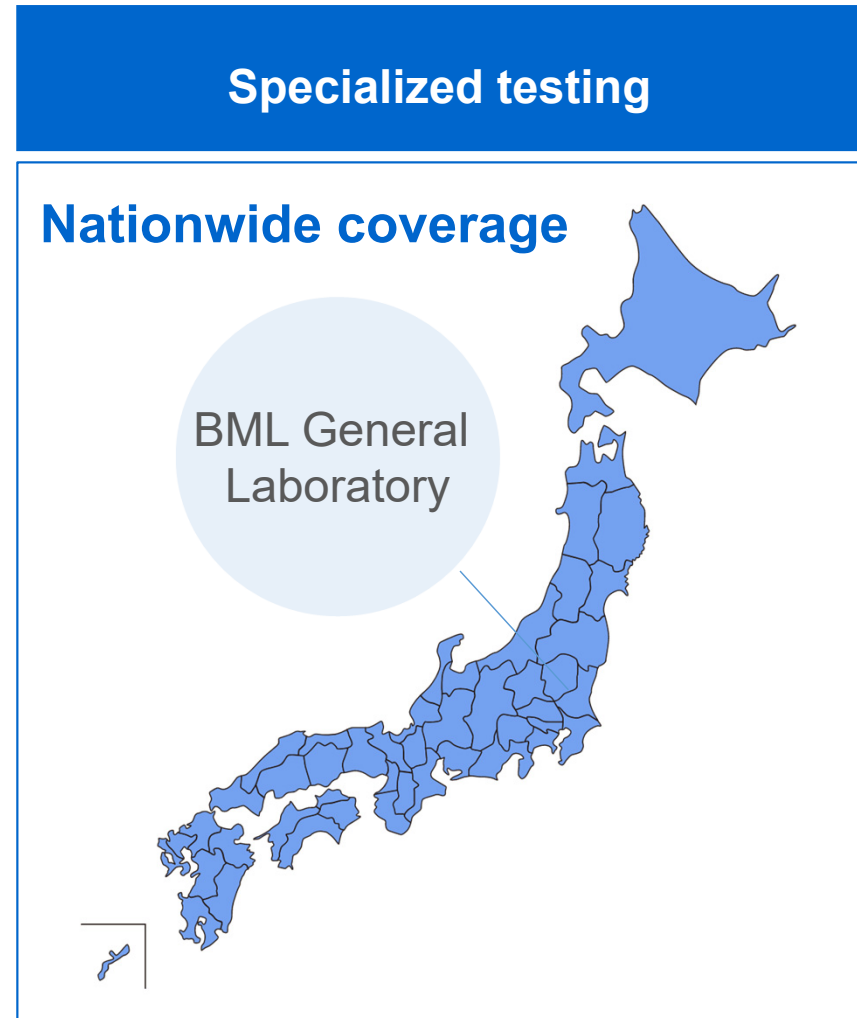
Core laboratory concept

- Self-contained regional laboratories to be set up in consideration of regional testing demand and efficiency



- Tests to be conducted in self-contained regional laboratories

(* Biochemical testing, hematological testing, and immunological testing)

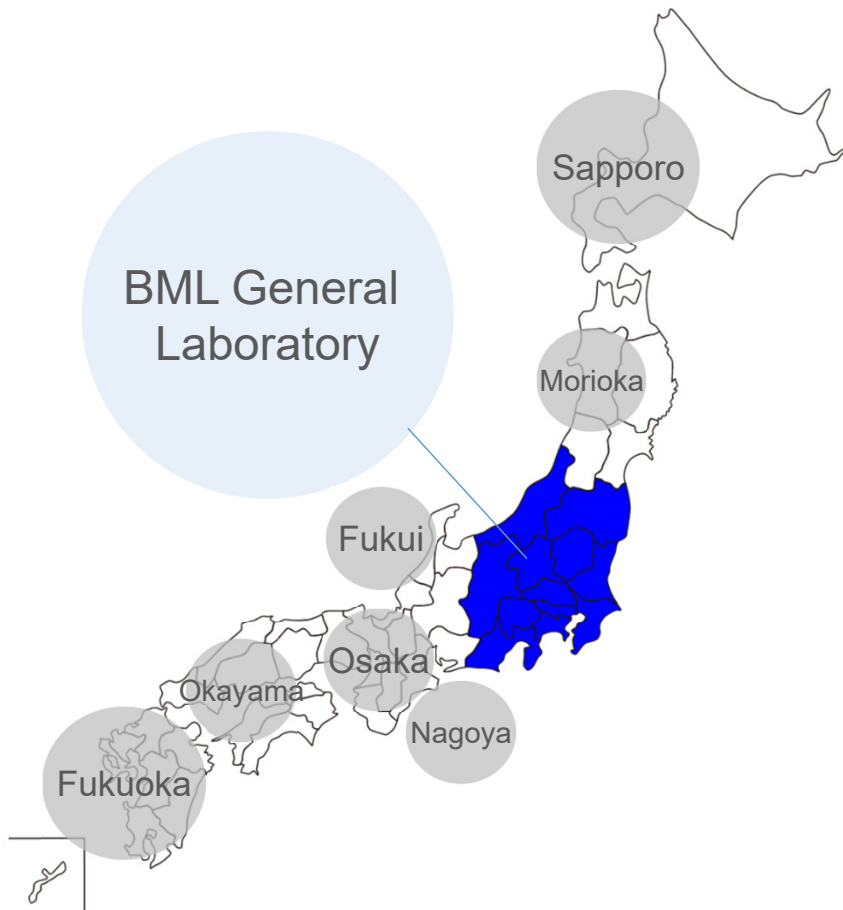


- Consolidate in BML General Laboratory and pursue quality

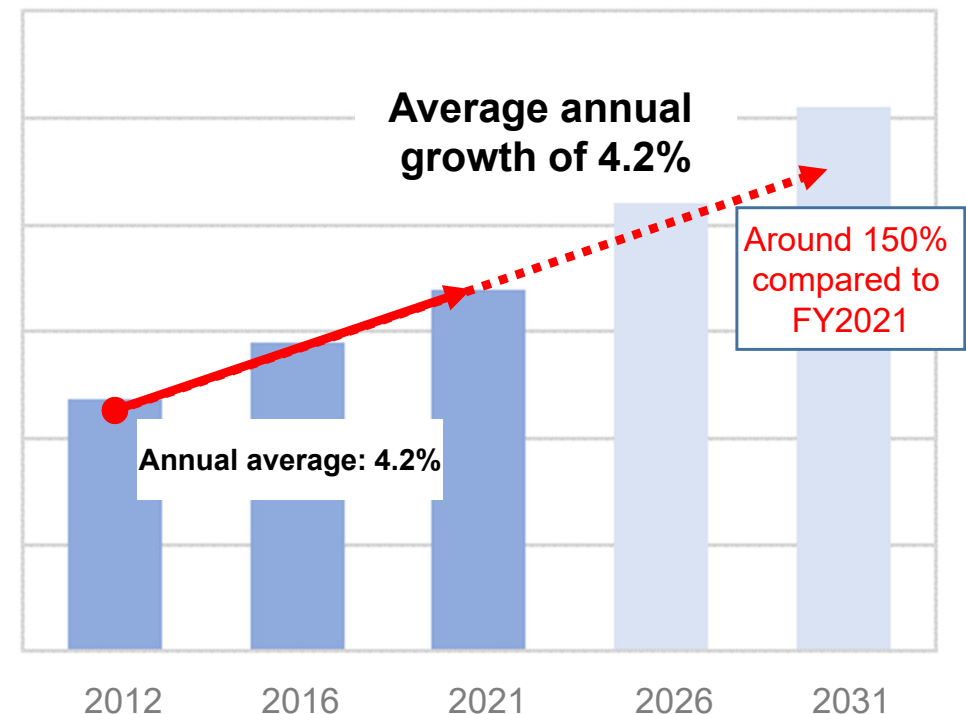
Phase 1: Expansion

Routine testing

- BML General Laboratory conducts routine testing for Kanto-Koshinetsu region
 - Net sales increased by an average of 4.2% annually over the past 10 years. Considering that business will grow at a similar growth rate, it is assumed that, in 10 years, processing capability of routine testing will need to be expanded to around 150% of the FY2021 level.
- Expansion of routine testing area: 5,897 m² ⇒ 6,579 m² (112%)



Changes in net sales in Kanto-Koshinetsu region



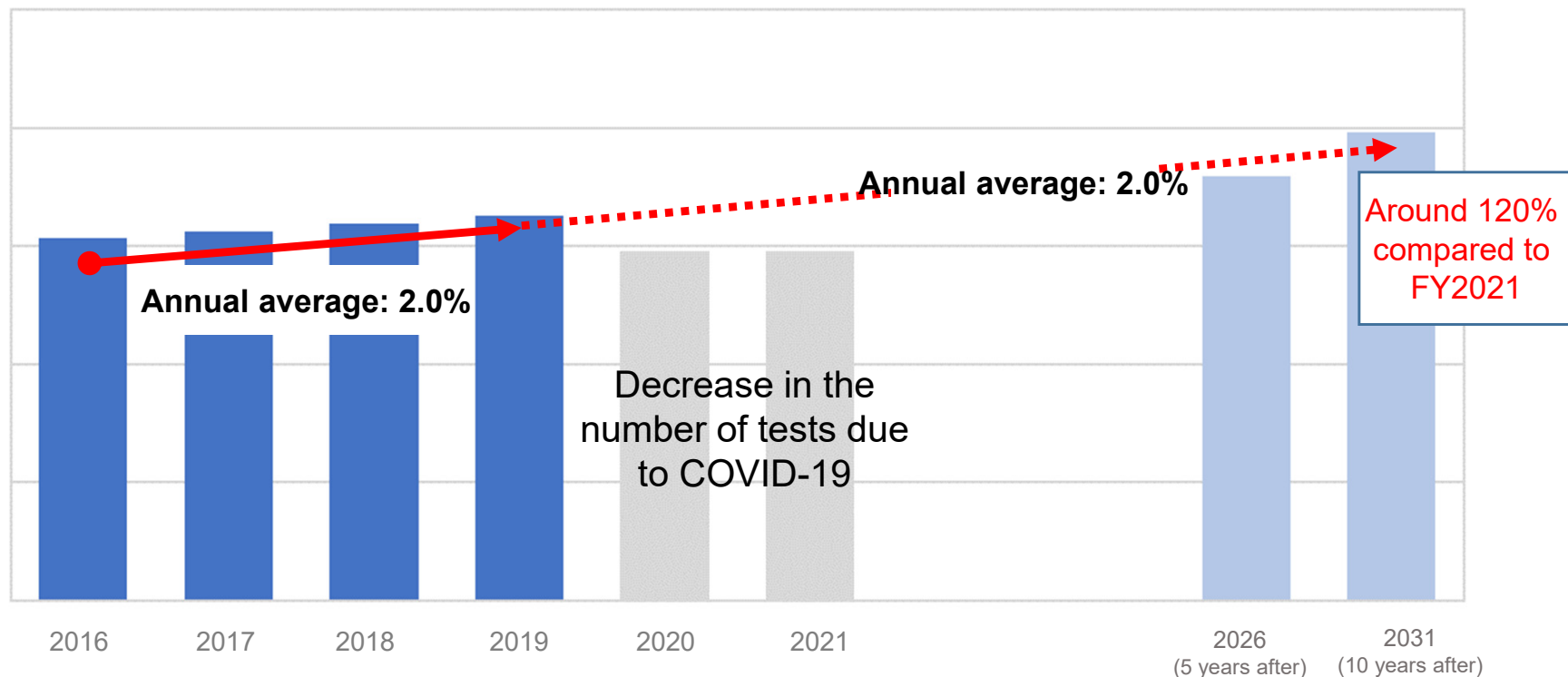
Phase 1: Expansion

Microbiological testing

- Microbiological testing in the Kanto-Koshinetsu region tended to increase at an average annual rate of 2.0% (except 2020 and 2021)
- Projecting a similar growth, it is assumed that in 10 years, the number of tests will be around 120% of the FY2019 level.

□ Expansion of microbiological testing area: 2,102 m² ⇒ 2,436 m² (116%)

Changes in the number of tests in the Kanto-Koshinetsu region



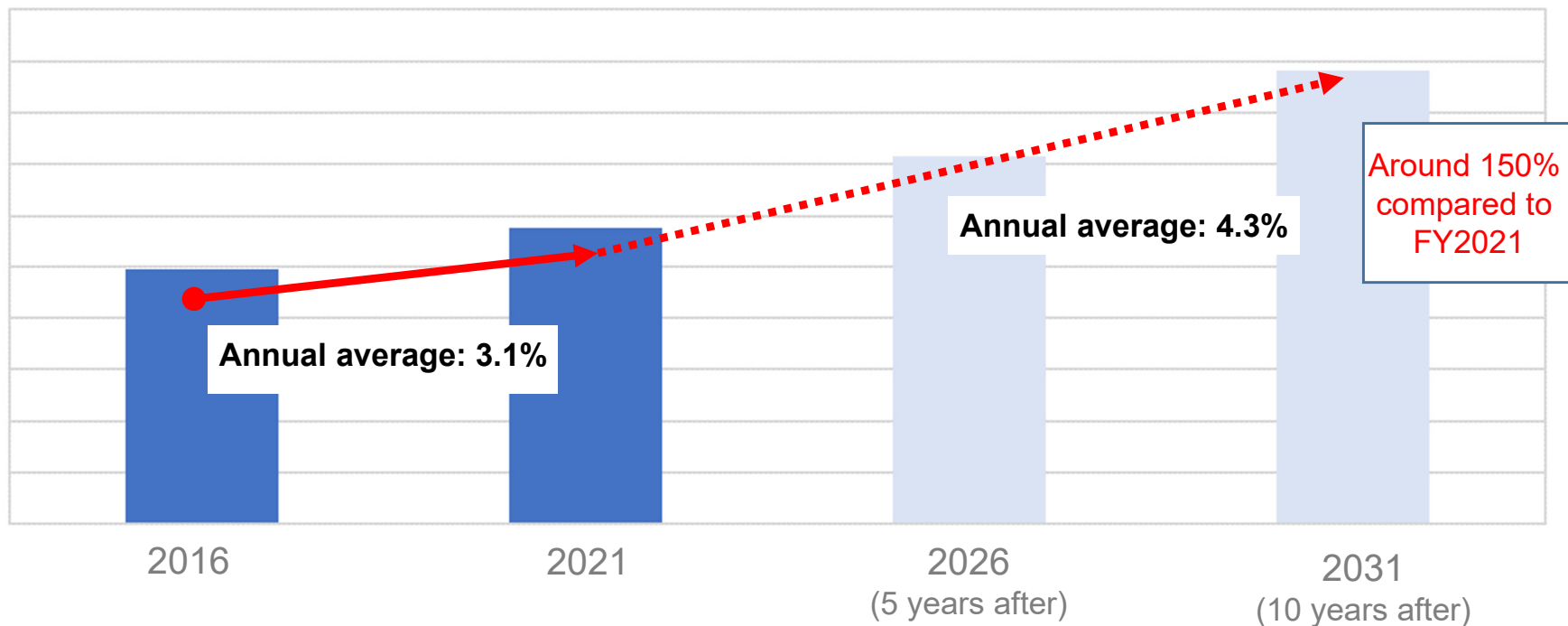
Phase 1: Expansion

Specialized testing (genomic testing)

- Number of genomic tests is projected to increase along with growth of the market, to around 150% of the FY2021 level in 10 years.

□ Expansion of genomic testing area: 864 m² ⇒ 1,374 m² (159%)

Changes in the number of genomic tests



Phase 1: Expansion

Expansion of international clinical trials

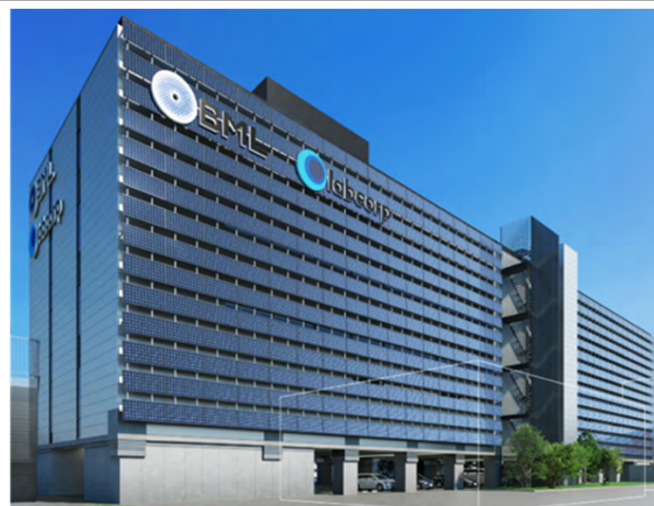
- Strategic partnership between LabCorp Japan, G.K., and BML
- Enhancement of international clinical trial service with construction of the new buildings
 - Construction of laboratory building specifically for international clinical trials Fivefold increase in floor area compared to current space
 - Enhancement of flow cytometry testing, immunological testing, and pathological testing that are currently conducted
 - Set up new laboratories for genomic testing and microbiological testing



Accelerate enhancement of companion diagnostics business by promoting biomarker and specialized testing services in Japan as well as research and development in the field of cell and gene therapy, to contribute to precision medicine as a leader in oncology.



Facade of Building B (north side)



Building B (south side)

Forecast for FY2022 (Full Year) Shareholder Returns

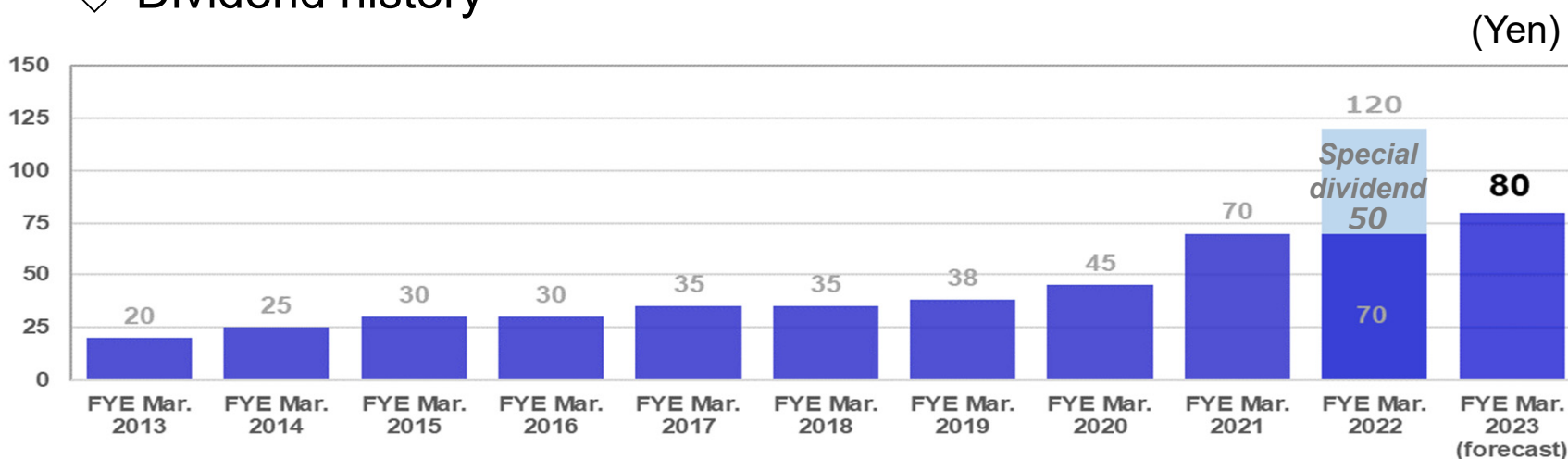
Forecast for FY2022 (Full Year)

(Millions of yen)

	FY2021	FY2022	YoY	Change
Net sales	186,067	146,000	(40,067)	(21.5)%
Testing business	179,751	139,600	(40,151)	(22.3)%
Clinical testing	175,232	134,850	(40,382)	(23.0)%
Other testing	4,519	4,750	231	5.1%
Medical informatics	4,816	4,950	134	2.8%
Other businesses	1,498	1,450	(48)	(3.2)%
Operating income	48,889	16,500	(32,389)	(66.3)%
Ordinary income	51,077	17,000	(34,077)	(66.7)%
Profit attributable to owners of parent	33,741	11,000	(22,741)	(67.4)%

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, 2022, an annual dividend of 120 yen, inclusive of a special dividend of 50 yen, is scheduled to be paid.

Becoming the most
trusted choice in the
medical world

Customer Satisfaction

Synergy

Social Responsibility



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