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November 11, 2021

## CONSOLIDATED EARNINGS REPORT FOR THE SECOND QUARTER OF FISCAL 2021 [Japanese GAAP]

**Company Name:** BML, Inc.  
**Stock Listing:** Tokyo Stock Exchange  
**Stock Code:** 4694  
**URL:** <http://www.bml.co.jp>  
**Representative:** Kensuke Kondo, President and Representative Director  
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**Scheduled Date for Filing of Quarterly Report:** November 12, 2021  
**Scheduled Date for Payment of Dividends:** December 2, 2021  
**Creation of Supplementary Explanatory Materials:** Yes  
**Holding of Explanatory Meeting:** Yes

(Rounded down to nearest million yen)

**1. Results for the Second Quarter of Fiscal 2021 (April 1, 2021–September 30, 2021)****(1) Consolidated Business Results**

(% indicates year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
2Q of FY2021	95,700	60.0	27,525	453.4	28,433	439.0	18,761	433.8
2Q of FY2020	59,828	(3.4)	4,973	(19.7)	5,275	(17.8)	3,514	(13.7)

(Note) Comprehensive income: 2Q of FY2021 ¥19,170 million / 555.9% 2Q of FY2020 ¥3,448 million / (20.7)%

	Profit attributable to owners of parent per share Yen	Profit attributable to owners of parent per share (diluted) Yen
2Q of FY2021	461.53	461.16
2Q of FY2020	86.52	86.42

**(2) Consolidated Financial Position**

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)
As of September 30, 2021	162,430	110,144	64.7
As of March 31, 2021	139,174	93,123	63.5

Reference: Equity capital: As of September 30, 2021 ¥105,115 million As of March 31, 2021 ¥88,377 million

**2. Dividends**

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	20.00	—	50.00	70.00
Fiscal 2021	—	35.00			
Fiscal 2021 (forecast)			—	35.00	70.00

(Note) Revision of dividend projection from recently announced figures: None

**3. Consolidated cumulative earnings forecast for the fiscal year ending March 31, 2022 (April 1, 2021–March 31, 2022)**

(% indicates year-on-year changes)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	Yen
Full year	154,000	11.1	32,000	60.5	33,100	59.1	20,900	52.4	514.07

(Note) Revision from recently projected results: None

**\* Notes**

**(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): None**

Increases: –                      Decreases: –

**(2) Adoption of specific accounting methods in preparing quarterly financial statements: None**

**(3) Changes in accounting policies, accounting estimates and restatements**

- 1) Changes in accounting policies in conjunction with revisions to accounting standards: Yes
- 2) Other changes: None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

**(4) Number of outstanding stocks (common stock)**

- a. Number of outstanding stocks at the end of the fiscal year (treasury shares included)

As of September 30, 2021	44,014,726	As of March 31, 2021	44,014,726
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- b. Number of treasury shares at the end of period

As of September 30, 2021	3,353,302	As of March 31, 2021	3,367,662
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- c. Average number of shares during the period

2Q ended September 30, 2021	40,651,934	2Q ended September 30, 2020	40,627,973
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\* The quarterly financial results are not subject to quarterly review by a certified public accountant or an audit firm.

\* Disclaimer regarding appropriate use of forecasts and related points of note

Earnings forecasts contained in these materials are based on certain assumptions judged to be reasonable and on the information available when the forecasts were made. However, the Company makes no guarantee that these forecasts will be achieved. Actual results may differ significantly from the forecasts due to a variety of factors. Please refer to “(3) Consolidated earnings forecasts and others” under “1. Qualitative information on operating results for quarter under review” on page 5 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.

## **1. Qualitative information on operating results for quarter under review**

### **(1) Operating results**

In the first six months of the consolidated fiscal year under review, the COVID-19 vaccine rollout picked up steam, economic activity resumed gradually, and some sectors showed evidence of recovery; however, the future of the Japanese economy remained unclear amid factors such as reduced consumer spending and limited corporate activities.

Under these circumstances, the contract clinical testing business was confronted with a lackluster trend in the number of patients due to the spread of COVID-19 but also saw an expanding market amid growth in demand for novel coronavirus-related testing. Still, the business environment remained challenging as competition with peer companies continued.

Under these conditions, net sales for the second quarter of the fiscal year under review were ¥95,700 million, an increase of 60.0% year on year, and operating income was ¥27,525 million, an increase of 453.4% year on year. Ordinary income increased 439.0% year on year to ¥28,433 million, and profit attributable to owners of parent increased 433.8% to ¥18,761 million.

Conditions by business segment are described below.

In the clinical testing business, the BML Group made efforts in new customer acquisition, and sought to enhance business performance by implementing marketing activities to further cultivate sales of new testing items, unique testing items, priority testing items, and others. With a solid trend in coronavirus-related testing, net sales in the clinical testing business increased by 64.2% year on year. Notably, regarding testing for the novel coronavirus, the Group was contracted for the first time to conduct genomic analysis and pooled PCR testing of five specimens at a time. The Group will continue to reinforce its testing system in order to be able to continue responding to various changes in the situation.

In the food hygiene business, the continued impact of the COVID-19 pandemic, such as customers voluntarily restricting their operations, led to a severe situation notably in the areas of food consulting and norovirus testing. Nonetheless, with some signs of a rebound from previous-year levels, net sales increased by 13.2% year on year.

As a result of the above, net sales in the testing business overall increased 62.6% year on year.

In the medical informatics business, despite restrictions on sales activities targeting new clients, sales improved 6.3% year on year thanks to an increase in the number of requests for online certification checks and solid maintenance sales attributable to the greater number of facilities at which systems are installed. With respect to the cloud-based electronic patient chart system, release is scheduled for April 2022.

In other businesses, the dispensing pharmacy business was affected by a revision of medical service fees (reduction in drug prices), but net sales recorded an increase of 4.9% year on year reflecting a rebound in the number of outpatient visits from last year's decline caused by the spread of COVID-19.

## **(2) Financial position**

### **(a) Assets, liabilities and net assets**

At the end of the second quarter of the consolidated fiscal period under review, total assets amounted to ¥162,430 million, a ¥23,255 million increase over the end of the previous fiscal year. Net assets totaled ¥110,144 million, up ¥17,020 million over the end of the previous fiscal year, and the equity ratio was 64.7%, a 1.2% increase over the end of the previous fiscal year.

Regarding the main items contributing to increases or decreases, in the assets section, under current assets, cash and deposits increased ¥14,788 million and notes and accounts receivable–trade increased ¥6,225 million. In the liabilities section, under current liabilities, notes and accounts payable–trade increased ¥835 million and income taxes payable increased ¥3,726 million. In the net assets section, retained earnings increased ¥16,729 million.

### **(b) Cash flows**

Cash and cash equivalents on September 30, 2021, increased ¥26,778 million from September 30, 2020, to ¥74,537 million. The cash flow position and factors behind changes for each type of activity are as follows.

Operating activities provided net cash of ¥21,461 million, ¥18,280 million more than in the same period a year earlier. This was primarily due to an increase of ¥22,883 million in profit before income taxes, and an increase in cash outflow resulting from a ¥2,731 million increase in decrease (increase) in trade receivables.

Investing activities used net cash of ¥3,949 million, ¥2,045 million more than in the same period a year earlier. This was largely a result of an increase of ¥1,509 million in purchase of property, plant and equipment and an increase of ¥359 million in payments into time deposits.

Financing activities used net cash of ¥2,857 million, ¥1,091 million more than in the same period a year earlier. This was primarily due to an increase of ¥1,016 million in dividends paid.

## **(3) Consolidated earnings forecast and others**

Consolidated full-year forecasts for the year ending March 31, 2022 are unchanged from the figures announced on August 11, 2021.

## 2. Consolidated financial statements and important notes

### (1) Consolidated balance sheets

(millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	63,478	78,267
Notes and accounts receivable–trade	30,410	36,636
Merchandise and finished goods	324	492
Work in process	691	841
Raw materials and supplies	3,018	3,427
Other current assets	1,106	1,194
Allowance for doubtful accounts	(80)	(66)
Total current assets	98,950	120,792
Non-current assets		
Property, plant and equipment		
Others, net	30,685	31,811
Total property, plant and equipment	30,685	31,811
Intangible assets		
Other intangible assets	3,807	3,875
Total intangible assets	3,807	3,875
Investments and other assets		
Other	5,815	6,033
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	5,731	5,950
Total non-current assets	40,224	41,637
Total assets	139,174	162,430

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable–trade	20,305	21,141
Income tax payable	5,756	9,482
Provision for bonuses	3,419	4,742
Other current liabilities	10,926	11,296
<b>Total current liabilities</b>	<b>40,407</b>	<b>46,662</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	2,866	2,814
Provision for retirement benefits for directors (and other officers)	246	213
Other non-current liabilities	2,531	2,596
<b>Total non-current liabilities</b>	<b>5,644</b>	<b>5,623</b>
<b>Total liabilities</b>	<b>46,051</b>	<b>52,286</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	6,045	6,045
Capital surplus	6,705	6,717
Retained earnings	81,220	97,950
Treasury shares	(6,651)	(6,623)
<b>Total shareholders' equity</b>	<b>87,320</b>	<b>104,090</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	496	510
Remeasurements of defined benefit plans	560	514
<b>Total accumulated other comprehensive income</b>	<b>1,057</b>	<b>1,024</b>
Subscription rights to shares	44	37
Non-controlling interests	4,701	4,990
<b>Total net assets</b>	<b>93,123</b>	<b>110,144</b>
<b>Total liabilities and net assets</b>	<b>139,174</b>	<b>162,430</b>

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

April 1, 2021 – September 30, 2021

(millions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Net sales	59,828	95,700
Cost of sales	38,431	49,339
Gross profit	21,397	46,360
Selling, general and administrative expenses	16,423	18,834
Operating income	4,973	27,525
Non-operating income		
Rental income from real estate	30	30
Subsidy income	8	699
Other	298	214
Total non-operating income	336	944
Non-operating expenses		
Interest expenses	19	18
Cost of real estate lease revenue	13	15
Other	1	3
Total non-operating expenses	35	37
Ordinary income	5,275	28,433
Extraordinary income		
Gain on sales of investment securities	252	-
Gain on extinguishment of tie-in shares	-	20
Other	1	0
Total extraordinary income	254	20
Extraordinary losses		
Loss on retirement of non-current assets	25	21
Impairment losses	1	50
Other	3	0
Total extraordinary losses	30	72
Profit before income taxes	5,498	28,381
Income taxes—current	1,827	9,368
Income taxes—deferred	9	(189)
Total income taxes	1,837	9,178
Profit	3,660	19,203
Profit attributable to non-controlling interests	145	441
Profit attributable to owners of parent	3,514	18,761



**Consolidated statements of comprehensive income**

April 1, 2021 – September 30, 2021

(millions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Profit	3,660	19,203
Other comprehensive income		
Valuation difference on available-for-sale securities	(197)	13
Remeasurements of defined benefit plans, net of tax	(14)	(47)
Total other comprehensive income	(212)	(33)
Comprehensive income	3,448	19,170
Breakdown		
Comprehensive income attributable to owners of parent	3,302	18,729
Comprehensive income attributable to non-controlling interests	145	440

**(3) Consolidated statements of cash flows**

(millions of yen)

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	5,498	28,381
Depreciation	2,517	2,742
Interest expenses	19	18
Subsidy income	(8)	(699)
Impairment losses	1	50
Loss (gain) on sale of investment securities	(252)	-
Decrease (increase) in trade receivables	(3,495)	(6,226)
Decrease (increase) in inventories	(509)	(724)
Increase (decrease) in trade payables	875	834
Increase (decrease) in provision for bonuses	145	1,321
Increase (decrease) in accrued consumption taxes	(91)	383
Other, net	(234)	364
Subtotal	4,467	26,448
Interest paid	(19)	(18)
Income taxes paid	(1,471)	(5,772)
Subsidies received	8	699
Other proceeds	197	104
Net cash provided by (used in) operating activities	3,181	21,461
Cash flows from investing activities		
Payments into time deposits	(2,405)	(2,764)
Proceeds from withdrawal of time deposits	2,135	2,659
Purchase of property, plant and equipment	(1,552)	(3,061)
Purchase of intangible assets	(472)	(702)
Other, net	390	(80)
Net cash provided by (used in) investing activities	(1,904)	(3,949)
Cash flows from financing activities		
Repayments of lease obligations	(687)	(686)
Dividends paid	(1,015)	(2,032)
Dividends paid to non-controlling interests	(144)	(151)
Other, net	81	13
Net cash provided by (used in) financing activities	(1,766)	(2,857)
Net increase (decrease) in cash and cash equivalents	(488)	14,654
Cash and cash equivalents at beginning of period	48,246	59,853
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	28
Cash and cash equivalents at the end of period	47,758	74,537

**(4) Notes on operating results for quarter under review**

(Notes on premise of going concern)

First six months of the fiscal year ending March 31, 2022 (April 1, 2021 to September 30, 2021)

None

(Notes on significant changes in the amount of shareholders' equity)

First six months of the fiscal year ending March 31, 2022 (April 1, 2021 to September 30, 2021)

None

(Changes in accounting policies)

The Company began applying the "Accounting Standard For Revenue Recognition" (ASBJ Statement No. 29 of March 31, 2020; hereinafter "Revenue Recognition Standard") at the start of the three months ended June 30, 2021. Accordingly, at the point that control of a good or service is transferred to the customer, the Company recognizes revenue equivalent to the amount it expects to receive in exchange for said good or service.

With regard to the application of the Revenue Recognition Standard, in accordance with the transitional measures set forth in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first three months of the fiscal year ending March 31, 2022, has been added to or subtracted from retained earnings at the beginning of the first three months of the fiscal year ending March 31, 2022, and the new accounting policy has been applied from the start of this three-month period. However, although the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition has been applied, the new accounting policy has not been applied retrospectively to contracts for which nearly all revenue amounts had already been recognized prior to the beginning of the first three months of the fiscal year ending March 31, 2022, in accordance with the previous treatment. The Company has also applied the method set forth in the proviso (1) to paragraph 86 of the Accounting Standard for Revenue Recognition. Based on the contract conditions after the application of all changes for contracts made prior to the beginning of the first three months of the fiscal year ending March 31, 2022, the cumulative effect of making these changes in accounting treatment has been added to or subtracted from the beginning balance of retained earnings for said three-month period.

The revision has no effect on profit and loss for the first six months of the fiscal year ending March 31, 2022. There is no cumulative impact to be reflected on the balance of retained earnings at the beginning of the consolidated fiscal year ending March 31, 2022.

The Group has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereafter "Accounting Standard for Fair Value Measurement") and related guidance from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments"

(ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement and related guidance will be applied into the future. This will have no impact on the quarterly consolidated financial statements.

### 3. Supplementary information

#### Breakdown of sales

Testing		Six Months Ended September 30, 2020		Six Months Ended September 30, 2021		Change (%)
		¥ Million	% of total	¥ Million	% of total	
Testing business	Clinical testing business					
	Biochemical tests	22,588	37.8	24,970	26.1	10.5
	Hematological tests	4,718	7.9	5,271	5.5	11.7
	Immunological tests	11,320	18.9	13,012	13.6	15.0
	Microbiological tests	3,092	5.2	3,176	3.3	2.7
	Pathological tests	3,841	6.4	4,400	4.6	14.6
	Other tests	9,665	16.1	39,864	41.7	312.4
	(Clinical testing business subtotal)	55,226	92.3	90,695	94.8	64.2
	Other testing business	1,796	3.0	2,033	2.1	13.2
	Testing business subtotal	57,023	95.3	92,729	96.9	62.6
	Medical informatics business	2,100	3.5	2,231	2.3	6.3
	Other businesses	705	1.2	739	0.8	4.9
	Total	59,828	100.0	95,700	100.0	60.0