

BML Inc.

Financial Results Presentation for the First Half of Fiscal 2021

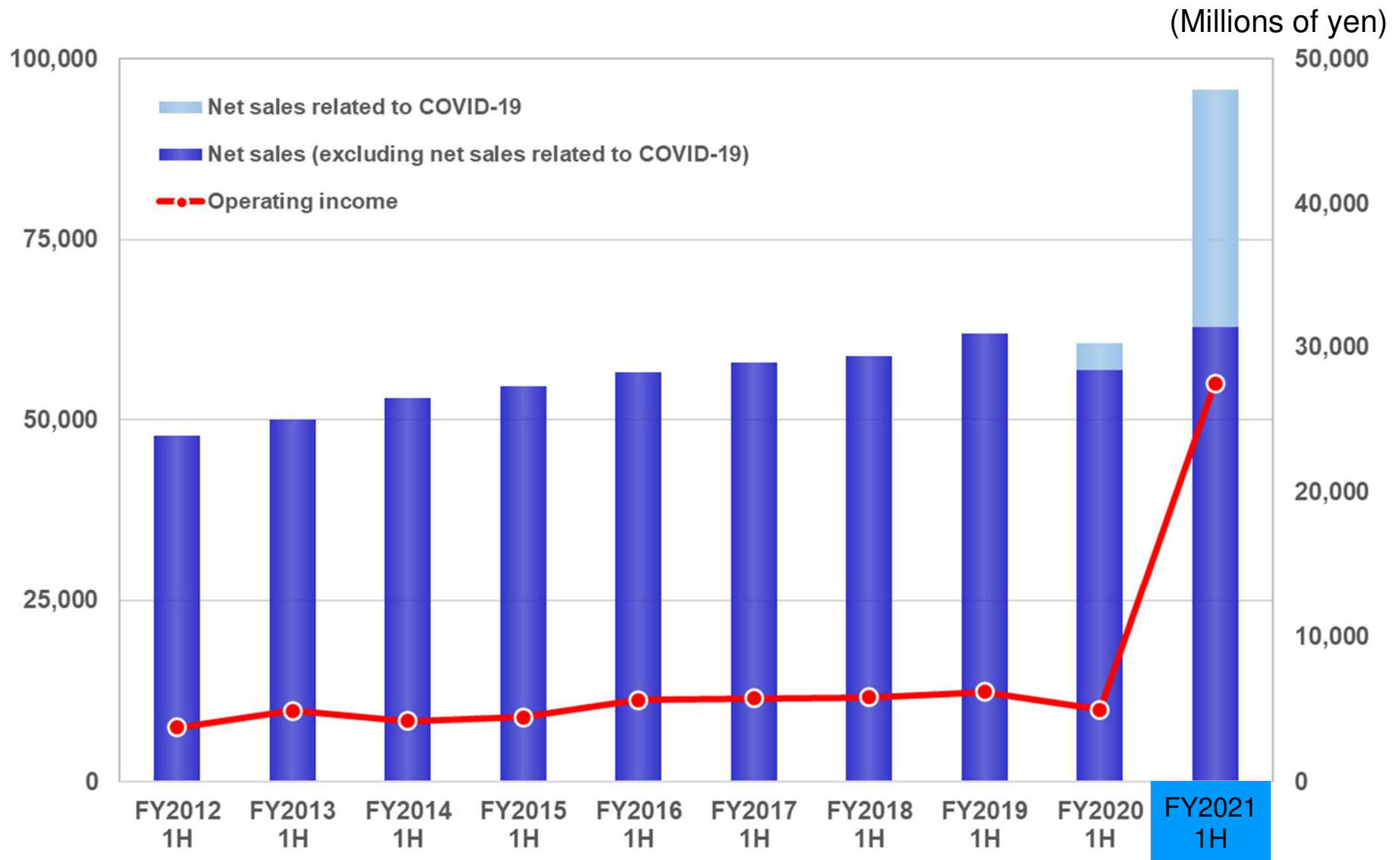
November 11, 2021

Kensuke Kondo,
President and
Representative Director

Overview of the First Half of Fiscal 2021

First-Half Earnings History in 10 Years

Increase in tests related to COVID-19



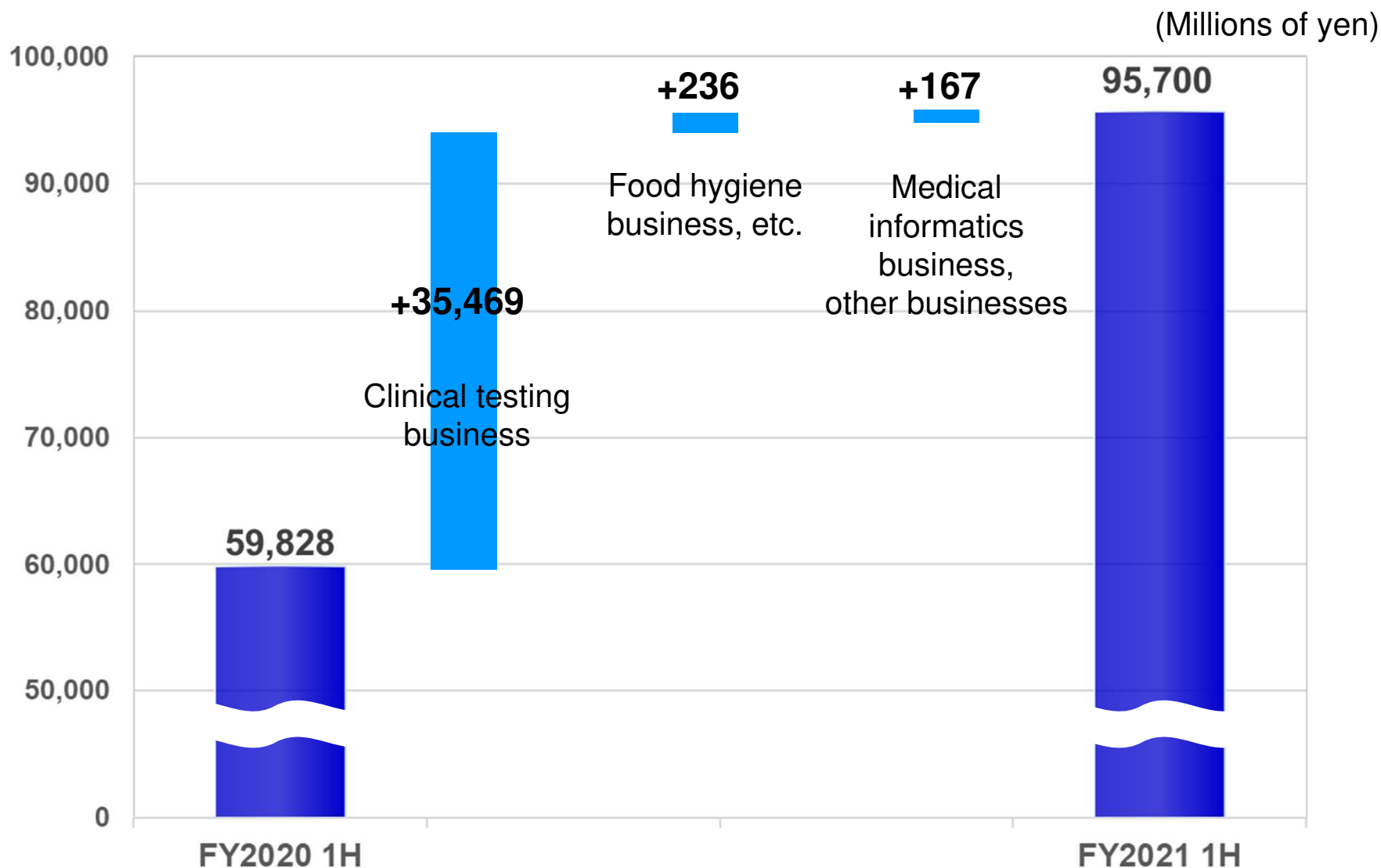
Year-on-Year Comparison

(Millions of yen)

	FY2020 1H	FY2021 1H	YoY	Change
Net sales	59,828	95,700	35,871	60.0%
Testing business	57,023	92,729	35,705	62.6%
Clinical testing business	55,226	90,695	35,469	64.2%
Other testing business	1,796	2,033	236	13.2%
Medical informatics business	2,100	2,231	131	6.3%
Other businesses	705	739	34	4.9%
Operating income	4,973	27,525	22,552	453.4%
Ordinary income	5,275	28,433	23,158	439.0%
Profit attributable to owners of parent	3,514	18,761	15,246	433.8%

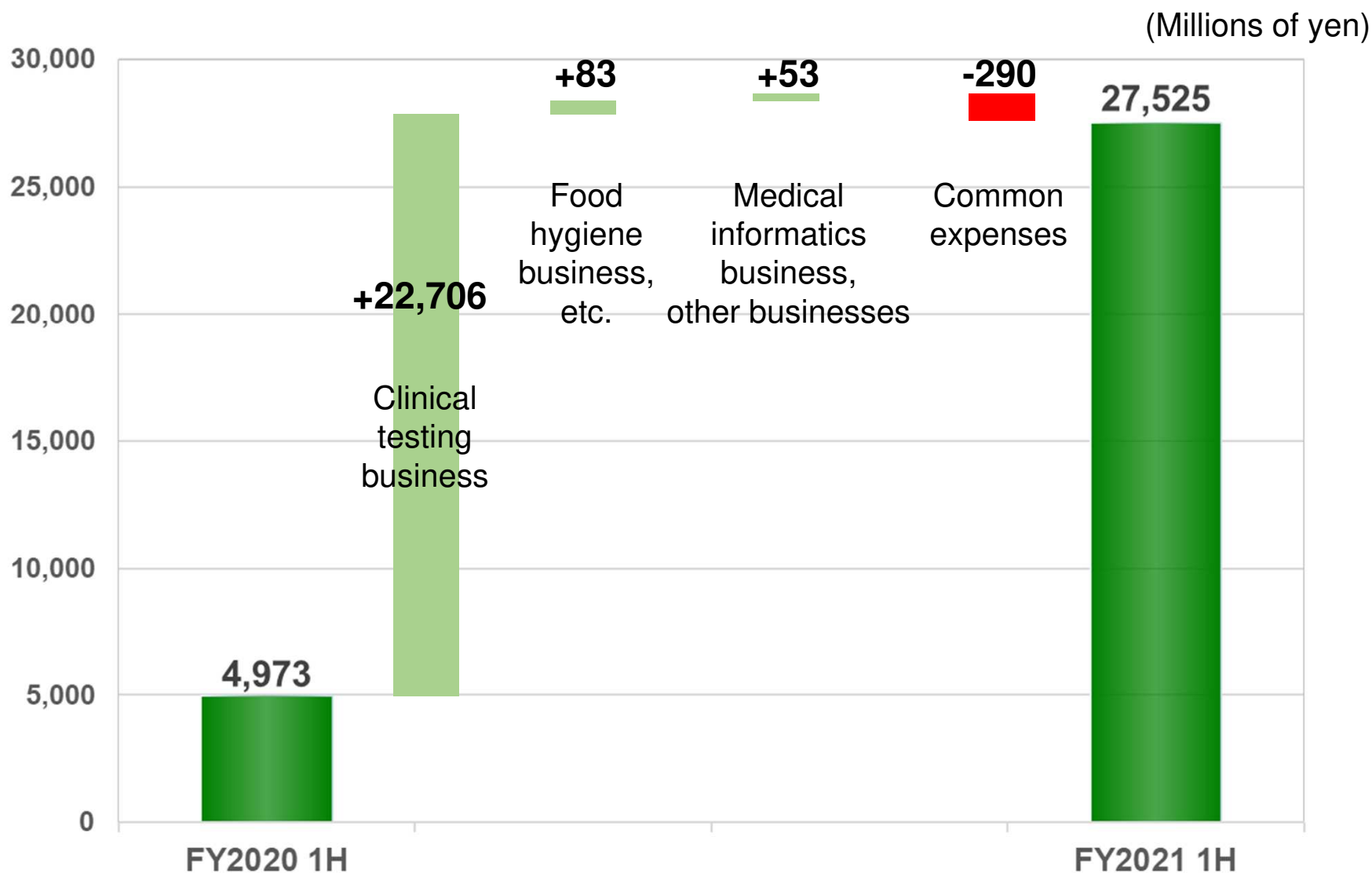
Breakdown of Changes in Sales by Business Segment

Net sales up ¥35,871m (60.0%) YoY



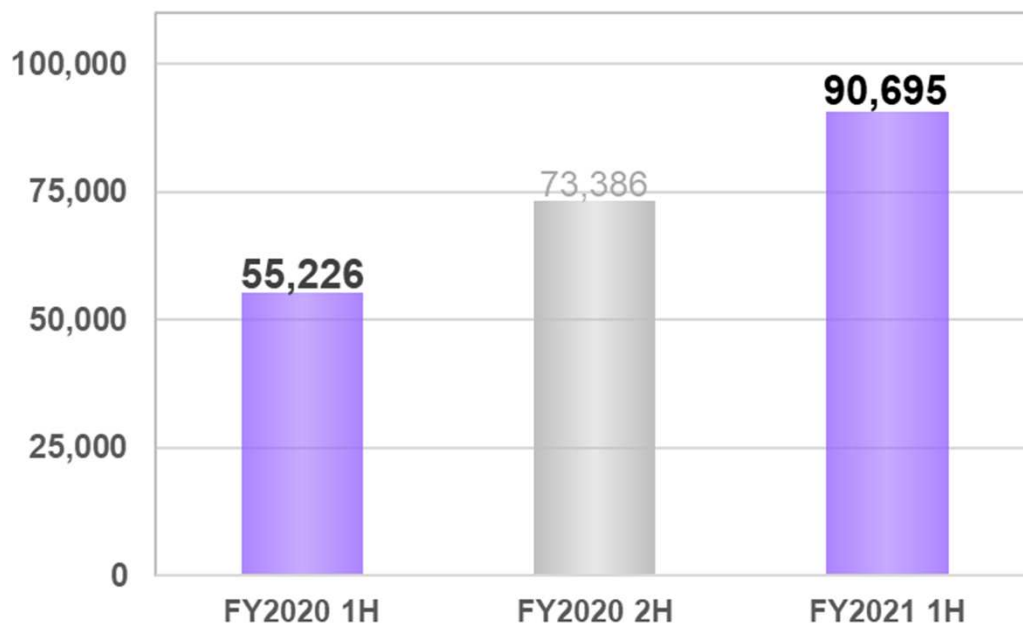
Breakdown of Changes in Income by Business Segment

Operating income up ¥22,552m (453.4%) YoY



Overview of Clinical Testing Business

Net sales: ¥90,695m
Up ¥35,469m (64.2%) YoY



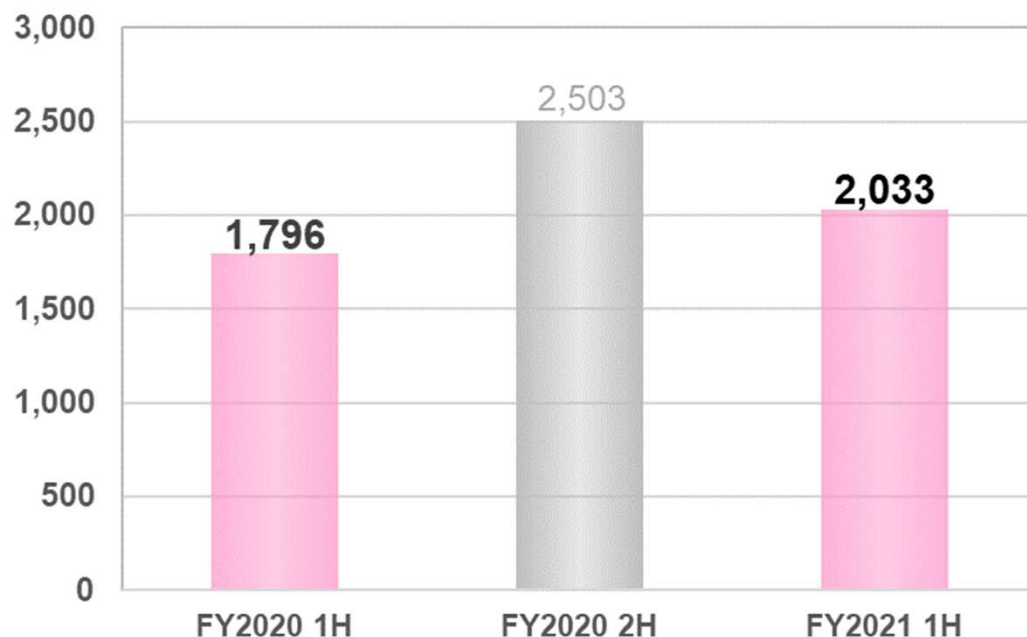
(Millions of yen)

	FY2020 1H	FY2021 1H	YoY	Change
Net sales	55,226	90,695	35,469	64.2%

- ✓ Tests related to COVID-19
 - Increase in PCR tests
 - Increase in PCR tests for variants
 - Contracted for the first time to conduct genomic analysis and pooled PCR testing of five specimens at a time
- ✓ New acquisitions
 - Recovery to pre-pandemic levels
- ✓ Price fluctuations
 - Down 0.73%

Overview of Food Hygiene and Other Testing Business

Net sales: ¥2,033m
Up ¥236m (13.2%) YoY

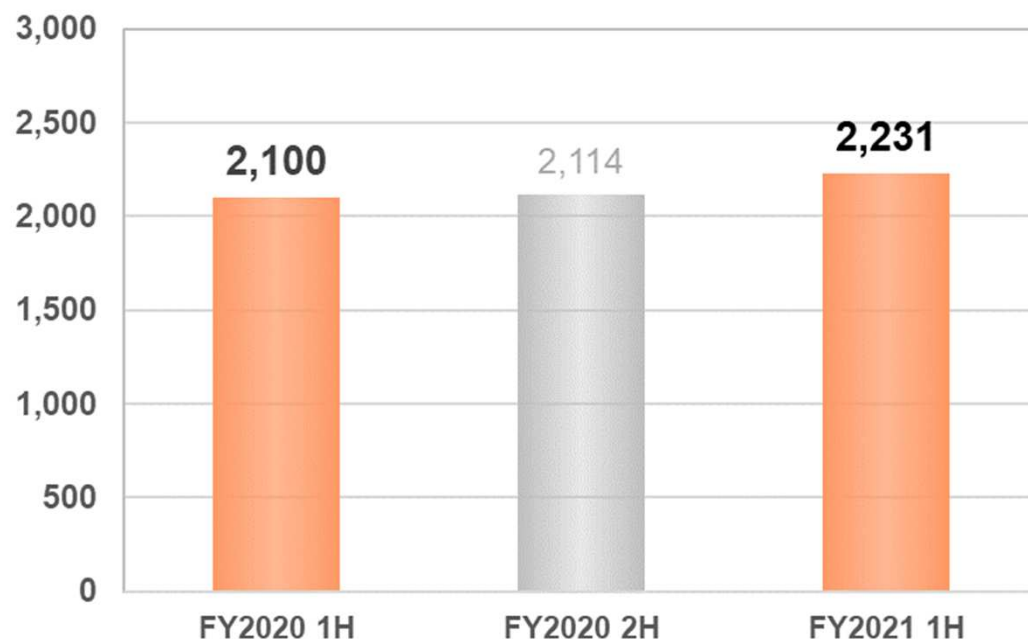


(Millions of yen)				
	FY2020 1H	FY2021 1H	YoY	Change
Net sales	1,796	2,033	236	13.2%

- ✓ Reaction to the state of emergency declared at this time last year

Overview of Medical Informatics (Electronic Patient Chart) Business

Net sales: ¥2,231m
Up ¥131m (6.3%) YoY



(Millions of yen)

	FY2020 1H	FY2021 1H	YoY	Change
Net sales	2,100	2,231	131	6.3%

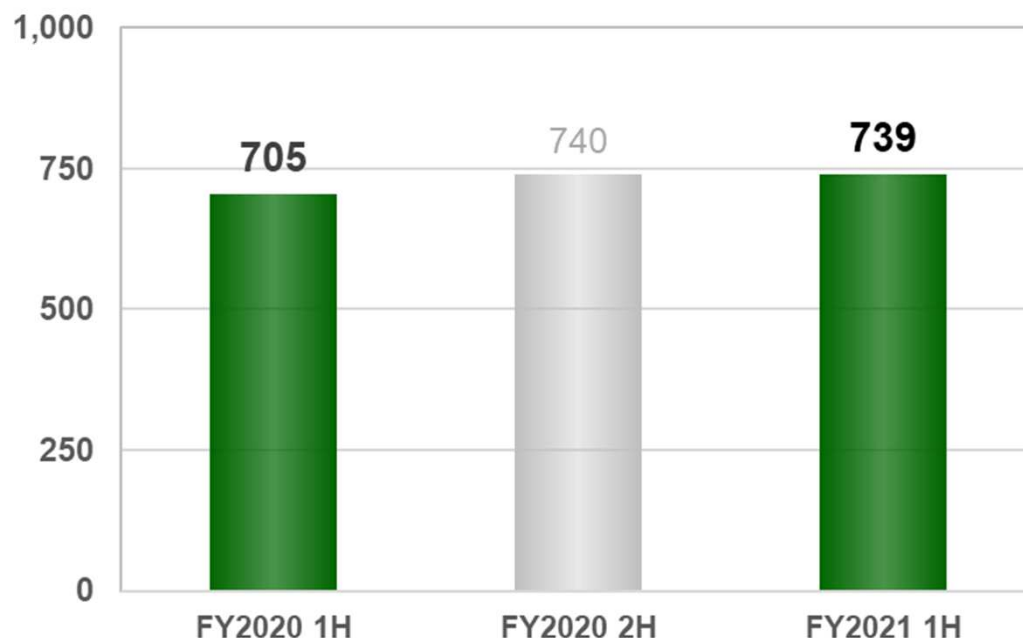
- ✓ Replacement and expansion
 - Increase in the number of requests for online certification checks
- ✓ Maintenance
 - Trending solid due to the greater number of facilities at which systems are installed

クオリス
Qualis
Medical Station

Medical Station
メディカルステーション クリニック
CLINIC

Overview of Other Businesses

Net sales: ¥739m
Up ¥34m (4.9%) YoY



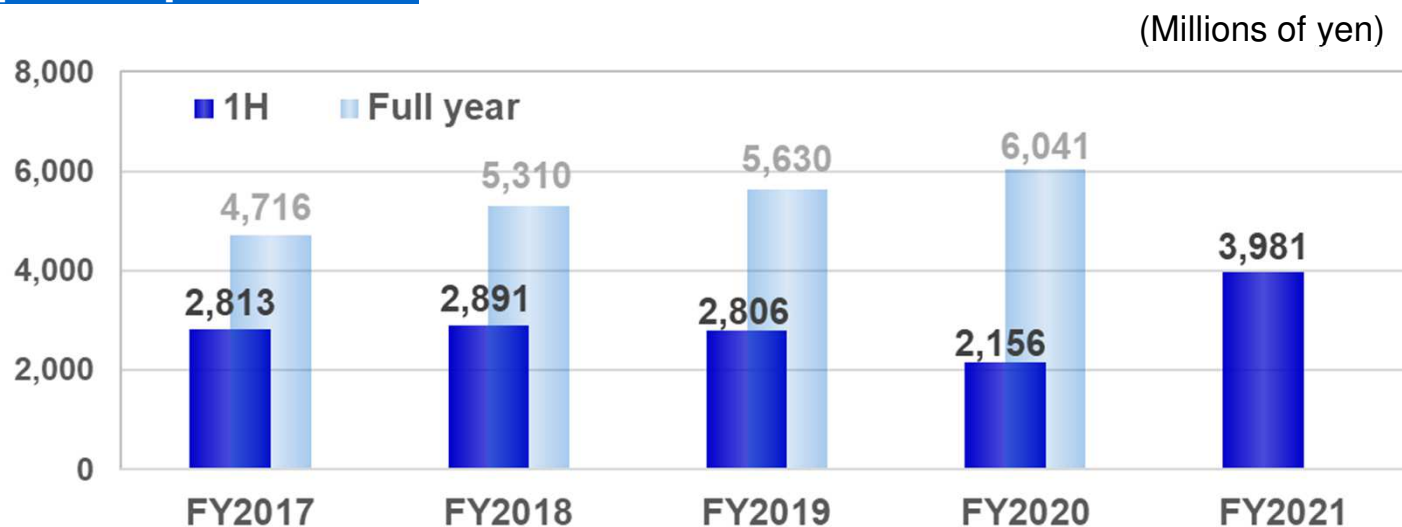
(Millions of yen)

	FY2020 1H	FY2021 1H	YoY	Change
Net sales	705	739	34	4.9%

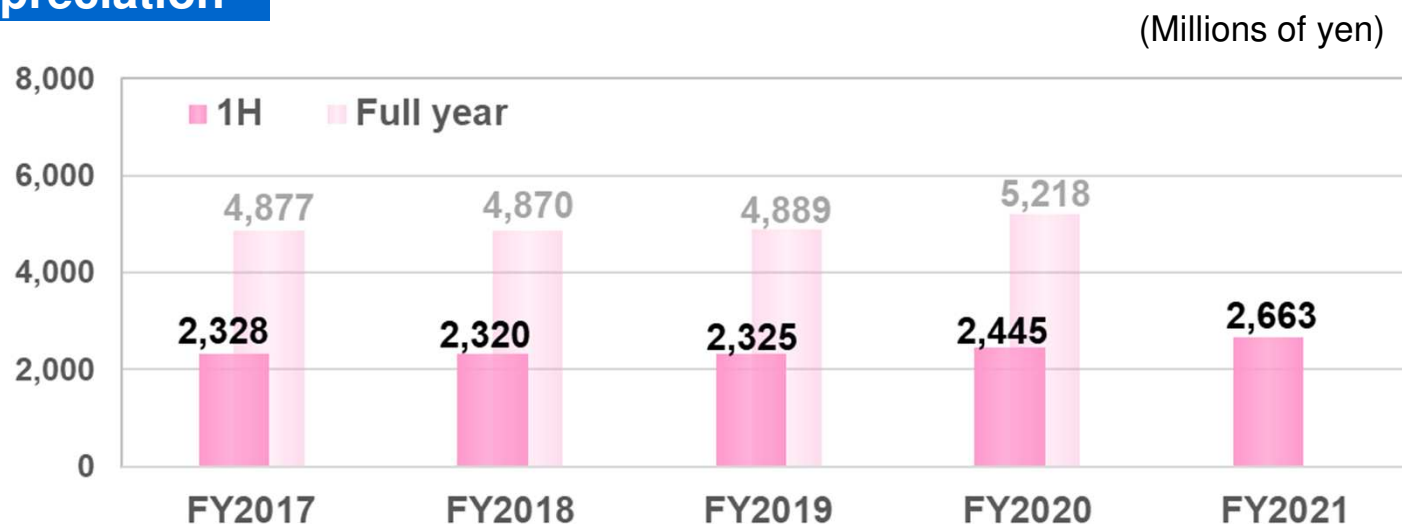
- ✓ Dispensing pharmacy business
 - Reduction in medical service fees
 - Reaction to the impacts of the pandemic at this time last year

Overview of Capital Expenditure and Depreciation

Capital Expenditure



Depreciation



Overview of Cash Flow

(Millions of yen)

	FY2020 1H	FY2021 1H	YoY
Cash flows from operating activities	3,181	21,461	18,280
Cash flows from investing activities	-1,904	-3,949	-2,045
Cash flows from financing activities	-1,766	-2,857	-1,091
Cash and cash equivalents at end of period	47,758	74,537	26,778

Main items
contributing
to increases/
decreases

■ Cash flows from operating activities

Profit before income taxes : +22,883
Income taxes paid : -4,300

■ Cash flows from investing activities

Purchase of property, plant and equipment : -1,509
Purchase of intangible assets : -230

■ Cash flows from financing activities

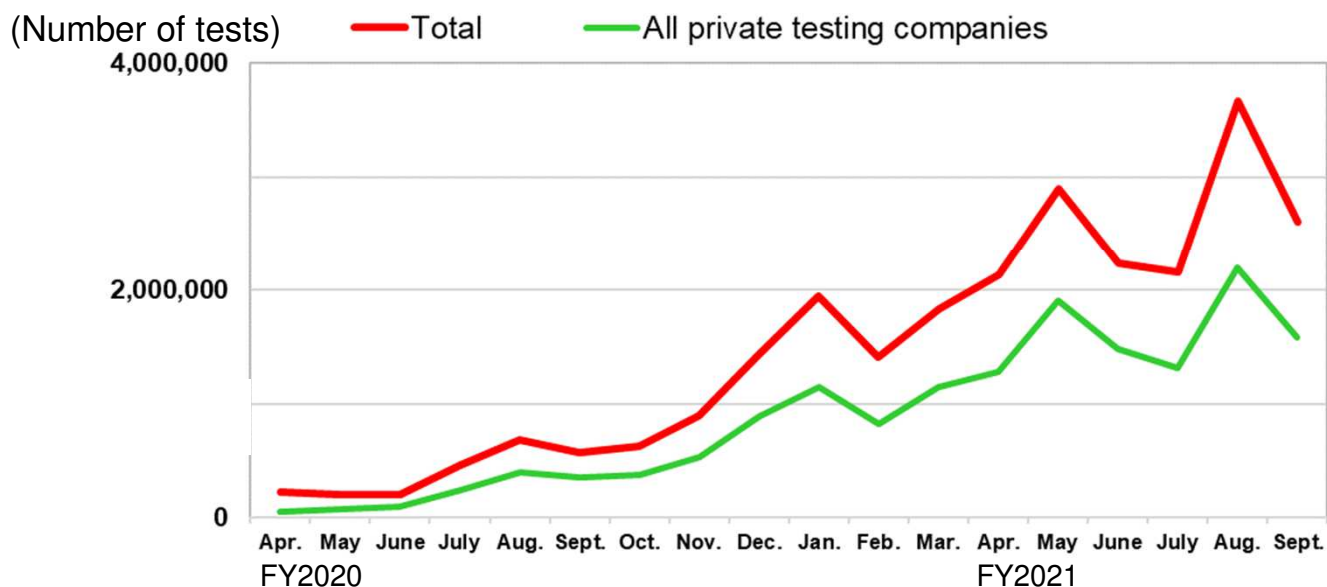
Dividends paid : -1,016

Response to COVID-19

1. Changes in the number of PCR tests performed
2. Publication of standard operating procedure (SOP)
3. Pooled PCR testing of five specimens
4. BML Group contracted for the first time to conduct genomic analysis

1. Changes in the number of PCR tests performed

- ✓ Changes in the number of tests performed
(April 2020 to September 2021)
- ◇ The number of PCR tests conducted by private testing companies* amid the total number of clinical tests is trending upward
(*excluding tests not covered by subsidies/insurance)
- Percentage of tests (mainly clinical tests) conducted by private testing companies
 - April to September 2020 : Approx. 53%
 - October 2020 to March 2021 : Approx. 61%
 - April to September 2021 : Approx. 62%



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

1. Changes in the number of PCR tests performed

✓ Changes in the number of tests performed (April 2020 to September 2021)

◇ 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

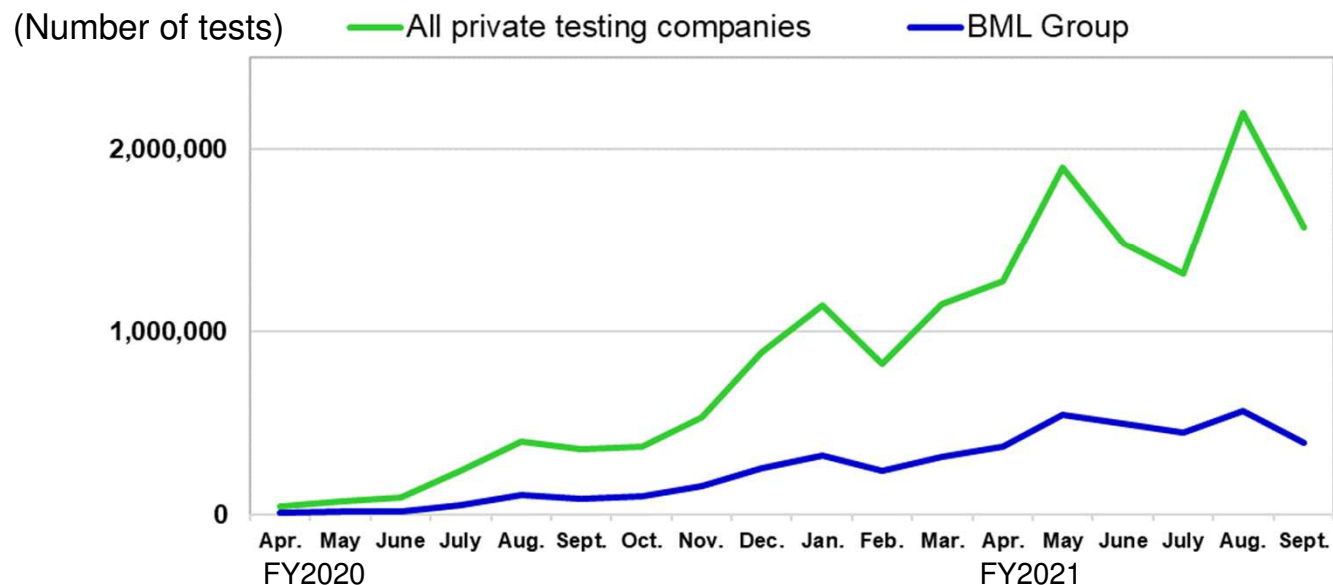
▪ April to September 2020 : Approx. 26%

▪ October 2020 to March 2021 : Approx. 29%

▪ April to September 2021 : Approx. 29%

(Roughly 34% in the highest month)

(Roughly 19% when tests not covered by subsidies/insurance are included)



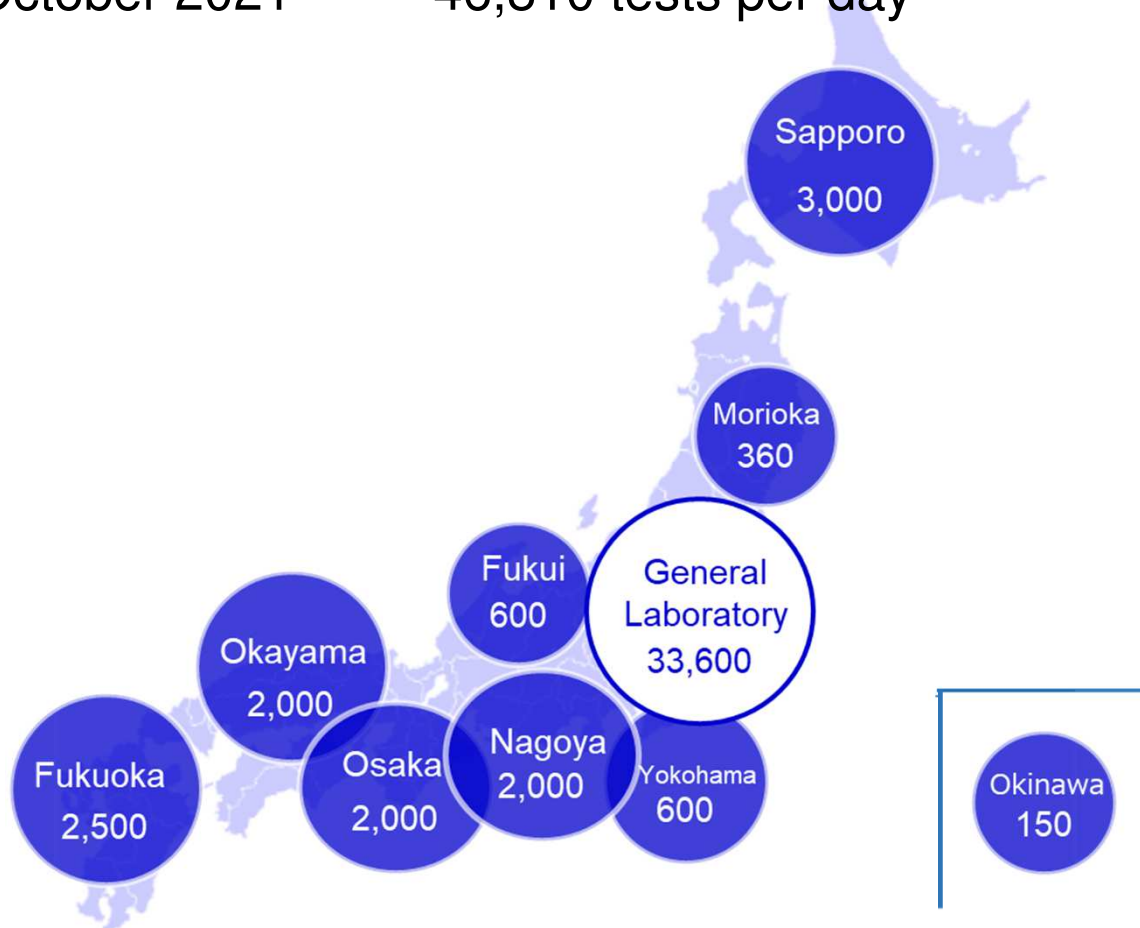
* Prepared by BML based on PCR test situation report released by the Ministry of Health, Labour and Welfare

1. Changes in the number of PCR tests performed

✓ Enhancement of testing capabilities

- September 2020 8,300 tests per day
- January 2021 20,900 tests per day
- April 2021 33,160 tests per day

◇ October 2021 46,810 tests per day



2. Publication of standard operating procedure (SOP)

✓ Providing information about SOP focusing on preventing the recurrence of false positives

◇ May 2021: The Group experienced false positives due to PCR test contamination

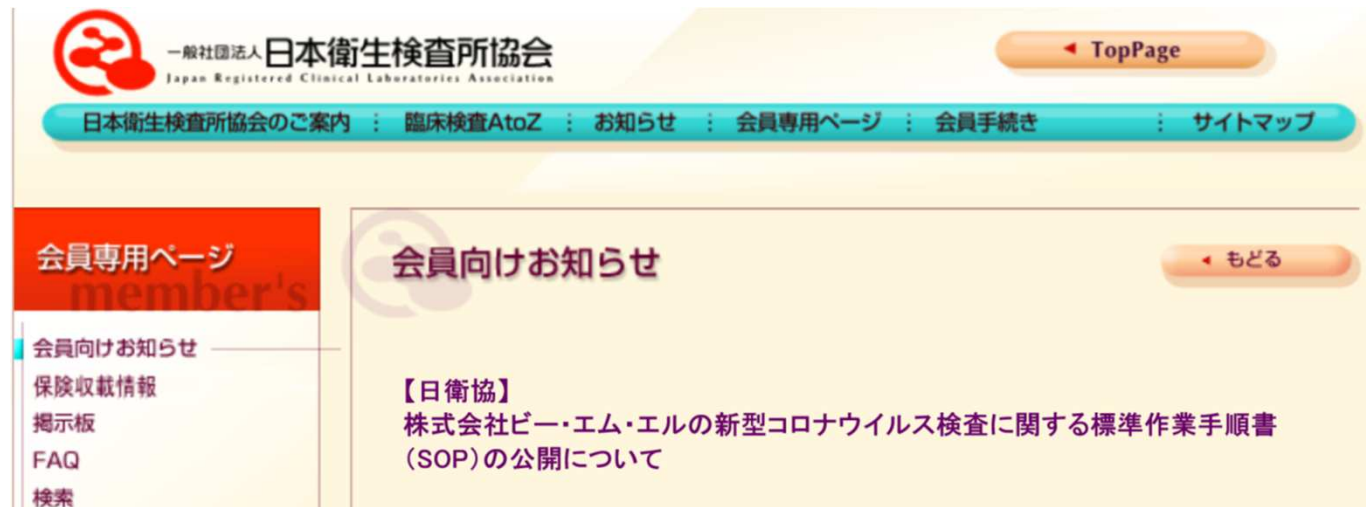
↓
This could happen to any organization that conducts PCR tests

↓
Created SOP describing measures undertaken

↓
Published SOP to share the information with all testing organizations

→ Japan Registered Clinical Laboratories Association website

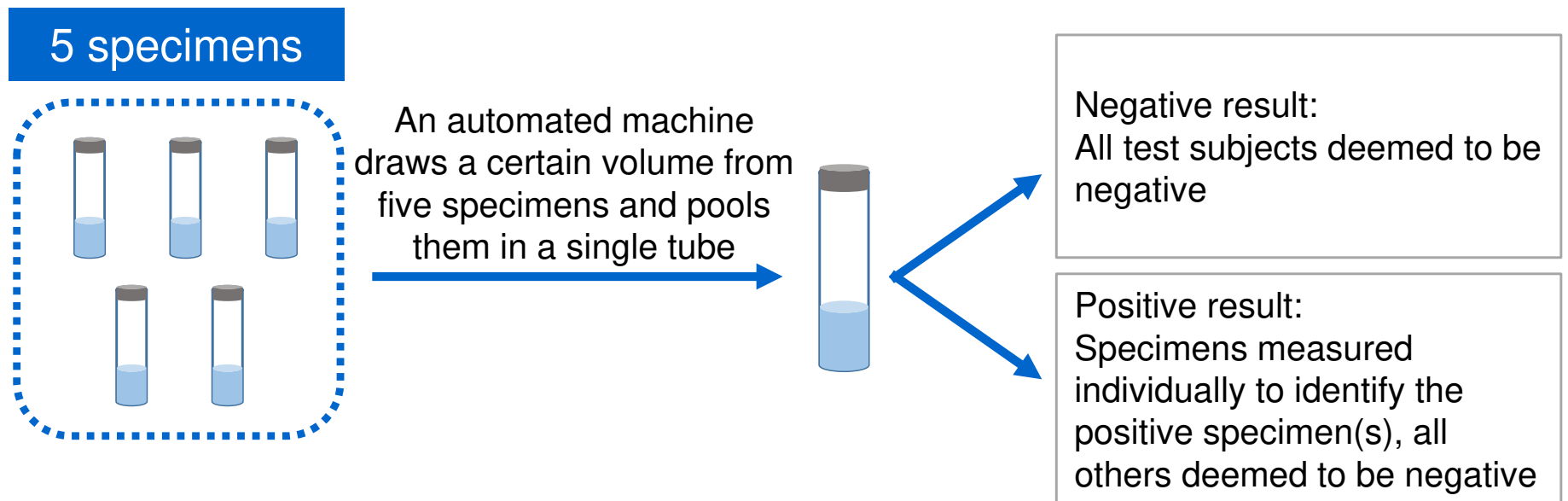
- [SOP for the basics of viral nucleic acid amplification testing](#)
- [SOP for the injection of inactivated reagents to secondary tubes](#)



3. Pooled PCR testing of five specimens

✓ Pooled PCR testing of five specimens

- ◇ Target: Groups of asymptomatic individuals
- ◇ Methodology:



- ◇ Testing capacity: Plans to expand to 10,000 specimens (2,000 tests)/day before year end
- ◇ Key characteristic: Affordable determination of results of vast numbers of specimens (producing good results in municipal and other government testing of workers at medical and nursing facilities)

4. BML Group contracted for the first time to conduct genomic analysis

✓ Genomic analysis: Broad monitoring of trends in variant occurrence

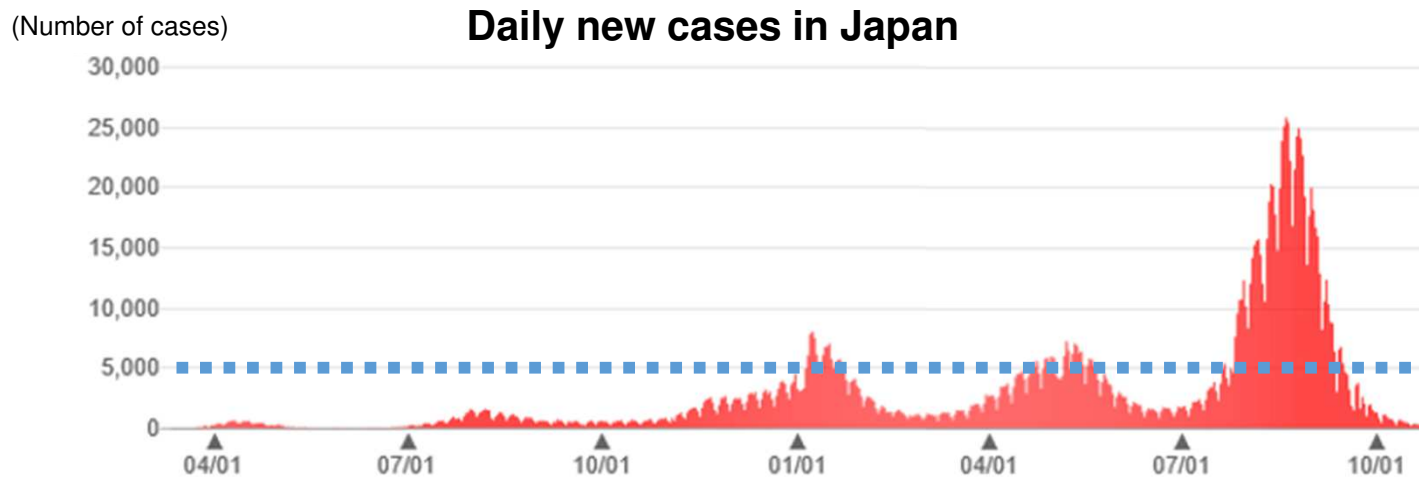
◇ Testing capacity: 500 specimens/day

(plans to expand to 1,000 specimens/day)

→ Target: Measure roughly 20% (BML Group share) of daily new cases as of June 2021 (roughly 5,000 people)

◇ Number of days until reporting: 7 business days after confirming positives from PCR tests

→ The entire process from confirmation of positive results to genomic analysis is conducted within the Group; the Group can report results more rapidly than when measurements are conducted across multiple testing organizations



*Prepared by the BML Group based on daily new cases reported by the Ministry of Health, Labour and Welfare

Digital Transformation (DX) Initiatives

DX Initiatives (1)

(1) Digital Reporting System (DRS)

B-Label

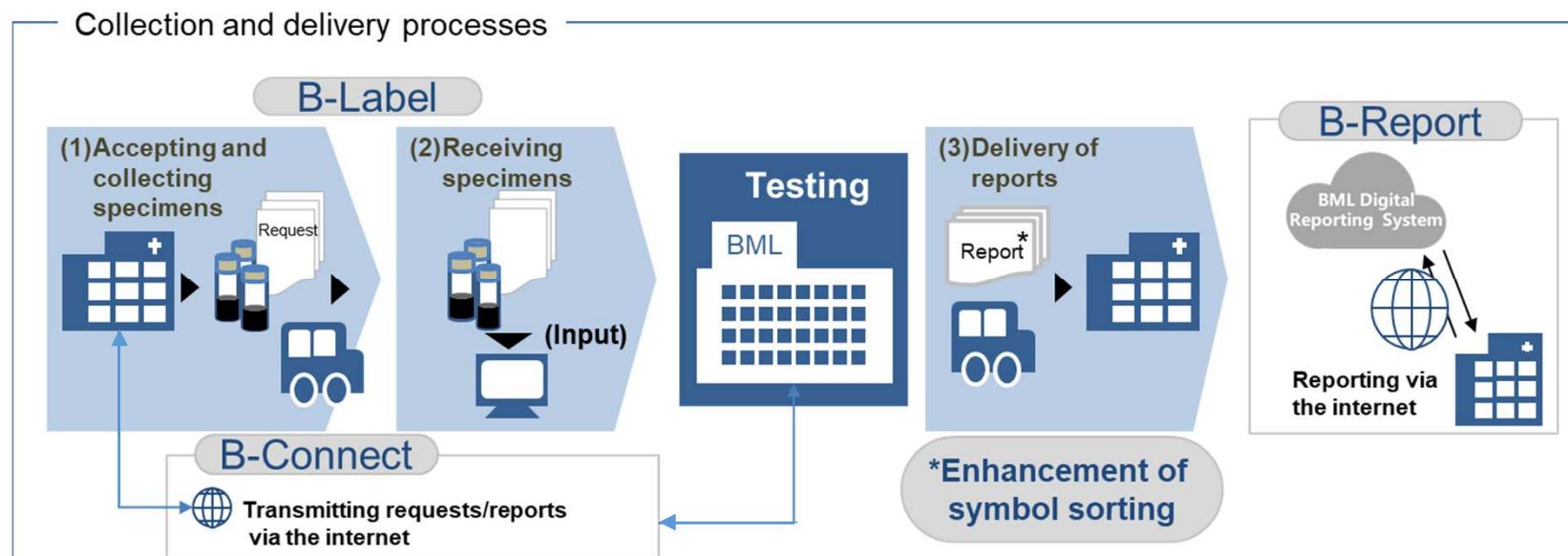
- ◇ Automatic printing of blood specimen labels (including patient name) on separate containers and materials (**streamlines sampling operations and prevents specimens from becoming mixed up**)

B-Connect

- ◇ Receiving inquiries for testing and reporting test results online (**improves convenience for customers**)

B-Report

- ◇ Inquiries on test results via the internet (**Rapid reporting of test results**)

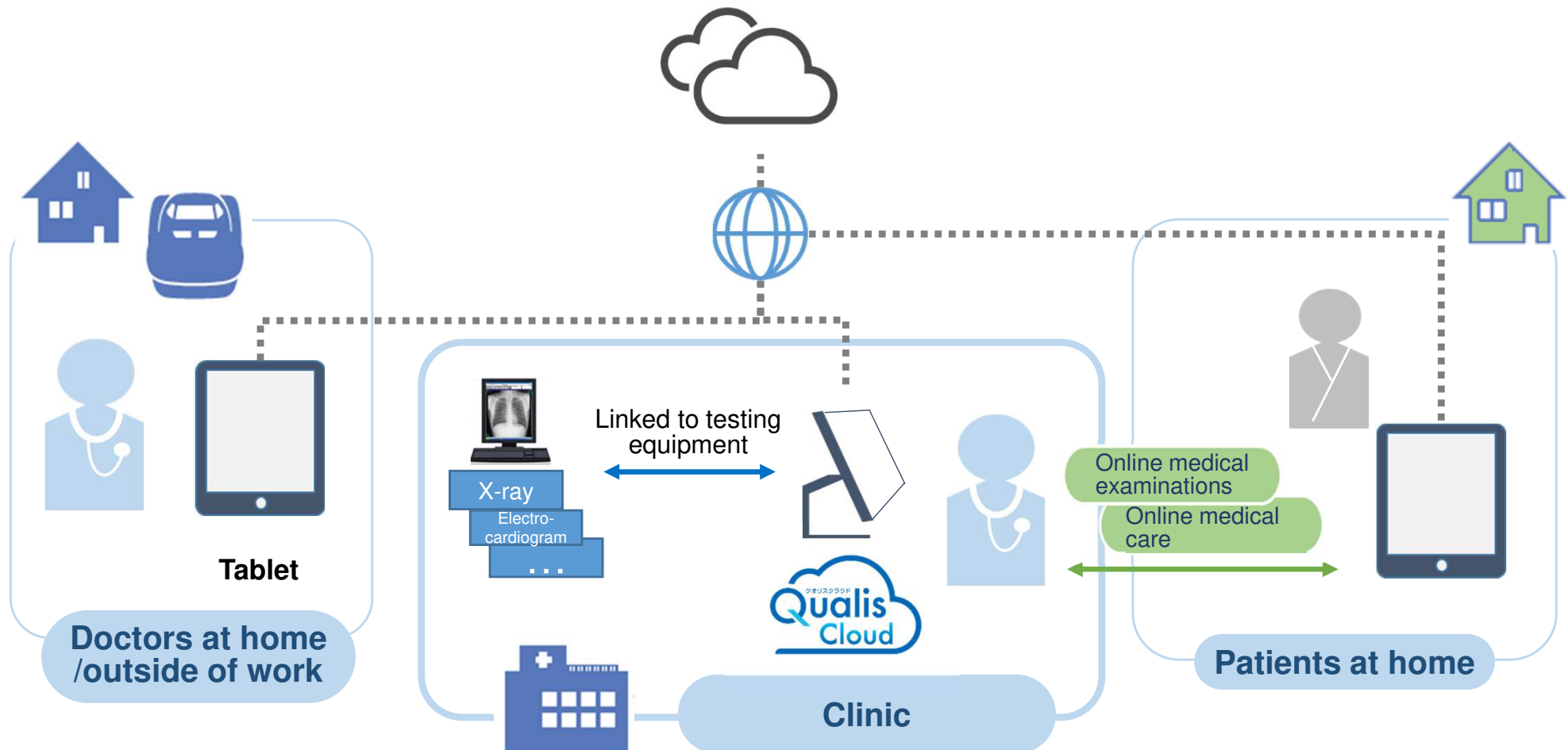


- ✓ B-Label (roughly 800 facilities) installed mainly in pilot regions (Tokyo, Kanagawa, Saitama, Gunma)
- ✓ B-Connect (roughly 19,000 facilities), B-Report (roughly 7,000 facilities) installed throughout Japan

DX Initiatives (2)

(2) Cloud-based electronic patient chart system (Qualis Cloud)

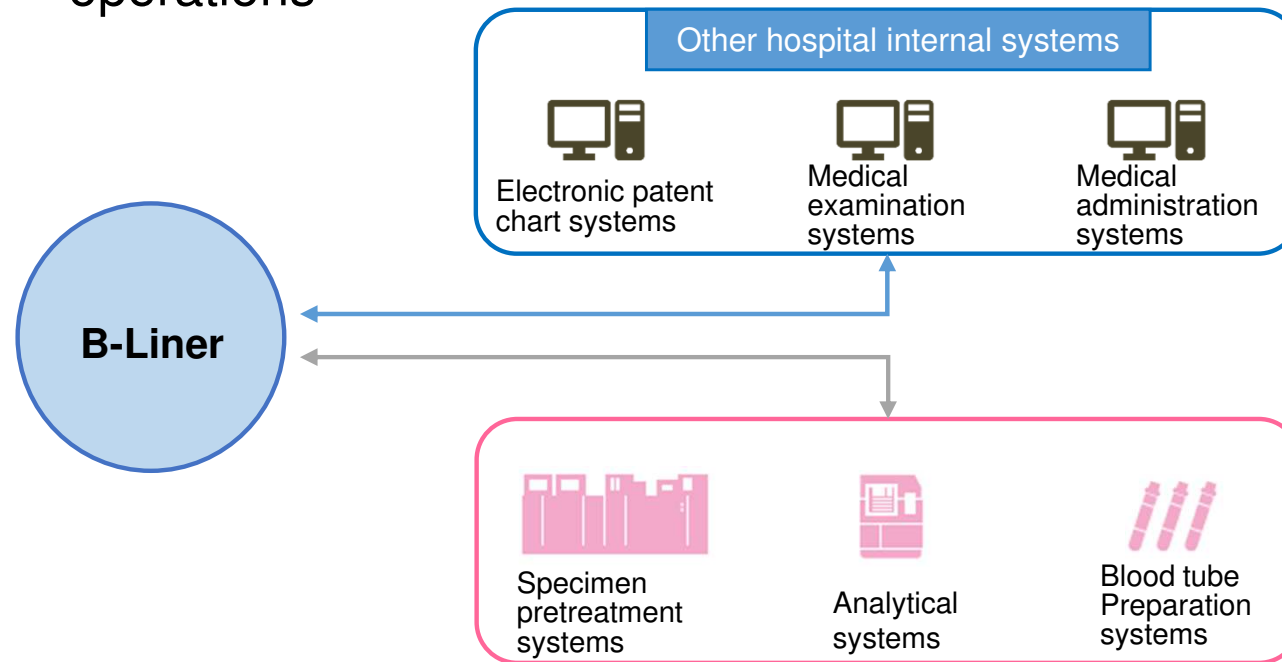
- ◇ Plans to release Qualis Cloud in April 2022. Taking Qualis to the cloud while maintaining its operability, functionality, and compatibility increases data maintainability while lowering the cost of adoption
- ◇ Plans to release features for control via browser in 2022 to enable [remote access](#)



DX Initiatives (3)

(3) Clinical testing system (B-Liner)

- ✓ A system that links hospital systems, analytical systems and the like to streamline and improve the quality of clinical examination department operations



- ◇ Enables interaction between clinics, hospitals, and testing centers
- ◇ Plans to enhance the following functions in response to comments by technicians at clinical testing companies
 - Real-time availability of precision control information
 - Information-sharing tools for streamlining laboratories
 - Prevention of unauthorized access through two-factor authentication
 - Analytical features that expedite reporting of results, among other benefits

DX Initiatives: Promotion Indicators

- ✓ To successfully improve the customer experience and streamline operations, the following are evaluated and promoted as indicators of digital transformations
 - ◇ B-Label adoption rate
 - ◇ Number of facilities to which electronic medical records are sold
 - ◇ Cumulative number of facilities that have adopted B-Liner
 - ◇ Specimen label attachment rates, request form / written report reduction rates

Forecast for FY2021 (Full Year) Shareholder Returns

Forecast for FY2021 (Full Year)

(Millions of yen)

	FY2020	FY2021	YoY	Change
		(Revised on Aug. 11)		
Net sales	138,571	154,000	15,429	11.1%
Testing business	132,911	148,150	15,238	11.5%
Clinical testing business	128,612	143,750	15,137	11.8%
Other testing business	4,299	4,400	101	2.3%
Medical informatics business	4,214	4,300	86	2.0%
Other businesses	1,446	1,550	104	7.2%
Operating income	19,936	32,000	12,064	60.5%
Ordinary income	20,803	33,100	12,297	59.1%
Profit attributable to owners of parent	13,711	20,900	7,189	52.4%

Shareholder Returns

Share repurchasing

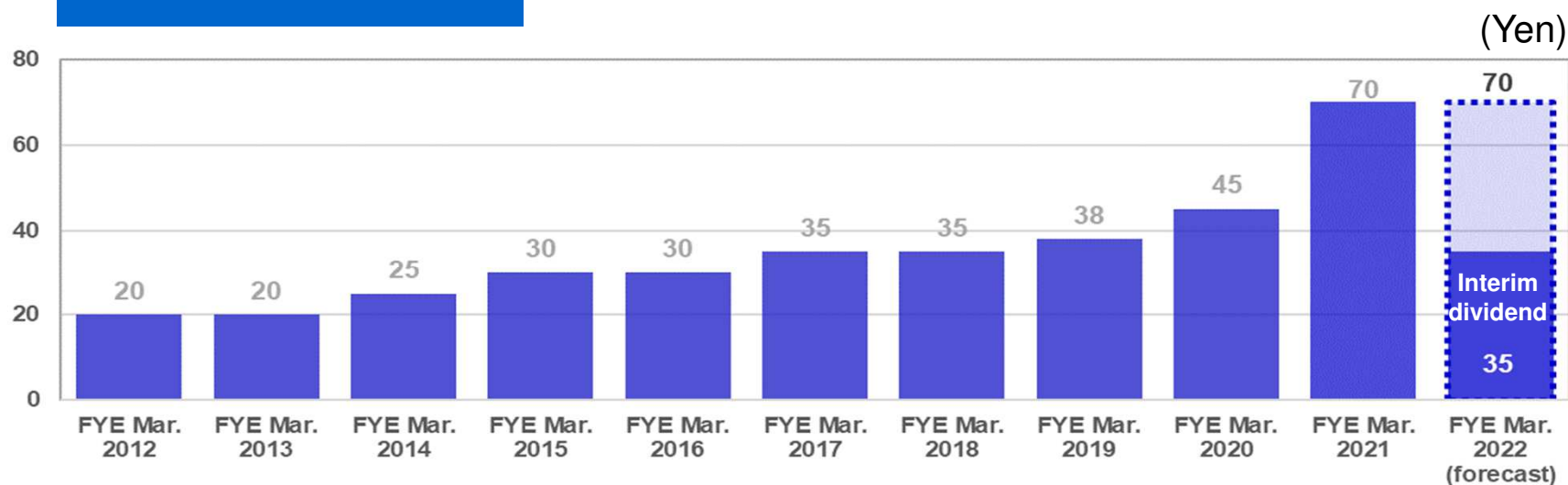
Eligible shares: Common shares of BLM

Total number of shares that can be repurchased: 500,000 shares (maximum)

(Total number of shares that can be repurchased: 1.2% of the total number of issued shares (excluding treasury shares))

Total amount to be spent on share repurchasing: 2 billion JPY (maximum)

Dividends



(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 ending March 31, 2022, annual dividend of ¥70 is scheduled to be paid.

Toward a Sustainable Society

Toward a Sustainable Society

DX initiatives

The environmental changes wrought by the COVID-19 pandemic put the clinical testing industry in a position of greater responsibility.

We will leverage digital technology and establish systems and infrastructure to enable IT innovations over the medium and long term for responding to environmental changes, thereby successfully improving the customer experience and streamlining operations.

Diversity & inclusion

We will confront unconscious bias to create working environments in which everyone can flourish while respecting each other's diversity and accepting one another, and work to foster a corporate culture that is suited to the times.

Establishing ideal working environments

We will create a prosperous culture of health

In order to achieve this corporate philosophy, the BML Group will promote healthy management through the inculcation of a culture that prioritizes the health of each and every employee, and pledges to contribute to the creation of a prosperous culture of health

1. We will promote work-life balance to create workplaces in which employees of all backgrounds and circumstances can flourish
2. We will make efforts to maintain and promote the mental and physical health of our employees and their families
3. We will support employees' proactive efforts to maintain and promote their own health

Kensuke Kondo,
President and Representative Director

Becoming the most
trusted choice in the
medical world

Customer Satisfaction

Synergy

Social Responsibility



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