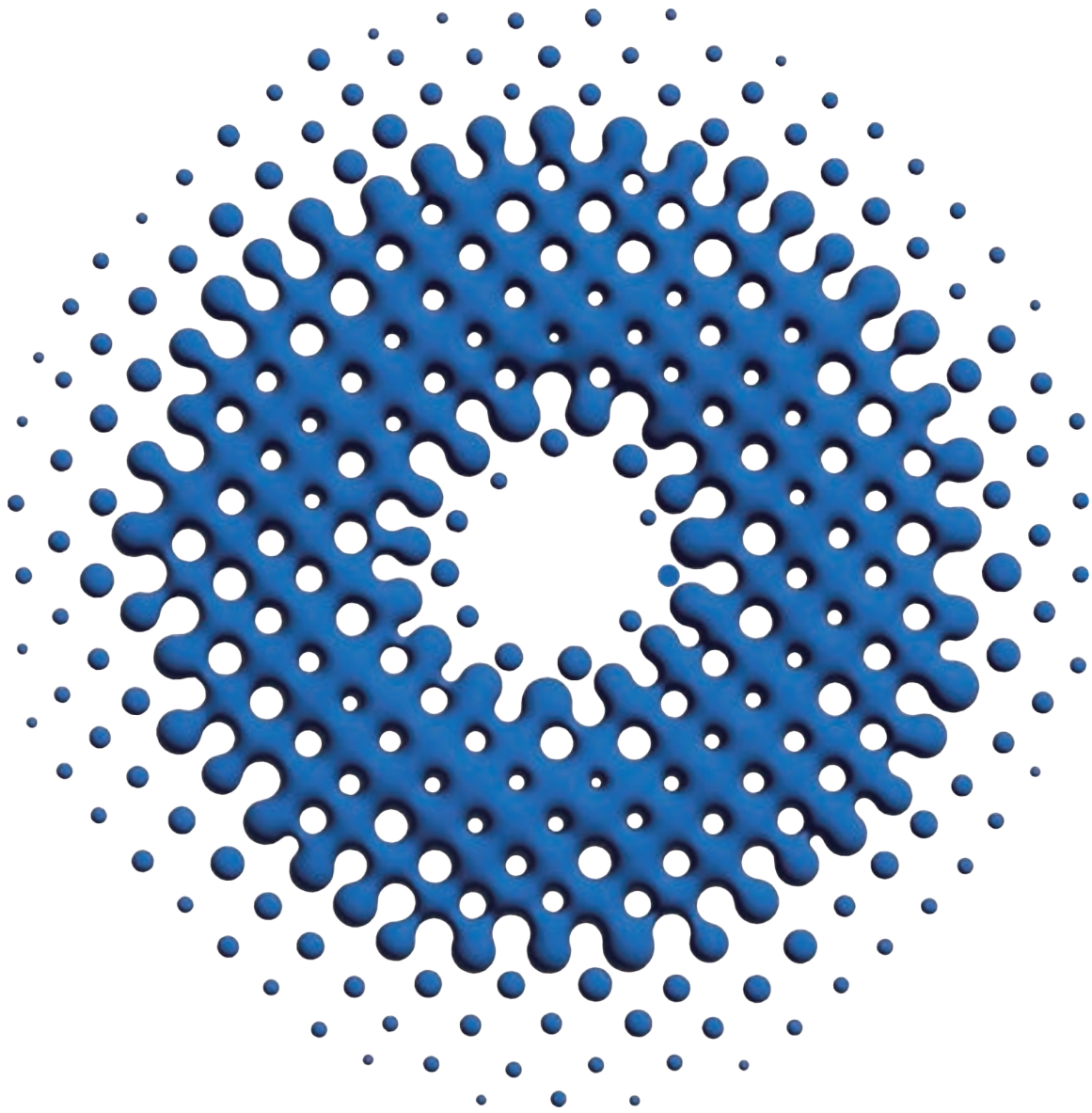


BML REPORT 2022



BML, INC.

BML Policy



■ Corporate Mission

Dedication to creating a healthy and cultured society.

BML is committed to creating a culturally rich society by improving medical services and health through the latest technologies, systems, and service networks based on our extensive clinical laboratory experience.

■ Management Objectives

Fulfilling expectations through creative technology and quality service



■ Corporate Commitments

- Pride**
Having conviction in business and acting responsibly
- Commitment**
Providing top service through strong commitment and sincerity
- Challenge**
Meeting the challenge of ever higher objectives through total creativity
- Progress**
Keeping an eye on social progress and improving and refining sensitivity
- Ethics**
Maintaining self-disciplined moral standards as sensible members of society

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Information disclosure system



Reference Guidelines

- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- The Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry
- Final Report of the Task Force on Climate-related Financial Disclosures (TCFD)

Editorial Policy

The BML Group has started publishing an integrated report from the current fiscal year in order to facilitate stakeholders' understanding of our efforts toward sustainable growth. This report intends to facilitate a comprehensive understanding of the social and economic value created by the BML Group through the reporting of management strategies and activities related to business and ESG. The report includes matters of particular importance to the management of the BML Group from among the financial and non-financial information disclosed on the corporate website.

Period Covered

FY2021 (April 1, 2021 to March 31, 2022)
Please note that some reports before and after FY2021 are included.

Organizations Covered

All domestic group companies including BML, Inc.

History of BML

Since its establishment, BML has worked to improve medical care mainly through its Clinical Testing business, and has accumulated numerous achievements. Today, BML is highly regarded as a contract clinical testing center that provides a full range of services, covering highly specialized tests and investigative research. In addition, BML is actively expanding into a wide range of business domains, such as applying its advanced and sophisticated technologies and abundant know-how cultivated in clinical testing to testing services in related fields such as clinical trials and food and environmental testing, as well as developing and selling the industry's first electronic patient charts using IT technology, and rolling it out as our medical informatics business.



Management

1955	Founded Sogo Blood Bank, Inc.	1985	Launched operations at BML General Laboratory	2001	Listed its stock on the First Section of the Tokyo Stock Exchange
1966	Shifted from blood bank business to clinical testing business	1989	The corporate name was changed to BML, Inc.	2002	Clinical Testing Division of Otsuka Pharmaceutical Co., Ltd. was assigned
1976	The corporate name was changed to Sogo Biomedical Laboratory (abbreviated name BML [BIO MEDICAL LABORATORIES])	1990	Renewed logo mark	2005	BML General Laboratory acquired ISO15189 accreditation (international standard for clinical laboratories)
		1993	Head office was moved to Sendagaya, Shibuya-ku, Tokyo, where the Company was founded	2010	Established a joint laboratory for international clinical trials in collaboration with U.S.-based Covance Inc. (currently Labcorp).
				2014	Kensuke Kondo appointed President (current President)

Exceeded ¥100.0 billion

Business Activities

1971	Registered as a hygiene laboratory	1981	Commenced development of regional laboratories at main offices	2000	Released "Medical Station (MS)," an electronic patient chart system
1975	Established the Hokuriku Branch Office in Toyama City as the first branch office	1984	Net sales exceeded ¥10.0 billion	2003	Acquired shares of EAC Corporation (food and environmental testing) (wholly owned by the Company)
1979	Introduced IBM S34 and brought 27 branch offices online	1987	Introduced the IBM 3090-150EL, a mainframe computer, and established a nationwide sales network	2006	The "New Symphony Chemistry," a new automated testing line, began operations
		1988	Established regional laboratories in 10 cities nationwide	2008	New Frontier System (automated dispensing system) began operations
		1991	The "Frontier System," an automated specimen receiving, sorting, dispensing system, was launched	2011	Released the "QUALIS" electronic patient chart system
		1995	"Symphony Chemistry" and "Symphony Hematology," automated laboratory test line systems for biochemical and hematological tests, began operations	2015	Net sales exceeded ¥100.0 billion
				2019	Achieved operating income of ¥10.0 billion
				2020	Implemented responses to COVID-19
				2022	Released the "Qualis Cloud," a cloud-based electronic patient chart system



November 1984
Completed construction of the laboratory building at BML General Laboratory



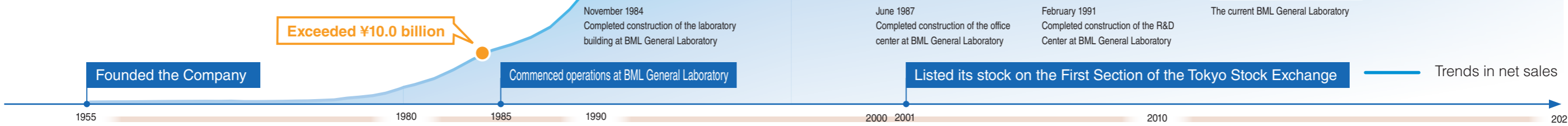
June 1987
Completed construction of the office center at BML General Laboratory



February 1991
Completed construction of the R&D Center at BML General Laboratory

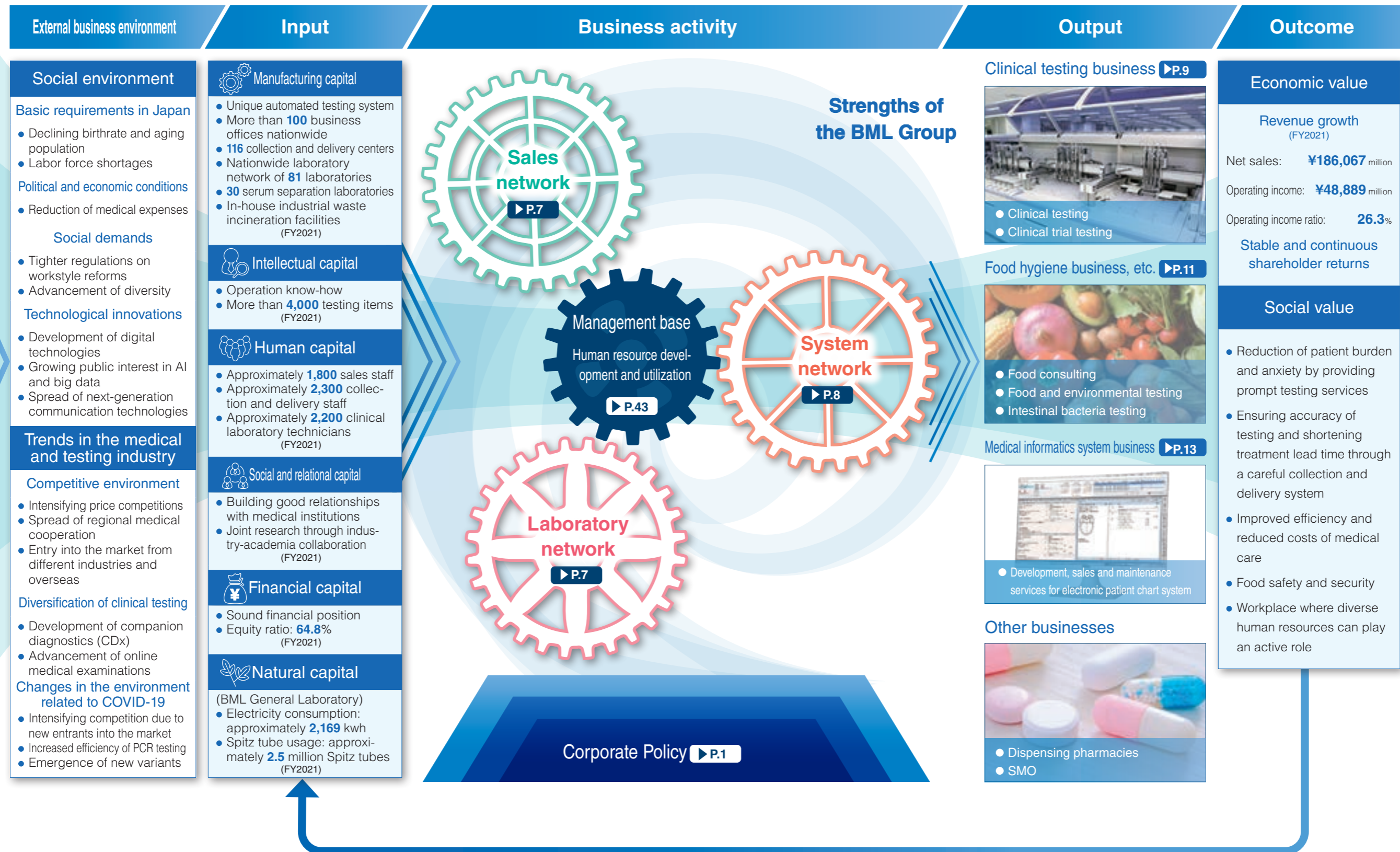


The current BML General Laboratory



Value Creation Process (Business Model)

The BML Group's Policy is "Dedication to creating a healthy and cultured society." We will continue to enhance value creation while contributing to the improvement of medical services and health through the three strengths we have cultivated thus far, namely our sales network, system network, and laboratory network.



Input

- Manufacturing capital**
 - Unique automated testing system
 - More than **100** business offices nationwide
 - 116** collection and delivery centers
 - Nationwide laboratory network of **81** laboratories
 - 30** serum separation laboratories
 - In-house industrial waste incineration facilities (FY2021)
- Intellectual capital**
 - Operation know-how
 - More than **4,000** testing items (FY2021)
- Human capital**
 - Approximately **1,800** sales staff
 - Approximately **2,300** collection and delivery staff
 - Approximately **2,200** clinical laboratory technicians (FY2021)
- Social and relational capital**
 - Building good relationships with medical institutions
 - Joint research through industry-academia collaboration (FY2021)
- Financial capital**
 - Sound financial position
 - Equity ratio: **64.8%** (FY2021)
- Natural capital** (BML General Laboratory)
 - Electricity consumption: approximately **2,169** kwh
 - Spitz tube usage: approximately **2.5** million Spitz tubes (FY2021)

Business activity

Strengths of the BML Group

- Sales network** (P.7)
- System network** (P.8)
- Laboratory network** (P.7)
- Management base** (P.43): Human resource development and utilization

Corporate Policy (P.1)

Output

- Clinical testing business** (P.9)
 - Clinical testing
 - Clinical trial testing
- Food hygiene business, etc.** (P.11)
 - Food consulting
 - Food and environmental testing
 - Intestinal bacteria testing
- Medical informatics system business** (P.13)
 - Development, sales and maintenance services for electronic patient chart system
- Other businesses**
 - Dispensing pharmacies
 - SMO

Outcome

- Economic value**
 - Revenue growth (FY2021)
 - Net sales: **¥186,067** million
 - Operating income: **¥48,889** million
 - Operating income ratio: **26.3%**
 - Stable and continuous shareholder returns
- Social value**
 - Reduction of patient burden and anxiety by providing prompt testing services
 - Ensuring accuracy of testing and shortening treatment lead time through a careful collection and delivery system
 - Improved efficiency and reduced costs of medical care
 - Food safety and security
 - Workplace where diverse human resources can play an active role

Realization of the long-term vision

Contribution to SDGs

Three Networks Supporting the BML Group



Sales network

We provide detailed support, from specimen consignment to information services, through the industry's largest sales network

BML has a network of more than 100 sales offices throughout Japan to provide prompt and accurate services. In addition, approximately 2,300 dedicated collection and delivery staff members ensure that requested specimens are promptly delivered to nearby laboratories, preventing changes in data over time and ensuring thorough quality and accuracy control. We aim to become an even better partner for our customers by using our foresight and outstanding drive to take action, through collaboration with laboratories, systems, and R&D to create new forms of service.



Laboratory network

All regional laboratories provide prompt and uniform testing services in cooperation with BML General Laboratory

In order to provide the top-level testing technology of the BML General Laboratory to as many customers as possible, we have formed a laboratory network in cooperation with Group companies (regional laboratories). Through the standardization of work and the introduction of standardized equipment and facilities, we are able to provide homogeneous testing anywhere in Japan. By expanding regional laboratories, we will realize further community-based services to local clients. In addition, we will aim for further growth, including in related operations, by applying the know-how we have developed in clinical testing to food testing.



System network

Providing a variety of system services that support daily medical care by leveraging knowledge and experience gained through more than 60 years of involvement in the medical field

BML aspires to be a company that supports medical care in this era of increasingly sophisticated information technology. To this end, we are rolling out medical information services through state-of-the-art network computing that links the BML General Laboratory, regional laboratories, and branch offices. BML also develops and provides electronic patient chart systems and in-hospital examination information systems, which are solutions developed by BML to meet the needs of clinics, based on many years of experience in the medical field.

Characteristics of BML

Wide range of advanced testing areas

Laboratory automation at the BML General Laboratory

Thorough quality and accuracy control

Business Domains

Clinical testing business

We respond to a wide range of testing needs, from general-purpose laboratory applications to highly sophisticated specialized services.

Based on the advanced and sophisticated clinical testing technologies and abundant know-how cultivated since its founding, BML has built three networks of sales, systems, and laboratories that are the best in the industry. By effectively utilizing these networks, BML is working to meet a wide range of testing needs from medical institutions nationwide.

1. Wide range of advanced testing areas

We have a system in place to meet the needs of medical institutions nationwide, in all areas of clinical testing.

▶▶▶ BML Laboratories conduct over 4,000 types of testing, widely ranging from general-purpose laboratory applications to highly sophisticated specialized services

BML's top-level laboratory testing ranges from routine biochemical and hematological testing to specialized testing for tumor markers, infectious diseases, hormones, cellular immunity, DNA, and bacteriological testing. This

testing meets the clinical needs of medical institutions. BML serves over 300,000 clients a day through laboratory testing for medical institutions nationwide.

▶▶▶ Superior expertise supporting sophisticated specialized laboratory testing

Following the ideal that clinical testing provides new information not known earlier, we introduce specialized laboratory test serving clinical needs in oncology, infectious diseases, diabetes, hypertension, allergies, and genetic studies.

In particular, in the field of genetics, we have introduced next-generation sequencers (NGS) and are working to develop technologies to meet the needs for new tests using genome analysis, in the areas of infectious diseases, cancer, and genetic diseases. We are actively developing and continuously introducing automated processing to obtain accurate, reliable assay results.



▶▶▶ Top-class microbiological testing

BML's microbiological testing, among the many tests that BML conducts, boasts a large number of world-class tests, and it has always played a pioneering role in various academic conferences. BML has automated processes for identifying bacterial strains – processes that once relied on visual recognition alone. Using technology to input microscopic test data vocally, BML has dramatically improved accuracy and efficiency. In addition, know-how developed through microbiological testing is now applied to new fields such as food sanitation and environment analysis to meet client needs, further strengthening BML's high reputation.



Voice input system to record microscopic examination results

2. Laboratory automation at the main laboratory, BML General Laboratory

The BML Group's unique automated testing system, Frontier and Symphony, enables rapid and highly reliable testing.

As BML's eternal themes, we are constantly working to speed up, automate, and improve laboratory testing accuracy and credibility.

One of the answers to these themes is the Frontier and Symphony system of BML General Laboratory. This

automated testing system consists of Frontier, which automates the pre-test process from specimen sorting to dispensing, and Symphony Chemistry and Symphony Hematology, which automate the subsequent testing process.

▶▶▶ Automated dispensing system Frontier

Frontier achieves automated sorting and dispensing in accordance with the test request information by linking with a bar-coding system.

The system reads the barcode on the specimen and instantly retrieves its requested information. The combination of this bar-coding system, the automatic transfer system, and the automated dispensing system enables automated sorting and dispensing based on the request information.



Frontier automated dispensing system

▶▶▶ Symphony Chemistry and Symphony Hematology automated analysis systems

Automation of biochemistry and blood routine tests dramatically improved processing capacity.

The automated biochemistry analysis system Symphony Chemistry consists of a number of analyzers and robots, and has achieved a dramatic improvement in processing capacity. Symphony Hematology, an automated hematology analysis system, is equipped with a large number of various fully automated hematological testers to perform routine blood tests at high volume and high speed.



Symphony Chemistry

▶▶▶ Unmanned specimen transfer through the introduction of freeway-mobile robot transport

Robot transport is used to supply and remove specimens to and from the automated analysis systems, Symphony Chemistry and Symphony Hematology. The robots can

run autonomously without trajectory, and freely transports specimens for analysis based on order information from the analyzers.

3. Thorough quality and accuracy control

BML's unique quality assurance system, which utilizes an internal audit department and external accreditation organizations, strictly audits and supervises the entire company and all departments.

Quality in clinical testing requires precision control to ensure the precision and accuracy of test measurements and quality assurance of measured values. BML has received ISO15189* and other accreditations and utilizes external audit programs to improve accuracy and quality.

In addition, we have established a Quality Assurance Office as a quality control auditing department which is independent of each laboratory department, and have established a thorough auditing system within the company.

*ISO15189: An international standard consisting of two components, quality and competence of clinical laboratories. BML General Laboratory obtained certification in September 2005.

Business Domains

Food hygiene business

Testing and consulting to support safety and security

The BML Group provides one-stop services ranging from microbiological and physicochemical testing of food products, product quality testing, kitchen hygiene inspections at restaurants, food factory audits, the establishment of hygiene and quality management systems, and support for obtaining food safety accreditations.

Based on our advanced testing technology and know-how developed over many years, we have established a business system of various high-quality tests and consulting, and provide speedy services through our nationwide network.



1. Food and product testing

We provide various tests such as food and product tests and intestinal bacteria tests with high quality and speed through our nationwide network.

Food and product testing

We provide a wide range of testing services such as microbiological testing, physicochemical testing including nutrient analysis, pesticide residue testing, radioactive material testing, foreign material testing, and complaint cause analysis, to meet diverse customer needs. In addition, we can also perform various tests related to household goods and textile products, such as strength and physical property

tests and statutory tests. BML Group's testing business is a core business that has been highly trusted for many years since its establishment.



Intestinal bacteria testing

In accordance with the Food Sanitation Act, and other related laws and regulations, food business operators are required to manage hygiene at their workplaces by



conducting health management and intestinal bacteria testing for employees engaged in manufacturing, processing, cooking, and sales.

There is a risk of food poisoning incidents when healthy carriers (people who possess pathogenic bacteria but have no symptoms caused by the bacteria) handle food products. Regular intestinal bacteria testing enables the early detection of healthy carriers and prevents infection of others and food poisoning incidents.

The BML Group uses the latest genetic testing equipment to determine negative results, and then conducts culture tests on specimens suspected to be positive in order to accurately determine the type of bacteria.

2. Food consulting

We provide total support from kitchen and factory inspections and audits to the establishment of quality control systems.

Store inspections

In addition to food and service, a successful restaurant has good hygiene management. In stores where hygiene management is inadequate, the risk of food poisoning incidents increases dramatically. It is the duty of food service providers to establish and practice hygiene management rules, and provide customers with safety and peace of mind.

The BML Group provides support to improve the level of hygiene (education, manuals, and guidance for

improvement) and contributes to the improvement of customers' quality and hygiene management, by checking everything from raw materials to food management, kitchen environment, and cooks in the kitchens of restaurants, supermarkets, hotels, etc. from the perspective of hygiene management professionals.



Factory audits

As food globalization progresses, food safety management systems must also be established and operated with global awareness.

BML conducts regular verification of food safety management structures, such as food safety management systems and hazard control at the customers' own factories and supplier factories, to ensure proper function and encourage improvements. This will help prevent food incidents and lead to the delivery of safe and reliable products to consumers.



3. Product consulting

We provide total support from product labeling to quality control for clothing and general merchandise.

Quality control operations support

Quality control is an extremely important task for manufacturers and sellers of products.

In the event that a product accident causes serious harm to consumers or fails to comply with relevant laws

and regulations, it can lead to not only legal liability but also significant losses including financial losses and loss of social credibility. BML Group's staff with expertise support quality control operations.

Product labeling verification services

For sellers of products, the labeling on the products should not be left up to the manufacturer. They have a responsibility to sell to consumers, which includes not only product labels but also in-store POP and price cards. In the ever-growing e-commerce business, consumers will make choices based on the information displayed on labels. If there are any misrepresentations or exaggerated advertisements, it can lead to not only legal liability but also loss of consumers' trust and incur significant losses.



4. Support for acquisition of accreditations

We support the acquisition of food safety accreditations based on international standards.

As part of the global food safety concept, it is necessary to introduce management methods in three areas: establishment of a system for continuous improvement (PDCA cycle) through the food safety management system (FSMS); use of good manufacturing practices (GMP) to maintain a favorable manufacturing environment; and process control through the HACCP system (Codex HACCP) to certify safety.

In addition, as the environment surrounding food business operators is changing, it is becoming more and more important to establish a system to ensure accountability.

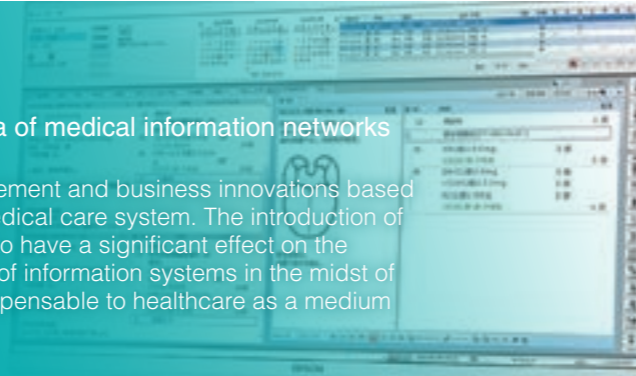
The BML Group provides support services for JFS-A/B program conformity certification business, accreditations by local governments (prefectures), and acquisition of accreditations for food safety management systems such as ISO22000 and FSSC22000.

Business Domains

Medical informatics system business

Electronic patient charts, indispensable for IT in the era of medical information networks

The revision of the insurance system and the flow of management and business innovations based on the Internet are drastically changing the conventional medical care system. The introduction of electronic patient charts in medical institutions is expected to have a significant effect on the reengineering of medical institutions and the establishment of information systems in the midst of these changes in the healthcare system. They are also indispensable to healthcare as a medium for management analysis and informed consent.

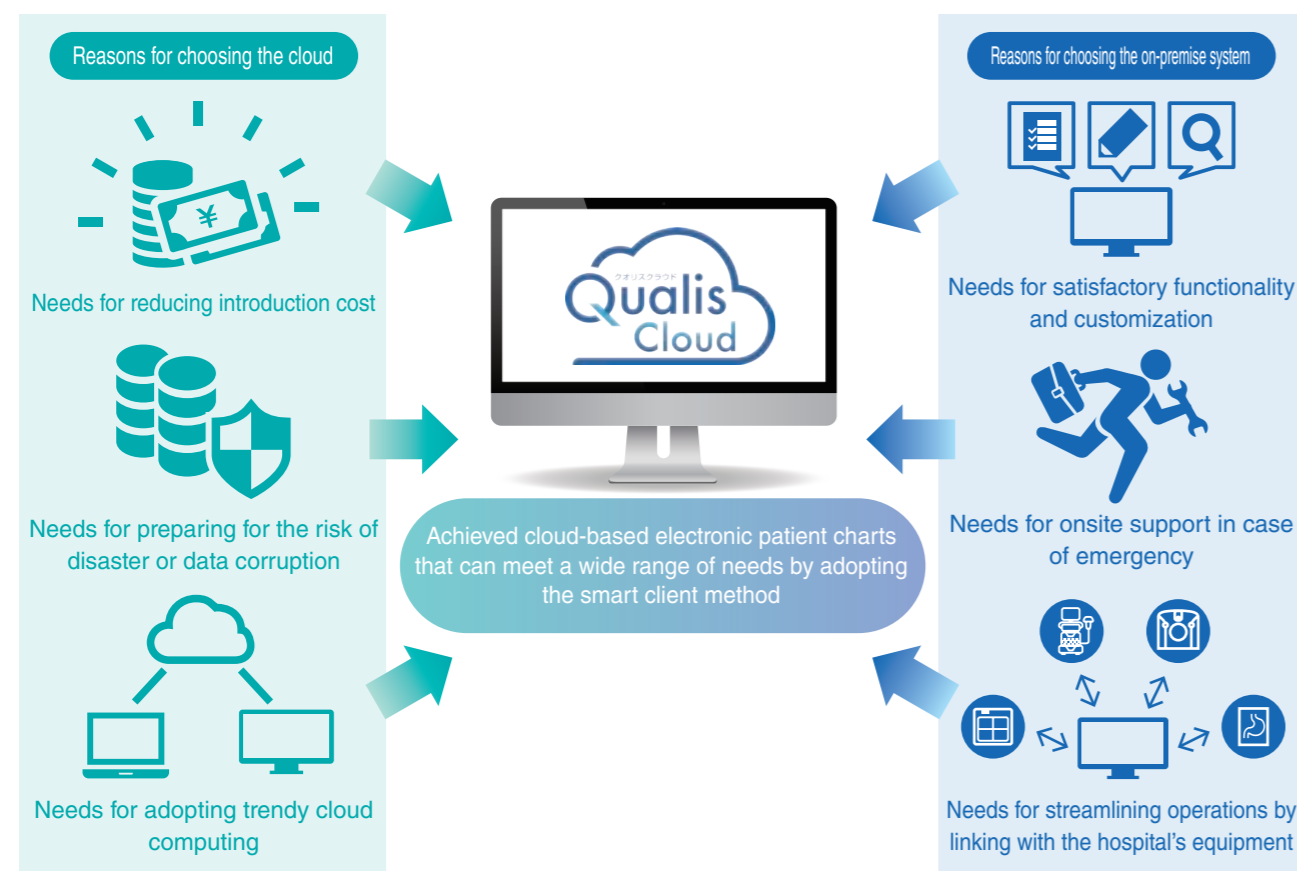


1. Qualis Cloud

The electronic patient charts system Qualis Cloud is a solution developed by BML to meet the needs of clinics, based on many years of experience in the medical field.

After the Ministry of Health, Labor and Welfare approved the electronic storage of patient charts in 1999, BML developed and launched Medical Station, an electronic patient chart system for clinics, in April 2000, and Qualis, an electronic patient chart system for clinics without beds, in April 2011. In April 2022, we released Qualis Cloud, a cloud-based electronic patient chart system.

Qualis Cloud fully maintains all aspects that have made Qualis popular for many years. Qualis Cloud is a cloud-based electronic patient chart system that adopts a smart client system, and has the advantages of on-premise systems that have not been realized so far. Qualis Cloud will continue to grow as we respond to feedback from the medical community.



2. Overview of "Qualis Cloud"

Various functions made possible with Qualis Cloud

Intuitive and easy to use, despite its multifunctionality

The intuitive and highly flexible operability is fully maintained from the on-premise Qualis system. It is also highly customizable, and it provides an optimal user experience tailored to the individuality of the user.



Optimal operational support for each situation

Various support functions are installed to facilitate smooth information input and reference in reception, medical examination, and payment. In addition, we provide convenient functions that are unique to BML, such as the ability to seamlessly perform everything from ordering outsourced testing to printing specimen labels on the electronic patient charts.

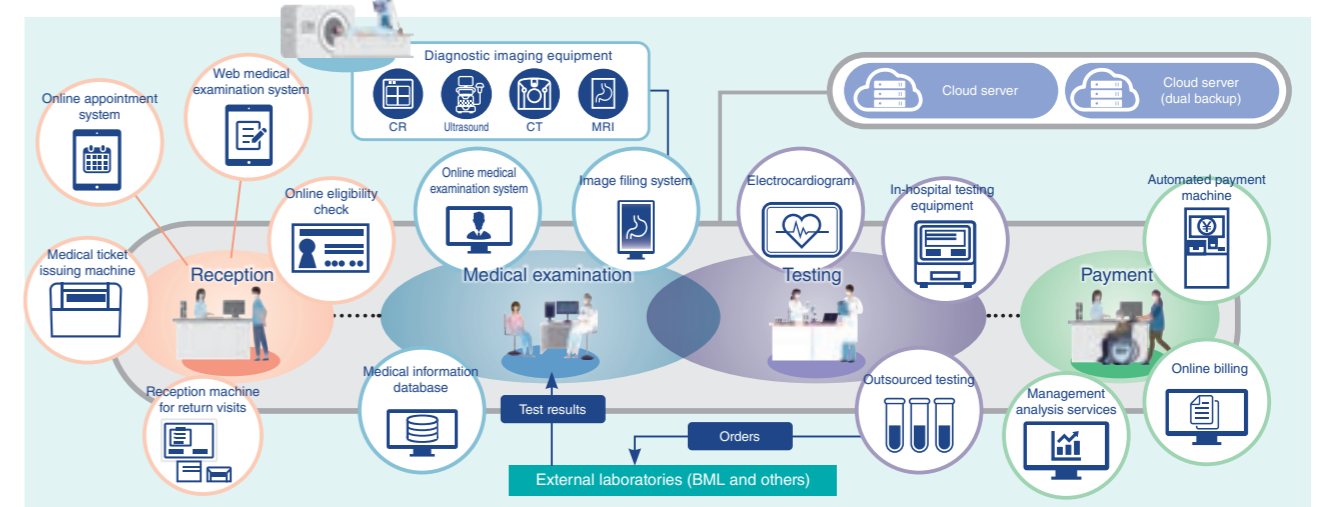


Also features full integration with various systems

The strength of Qualis Cloud, which adopts the smart client method, is in its capability to integrate with various devices and systems installed in a hospital, just as if it were an on-premise system. It supports the facilitation of medical treatment, business efficiency, and improvement of patient services with a higher degree of freedom.



Image of integration

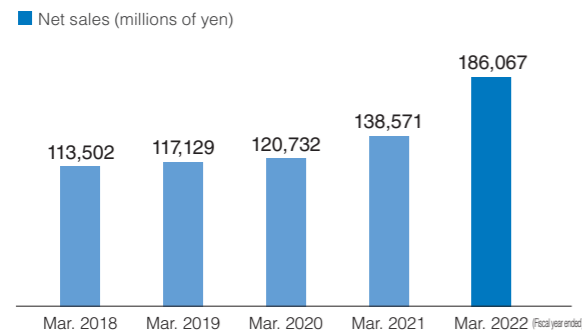


Financial and Non-financial Highlights

Financial Highlights

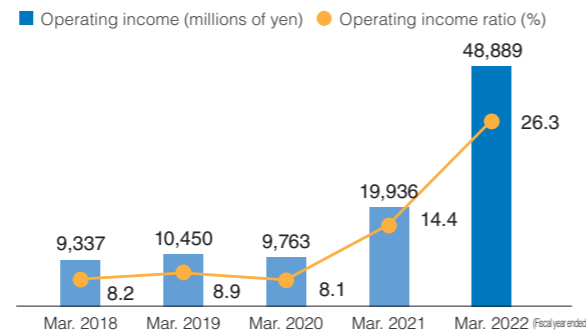
Net sales

¥186,067 million



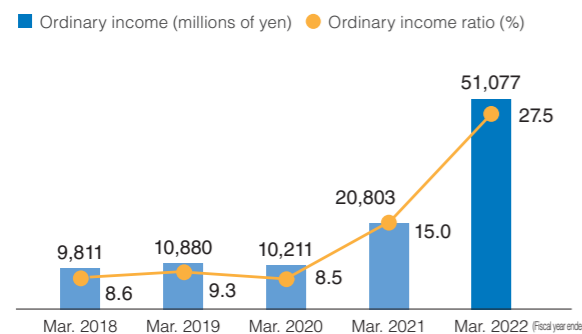
Operating income

¥48,889 million



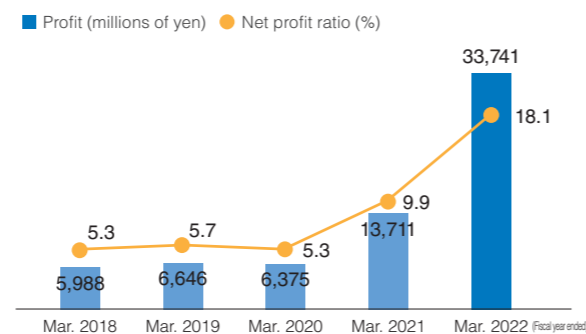
Ordinary income

¥51,077 million



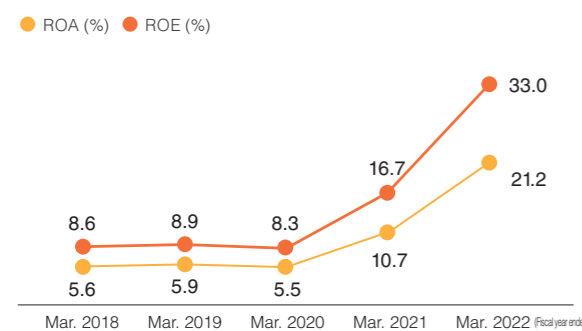
Profit attributable to owners of parent

¥33,741 million



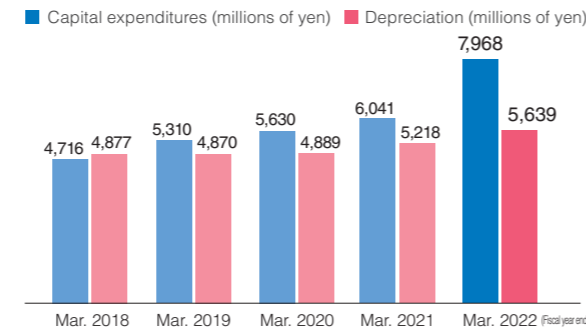
ROA / ROE

21.2% / 33.0%



Capital expenditures/depreciation

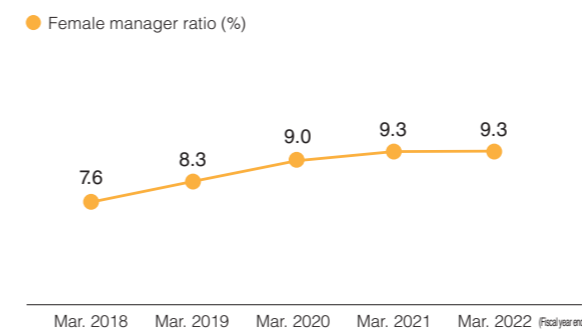
¥7,968 million / ¥5,639 million



Non-financial Highlights

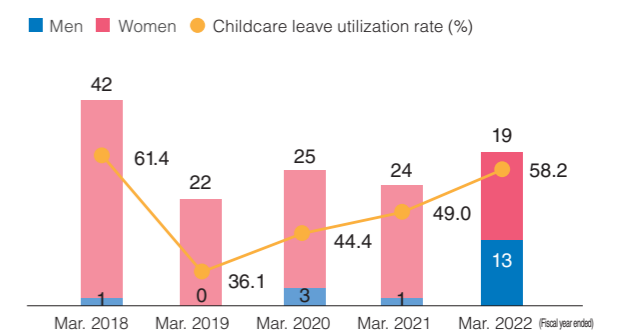
Female manager ratio

9.3%



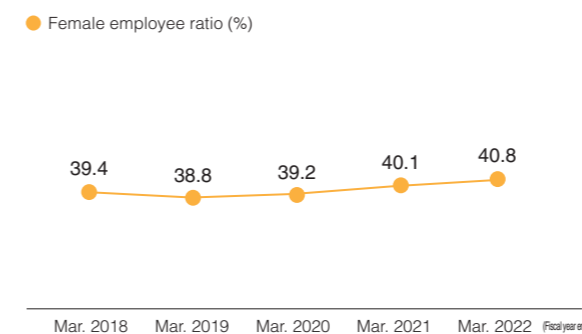
Childcare leave utilization rate

58.2%



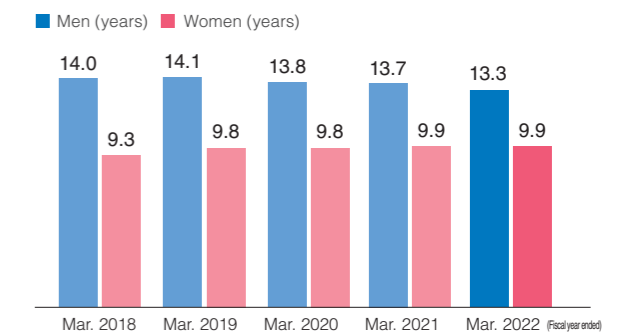
Female employee ratio

40.8%



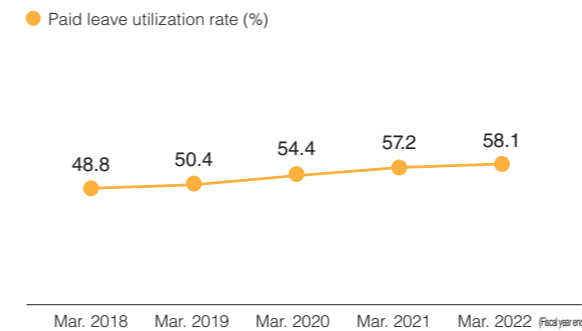
Average years of employment

13.3 years (men), 9.9 years (women)



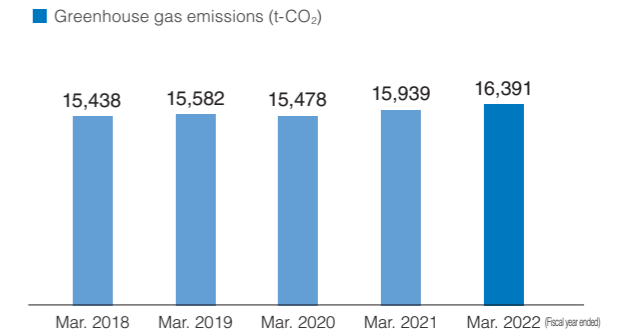
Paid leave utilization rate

58.1%



Greenhouse gas emissions

16,391 t-CO₂





**Aiming to be number one in
community service, test lineup,
contribution to the medical
community, and quality**

Kensuke Kondo, President and Representative Director

Shift to high functionality in clinical tests

While Japan's universal healthcare system has achieved the highest average life expectancy and the highest level of insured medical care, the Japanese medical community faces the following challenges: (1) the need to reduce healthcare costs in response to the depletion of financial resources due to soaring healthcare costs and (2) the depopulation of regional healthcare due to the concentration of healthcare in large metropolitan areas.

In particular, with regard to (1), the measures taken by the Japanese government so far in the field of clinical tests have been to reduce the number of insurance points for ordinary clinical tests, while increasing the number of points for high-performance tests using companion diagnostics related to personalized medicine, guided by the thought that testing a patient's genes will lead to a reduction in medical costs by reducing the scope of conditions indicated for expensive treatments.

The BML Group aspires to be a medical service company that supports a rich culture of health through clinical testing. We believe that to this end, our efforts should be directed to offering all clinical testing services anytime, anywhere, and accurately to the people throughout Japan in order to respond to the above issues (1) and (2).

First of all, in response to the issue of (1), the need to reduce medical costs, the BML Group has been actively introducing automation ahead of other companies and is performing the most efficient tests. However, we do not consider that our high-performance tests are provided in a comprehensive range under current circumstances, especially those related to the aforementioned personalized medicine. Given this situation, we will pursue a system that will enable us to provide even more high-performance tests.

Secondly, in response to the issue of (2), the depopulation of regional healthcare, the BML Group aspires to be a company that provides clinical testing not only in metropolitan areas but also in regional medical care, based on the thought that medical care is an infrastructure that must be provided to all citizens. We believe that the BML Group can help maintain laboratories in regional healthcare through a department responsible for operating laboratories in medical facilities and utilize the laboratory network and the collection and delivery network that the BML Group has established for high-performance tests requested by regional medical care, thereby bridging the gap between metropolitan and regional healthcare.

Due to the COVID-19 pandemic of the past two years, PCR tests for COVID-19, which had been considered high-performance tests, are now routinely performed. If a highly infectious variant strain is detected, high-performance tests, such as genomic analysis, would be

conducted. Let me introduce the BML Group's efforts in PCR testing for COVID-19 as an example of how we were able to provide comprehensive high-performance testing not only in metropolitan areas but also in regional healthcare.

As the spread of the virus was very rapid at the time, there was a high social demand to increase the processing capacity of these tests as much as possible in order to detect the virus. To meet this demand, we collected specimens from all over Japan and conducted tests at the BML General Laboratory in Kawagoe City, Saitama, which had served as a base for high-performance testing. However, we determined that this test, while being a high-performance test, was highly urgent during the COVID-19 pandemic as the PCR test served as the major basis for diagnosing COVID-19, and hospitalization treatment and isolation were required as soon as possible based on the results of the test. Therefore, it was necessary to shorten the specimen transport time and the time to report test results as much as possible. Fortunately, the BML Group had seven regional laboratories nationwide (in Sapporo, Morioka, Fukui, Nagoya, Osaka, Okayama, and Fukuoka). We conducted the COVID-19 PCR tests at all of these laboratories, and realized a system that enabled many of these laboratories to test overnight and report early in the morning the next day. With the addition of two more laboratories (in Yokohama and Okinawa), we have established a system that can test up to 46,810 specimens per day. As of March 31, 2022, the BML Group has conducted 26% to 27% of the COVID-19 PCR tests conducted by all private testing laboratories, which accounted for approximately 60% of the total tests. Thus, we were able to meet the high demand for PCR testing. Moreover, we have established a system that can perform genomic analysis on these positive specimens up to 1,000 times per day as a high-performance test, thereby contributing to the understanding of the spread of variant strains.

Aspiring to be a valuable company for patients and medical institutions

The BML Group's first priority is to be a valuable company for patients and medical institutions nationwide. For this reason, as mentioned above, we have established a system to provide all clinical tests anytime, anywhere and accurately.

The BML Group also provides services in the area of medical information systems. One leading service is electronic patient charts. The two advantages of introducing electronic patient charts are the immediacy of management through the digitalization of information and more accurate medical care.

Message from the President



understood and countermeasures are taken, the advantages will outweigh the disadvantages, and further advantages can be expected with future advances in IT. With these electronic patient charts, we would like to provide a service that contributes more to medical care by continuing to develop systems that meet future needs.

Since I used to work as a physician (pediatrician), I look at the BML Group's business from a so-called doctor's perspective. I am always thinking about how our services and systems will impact patients. In that sense, by being involved in management while holding a medical license, I believe that I am managing our business in a direction more in line with the feelings of patients and doctors, and I hope that we will continue to grow into a company that is highly regarded in that sense.

Aiming for a leap forward under the Eighth Medium-Term Management Plan

In May 2021, we announced our Eighth Medium-Term Management Plan, which covers the three-year period beginning in the same fiscal year. This plan is the final phase of a nine-year plan that began with the Sixth Medium-Term Management Plan (Period for Solidifying Foundation) in FY2015 and continued through the Seventh Medium-Term Management Plan (Period for Growth) before culminating in the Eighth Medium-Term Management Plan, which we consider the Period for Leaping Forward. This nine-year plan sets the common target of realizing the Group Vision "to become the most trusted choice in the medical world" and aims to step up our commitment to quality and services as the foundation of this vision.

Initially, we considered setting separate targets for each of the three-year periods and achieving them one at a time. However, we decided that high quality and service were the most important factors as the foundation of the Company's growth. In light of the actual quality and services provided by the Company, we have set a nine-year plan based on the assumption that it will take nearly ten years to realize these targets. Nevertheless, we consider that the plan will become monotonous if it is implemented over a single nine-year period, and such a state would be an obstacle to its realization. We therefore have decided to divide the nine years of the common Group Vision into three-year periods, and created a nine-year plan that consists of the Period for Solidifying Foundation, Period for Growth, and Period for Leaping Forward as described above, as the vision of our three-step ramp-up.

Although we have just completed the seventh year of the nine-year plan, we believe that the method of

evaluating a theme by dividing it into three-year periods, as we have done this time, was appropriate for increasing the certainty of achieving our targets. There are three reasons for this. First, the method allows us to set an appropriate response period according to the scale of the issue. Second, the method enables us to monitor progress at the end of each three-year period and make appropriate revisions. Third, working on the same theme increases our sensitivity to customer reactions to the issues we address, which in turn increases our sense of accomplishment when we make improvements and motivates us to undertake further activities.

Although progress has been delayed in some areas over the past few years due to PCR testing being performed during the COVID-19 pandemic, we are steadily advancing our plan with a strong will to be number one in regional service, test lineups, contributions to the medical community, and quality.

Three missions and three internal action policies

Unlike the Sixth and Seventh Medium-Term Management Plan, the Eighth Medium-Term Management Plan is based on the three missions of customer satisfaction, synergy, and social responsibility and the three internal action policies to achieve these missions of "Consensus: consensus of all employees," "Soundness: soundness of all operations," and "Standardization: pursuit of standardization." The abbreviation for these action policies is "CSS." The missions and the internal action policies are related to the targets to be achieved and the specific actions to be taken to achieve those targets, respectively. Therefore, BML Group employees always perform their duties with the three internal action policies in mind.

The policy "Consensus: consensus of all employees" means that any issue must be shared, discussed, and agreed upon with all relevant employees, based on all the information available. This allows us to guide the BML Group toward the best possible solution at that point in time. In addition, as all relevant parties are fully aware of the process, they can take appropriate action without any misunderstandings. In this sense, we have the advantage of being able to overcome issues quickly. For this reason, I consciously make efforts to summarize the previous discussions and explain new issues that have arisen as a result of the discussions in order to keep everyone engaged in the actual meeting and to lead to further discussions.

"Soundness: soundness of all operations" means taking action while asking ourselves what soundness is in order to realize the BML Group's Policy of "Dedication

to creating a healthy and cultured society." We believe that by doing so, the BML Group, as a medical service provider, can grow into a company that is desired by medical institutions that support health.

"Standardization: pursuit of standardization" was originally intended to mean standardization in the sense limited to the scope of testing. The BML Group has 81 laboratories nationwide, and some of these laboratories perform testing in medical institutions. If standardization is promoted in these laboratories, it will enable the sharing of test information among laboratories, leading to accurate diagnoses and supporting more precise medical practices. However, we have often sensed that achieving standardization of testing operations alone is not sufficient to gain real trust. For this reason, we are now working to introduce standardization in all of our operations, including testing.

Standardization and DX to enhance laboratory, sales, and collection and delivery

In the Eighth Medium-Term Management Plan, we have further identified the following three Basic Strategic Frameworks based on standardization and DX (digital transformation): enhancing the laboratory network, enhancing sales capabilities, and renovating collection and delivery processes.

As part of enhancing the laboratory network, we will make efforts to standardize testing processes and enhance test items in our nationwide laboratories. At the same time, we will commence preparations for the restructuring of the BML General Laboratory, which will serve as a major pillar of the next-generation laboratory concept. In addition to the testing procedures based on the standard operating procedures, we plan to establish a system that can provide highly accurate testing under any circumstances by standardizing accuracy controls and specimen identification methods in laboratories. Documentation of each work method is essential for such standardization, and we believe that not only can more efficient methods be devised by examining these documents, but also that functionality can be enhanced by establishing a system that enables the management of these deliverables on PCs and tablet devices. We also intend to establish a system that enables appropriate evaluation of items to be performed in each laboratory, including the restructuring of the BML General Laboratory, based on indicators such as clinical needs, urgency, and profitability. Although the BML Group's area of expertise to date has been automation, going forward, we will seek to establish a more agile laboratory network by combining these standardizations with DX.

Message from the President

For enhancing sales capabilities, we will implement coordinated marketing throughout the BML Group by using the methods of DX to expand and deepen our customer base and will work to develop sales through collaborations between headquarters, branches, and branch offices.

For renovating collection and delivery processes, we will promote a digital reporting system (hereinafter, DRS) that streamlines the collection and delivery process, mainly by utilizing DX to improve convenience and reduce workload. DRS is a generic term for functions to improve the efficiency of specimen collection and delivery, including the conversion of specimen labels used from the time of specimen collection to bar-coded labels (B-Label), which will reduce the risk of specimen mix-ups and establish the speed of operations compared to conventional specimen labels. Furthermore, we will work to establish temperature controls in pursuit of data quality.

Strengthening the medical information system business with Qualis Cloud

As part of our new DX promotion efforts, we are strengthening our electronic patient chart services in our medical informatics business.

For our electronic patient chart systems, we have been providing the on-premise electronic patient chart systems, Medical Station (MS) and Qualis. In April this year, we launched the cloud-based electronic patient chart Qualis Cloud, which fully maintains all aspects of the existing Qualis system, including operability.

Typically, cloud-based electronic patient charts have been browser-based. However, the BML Group's Qualis Cloud is a smart-client type in which the underlying program that operates the patient chart is installed directly on the computer, and it communicates with the data in the cloud and functions without having to use a browser. Therefore, compared to browser-based systems, Qualis Cloud has the advantage of being able to connect with medical equipment in clinics and medical centers, such as electrocardiograms, ultrasound machines, and X-rays.

In addition, cloud-based electronic patient charts have three other advantages.

First, they improve data integrity. Even if a clinic or medical center is hit by a disaster, the patient chart data is protected because the data itself is stored in the cloud.

Second, they reduce the cost of introduction. Cloud-based electronic patient charts do not require the installation of servers, which is necessary for on-premise electronic patient charts. Therefore, this cost can be reduced.

Third, they reduce the maintenance burden for medical institutions. With an on-premise system, the medical institution is responsible for updating and correcting problems in the electronic patient chart system, in general. However, with a cloud-based system, we, the electronic patient chart providers, manage most of these tasks, thereby requiring less effort on the part of medical institutions.

Furthermore, at the end of this fiscal year, we plan to release a browser version of Qualis Cloud. Although the browser version is limited, in the sense that only basic operations can be performed, and it does not provide the operability of Qualis, we are aiming for intuitive operability that can function adequately during house calls by doctors if there is an internet environment.

Developing growth drivers in non-insurance fields

In terms of new businesses, we will promote efforts in non-insurance fields. The clinical testing business is bound by insurance points under the universal health insurance system, and while it is promising in terms of stability, rapid growth cannot be expected in this area. In order to expand our differentiated business against this backdrop, we need to develop growth drivers in non-insurance areas. There are currently four business fields where we have high expectations: medical informatics, medical check-ups, clinical trials, and food testing.

In medical informatics, we are expanding the functions of the electronic patient chart products, Medical Station, Qualis, and Qualis Cloud mentioned above, as well as the clinical testing system B-Liner. With regard to B-Liner, laboratory personnel in clinical testing laboratories such as ours have experience in using a variety of clinical testing systems. We are evaluating the needs that have emerged from this experience from the perspective of physicians and are expanding the functions of the system. Although we are still in the evaluation stage and have not yet decided on the commercialization of the system, we believe that the in-house production of peripheral systems for clinical laboratories alone will improve the efficiency of clinical testing in various operational aspects.

In medical check-ups, the BML Group has the advantage of being able to meet the needs of large medical check-up centers thanks to its comprehensive domestic network of laboratories and collection and delivery networks. In addition, we believe that we can further enhance our competitiveness by promoting standardization activities including standardizing accuracy among laboratories going forward and improving our risk assessment testing related to preventive medicine.

In clinical trials, we have formed a strategic partnership with Labcorp to provide joint clinical trial services for international clinical trials. Unlike domestic clinical trials, international clinical trials are an area where we can expect significant expansion, and strengthening this service will lead to solid growth.

In food testing, we aim to expand our business through the expansion of our comprehensive consulting for food quality controls and the certification and accreditation business.

Improvement of the internal environment for sustainable growth

In accordance with our Policy of "Dedication to creating a healthy and cultured society," the BML Group provides clinical testing and medical informatics businesses that are indispensable for maintaining medical care and health. In this sense, it is no exaggeration to say that the sustainable growth of the BML Group is a social mission.

In order to achieve our Policy, creating a more comfortable working environment is our top priority. The most important aspect of the services we provide is quality. What is necessary for quality is the steady improvement of each employee's technical skills. Therefore, we consider that the most important issue is to create an environment in which employees can maintain their ambition to improve and continue to contribute to the Company. For this reason, we are promoting the enhancement of

in-house training, diversity and inclusion (D&I), and health management.

To enhance internal training, we reviewed our training system in the previous fiscal year. Specifically, we have planned three types of training: rank-based, selective, and voluntary, and we have devised ways to provide training opportunities to all employees.

With regard to D&I, we strive to create a work environment where employees can work together while mutually respecting and recognizing diversity by confronting unconscious bias and fostering a corporate culture that is compatible with the times. Specifically, since last year, we have been sharing awareness of diversity by providing training for each layer of employees.

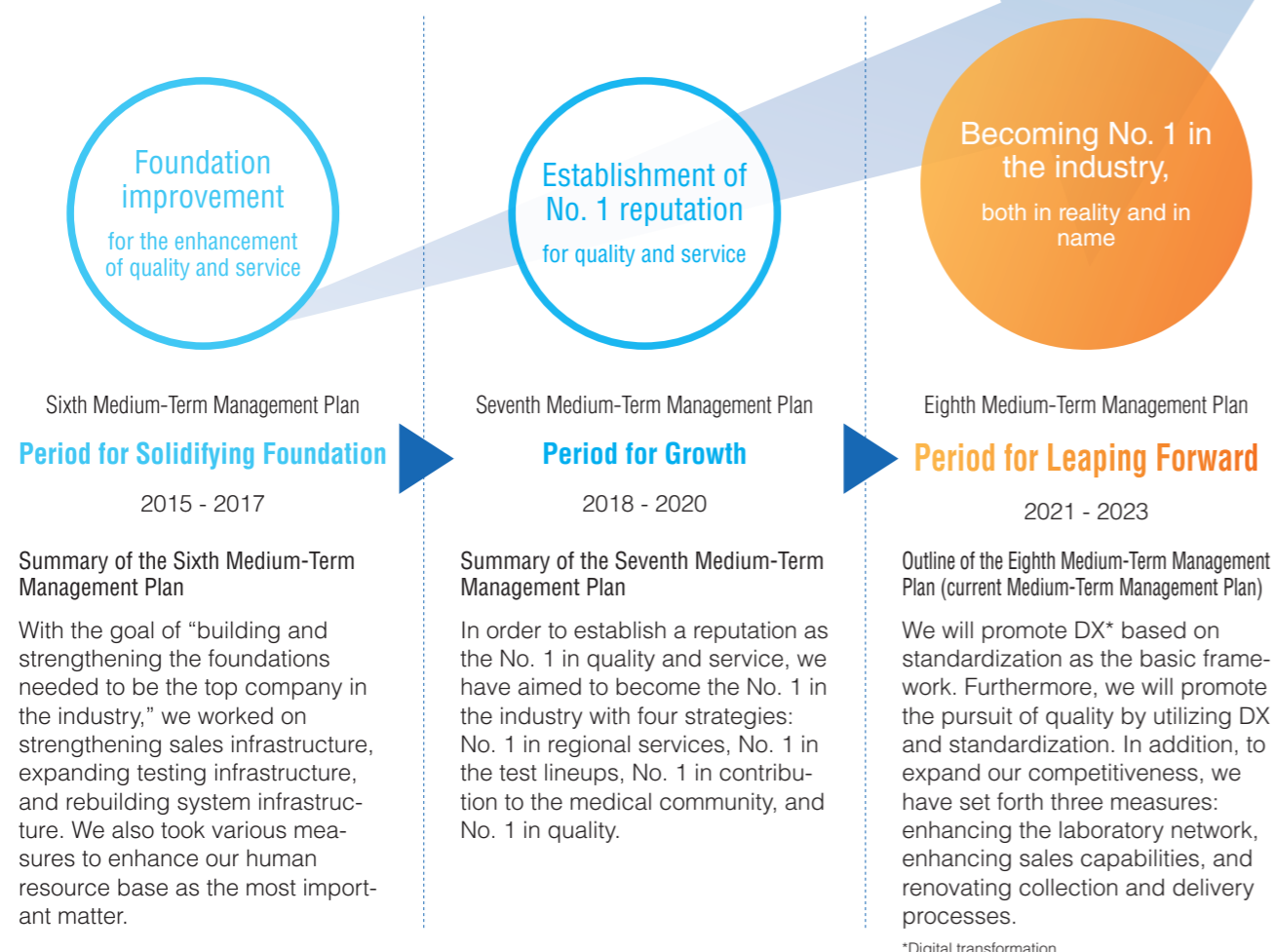
In the promotion of health management, we support efforts to promote employees' work-life balance in order to maintain and improve their mental and physical health and to encourage each employee to voluntarily maintain and improve his or her own health. As a result of these efforts, we have been recognized by the Ministry of Economy, Trade and Industry as a Certified Health & Productivity Management Outstanding Organization since last fiscal year. Furthermore, we are currently working toward the goal of also being recognized as a White 500 company under the Ministry's Certified Health & Productivity Management Outstanding Organization program in the next fiscal year.



Long-term Vision

Group Vision

To become the most trusted choice in the medical world



External business environment

Social environment

The basic external business environment in Japan includes a declining population, falling birthrate, aging population, and increasing risk of various disasters. In this environment, it is necessary to respond to various social demands and changes in the environment, such as addressing work style reforms, promoting diversity, BCP measures, and the use of AI and big data through accelerated digitalization. In addition, although the end of the COVID-19 pandemic remains uncertain, the economy is expected to pick up going forward, due to the normalization of socioeconomic activities and the effects of various government policies, among other factors.

Trends in the medical and testing industry

In the contract clinical testing industry, the market size expanded rapidly due to an increase in COVID-19-related tests. On the other hand, contract prices are expected to remain weak in the future due to the impact of the government's healthcare policies, including healthcare system reforms and revisions to reimbursement for medical service fees, and the fact that the market is mature, making it prone to price competition. Looking ahead in this environment, it will be necessary to respond to high-performance tests that contribute to personalized medicine, such as companion diagnosis (CDx) based on cancer genomic analysis, as well as online medical services. In addition, it is expected that the environment will demand the streamlining and strengthening of the testing system in response to COVID-19.

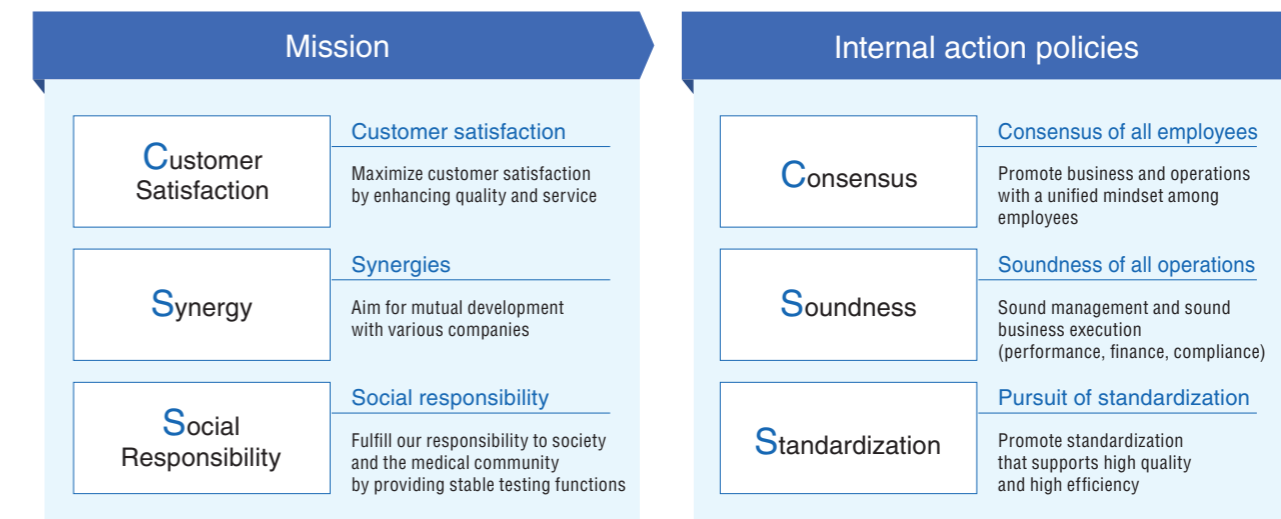
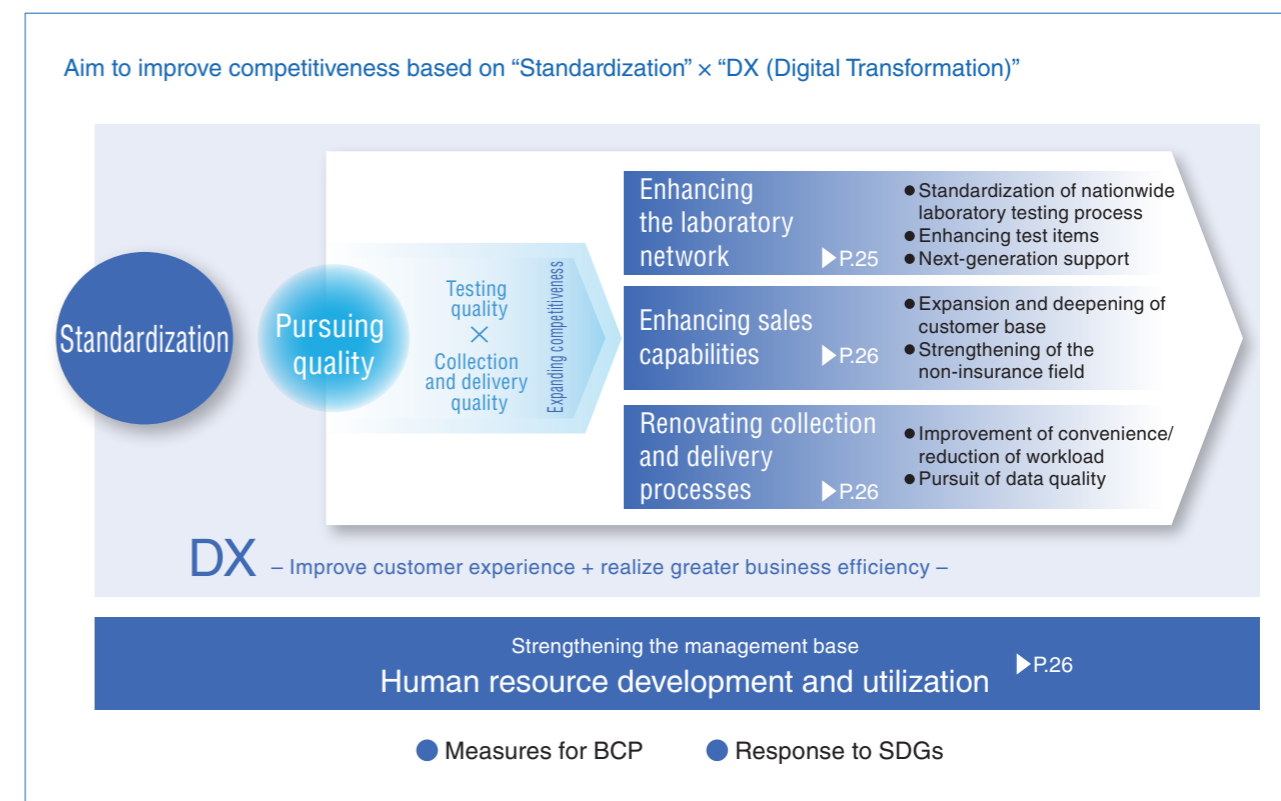
Medium-Term Management Plan

Eighth Medium-Term Management Plan (2021 - 2023)

In our current Medium-Term Management Plan, we have set our Mission and our internal action policies to achieve this Mission as "CSS." As a specific Basic Strategic Framework, we aim to expand our competitiveness based on standardization and DX (digital transformation).

Furthermore, to strengthen our management base, we will restructure our training system for the development and utilization of human resources, and work to create a system for the permanent development of the Company.

Basic strategic framework



Medium-Term Management Plan

KPIs of the Eighth Medium-Term Management Plan

Net sales: up to ¥145,000 million expected depending on trends in COVID-19 tests

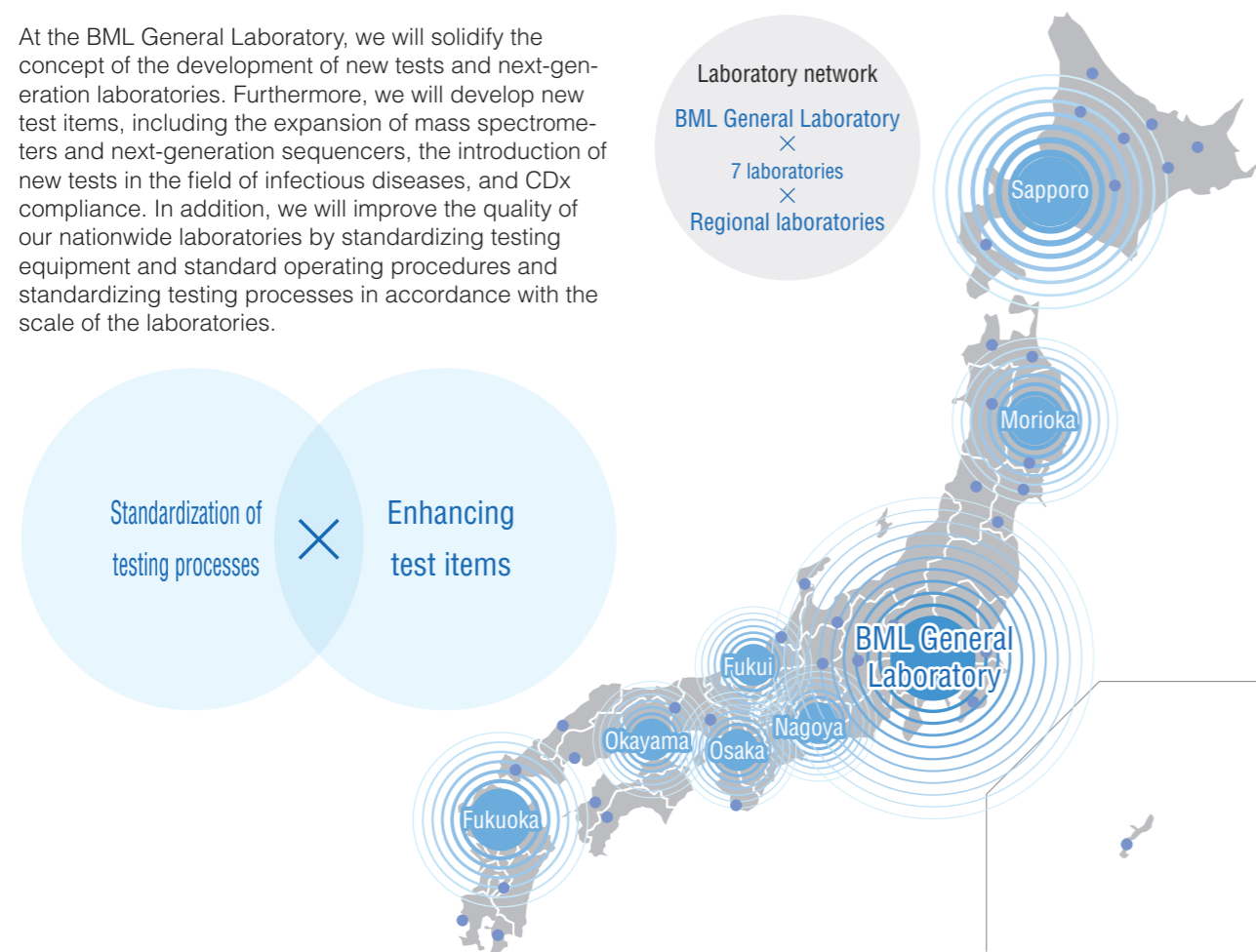
Operating income ratio: 8.5% or higher, exceeding the average of 8.3% for the past five years through FY2019

(Millions of yen)	FY2019	FY2020	FY2021	FY2023
Net sales	120,732	138,571	186,067	135,000 to 145,000
Operating income	9,763	19,936	48,889	11,500 to 12,500
Operating income ratio	8.1%	14.4%	26.3%	More than 8.5%

Expanding competitiveness

Enhancing the laboratory network

At the BML General Laboratory, we will solidify the concept of the development of new tests and next-generation laboratories. Furthermore, we will develop new test items, including the expansion of mass spectrometers and next-generation sequencers, the introduction of new tests in the field of infectious diseases, and CDx compliance. In addition, we will improve the quality of our nationwide laboratories by standardizing testing equipment and standard operating procedures and standardizing testing processes in accordance with the scale of the laboratories.



Enhancing sales capabilities

We will focus on expanding and deepening our customer base by promoting coordinated marketing activities across the BML Group and deepening cooperation with local medical associations and other companies in the industry, as well as marketing activities targeting hospitals and clinics.

In addition, as measures to strengthen our non-insurance fields, in the medical informatics field, we will expand sales of cloud-based electronic patient charts (Qualis Cloud) and enhance the functions of our clinical testing system (B-Liner); in the preventive medicine field, we will implement new activities by utilizing our nationwide network collection system and expand optional items; and in the food testing field, we will expand our comprehensive consulting and certification and accreditation business for food quality management, thereby enhancing our sales capabilities.



Renovating collection and delivery processes

One of the BML Group's strengths is its nationwide collection and delivery network. Although we visit customers and carefully collect specimens on a daily basis, we aim to further increase customer convenience and reduce the workload of collection and delivery staff by promoting DX.

In addition, we have been implementing temperature controls to improve the reliability of reported data, and we will ensure the accuracy of the data by promoting the instilling of these operations.



Strengthening management base

Human resource development and utilization

To strengthen our management base, we have positioned the development and utilization of human resources as a priority issue, and will restructure our training system to create a framework for the permanent development of the Company.

In addition, in implementing the three strategies of enhancing the laboratory network, enhancing sales capabilities, and renovating collection and delivery processes, it will be essential to have our employees demonstrate their abilities and motivation to the fullest. To this end, we will promote work-life balance, and work to maintain and improve the mental and physical health of our employees and their families.

▶ Page 43: Human resource development and utilization



Medium-Term Management Plan

DX initiatives

We will promote DX with a focus on the utilization of digital technology and the establishment of a foundation for DX promotion, aiming to improve customer experience and operational efficiency. Specifically, with respect to the utilization of digital technology, we will provide new services such as cloud-based electronic patient charts, clinical testing systems, and DRS*, aiming to improve the efficiency of business processes for both customers and the Company. In addition, to establish a foundation for

DX promotion, we will work on the development of digital human resources, including the acquisition of new skills and the improvement of IT knowledge for all employees. Furthermore, to improve the system infrastructure, we will migrate various systems to the cloud, build new networks, and optimize existing IT assets. Moreover, we will establish a system that can promote DX by strengthening IT governance, including BCP and cyber security measures.

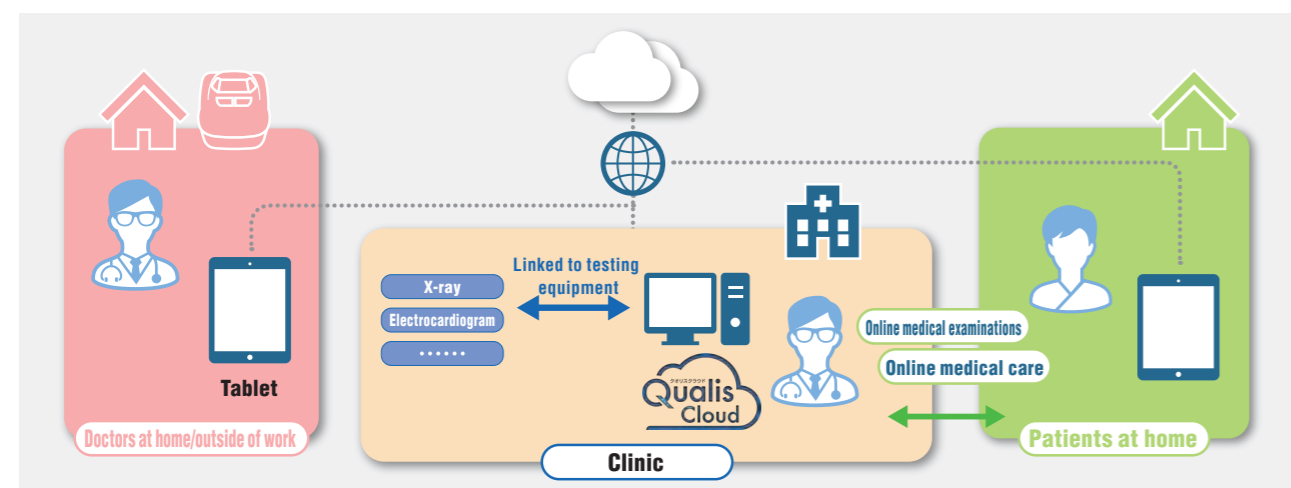
*Digital Reporting System

Utilization of digital technologies

Cloud-based electronic patient charts (Qualis Cloud)

Cloud-based electronic patient chart adopting the smart client method

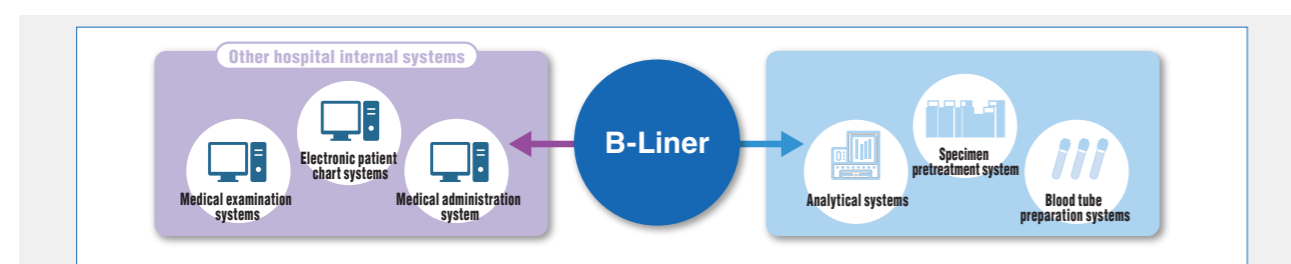
- We have developed an electronic patient chart that can simultaneously take advantage of the low-risk and low-cost features of cloud-based electronic patient charts and the multi-functionality and linkage features of on-premise electronic patient charts.
- We plan to release features for control via browser in FY2022 to enable remote access.



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

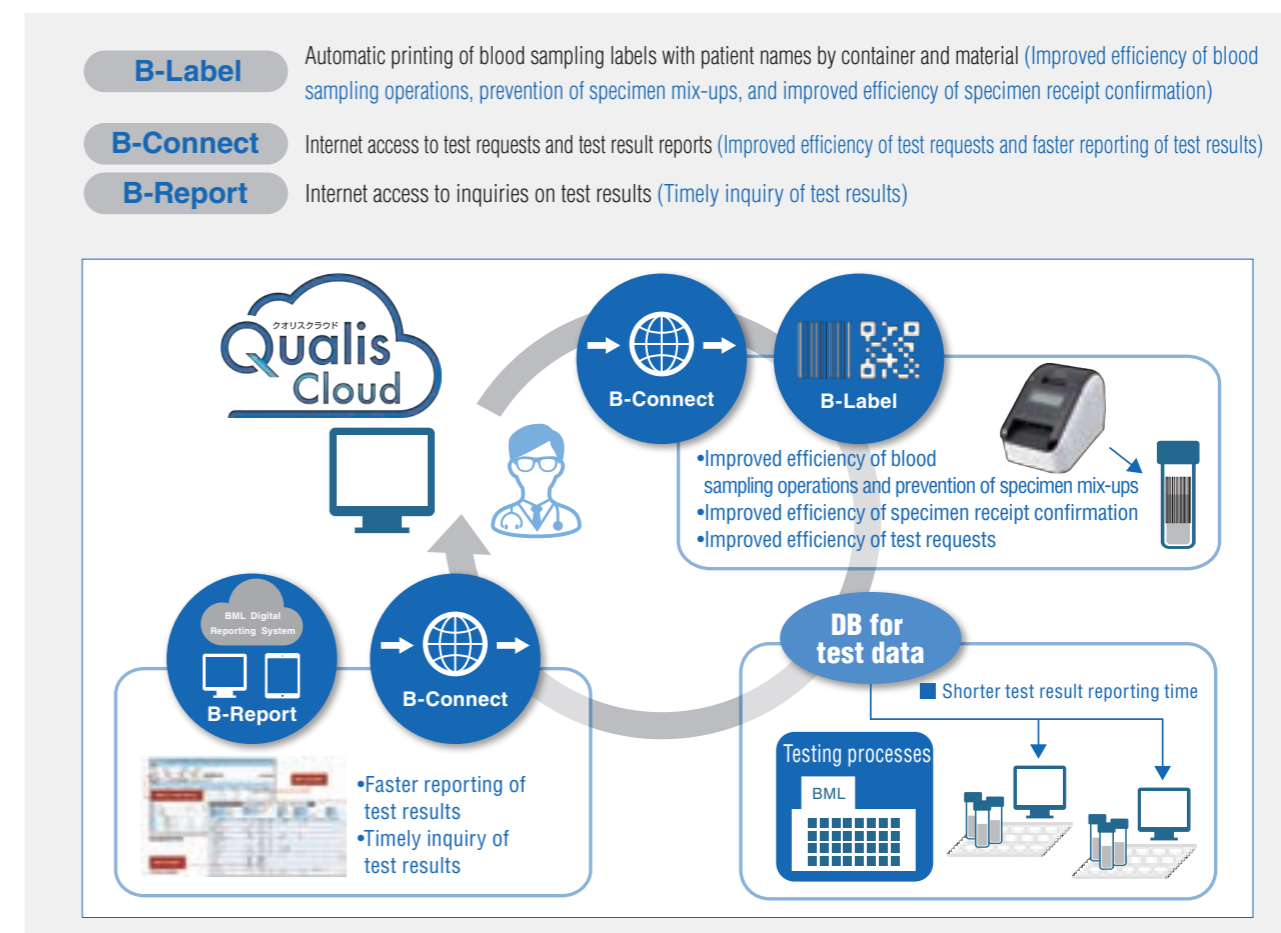
- The system can be used in a wide range of settings from clinics to hospitals and laboratories. As a clinical testing company, we are also enhancing the real-time availability of precision control information, information-sharing tools for streamlining laboratories, prevention of unauthorized access through two-factor authentication, and analytical features that expedite reporting of results, among other benefits, in response to comments by technicians.



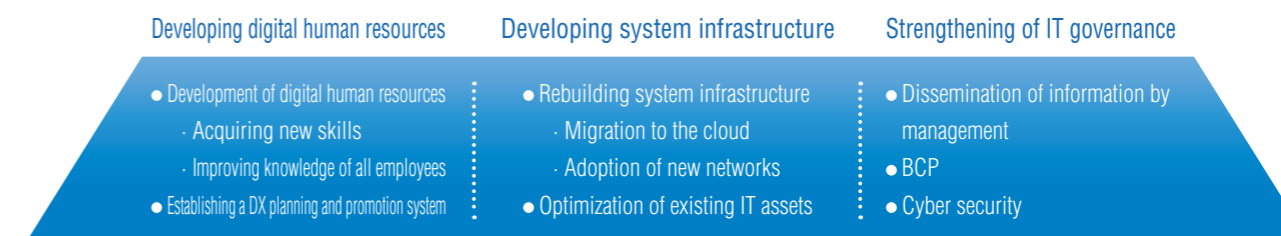
Digital Reporting System (DRS)

Tools to improve the efficiency of collection and delivery using IT technology

- The goal is not only to improve operational efficiency and convenience for medical institutions, but also to improve quality by preventing specimen mix-ups.



Establishing a foundation for DX promotion



External evaluation

Certified as a DX Certified Business Operator



Response to COVID-19

Initiatives of the BML Group

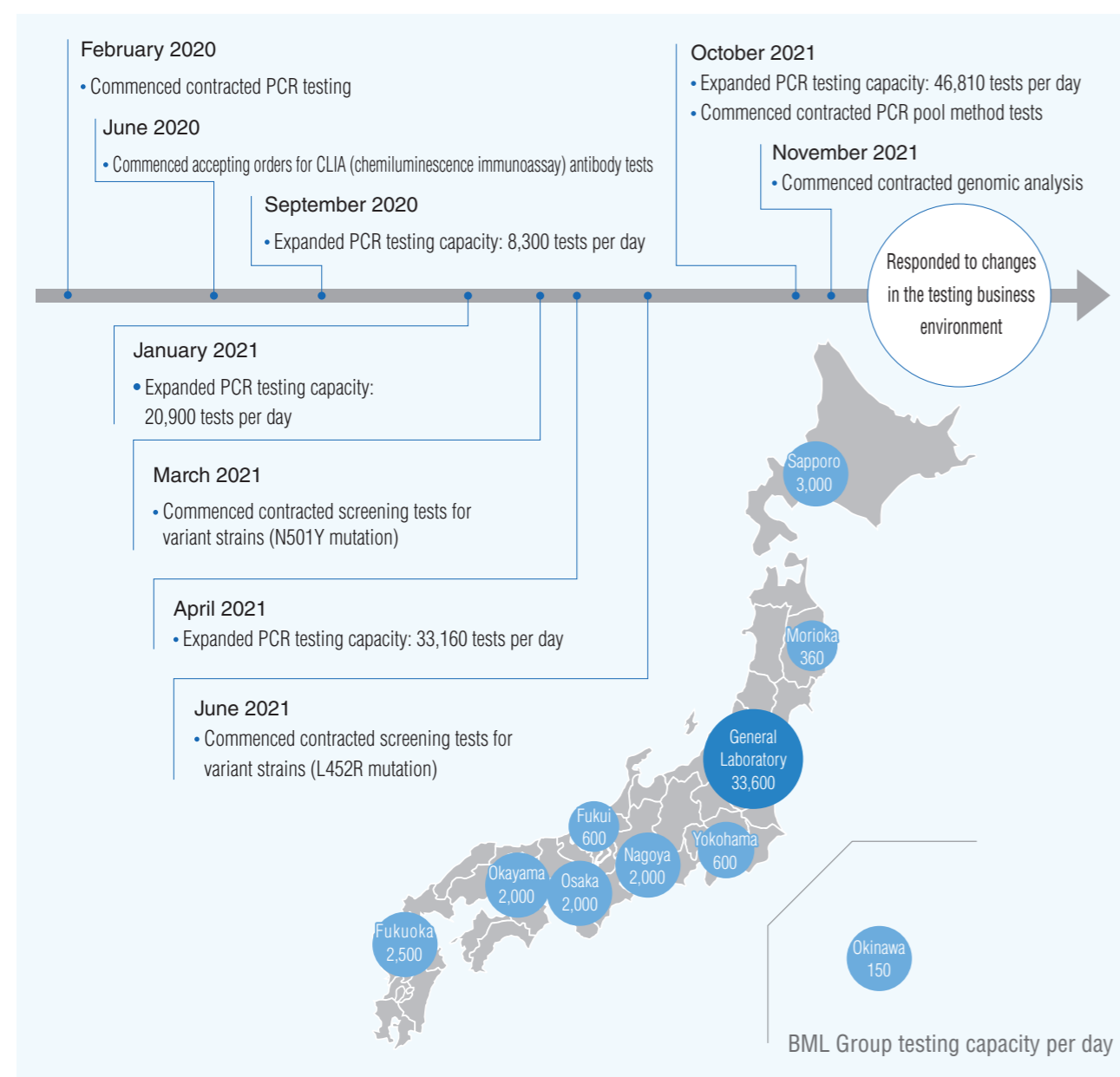
The BML Group is making a concerted effort to support COVID-19 tests. We were among the first to begin accepting orders for PCR testing at the BML General Laboratory and nine other laboratories nationwide, by utilizing technology that was already being used in the

field of highly specialized testing. We have also commenced contracts for mutated strain screening tests and genomic analysis, and are working to establish a testing system that will contribute to the medical community.

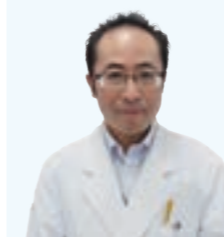
Three factors that contributed to the early nationwide expansion of the testing system

- 1 The BML General Laboratory was able to prove that it is possible to control secondary infection among laboratory personnel
- 2 Laboratories based on the regional laboratory concept had already been deployed throughout the country
- 3 The procurement of depleted supplies such as gloves and testing materials was successful through the wisdom and efforts of employees

Achievements in activity against COVID-19



Voices from the field



Hiroki Otsuka, Chief of Genomic Testing Section

Over the past two years, there have been significant changes in the testing environment, testing methods, and test items in response to the increase in the number of infected patients, diversification of testing needs, and the emergence of various variant strains. In response to the increase in the number of specimens, testing methods have shifted to those with higher processing capacity, and we expanded support for administrative testing and pooled method testing, as well as screening tests and genomic analysis for new variant strains. I feel that being involved in real-time testing for an emerging infectious disease that has a significant impact on society has been an extremely valuable experience for preparing for and responding to new infectious diseases that may occur in the future.

Reiko Yasuda, Genomic Testing Section

The Genomic Testing Section's first nighttime testing operation was launched for COVID-19 testing. Amid the rapid increase in the number of specimens in the 5th and 6th waves, we received support for testing from managers as well as from each department of the BML General Laboratory and group companies. I was in charge of nighttime testing site management, and I feel that we were able to overcome issues thanks to the many inputs I received from the testing staff and supporters. I learned so much about how to proceed with nighttime tests and how to communicate with other departments. I will continue striving to earn the trust of medical institutions, going forward.



Akira Fukai, Genomic Testing Section

The rapid spread of COVID-19 around the world since 2019, as well as the similar spread in Japan, has made it essential to establish a stable testing system. As the number of tests increased drastically along with the increase in the number of infected patients, we have conducted simulations in conjunction with the expansion of the number of tests accepted, due to the necessity to conduct efficient tests. We will continue to conduct tests in a flexible manner, going forward.

Flexible response

The BML Group provides three types of testing: PCR tests, mutation screening tests, and genomic analysis. Going forward, these three tests will be necessary when a highly infectious variant strain such as Omicron or a variant strain that is feared to cause serious illness

emerges. In such cases, the BML Group is able to respond more rapidly than any other company, as we conduct all tests within the Group. In this manner, the BML Group will continue to develop new services in a flexible manner while responding to changing circumstances.

Contributions through donations

In March 2021, the BML Group made a donation to the Japan Medical Association and the Japanese Nursing Association so that medical professionals who are making efforts to respond to COVID-19 could engage in medical care with peace of mind. The BML Group will continue its efforts to provide services to enhance the medical system.

Donation recipients

- Japan Medical Association: ¥500 million
- Japanese Nursing Association: ¥500 million

Message from the Financial Officer



Operational know-how to enhance corporate value

The BML Group's main business, the clinical testing business, is now a part of Japan's medical infrastructure, with many medical institutions nationwide contracting us to perform a large number of tests on a daily basis. The key to safely receiving specimens and returning accurate data in time is to have stable logistics and reporting systems, not to mention test accuracy. We recognize that how we secure this system is important in the clinical testing business. Therefore, with the aim of business differentiation, we intend to focus on specimen collection capacity and maintaining the robustness of the system, in addition to testing capacity. For example, one of our forms of know-how is to ensure thorough temperature

controls of specimens by distinguishing between room temperature, refrigerated, and frozen specimens. It is not simply having efficient specimen collection and delivery but also ensuring that specimens are collected without mistakes and delivered to the laboratory at the appropriate temperature for each specimen, which will lead to improved test quality.

If accurate collection and delivery is the entry point in BML Group's business, the exit point is the timely return of accurate test data. Because most of the tests are controlled by the system, converted into data, and reported to medical institutions, the clinical testing business can be viewed as an information industry. We believe that we can enhance our corporate value by improving the level of these entry and exit points.

To this end, the development of a DRS (digital reporting system), which the BML Group is currently promoting, will be an important strategy to differentiate our business in the future. The DRS is a series of services that consists of the following steps: medical institutions submit test orders via the internet, automatically printed barcode labels with patient names and test request information are placed on specimens at medical institutions, the BML Group receives the specimens and performs the tests, and test results are transmitted via the internet and viewed on the web. The BML Group's strength lies in the in-house development of this system and the know-how of its employees to understand and operate it. We hope to gain a competitive advantage in this area and enhance our corporate value.

The Eighth Medium-Term Management Plan announced in May 2021 clearly states the promotion of DX. In addition to DRS, we will combine our own cloud-based electronic patient chart system Qualis Cloud and clinical testing system B-Liner as DX promotion tools for the BML Group, to improve the service for medical institutions and reduce the workload of the BML Group. We also plan to continue proactive investments in these systems.

Business performance during the COVID-19 pandemic, which saw a large upward swing

Although the BML Group's mainstay clinical testing business has been growing by increasing the number of tests through systemization and cost reductions, market growth is expected to become more difficult in the future as the birthrate declines and the population ages. In addition, because the prices of most tests are determined by medical insurance points, we consider it difficult to significantly increase profits by continuing with conventional approaches.

On the other hand, we need to clearly explain that this is a business that can grow steadily over the long term as it is part of the medical care system and is therefore less susceptible to economic fluctuations.

The BML Group should grow steadily and stably rather than hoping for rapid business performance improvement, with our awareness that we are responsible for healthcare infrastructure.

Nevertheless, our business performance for FY2020 and FY2021 was significantly higher in the face of the COVID-19 pandemic.

Net sales for FY2020 were ¥138.5 billion, an increase of 14.8% year on year, and operating income was ¥19.9 billion, more than double the previous year's level. Net sales for FY2021 were ¥186.0 billion, an increase of 34.3% year on year, which exceeded the initial forecast by ¥43.7 billion. Operating income was ¥48.8 billion, more than 2.4 times higher than the previous fiscal year. Excluding the effect of COVID-19-related tests, net sales

were ¥126.6 billion, an increase of approximately ¥6.0 billion from the FY2019 results, which were before the COVID-19 pandemic, resulting in a higher level of growth compared to previous years.

Although the Eighth Medium-Term Management Plan, with FY2021 as its first year, was formulated without assuming the impact of the fifth and sixth waves of infections, the first-year results were in line with the original plan, excluding the effects of COVID-19-related tests.

Medium-Term Management Plan with an operating income ratio of 8.5% or higher

As the current Medium-Term Management Plan started in FY2021, we should normally compare figures based on FY2020 results. However, results for the said year increased significantly due to COVID-19-related tests, and we have used FY2019 results, which were before the COVID-19 pandemic, as the basis for comparison. Although it is difficult to foresee the end of the COVID-19 pandemic, we have formulated our Medium-Term Management Plan with an eye to the extent we can expand our net sales and profits, not taking into account COVID-19-related tests, compared to levels before the COVID-19 pandemic.

The net sales target for FY2023, the final year of the plan, is set at a maximum of ¥145.0 billion, depending on the status of COVID-19 infections, and ¥135.0 billion if the COVID-19 pandemic is contained. Even if COVID-19-related tests were to cease, we aim to increase net sales by approximately 12% compared to the ¥120.7 billion in FY2019.

For operating income, we aim for ¥11.5 to ¥12.5 billion. We have set the operating income ratio target at 8.5% or higher.

The reason we have placed the operating income ratio as a target value is that we have utilized it as a target value up to FY2019, and we intend to continue utilizing the operating income ratio as a basis for comparisons after the COVID-19 pandemic. We understand that the 8.5% figure is a bold target, given that the operating income ratio was around 8.3% prior to FY2019. In any case, our first priority is to unify the awareness of profitability within the Company by making comparisons using the same indicators we used before the COVID-19 pandemic.

Ensuring profitability through appropriate cost allocation

The acquisition of new customers continues to be our top priority to achieve our net sales target. Although it will depend on the demographics of each region in the

Message from the Financial Officer

future, we believe there is still room for business expansion based on the BML Group's projected market share in each region. We will also focus on increasing business with medical institutions with which we have established new business through PCR testing. For these efforts, we will flexibly deploy sales and testing personnel as well as equipment and facilities in response to the market. In addition, as mentioned earlier, we will continue to invest in an efficient collection and delivery system to further strengthen our nationwide network.

We recognize that the development of human resources for the next generation is one of the most important management issues. We hired 160 new graduates this fiscal year, and we intend to increase the number of personnel who will lead the next generation by hiring a stable number of employees every year, including mid-career recruits. In addition, we have reviewed our training system since the previous fiscal year, and we have prepared various types of training, such as rank-based, selective, and voluntary training, for each job category to improve the level of our employees. We intend to invest more than before in terms of both the quality and quantity of the human resources that support all of our operations.

On the other hand, we are closely monitoring the increases in various expenses, test costs, and profitability. Although the BML Group has greatly improved its business performance due to the effect of the COVID-19 pandemic, we should remain cost conscious. Our purchasing departments carefully negotiate prices with suppliers to ensure appropriate procurement while our testing and accounting departments monitor the profitability of each test based on cost calculations. The results are shared with the sales departments and reflected in the pricing policy. The sales departments make decisions on individual projects from the standpoint of profitability and do not casually engage in price competitions with the sole purpose of increasing sales in the immediate future. The operating income ratio is set as the most important indicator to share the results of these activities internally.

Strengthening the medical check-up and clinical trial fields

While the clinical testing business described above is the pillar of our operations, we intend to strengthen our business in non-insurance fields going forward.

The first is in the field of medical check-ups. In Japan's aging society, there is a growing interest in the maintenance and promotion of good health. This trend can also be seen in the health measures taken by local communities and companies, which are focusing on daily health management for early detection and early treatment of diseases. In this field, medical check-ups for residents

and companies are required to be conducted nationwide or over a wide area, and speedy reporting of results, including those for high-spec physical examinations, is also required. The BML Group's nationwide network of 81 laboratories, 116 collection and delivery locations, and a collection and delivery system consisting of approximately 2,300 staff can provide assistance in this area. In addition to outsourcing testing, we can also utilize our abundant experience in clinical in-hospital examinations to support testing at medical checkup facilities.

The second is clinical trials, which have been the focus of attention in the development of vaccines and therapeutic drugs during the COVID-19 pandemic. In accordance with a partnership agreement with Labcorp (U.S.), we are providing joint clinical trial services for international clinical trials. In addition to clinical trials in Japan, we expect significant growth by playing a role in international clinical trials, which are growing rapidly. In this field as well, our strength lies in our nationwide collection and delivery network in addition to the testing capabilities of the BML General Laboratory.

Based on our extensive track record in clinical testing, we intend to support a wide range of services in medical care, including preventive medicine such as health checkups and physical examinations, as well as support for developing new drugs through clinical trials by drug manufacturers.

Released the cloud-based electronic patient chart in April

The third is the electronic patient chart system for clinics, which is the pillar of our medical informatics business. Expanding sales of electronic patient charts is expected to generate synergies with the clinical testing business. We aim to grow both businesses through a business cycle in which the use of electronic patient charts leads to the clinical testing business which in turn is linked to the DRS described above to improve efficiency.

We have been providing two on-premise electronic patient chart system products Medical Station (MS) and Qualis. In April this year, we launched the new cloud-based electronic patient chart system Qualis Cloud, which fully maintains the operability and functionality of the existing Qualis system. It is the first electronic patient chart in the industry to adopt the smart client method, which has the advantage of the on-premise type of integration with in-hospital medical equipment, while also taking advantage of the cloud-type system and its data integrity and low cost. We project that the penetration rate of electronic patient charts in clinics nationwide is about 30 to 40%. We expect that the BML Group's cloud-based electronic patient chart, which has features unmatched by other companies, will be highly evaluated by many clinics from both functional and cost perspectives.

Food testing with synergies in testing know-how

The fourth is the food hygiene business. With the ever-increasing focus on food safety and security, we expect continued and significant growth in this business.

Sales in this business consist mainly of the testing business and the consulting business.

In particular, the technologies in food microbiology and intestinal bacteria testing in the testing business can be mutually shared with those cultivated in clinical testing, and there are synergies on a Group-wide basis. Particularly in the intestinal bacteria testing business, we have been conducting PCR testing and pooled testing for some time, and these tests are one step ahead of those in the clinical testing business. We plan to invest in new testing facilities going forward to expand our business by leveraging the strength of our testing capabilities.

Meanwhile, we are receiving requests from food-related companies for comprehensive consulting services for quality control, including factory audits, store inspections, and the acquisition of various certifications related to food safety. For this reason, we will also focus on training consultants with abundant expertise.

Valuing communication with shareholders

In February this year, we announced the construction of a new wing at the BML General Laboratory. The purpose of this new wing is to provide business continuity planning (BCP) measures against natural disasters, such as climate change and earthquakes; to take environmental measures, which are the most important social issue in recent years; and to secure testing capacity that will

support future growth. We have announced our BCP and environmental measures as the first phase and will formulate an appropriate capacity expansion plan for the next ten years, for which we will make another announcement along with the earnings forecast.

We recognize shareholder returns as the most important management priority. In the fiscal year ended March 31, 2022, we increased dividends through two share buybacks and a special dividend, reflecting our business performance during the COVID-19 pandemic. The BML Group's policy is to maintain stable shareholder returns in order to meet the expectations of its long-term shareholders. Therefore, we have decided to return profits to shareholders for the fiscal year ended March 31, 2022, through a combination of share buybacks with dividend payments instead of exclusively utilizing dividends. Looking ahead, based on the assumption that the COVID-19 pandemic will be contained and business performance will return to stable growth, we plan to increase the full-year ordinary dividend by ¥10 to ¥80 for the current fiscal year.

Although we have not been able to provide information face-to-face with our shareholders due to the COVID-19 pandemic, we will continue to create opportunities for direct dialogue through various briefings and individual meetings and will place importance on communication with our shareholders.

Although the general public rarely comes into contact with the business of the BML Group, PCR testing during the COVID-19 pandemic has led to wider recognition. As I mentioned at the beginning, I believe it is important to communicate to our shareholders the stable business model and social significance of the BML Group, which underpins Japan's medical care.



Sustainability Management

In accordance with our Policy, basic sustainability policy, environmental policy, and compliance manual, we, the BML Group, will respect dialogue with all stakeholders, including customers, business partners, shareholders and investors, employees, and local communities, and will play an active role in building a sustainable society and strive to enhance our corporate value.

Basic Sustainability Policy

1. Contribution to society

BML is committed to improving medical services and health through the latest technologies, systems, and service networks based on our extensive clinical laboratory experience.

2. Addressing environmental issues

We will work to protect the global environment in all stages of our business activities and provide testing services related to the environment and health, in order to realize a sustainable society that cares for people and the earth.

3. Respect for human rights

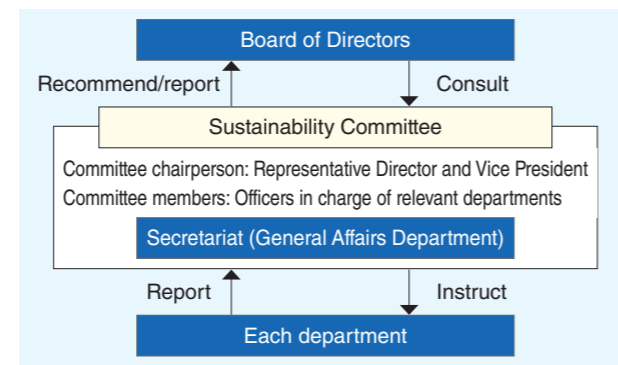
We respect the human rights of all people affected by our business activities. We will also promote diversity and inclusion, and strive to foster a corporate culture in which employees can work safely and comfortably.

4. Establishment of trust from society

We will achieve management that earns a high level of trust from society by conducting sincere and fair corporate activities, including compliance with laws and regulations, fair and free competition, and appropriate information disclosure.

Sustainability promotion system

The BML Group has established a Sustainability Committee chaired by the Representative Director and Vice President. The Committee aims to promote sustainability of the entire BML Group, and discusses and decides on the approach and plans for sustainability. The Committee meets quarterly to regularly discuss the approach and evaluate activities, and works on improving the system and updating the implementation plan as necessary. The Committee members consist of officers and general managers of the relevant divisions, and the General Affairs Department serves as the secretariat.



SDGs initiatives

The BML Group will promote various initiatives for the development and growth of a sustainable society under the

Group Vision of "Becoming the most trusted choice in the medical world."

The BML Group's initiatives to contribute to the SDGs

The Group's main business areas		
[Clinical testing]	[Environmental testing]	[Food testing]
3 GOOD HEALTH AND WELL-BEING 	6 CLEAN WATER AND SANITATION 	
4 QUALITY EDUCATION <ul style="list-style-type: none"> Supporting medical education foundations Holding laboratory forums 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE <ul style="list-style-type: none"> Spreading cloud-based electronic patient charts Rollout of B-Liner 	13 CLIMATE ACTION <ul style="list-style-type: none"> Measures to enhance the resilience of the BML General Laboratory Installation of solar power generation systems
8 DECENT WORK AND ECONOMIC GROWTH <ul style="list-style-type: none"> Rollout of DRS Internalizing outsourced operations 	11 SUSTAINABLE CITIES AND COMMUNITIES <ul style="list-style-type: none"> Opening daycare centers to the public 	17 PARTNERSHIPS FOR THE GOALS <ul style="list-style-type: none"> Strengthening alliances (lab operations and system development)

Stakeholder engagement

In order to achieve sustainable growth and enhance corporate value over the medium to long term, the BML Group strives to maintain positive and smooth relationships with not only shareholders but also customers, business partners, employees, and various other stakeholders, while taking their interests into consideration. We hold financial results presentations for securities analysts and institutional investors (twice a year),

participate in conferences sponsored by securities firms, and hold individual interviews and send reports to shareholders (twice a year) to promote understanding of the Company, including business strategies and company introductions. In addition, we will continue to provide social value to our customers by holding laboratory forums and participating in various academic conferences.



Environment

Message from the Sustainability Committee Chairperson



Thorough disposal of infectious substances and other items

For the BML Group, which has the Policy of “Dedication to creating a healthy and cultured society,” environmental initiatives are the starting point for maintaining and improving people’s health. As part of the efforts, the BML Group’s central laboratory, BML General Laboratory, has been ISO14001 certified since 2001.

The BML Group is working to reduce the consumption of electricity and city gas as individual environmental measures in accordance with its environmental management system. Another important aspect is the focus on preventing contamination and emissions of infectious substances, organic solvents, and poisonous substances, which the nature of our business forces us to handle, while also reducing waste. Some of our departments use organic solvent reclamation equipment to extract organic solvents from liquid waste and reuse them. In addition, we thoroughly ensure that infectious substances are treated in the BML General Laboratory to eliminate their infectivity before disposal.

Another important pillar of our environmental management system is compliance with laws, regulations, and industry codes. Looking ahead, environmental laws and regulations are expected to be revised quite drastically. We will continue to respond to such changes by gathering information in real-time.

Environmental measures for laboratories, logistics, and plastic containers

Environmental measures for electricity and water used in laboratories are among the most important issues. In particular, inspection equipment emits a considerable amount of heat, and if the room temperature rises as a result, problems arise in the operation of inspection equipment. For this reason, air-conditioning measures are extremely important, and increased electricity consumption has been an issue. Therefore, we have been working on the renovation of the air-conditioning system and reviewing all piping since 2020. This is expected to ultimately reduce CO₂ emissions by approximately 1,200 tons per year.

In addition, the laboratory requires a large amount of water for testing equipment and other purposes and uses groundwater as part of its water resources. However, if we use groundwater without limits, we run the risk of causing land subsidence. For this reason, we are working with the local government to determine the amount of water to be used each year.

Environmental measures in logistics departments are also essential. The entire Group constantly operates approximately 3,000 vehicles to receive specimens from medical institutions and transport them to the laboratory. Going forward, we will seek to contribute to the reduction of CO₂ emissions by switching from gasoline-powered vehicles to EVs.

We will also work on recycling initiatives in order to reduce waste from plastic containers used for testing, such as specimen and reagent containers. Furthermore, we are considering the use of containers made of biomass materials derived from living organisms in collaboration with container and reagent manufacturers.

Environmental initiatives

The BML Group is working to reduce its environmental impact in accordance with the BML Group Environmental Policy. We recognize that reducing our environmental impact and preserving biodiversity to solve environmental issues are important management issues. We will work to reduce GHG emissions by installing solar power generation equipment and adopting energy-efficient, high-efficiency heat source equipment for air-conditioning systems in the new wing to be completed in August 2024.

BML Group Environmental Policy

Basic philosophy

A global environment rich in natural beauty is essential to a full, healthy life. In line with our corporate Policy of “dedication to creating a healthy and cultured society,” we have been supporting public health through clinical testing, environmental analysis, and food hygiene businesses. In the future, we will continue to foster a keen awareness of the importance of the environment, which is the prerequisite for a healthy life, and we will make a more active contribution to the preservation of public health and the global environment.

Action guidelines

1. Helping prevent global warming by conserving energy and resources.
2. We are working to prevent pollution, reduce waste, and recycle waste products.
3. We continuously consider the environment and resources in our products and services.
4. We set environment objectives and goals for preserving the environment.
5. We respect and comply with laws, regulations, and industrial standards related to environment preservation.
6. We work to enhance environmental awareness among employees by promoting education about the environment.
7. We make our environmental policies known to all BML Group employees and to the general public.



Environment

Construction of a new wing at the BML General Laboratory

New wing: Reduction of approximately 480 tons of CO₂ and 1,060,000 kw/h of electricity per year

In August 2024, a new wing consisting of two buildings with a total floor area of 20,000 m² will be completed in the vicinity of the BML General Laboratory.

The purpose of constructing the new wing is partly to expand testing functions. However, BCP measures are also an important part of the project. The Iruma River flows near the BML General Laboratory. The 2019 typhoon caused extensive flood damage in Kawagoe City due to a tributary of the Iruma River overflowing. Although the BML General Laboratory did not suffer direct damage, it is at risk of being inundated with up to three meters of water, according to hazard maps. While the main testing equipment is located on the first floor of the current building, the construction of the new wing will enable all testing equipment to be installed on the second floor or above.

In consideration of environmental measures, solar panels will be installed mainly on the south wall. Furthermore, an air-conditioning system with a high-efficiency heat source will be adopted. It has been estimated that the solar panels and the high-efficiency heat source air-conditioning system together will reduce CO₂ emissions by approximately 470 tons per year. The combined

reduction in electricity from solar power generation and high-efficiency heat source air-conditioning will result in an annual electricity reduction of 1,060,000 kw/h. This is equivalent to 9% of the annual electricity consumption of the new wing.



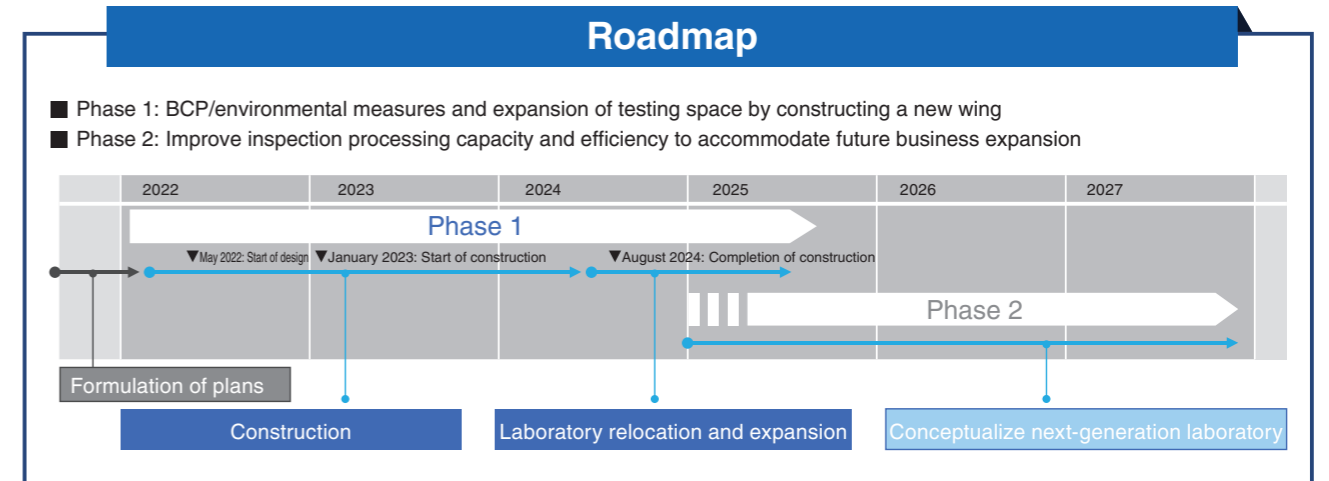
Conceptual drawing of the new wing



Concept

Sustainability
Building a foundation for sustainable growth even after ten years

- Environment** Consideration for reducing environmental impact
- BCP** Respond to increasingly severe disasters
- Expansion** Ensure scalability as business expands
- Efficiency** Improve processing capacity and efficiency



Environment

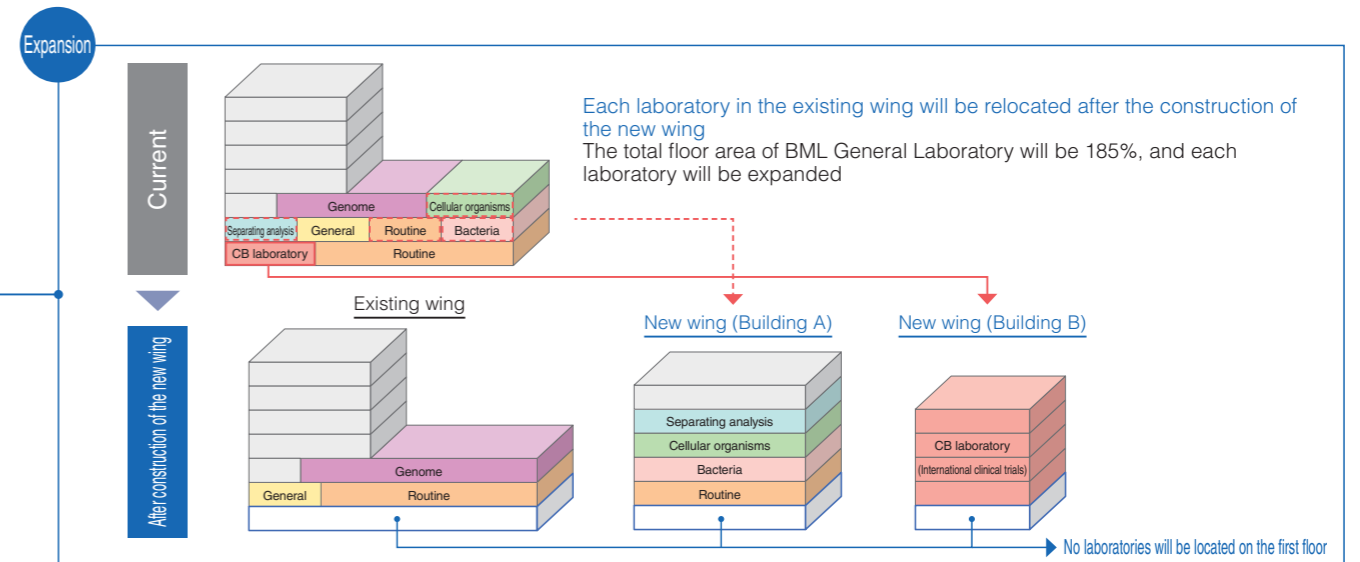
- Installation of solar power generation equipment**
Installation of power generation panels on the entire south wall of the new wing to utilize natural energy
- Improved efficiency of air-conditioning equipment**
Improvement of energy efficiency with high-efficiency heat source equipment

[Annual] Reduction of CO₂ emissions by 478 t-CO₂/year

BCP

- Flooding countermeasures**: Relocation of inspection functions of the entire BML General Laboratory to the second floor or above
- Earthquake countermeasures**: New wing (buildings A and B) is constructed with base isolation system; Existing buildings are earthquake-resistant and seismic isolators for inspection equipment are installed
- Disaster countermeasures**: Backup power and water supply
 → Emergency power generation system (72-hour power supply for new wing)
 → Clean and pure water tanks (Ensure 2 to 3 days of supply for the entire BML General Laboratory)

Building A and B



Efficiency Under consideration (to be announced at the time of the detailed explanation of Phase 2)

Environment

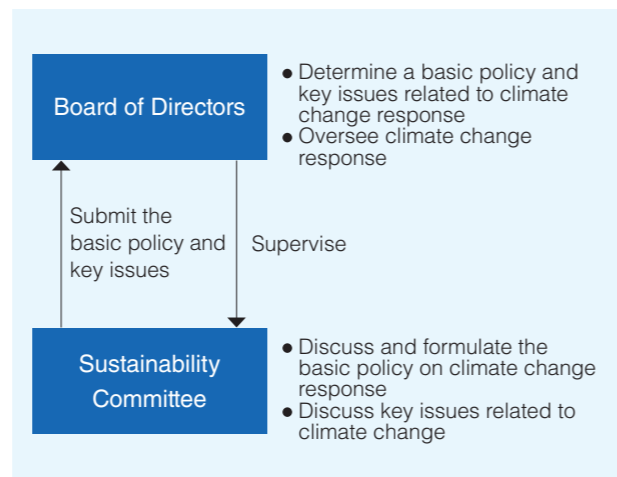
Information disclosure based on TCFD recommendations

In June 2022, the BML Group expressed its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter, "TCFD"). We will continue to actively engage in information disclosure based on the recommendations of TCFD.



Governance and risk management

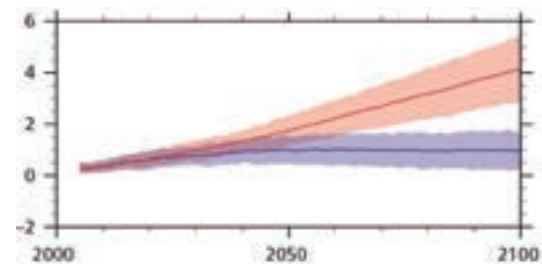
In June 2022, we established a Sustainability Committee chaired by the Representative Director and Vice President. The Committee recognizes that addressing climate change is a high priority issue and will conduct a climate change scenario analysis (risks and opportunities). The Committee also identifies those risks that have a particularly large impact on management in terms of financial impact and the likelihood of occurrence as critical risks. In addition, the Committee will discuss risks and opportunities related to climate change, as well as our targets and progress, and report to the Board of Directors on a quarterly basis.



Strategy

The 2°C and 4°C scenarios were selected in reference to the climate change scenarios published by the IEA (International Energy Agency). Recognizing that the impact of climate change is likely to become apparent over a medium-to-long-term period, we have selected

the year 2050 as a timeframe to analyze the impact. In our first year of analysis, the scenario analysis covers the clinical testing business, which accounts for more than 90% of net sales.



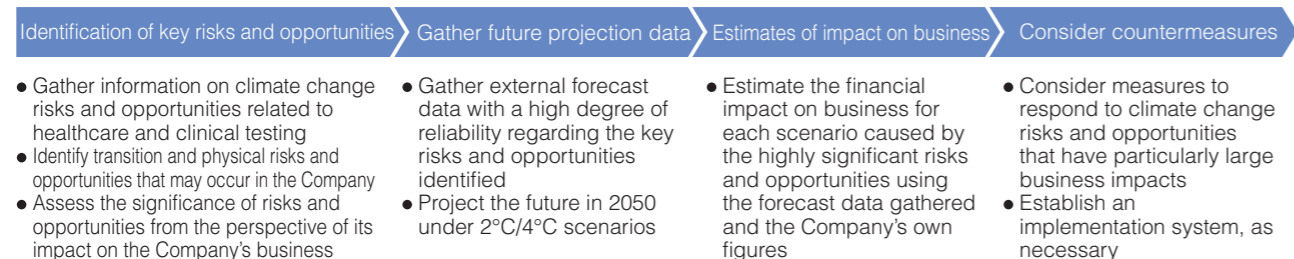
4°C scenario (equivalent to RCP 8.5)

If global warming countermeasures beyond the current level are not taken, the temperature will rise 3.2°C to 5.4°C compared to the levels during the Industrial Revolution by the end of this century

2°C scenario (equivalent to RCP 2.6)

If strict measures are taken, the temperature will rise 0.9°C to 2.3°C compared to the level of the Industrial Revolution by the end of this century

Analysis process



Estimate of business impact in 2050

On the basis of external information, the BML Group outlined major climate change risks and opportunities in Japan, where the Group engages in its clinical testing business, and collected future projection data for each risk and opportunity. In accordance with the data, we have examined the risks and opportunities associated with the transition to a decarbonized society and the physical risks and opportunities arising from climate change, and have identified key risks and opportunities that could impact our business by 2050.

identified the risk of lost sales opportunities, such as flooding of key sites and delivery delays or destruction of specimens due to supply chain disruptions, while at the same time identifying opportunities in which appropriate capital investment to make sites more resilient from a BCP perspective will lead to differentiation from competitors and positively affect sales opportunities.

The results of the analysis confirmed that no significant business continuity risks are expected under any of the scenarios, and that the Company's business has a certain level of resilience to climate change.

For example, under a hypothetical scenario in which extreme weather events become more severe, we have

Key risks and opportunities identified	Potential timelines for emergence	Potential impact		Examples of possible response measures	
		2°C scenario	4°C scenario		
Transition risks and opportunities Carbon prices, national carbon emission targets and policies	Carbon tax	Medium term	[Risks] • In the case where a carbon tax is imposed, the cost will increase by up to ¥100 million per year (assuming a carbon price of \$160/tCO ₂ in 2050). [Opportunities] • Increased sales opportunities due to implementation of low-carbon inspection processes	(Impact is assumed to be insignificant) • No significant financial impact, but adapt to a decarbonized society and turn it into an opportunity	
	Electricity expenses	Medium term	[Risks] • Increased costs due to higher electricity retail unit prices	[Opportunities] • Decreased costs due to lower electricity retail unit prices • Cost increase in 2°C scenario is within absorbable range and impact is low, but we will continue to improve energy efficiency • Strengthen self-charging capacity by installing solar panels	
	Renewable energy procurement costs	Short term	[Risks] • Introduction of renewable energy facilities • Increased costs due to green power purchases and other measures	[Risks] • Increased costs due to a certain level of renewable energy (minor compared to the 2°C scenario)	• Consider all options for fossil fuel phase-out (including gas)
	Plastic tax	Medium term	[Risks] • Increased costs due to taxation on plastics [Opportunities] • Expand sales opportunities through the introduction of biomass-derived containers, etc.	(Assuming no plastic tax is applied)	• Consider all options, including the use of non-plastic products
	Spread of low-carbon, next-generation technologies	Cost of switching to EVs	Medium term	[Risks] • Cost increase of approximately ¥400 million per year due to conversion of transportation vehicles to EVs and introduction of recharging facilities	[Risks] • Cost increase of approximately ¥200 million per year due to conversion of some vehicles to EVs • Utilize public subsidies to replace collection and delivery vehicles
Physical risks and opportunities	Rising average temperatures	Air-conditioning load in summer	Long term	[Risks] • Increased temperature control costs during transportation and storage of specimens (minor compared to the 4°C scenario)	[Risks] • Increased temperature control costs during transportation and storage of specimens • Costs are within the absorbable range and impact is low, but we will continue to strive to improve energy efficiency • Work on reducing load by installing high-efficiency heat source equipment and facilities.
		Demand for testing for infectious diseases	Medium term	[Risks] • A certain level of refraining from medical examinations (minor compared to the 4°C scenario) [Opportunities] • Expansion of certain sales opportunities (minor compared to the 4°C scenario)	[Risks] • Decrease in flow of people and increased refraining from medical examinations due to rising temperatures [Opportunities] • Expansion of sales opportunities due to the increase in the number of patients with some infectious diseases and the demand for new tests • Strengthen response to the infectious disease market in association with rising temperatures
Physical risks and opportunities	Extreme weather events	Lightning	Long term	[Risks] • Impact of slowdown of power, logistics, and other infrastructure due to lightning	[Risks] • Impact of slowdown of power, logistics, and other infrastructure due to lightning (minor compared to the 2°C scenario) • Continue to consider strengthening the resilience of sites and optimization from a BCP perspective • Increase measures to prepare for emergencies and strengthen resilience
		Flood damage	Long term	[Risks] • Loss of some sales opportunities due to wind and water damage • Loss of income (approximately ¥700 million) due to damage to equipment and suspension of inspection lines, due to flooding in test labs [Opportunities] • Improvement of market competitiveness by strengthening BCP for collection, delivery, and transportation functions, laboratory functions, etc.	[Risks] • Loss of sales opportunities due to delays in specimen delivery caused by wind and flood disasters • Loss of income (approximately ¥1,200 million) due to damage to equipment and suspension of inspection lines, due to flooding in test labs [Opportunities] • Improvement of market competitiveness by strengthening BCP for collection, delivery, and transportation functions, laboratory functions, etc. • Continue to consider strengthening the resilience of sites and optimization from a BCP perspective
		Insurance premiums	Short term	[Risks] • Increase in fire insurance premiums in line with the risk of damage to sites	[Risks] • Increase in fire insurance premiums in line with the risk of damage to sites • Costs are within absorbable range and impact is low

Indicators and targets

The BML Group discloses the GHG emissions (total amount, Scope 1 and 2) of BML General Laboratory after obtaining a third-party verification opinion. Going forward, we will work toward Scope 3 calculation and disclosure for other sites. In addition, the BML Group is also considering setting GHG emission reduction targets on a Group-wide basis in light of regulatory trends in various countries.

[GHG emissions (t-CO₂) of the BML General Laboratory]

	2019	2020	2021
Scope 1	3,346	3,493	3,915
Scope 2	12,132	12,441	12,476

Society

Human resource development and utilization

In the Seventh Medium-Term Management Plan, we have positioned the development and utilization of human resources as a priority toward strengthening our management base, and are working to promote diversity,

visualize skills, and strengthen and enhance education and training.

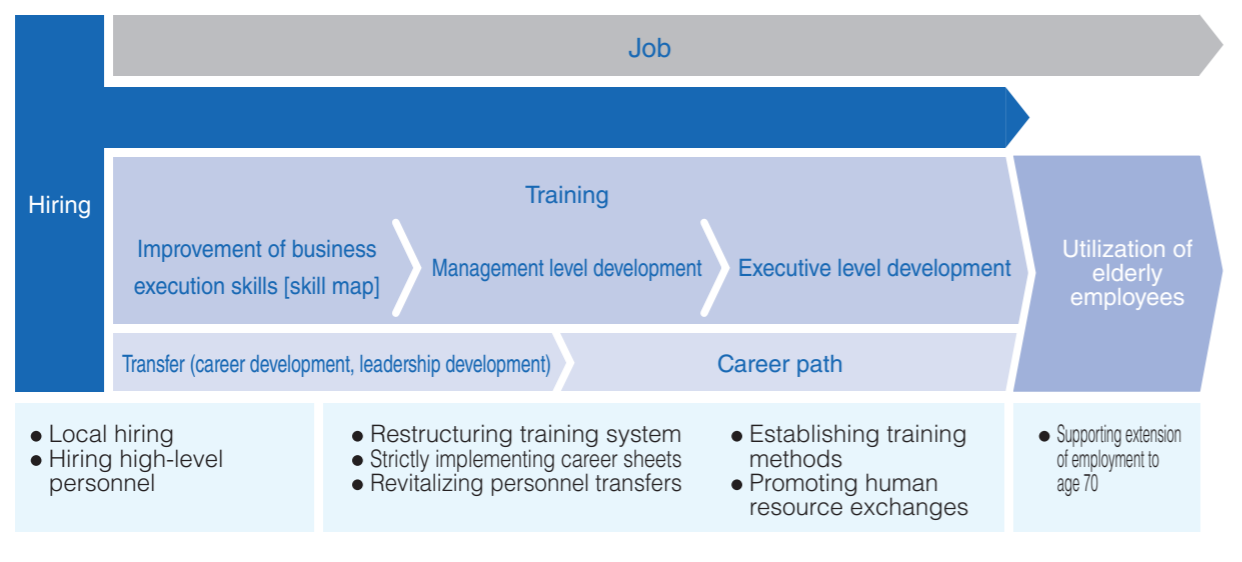
Response to social conditions and laws and regulations

- Strengthening the labor management system (supporting workstyle reform)
- Promotion of women (advancement of diversity)

Management of human resources capabilities

- Personnel management based on standard headcount
- Human resource development and utilization

Human resource development and utilization



Advancement of diversity

The BML Group is working to advance diversity, and is particularly focused on promoting the active participation of women. While women, who account for about half of all employees, have become an important asset to support the business, not much progress had been made on their promotion to management positions. In light of this situation, since FY2021, we have been working to select and train women who are capable of becoming core human resources in the future and promote them to management positions, with all officers and employees recognizing the importance of diversity.

In addition, the Women's Working Group has been established to review various systems in order to achieve a workplace where women can work comfortably and are

rewarded for their efforts. We are promoting the active participation of women from both systematic and operational perspectives. Specific measures include: (1) the disadvantage of taking maternity leave in terms of promotion procedures has been rectified, (2) the managerial promotion system, which had been restricted by the range of possible transfers, has been reviewed, (3) the annual paid leave system has been reviewed with the aim of facilitating work-life balance, and (4) men have been encouraged to take childcare leave.

Seven-year diversity promotion plan (April 2021 to March 2026)

Target 1	Increase the percentage of women in management positions to about 13%
Target 2	Increase the percentage of female candidates for next management positions to about 32%
Target 3	Increase the percentage of men taking childcare leave to about 10%

Diversity training

Diversity training for all BML employees was conducted for officers, managers, and general employees for awareness reforms throughout the Company. In particular, the training for managers included a review of the workplace from the perspective of diversity and group discussions with managers from other departments.

We are working to create a workplace environment in which employees can work comfortably by distributing a Message from the Top Management from the President and by having all managers make an *Ikubosu* (family-friendly boss) declaration.



Training for officers



Training for managers

Establishment of Women's Working Group

In order to implement the Action Plan for the Advancement of Women, the Women's Working Group was established within the Human Resources Department to implement measures that reflect the feedback from many women working in a variety of environments.

By making various proposals on the current human resources system from the viewpoint of women, the Working Group is reviewing the system and its operation.



The first meeting of the Working Group

Visualization of skills

The Group will introduce skill maps to visualize the skills of each and every employee. Standardized skills are set for each job category and role, and standardization is promoted through training. Furthermore, we will enhance

the quality and efficiency of operations by raising the standard level of these skills.

Skill map (conceptual image)

			Experienced departments			
			Biochemistry	Hematology	Immunology
Laboratory techniques	①	Hemogram			3	
	②	Blood types and transfusion	2			
	③	...				
Test equipment	①	Equipment A		5		
	②	Equipment B				
	③	Equipment C		4		

(Points)

Society

Strengthen and enhance education and training

We will establish a new training system as a measure to develop and utilize human resources. In addition to operational skills for each job category, we will organize and strengthen the business skills required for each rank. We will simultaneously implement selective training

programs for the purpose of developing leaders for the next generation. Furthermore, online content is introduced to create opportunities for self-directed learning.

Management training and executive development training

In order to ensure the sustainable diversity of core human resources, we conduct selective education and training to identify and systematically develop human resources from an early stage. We redefine the roles and

skills required at each level, and strengthen human resource capabilities through repeated off-the-job training and workplace practice over a period of approximately six months.

Management training

Unit 1	Role recognition and self-awareness
Unit 2	Strategy and target setting
Unit 3	Mentoring and coaching junior staff
Unit 4	Organizational transformation

Executive development training

Unit 1	Role awareness and logical thinking
Unit 2	Business strategy
Unit 3	Finance and strategy
Unit 4	Marketing and business models
Unit 5	Organization and business

IT literacy training for DX promotion

In FY2022, we will conduct training to enhance the overall IT literacy level of all employees, because we need to give each and every employee a sense of ownership over DX, making changes from the daily work

level. In addition, systems human resources will receive training to acquire the knowledge and skills necessary for DX promotion.

Introduction to IT

What is IT?	Types of software	Development flow (implementation, testing, maintenance)	IT qualifications
IT around us	Types of programming languages	Network security	What is DX?
Examples of IT applications	What is agile development?	What is the cloud?	Virtualization
Types of hardware	Development flow (requirements definition to design)	Cryptography and authentication	What is AI?

Promotion of health management

BML Group Health Declaration

"Dedication to creating a healthy and cultured society." In order to realize this Policy, the BML Group declares that each and every employee will contribute to the creation of a rich culture of health by promoting health management through the development of a health-first culture.

- 1 We will promote work-life balance and create workplaces where a diverse range of employees can play an active role.
- 2 We will endeavor to maintain and promote the mental and physical health of our employees and their families.
- 3 We will support the efforts of each employee to voluntarily maintain and improve his or her own health.

Messages from employees

Acquisition of childcare leave



Kai Seguchi,
Recruiting Section

I have always loved children, and there was a time when I thought about becoming a childcare worker in the future. For this reason, I naturally thought that if I had a child, I would like to take childcare leave. With the encouragement of my team members at the time, I decided to actually take the childcare leave.

Although the leave lasted only two months, it was a valuable opportunity for me to see the once-in-a-lifetime growth of my child most closely. On the other hand, I feel that I should have taken the leave just before or just after my wife returned to work, rather than immediately after the birth, and also that we could have worked out each other's share of household chores and childcare in the future. However, through this childcare leave, I was able to strongly realize that working fathers can become stronger through childcare.

Acquisition of childcare leave



Kei Akazawa,
General Testing System
Section 1

I love children so much that I participated in the Boy Scouts even after I became a working adult, and I definitely wanted to take childcare leave when I had a child of my own. My team members knew that I loved children, so they created an atmosphere that made it easy for me to take childcare leave.

Since I wanted my wife to rest as much as she could, I actively tried to spend time with my son alone. I am very happy that I was able to take time off to be with my child, even if it was only for two weeks. My wife and I had discussed this beforehand, and it turned out to be a mutually beneficial period for both of us.

I would like to take childcare leave again for our second child, but next time I would like to aim for a longer period of childcare leave. I have a lot of work to coordinate and hand over to make it happen, but I will do my best to spend time with my beloved children.

Promotion of the active participation of women



Mayumi Kato,
Core System Section

I was nominated for a managerial position after the Act on Promotion of Women's Participation and Advancement in the Workplace came into effect in 2015. The System Section to which I belong is very busy and engages in many important operations, and I thought that a managerial position would be hard work. However, I accepted it thinking that I might as well give it a try as it is my last chance before retirement.

Since becoming a manager, I have found my days to be enjoyable and rewarding, as my scope of work expanded my discretionary rights and connections with various people both inside and outside the company, in addition to my own department. On the other hand, I also encounter many challenges that require me to take the lead and solve them without running away from them. Therefore, I work to stay under control mentally so that I do not get overwhelmed by the sense of responsibility as I take care of my current tasks.

Although I was not fully on board with becoming a manager at first, I believe that the position has helped me grow into the person I am today. People can grow by being in a position of responsibility and fulfilling those responsibilities through trial and error. If you are recommended for a position, I really encourage you to give it a try.

External evaluation

Received 2 stars for "Eruboshi" Certification

Recognized as a 2022 Certified Health & Productivity Management Outstanding Organization



Message from an Outside Director



Instilling an awareness of diversity throughout the Company

I was appointed as Outside Director of the BML Group in June 2020. After gaining practical experience at Sumitomo Mitsui Banking Corporation in areas such as screening, research, and sales, I worked in the human resources department as an executive officer of the bank and the group, where I was in charge of human resources development and diversity. Currently, I am also in charge of business administration, finance, public relations, diversity, and other duties at The Japan Research Institute, Limited.

Upon assuming the position of Outside Director, I understood that my role was to bring diversity to the Board of Directors by incorporating the perspectives of women, in addition to providing expertise and information from outside the Company. Therefore, I have been utilizing my experience and knowledge to provide advice on the formulation of strategies, such as human resource development and utilization, the review of training systems, and the promotion of diversity, as well as to enhance corporate value and sustainable growth over the medium to long term.

Since I joined the Board of Directors, we have made steady progress in ensuring diversity in corporate governance.

For example, in promoting diversity, it is necessary to conduct an awareness reform throughout the Company. As a prerequisite for this, I have advised the Company of the necessity to become aware of unconscious bias, which is a barrier to diversity.

We have announced a five-year diversity promotion plan that ends in FY2025, and we launched the plan in FY2021. The plan sets the following three targets: to increase the percentage of women in management positions to about 13%, to increase the percentage of

female candidates for next management positions (chiefs and deputy chiefs) to about 32%, and to increase the percentage of men taking childcare leave to about 10%.

As a prerequisite for this, diversity training was conducted for each layer of the Company, including directors, managers, and general employees, in order to make a holistic effort to promote the advancement of women.

Putting our soul into the diversity system

The promotion of diversity requires commitment from the top management. Therefore, we ask that top management continue to communicate this commitment from time to time through means such as meetings of the Board of Directors, training sessions, and internal newsletters.

To promote diversity is to also take on the challenge of transforming the corporate culture. I recognize that we need to make genuine efforts to change the entrenched culture.

In promoting the active participation of women, it is also necessary to consciously create opportunities for women to play an active role. We also believe that it is important for employees to act on their own initiative. We thus have established the Women's Working Group to gather a wide range of opinions. This has led to initiatives such as *Ikubosu* (family-friendly boss) training and the *Ikubosu* declaration.

There was also a proposal to open the daycare center attached to the Kawagoe General Laboratory to the general public for its further use. In addition, we identified factors that inhibit male employees from taking childcare leave, and we shared our findings with employees through internal newsletters and incorporated solutions into our human resource systems.

It takes time to transform the corporate culture. Although we are currently in the process of setting targets and establishing systems, over the past year, I think we have made a lot of progress in employee awareness reforms regarding diversity, not to mention awareness of the term "unconscious bias."

Looking ahead, I believe that we must continue to put our soul into the system through a series of commitments from top management, training, and communication to promote diversity.

Response to the revision of the Corporate Governance Code

The BML Group has also taken steps to comply with the revised Corporate Governance Code.

We have been working to increase the ratio of Outside Directors to more than one-third of the total number of directors. The Advisory Committee was also renamed the Nomination and Compensation Committee to enhance its effectiveness. An Outside Director serves as the chairperson of the Committee and works to facilitate discussions.

The Nomination and Compensation Committee receives explanations of who the candidates for directors and executive officers are and the reasons for their selection, and Committee members interview the candidates to facilitate discussions.

The Committee also discusses the compensation system, including new perspectives to be adopted.

We are also discussing how to further improve the evaluation system for officers and apply a more sophisticated evaluation approach, taking into account not only the task achievement rate but also the degree of accomplishment of organizational management and the Medium-Term Management Plan.

We have completed a certain level of compliance with the revised Corporate Governance Code, and we will further enhance the system in the future.

One of the missions of the Nomination and Compensation Committee is to develop the next generation of management candidates. How can we nurture the next generation, including reviewing training systems, assignments, and transfers, to develop the next generation of leaders and executive candidates? For example, it is necessary to include a certain number of women among the candidates, and the training of candidates from such a perspective has just begun.

Enhancement of sustainability

As part of our efforts to further strengthen corporate governance, we must work to enhance sustainability going forward.

To realize the BML Group's Policy of "Dedication to creating a healthy and cultured society," the realization of a sustainable society and management is essential. In particular, addressing climate change and environmental issues is one of the challenges that must be addressed globally. BML, as a listed company on the Prime Market

that is environmentally friendly, needs to address these issues positively and proactively.

In this context, we have decided to establish the Sustainability Committee and have formulated a basic policy. We have also discussed our response to the TCFD (Task Force on Climate-related Financial Disclosure) extensively and disclosed it. This issue needs to be addressed in dialogue with all stakeholders of the BML Group. Communication with our employees is particularly important as they must recognize that environmental issues are not someone else's concern, but their own, and we must address these issues on a Company-wide basis. We also need to make sure that our business partners understand these issues and cooperate with us to tackle them together.

Investment in human capital is the biggest differentiator

One of BML's future management challenges is to strengthen and expand its non-insurance business.

Looking ahead, the market size is not expected to grow significantly in the current environment as the population of Japan declines. Amid such an environment, the BML Group has strengths in areas including advanced technology, a nationwide laboratory network, and a collection and delivery network as well as an excellent system that connects these networks. We believe it is important over the medium to long term to leverage these strengths to increase market share while further strengthening the non-insurance business and developing new services.

DX (digital transformation) initiatives, as stated in the Eighth Medium-Term Management Plan announced in May 2021, are an unavoidable issue in the trend toward the information industrialization of healthcare. If the BML Group does not proactively take on the challenge of this trend, it will lose its ability to respond to change, its sense of speed, and its flexibility. This is a topic for further discussion, including the development of DX human capital.

Investment in human capital contributes to the long-term growth of a company. Human capital is a company's greatest asset and the source of its growth potential. This is what sets us apart from our competitors. We believe that human capital management is required to make the most of human resources to achieve both individual and corporate growth.



We have recently expanded our information disclosure on the status of activities related to promoting the active participation of women. We hope to make our shareholders and investors aware of the current situation and at the same time emphasize the Company's proactive stance. Going forward, we will continue to actively invest in human capital and consider expanding the scope of the disclosure, which we hope will lead to securing excellent human resources in the future.

Corporate Governance




List of Directors

Directors

	Name	Position	Independent	Attendance at meetings of the Board of Directors	Reasons for nomination
	Kensuke Kondo	President and Representative Director		16 out of 16 times (100%)	Dr. Kensuke Kondo has abundant experience and deep insight on overall medical industry from his experience as a doctor. Since assuming position as Representative Director in January 2014, he has been leading the Group's management. Based on his wealth of achievement from his excellent leadership, the Company has judged that he is personnel necessary to increase the future corporate value of the Group.
	Nobuki Arai	Representative Director and Vice President		16/16 (100%)	Dr. Nobuki Arai has abundant experience and deep insight on overall medical industry from his experience as a doctor. Since assuming position as a Director in June 2009, he has served in inspection, sales, planning and quality divisions, and after assuming position as Representative Director in June 2017, he has been involved in the Company's overall business including overseas and management divisions. By utilizing such achievements, expertise as well as insights on management, the Company has judged that he is personnel necessary to increase the future corporate value of the Group.
	Norihisa Takebe	Director; Senior Executive Officer; General Manager, Planning Division		16/16 (100%)	Mr. Norihisa Takebe has knowledge and experience of financial business. Since joining the Company, he has been involved mainly in accounting, corporate planning and group company management divisions and has abundant experience and deep insight into the Company's overall business. By utilizing such achievements, expertise as well as insights on management, the Company has judged that he is personnel necessary to increase the future corporate value of the Group.
	Hideaki Osawa	Director; Operating Officer; General Manager, Sales Management Division		16/16 (100%)	Since joining the Company, Mr. Hideaki Osawa has been involved mainly in sales division and also served as Representative Director at a collection and delivery-related subsidiary, and he has abundant experience and deep insight into the Company's overall business. By utilizing such achievements, expertise as well as insights on management, the Company has judged that he is personnel necessary to increase the future corporate value of the Group.
	Kenji Shibata	Director; Operating Officer; General Manager, BML Clinical Testing Headquarters		—	Since joining the Company, Mr. Kenji Shibata has been involved mainly in inspection division and has abundant experience and deep insight into the Company's overall business. By utilizing such achievements, expertise as well as insights on strategy planning, the Company has judged that he is personnel necessary to increase the future corporate value of the Group.
	Yuji Yamashita	Director; Operating Officer; General Manager, System Division		—	Since joining the Company, Mr. Yuji Yamashita has been involved mainly in the systems division and has abundant experience and deep insight into the Company's overall business. By utilizing such achievements, expertise as well as insights on strategy planning, the Company has judged that he is personnel necessary to increase the future corporate value of the Group.
	Yukiko Yoritaka	Outside Director (Independent Director)	○	16/16 (100%)	Ms. Yukiko Yoritaka has abundant experience and deep insights into finance and human resources fields. By utilizing such achievements, expertise as well as insights on management, the Company judged that she is personnel necessary to increase the future corporate value of the Group through giving opinions and making judgements from an objective standpoint when making decisions for the management of the Company, and through playing a role of monitoring and supervising Directors' execution of duties. The Company expects her to fulfill her role of supervising the management from a position independent from executive officers by utilizing her wealth of experience in finance and human resources fields.

	Name	Position	Independent	Attendance at meetings of the Board of Directors	Reasons for nomination
	Tatsuharu Arai	Outside Director (Independent Director)	○	12/12 (100%)	Mr. Tatsuharu Arai has many years of abundant experience and deep insights into corporate management in the chemical industry. By utilizing such achievements, expertise as well as insights on management, the Company judged that he is personnel necessary to increase the future corporate value of the Group through giving opinions and making judgements from an objective standpoint when making decisions for the management of the Company, and through playing a role of monitoring and supervising Directors' execution of duties. The Company expects him to fulfill his role of supervising the management from a position independent from executive officers by utilizing his wealth of experience in the chemical field.
	Shigeru Osawa	Outside Director (Independent Director)	○	—	Mr. Shigeru Osawa has abundant experience and deep insights in the financial and construction fields. By utilizing such achievements, expertise as well as insights on management, the Company judged that he is personnel necessary to increase the future corporate value of the Group through giving opinions and making judgements from an objective standpoint when making decisions for the management of the Company, and through playing a role of monitoring and supervising Directors' execution of duties. The Company expects him to fulfill his role of supervising the management from a position independent from executive officers by utilizing his wealth of experience in the construction field.

Corporate Auditor

	Name	Position	Independent	Reasons for nomination
	Kenichi Morishita	Standing Corporate Auditor		Since joining the Company, Mr. Kenichi Morishita has been involved in the Company's human resources department, Group company administration departments, and the administration department of the clinical testing subsidiary, and has abundant experience and a high level of insight into the Company's overall business. The Company has judged that he will be able to utilize his experience to enhance the audit structure of the Company.
	Nobushige Tokuno	Outside Corporate Auditor (Independent Auditor)	○	The Company has judged that he will be able to utilize his professional knowledge as a certified tax accountant and his abundant experience at the Tokyo Regional Taxation Bureau to enhance the audit structure of the Company.
	Masato Denawa	Outside Corporate Auditor (Independent Auditor)	○	The Company judged that the expertise of Mr. Masato Denawa as an attorney at law can be used for enhancing the audit structure of the Company, even though he has never been involved in corporate management.

Operating Officer

Name	Position	Responsibilities
Masami Kondo	Executive Officer	General Manager, In-hospital Examination Division
Hiroyuki Kigoshi	Executive Officer	General Manager, Management Division
Satoshi Enomoto	Operating Officer	In charge of Establishment of Next-Generation General Laboratories
Toshikazu Yamaguchi	Operating Officer	In charge of Advanced Technology & Development Division
Katsuaki Takei	Operating Officer	Deputy General Manager, BML Clinical Testing Headquarters

Name	Position	Responsibilities
Michihiro Aono	Operating Officer	General Manager, Credit Guarantee Department
Toshihiro Yanoma	Operating Officer	General Manager, Sales Strategy Division
Hiromi Nakahara	Operating Officer	General Manager, Risk Management Department
Yutaka Sakamaki	Operating Officer	General Manager, General Affairs Department

Corporate Governance

Skill Matrix (Areas which the Company specifically expects Directors to cover)

Name	Positions in the Company	Areas which the Company specifically expects Directors to cover								
		Management Experience	Medical Experience	Inspection/Engineering	Information Technology	Strategy Planning	Finance/Accounting	Personnel/Labor	Risk/Legal Affairs	
Kensuke Kondo	President and Representative Director	○	○	○		○				○
Nobuki Arai	Representative Director ; Vice President	○	○	○		○				○
Norihisa Takebe	Director; Senior Executive Officer	○				○	○			○
Hideaki Osawa	Director; Operating Officer					○				
Kenji Shibata	Director; Operating Officer			○		○				
Yuji Yamashita	Director; Operating Officer			○	○	○				
Yukiko Yoritaka	Outside Director (Independent Director)						○	○		○
Tatsuharu Arai	Outside Director (Independent Director)	○		○						
Shigeru Osawa	Outside Director (Independent Director)	○		○		○	○			

Skill Matrix (Areas which the Company specifically expects Corporate Auditors to cover)

Name	Positions in the Company	Areas which the Company specifically expects Corporate Auditors to cover								
		Management Experience	Medical Experience	Inspection/Engineering	Information Technology	Strategy Planning	Finance/Accounting	Personnel/Labor	Risk/Legal Affairs	
Kenichi Morishita	Standing Corporate Auditor						○	○		○
Nobushige Tokuono	Outside Corporate Auditor (Independent Auditor)						○	○		
Masato Denawa	Outside Corporate Auditor (Independent Auditor)							○		○

Basic Approach toward Corporate Governance

The Company promotes initiatives to fully comply with each of the principles of Japan's Corporate Governance Code of the Tokyo Stock Exchange. The Company has disclosed its Corporate Governance Report, which includes the table on the implementation status of 83 items submitted to the Tokyo Stock Exchange, on its website. Additionally, to execute fair and transparent

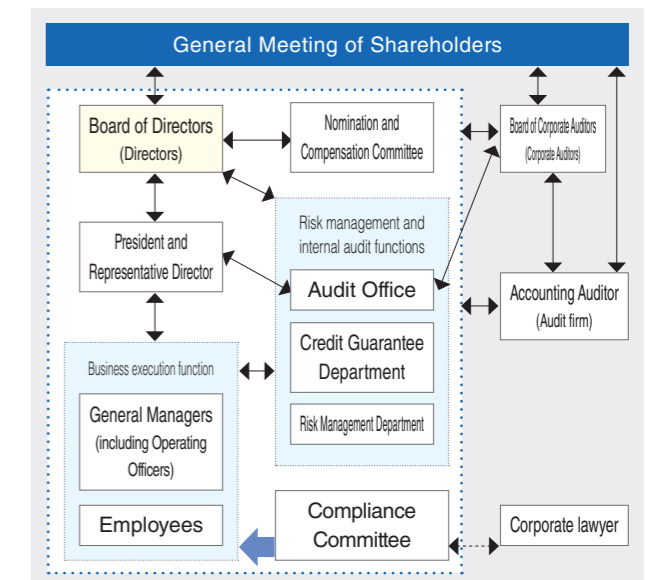
corporate activities, the Company has set forth Compliance Regulations and is also working to raise awareness by conducting training and seminars for its employees in accordance with the BML Group Compliance Manual, which illustrates the code of conduct to be observed by the employees and other persons.

Corporate Governance Structure

The Audit Office, which reports directly to the President, has been established as a department to conduct internal audits on all divisions including the Company's affiliated companies and conducts audits on the effectiveness of internal controls and the status of business execution. Additionally, internal audits are conducted by the Credit Guarantee Department mainly on the inspection divisions, our specialty field, to assess and provide instructions on compliance with laws and regulations, internal control system, risk management, quality, environment, and other matters.

Corporate Auditors conduct rigorous audits mainly by attending important internal meetings including the Board of Directors meetings, inspecting important approval documents and other documents, and investigating the status of business and assets at the head office and the major business locations. Furthermore, as part of the cooperation between the Corporate Auditors and the Audit Office, the results of internal audits are reported to the Board of Corporate Auditors, joint audits are conducted, and information is shared when necessary. The Audit Office also periodically reports the status of internal controls to the Board of Directors.

Corporate Governance Structure Chart



Group Governance

The Company has established the Regulations on the Management of Affiliated Companies, which set forth a comprehensive management policy and a management organization of the affiliated companies to facilitate proper operations for smooth business management. The Affiliated Company Meetings are also held periodically as a venue for the exchange of information. The compliance and risk management structures have been established to encompass the corporate group as a whole, in accordance with the Company's rules. The Internal Control Committee (hereinafter, the "Committee") comprising the Group companies conducts the establishment, operation, and assessment of internal controls. The Committee is chaired by the President of the Company and the Corporate Planning Department serves as its secretariat. The members of the Committee include the General Managers of each division of the Company and the Presidents of the subject companies of the Group, while other members are appointed by the President, as necessary. The Committee engages in the following activities:

- (1) Discussions and deliberations on the direction to be taken and the measures concerning the Group's internal controls; and
 - (2) Instructions on the preparation of the necessary documentation for the development and review of internal controls of the divisions of the Company and the subject companies of the Group.
- The affiliated companies of the Group, mentioned above, are audited by the internal audit divisions of the Company.

Corporate Governance

The Role of Each Committee

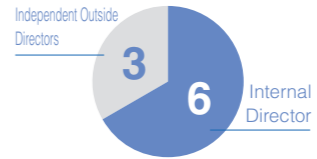
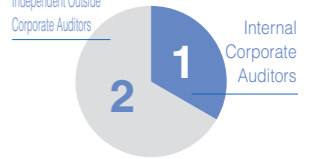

Committee	Role
Board of Directors	The Board of Directors determines statutory matters, the formulation of management policies, budgets, and other crucial management matters, discusses the analyses, measures, and assessments of monthly business performance, and conducts deliberations from the standpoint of compliance with laws, regulations, and the Articles of Incorporation and the appropriateness of business.
Nomination and Compensation Committee	The Nomination and Compensation Committee deliberates, forms an opinion, and reports to the Board of Directors on the draft proposals to the General Meeting of Shareholders on the appointment or dismissal of Directors and Corporate Auditors and the draft proposals to the General Meeting of Shareholders on the compensation of Directors and Corporate Auditors, and other matters for which advice is requested from the Board of Directors.
Board of Corporate Auditors	The Board of Corporate Auditors discusses and determines the audit policy and the audit plan, attends important internal meetings, audits the status of business and assets, and audits the business execution of Directors and their compliance with laws, regulations, the Articles of Incorporation, and other rules.
Compliance Committee	The Compliance Committee oversees the cross-sectional compliance structure including the Group companies and operates the whistleblowing system, Compliance Post.

Major Agenda of the Board of Directors

	Proposals to be resolved:
Matters related to shareholder returns	Shareholder returns Interim dividends Approval of the outline of convocation of the Annual General Meeting of Shareholders
Matters related to financial statements and business performance	Financial statements Budget
Matters related to corporate governance	Partial disposal of cross-shareholdings Compliance with Japan's Corporate Governance Code Compliance with the revisions to Japan's Corporate Governance Code Adoption and expansion of facilities related to COVID-19 Major renovation of the BML General Laboratory
Matters related to investments in and the disposal of important assets	Conclusion of annual maintenance agreements for testing equipment Replacement of the aggregation server for testing systems Disposal of non-current assets Additional development of browser-based electronic patient charts Purchase of power generators
Matters related to personnel and organization	Appointment of officers
Matters related to reorganization	Mergers of affiliated companies Changes to the name of the organization Formulation of the Eighth Medium-Term Management Plan
Other matters	Changes to the Steering Rules of the Nomination and Compensation Committee
Important matters of the Company and affiliated companies	Opening of a laboratory Selection of the (Prime) market
Matters related to Directors, Operating Officers, and the Board of Directors	Policy on the payment of officers' compensation Appointment of Directors with special titles Appointment of Representative Directors

Matters related to Directors, Operating Officers, and the Board of Directors	Appointment of Operating Officers Appointment of Operating Officers with special titles and determination of their delegated duties Determination of the order of Directors acting on behalf of the President Officers of the Company serving concurrently as officers of affiliated companies Approval of competitive transactions and direct transactions for third parties undertaken by the Company's Directors Amount of compensation for Directors Payment of monetary compensation receivables related to restricted stock Disposal of treasury shares as restricted stock Payment of officers' bonuses
Matters to be reported:	
Matters related to shareholder returns	Shareholder returns
Matters related to corporate governance	Reports on the results and plans of internal control assessments Human resources development and promotion of the advancement of women TCFD and the Integrated Report
Matters related to investments in and the disposal of important assets	New building construction plan Cloud-based electronic medical charts
Other matters	Personnel matters related to the officers of affiliated companies Proposals to be submitted to the annual general meeting of shareholders of affiliated companies (financial statements and appropriation of surplus) Policy for audits by the Board of Corporate Auditors Market share and plans for future laboratories
Important matters of the Company and affiliated companies	BCP measures and compliance Results of COVID-19 testing

Trends in Governance

Year	Medium-Term Management Plan of the BML Group	Trends in Strengthening Governance
2015	Group Vision To become the most trusted choice in the medical world	
2016	Sixth Medium-Term Management Plan (FY2015 –FY2017) Concept Building and strengthening the foundations needed to be the top company in the industry Goals • Improvement of quality and services • Strengthening sales infrastructure • Rebuilding system infrastructure • Expanding testing infrastructure • Enhancing human infrastructure • Enhancing management quality and functions	
2017		Adoption of the restricted stock compensation system
2018	Seventh Medium-Term Management Plan (FY2018 –FY2020) Concept Becoming No.1 in quality and service Framework • "No.1 in regional services" → Provide optimal services for each region • "No.1 in the test lineups" → Pursue new testing technology • "No.1 in contributions to the medical care industry" → Contribute to the development of the industry as a member of the medical care industry • "No.1 in quality" → Aim for a higher rank in quality • "Business management" → Strengthen business development, risk management, IR activities, personnel and general affairs, and governance	Establishment and announcement of the independence criteria for Outside Directors Establishment and announcement of the Basic Policy on Cross-shareholdings
2019		Establishment of the Nomination and Compensation Advisory Committee Adoption of the electronic platform for the exercise of voting rights Publishing an English version of the Notice of the General Meeting of Shareholders Introduction and announcement of the results of the self-assessment system concerning the effectiveness of the Board of Directors Adoption of the officer bonus system as a short-term incentive
2020		Appointment of the (first) female Director
2021	Eighth Medium-Term Management Plan (FY2021 –FY2023) Mission (1) Customer Satisfaction (2) Synergy (3) Social Responsibility Internal Code of Conduct (1) Consensus: consensus of employees (2) Soundness: soundness of all operations (3) Standardization: pursuit of standardization Basic Strategic Framework Aim to enhance competitiveness based on "Standardization" × "DX (Digital Transformation)" Framework • Standardization: Enhancement of competitiveness • Enhancing the laboratory network • Enhancing sales capabilities • Renovating collection and delivery processes • DX • Improvement of the customer experience and realization of greater business efficiency • Strengthening the management foundation, human capital development and its effective utilization	Announcement of the Action Plan for the Advancement of Women (From April 1, 2021 to March 31, 2026) Name Change of the Nomination and Compensation Advisory Committee to the Nomination and Compensation Committee Composition of the Board in which 1/3 are Outside Directors (3 out of the 9 Directors are Outside Directors) Disclosure of the Directors' Skill Matrix Announcement of the Message on Diversity & Inclusion by the President
2022		<p>Composition of the Board of Directors (as of June 2022) → One-third of the Board of Directors consists of Independent Outside Directors</p>  <p>Composition of the Board of Corporate Auditors (as of June 2022) → Two-thirds of the Board of Corporate Auditors consists of Independent Outside Corporate Auditors</p>  <p>Composition of the Nomination and Compensation Committee (as of June 2022) → More than half of the committee members comprise Independent Outside Directors</p> 

Corporate Governance

Assessment of the effectiveness of the Board of Directors

The Company conducts analyses and assessments of the overall effectiveness of the Board of Directors based on the assessments and opinions of each Director on the composition, operation, agenda, support system, and other matters of the Board of Directors. To analyze and assess the effectiveness of the Board of Directors, a questionnaire was conducted as part of the

self-assessment process and the results indicated that the Board of Directors had been mostly developed appropriately and ensured of its appropriateness. However, in light of the other opinions voiced in the questionnaire, the Company will strive to further improve the deliberations by the Board of Directors and enhance its effectiveness.

Assessment results and measures taken for FY2020	Assessment results and measures taken for FY2021
<p>Assessment results</p> <p>(1) Composition of the Board of Directors The Board of Directors has mostly been developed and maintained appropriately. (5 out of 5 items)</p> <p>(2) Operation of the Board of Directors The Board of Directors mostly operates appropriately. (9 out of 9 items)</p> <p>(3) Agenda of the Board of Directors meetings The composition of the agenda is mostly appropriate. (10 out of 10 items)</p> <p>(4) System to support the Board of Directors The system has been mostly developed appropriately. (6 out of 6 items)</p> <p>Measures taken</p> <ul style="list-style-type: none"> ● A review of the composition and the operation method of the Board of Directors should be conducted. ● The effectiveness of the Board of Directors should be discussed at the Board of Directors meetings and at free discussions. 	<p>Assessment results</p> <p>(1) Composition of the Board of Directors The Board of Directors has mostly been developed and maintained appropriately. (5 out of 5 items)</p> <p>(2) Operation of the Board of Directors The Board of Directors mostly operates appropriately. (9 out of 9 items)</p> <p>(3) Agenda of the Board of Directors meetings The composition of the agenda is mostly appropriate. (10 out of 10 items)</p> <p>(4) System to support the Board of Directors The system has been mostly developed appropriately. (6 out of 6 items)</p> <p>Measures taken</p> <ul style="list-style-type: none"> ● To facilitate operations, the agenda and operation method should be improved. ● To invigorate the discussions and improve the quality of deliberations at the Board of Directors meetings, information should be provided early. ● To encourage a greater understanding of the roles and responsibilities, training suited to each Director and Corporate Auditor should be conducted, and onsite inspections should be enhanced.

Cross-shareholdings

Basic approach

The Company has set forth its Basic Policy regarding Cross-shareholdings and holds a limited quantity of cross-shareholdings and exercises voting rights in accordance with the policy.

Additionally, the appropriateness of holding individual issues in a cross-shareholding is periodically verified by the Board of Directors.

1. Policy on Cross-shareholdings

- (1) Cross-shareholdings are held to a limited extent, only in cases where factors such as maintaining and strengthening long-term and stable relationships with the counterparty and enjoying benefits from a business strategy perspective are expected and such cross-shareholdings are determined to contribute to the enhancement of the corporate value of both the counterparty and the Group.
- (2) Each year, considering the medium- to long-term economic rationale and the future outlook of the shareholding, a comprehensive verification of the individual issues of the cross-shareholdings is conducted on the risks and returns entailed by the shareholding and the significance of the shareholding from the perspective of business strategies, such as business relationships and business partnerships, and the decision whether to continue the shareholding is made.

- (3) If, as a result of the verification, the shareholding is found to be unjustified, the Company proceeds with the disposal of such shares, with the understanding of the counterparty. Even in cases where the shareholding is found to be justified, such shares may be disposed of, in light of the market environment, the Company's management and financial strategies, and other factors.

2. Policy on the Exercise of Voting Rights

The exercise of voting rights concerning the shares in cross-shareholdings is considered in a comprehensive manner for each agenda upon confirming the following points:

- (1) Whether it will enhance the corporate value of the business partner company in the medium to long term and contribute to its sustained growth.
- (2) Whether it will contribute to the policy of increasing the Group's profits in the medium to long term.

Compensation and other benefits of Directors and Corporate Auditors

Basic approach

The Company has established a policy on determining the details of compensation and other benefits of individual Directors by a resolution of the Board of Directors, upon deliberation by and receiving the recommendations of the Nomination and Compensation Committee, the majority of which comprises Outside Directors.

Matters regarding the policy on determining the details of compensation and other benefits of individual Directors

To ensure the fairness and objectivity of compensation and other benefits of Directors, the Nomination and Compensation Committee considers and compares officer compensation of domestic listed companies that are comparable in size with the Company, and deliberates the amounts of fixed compensation, performance-linked compensation, and restricted stock compensation, by taking into account such factors as the Company's business performance. Additionally, the components of the compensation of individual Directors are determined

through comprehensive consideration of such factors as the business performance of each fiscal year, the duties for which each Director is responsible, and the extent of the individual's contribution to the sustainable enhancement of corporate value.

Compensation for Corporate Auditors comprises exclusively of fixed compensation, in light of their independence from management and their objectivity, and the amount of compensation of each Corporate Auditor is determined by deliberation of the Corporate Auditors.

Matters regarding the delegation of authority to determine the compensation and other benefits of individual Directors

The Company's Representative Directors, who have been delegated by a resolution of the Board of Directors the authority to calculate the specific amounts of compensation of individual Directors, ultimately make the decision on individual compensation.

In determining the detailed amounts of compensation of individual Directors, the Nomination and Compensation Committee, the majority of which comprises Outside Directors, conducts multilateral deliberations, including whether the draft proposals prepared by the President and Representative Director are consistent with the determination policy. The Nomination and Compensation Committee offers recommendations on the draft proposal and the President and Representative Director ultimately makes a decision in accordance with these recommendations. Thus, measures have been taken to prevent arbitrary decisions and to ensure that the authority is exercised appropriately. As the amounts of

compensation of individual Directors are determined by completing these procedures, the Board of Directors has determined that the details of the compensation are in line with the determination policy and therefore, appropriate.

The reason why the authority to determine the compensation of the individual Directors has been delegated to the President and Representative Director is that the President and Representative Director is most suited to viewing the business performance of the Group overall while at the same time evaluating the responsibilities and the areas for which each Director is responsible. Nevertheless, when determining the amounts of compensation and other benefits of individual Directors, the President and Representative Director makes such a decision, upon receiving recommendations from the Nomination and Compensation Committee, the majority of which comprises Outside Directors.

Matters regarding performance-linked compensation

To provide incentives to Directors to strive for the improvement of business performance and the enhancement of corporate value, the Company has introduced performance-linked compensation in addition to fixed compensation. Compensation amounts are calculated according to a payment ratio corresponding to the degree of achievement of the business plan such as the

amount of net sales, as the basis for the calculation of performance-linked compensation. This indicator was selected because it comprehensively and objectively illustrates the results of business execution for the fiscal year under review, and the indicator has also been determined to be appropriate from the standpoint of focusing on the degree of achievement of performance growth.

Total amount of compensation and other benefits by officer category, total amount of compensation and other benefits by type, and the number of eligible recipients

Officer category	Total amount of compensation and other benefits (millions of yen)	Total amount of compensation and other benefits by type (millions of yen)			Number of eligible recipients
		Basic compensation	Performance-linked compensation	Non-monetary compensation	
Directors (Outside Directors)	199 (15)	172 (15)	22 (—)	4 (—)	12 (4)
Corporate Auditors (Outside Corporate Auditors)	19 (6)	19 (6)	—	—	4 (3)

Corporate Governance

Risk Management

Basic Policy on Risk Management

The BML Group has established the Basic Policy on Risk Management to articulate its basic approach to risk management and the structure and the method of actions to be taken so that risk management functions effectively, and to ensure the sound and stable management of the entire Group through the practice of appropriate risk management.

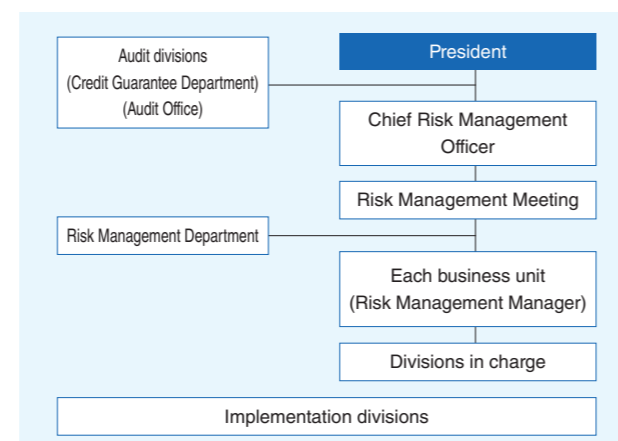
The basic policy sets forth the basic objective and code of conduct where the basic objective is to prevent risks before they materialize, as well as swiftly and

appropriately deal with crises in the unlikely event that they occur. The basic objective also includes keeping the impact of risks on management resources to a minimum by swift recovery measures and maintaining the functions of the organization. The code of conduct sets forth six items including the preservation of the safety and health of employees and other parties, as well as the preservation of management resources, and swift and appropriate recovery in the event that management resources are damaged.

Risk Management Promotion Structure

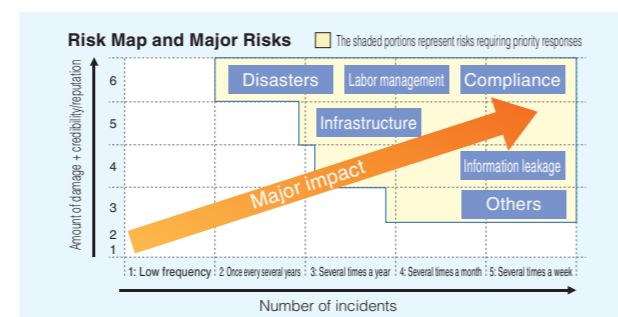
As regards the risk management promotion structure, the BML Group's basic policy on risk management has been established and to implement the basic policy, a risk management system has been built in accordance with the Basic Rules on Risk Management. Through the effective functioning of the risk management system and the continuous monitoring of individual risks, the Company has established a system capable of swiftly and appropriately dealing with emergencies in the unlikely event that they occur.

Additionally, the Risk Management Department has been established as a department that centrally manages all risks and engages in the prevention and analysis of risks.



Risk Assessment

To understand the types of risks that face the BML Group and their impact, the Risk Management Department covers various risks and clarifies the "amount of damage," "impact on credibility and reputation," and "occurrence coefficient" for each risk and assesses their impact. The divisions in charge cooperate with the Risk Management Department and carry out risk countermeasures.



Major Risks and Countermeasures

Category	Summary of risk	Countermeasures
Labor management	Overwork, human resources shortage due to the pandemic	To prevent overwork, the Company is conducting training for managers, carrying out early detection and countermeasures by strengthening the labor management system, and conducting appropriate labor management based on laws and regulations. The Company is preventing the spread of COVID-19 and implementing measures against the pandemic by monitoring the trends of the infection and other means.
Compliance	Violation of compliance with relevant laws and regulations. Fraud and scandals of employees	To spread the compliance mindset, the Company conducts periodic training for the employees. To enable the early detection and prevention of law violations, the Company conducts compliance self-audits every quarter. The Company has established the whistleblowing system, the "Compliance Post."
Information leakage	Leakage of personal information including information on customers' patients. Leakage of internal confidential information	The Company conducts training on the protection of personal information for its employees every year. Review meetings on the protection of personal information are held each month, and deliberations are conducted on the investigation of causes and the formulation of measures to prevent recurrences in the event that an information leakage occurs.
Disasters	Disasters due to heavy rains, earthquakes or other events	To continue its business even in times of disaster due to heavy rains, earthquakes or other events, the Company is implementing measures to prevent the flooding of important facilities. Additionally, the Company plans to adopt the base isolation system for the new building construction plan.
Infrastructure	Suspension of public infrastructure	The Company has adopted in-house power generators so that, even during outages, it can continue its business until services resume for suspended power and water. Additionally, in the new building construction plan, the Company plans to install emergency power generators (to generate power for 72 hours) and clean/pure water tanks (enough for 2 to 3 days).

Crisis Management System

The BML Group has established the Crisis Management Committee to enable business continuity even in the midst of increasing crises, such as climate change, which has resulted in intensified natural disasters around the world, and the COVID-19 pandemic.

The Crisis Management Committee has defined eight incidents including major natural disasters and threats to

life and health as a result of unexpected incidents and accidents as crises. When a major crisis that could significantly impact management occurs, the Crisis Management Committee convenes and immediately responds through cross-organizational actions to stabilize the situation.

Compliance

The BML Group defines compliance as "not only compliance with laws and regulations but also respect for fundamental human rights, compliance with corporate ethics and social norms, and the practice thereof," and the code of conduct for its employees stipulates that

- Prohibition of acts that are in violation of compliance, and the prohibition of instructing, aiding and abetting, and tacitly approving such actions
- Prohibition of discrimination, harassment, and similar acts as part of respect for human rights
- Recognition of the dignity of life as the primary goal, and the execution of various businesses in accordance with laws, regulations and rules and with the highest sense of ethics and social norms, etc.

Additionally, the Compliance Committee has been established as an organization to oversee compliance within the Company and engages in actions to raise awareness of compliance and prevent violations before

employees must practice compliance through fair business operations while proactively striving to contribute to society. To achieve compliance, the BML Group takes actions in accordance with the following rules set forth in the code of conduct mentioned above:

they have a chance to occur. The results of these actions are reported at the Compliance Committee meetings which are held quarterly.

Initiatives to Thoroughly Enforce Compliance

As initiatives to thoroughly enforce compliance, the BML Group conducts periodic training and self-audits.

1. Compliance training

To instill a compliance mindset in all of its employees, the BML Group conducts compliance training. Compliance training is conducted twice a year for its employees on contemporary agendas involving compliance concerns. Additionally, training for new employees is conducted in

April each year mainly on matters that new employees should be cautious of in executing business, including the prevention of compliance violations that new employees are prone to.

- Training agendas
- Prevention of power harassment
 - Antimonopoly Act
 - Entertainment and gifts
 - The meaning of compliance for new employees, etc.

2. Self-audits

Quarterly compliance self-audits are conducted at each department (business offices and testing departments) including the affiliated companies from the standpoint of early detection and prevention of compliance violations. Self-audit items include sexual harassment acts, power harassment acts, unpaid overtime, and acts violating relevant medical laws and regulations. Inspections of compliance violations are performed at each department

and reported to the Risk Management Department. The reported details are investigated by the departments in charge and other divisions and remediation is implemented. Compliance self-audits provide important opportunities for each department to become aware of compliance and have been functioning as part of measures to prevent compliance violations.

Whistleblowing System

The BML Group has established the "Compliance Post" as a reporting system in the event of compliance violations. The system provides reporting methods such as the Intranet and writing letters to the offices of the corporate lawyers, and when a report is issued, it is received by the secretariat of the Compliance Committee, which

quickly addresses the incident by cooperating with the relevant divisions depending on the content of the report.



Compliance poster

Clinical Testing Business

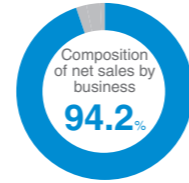
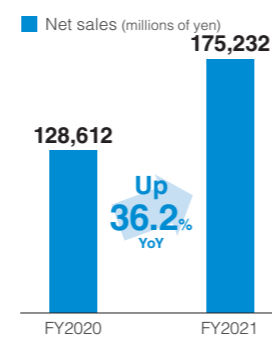
Business Description

- Clinical testing**
- Clinical trials testing**

We conduct over 4,000 types of tests ranging from routine testing to highly specialized tests.

▶Review of Business Performance for FY2021

Sales increased significantly due to the substantial increase in net sales related to COVID-19. Additionally, new customer acquisition was also strong, as it recovered to pre-pandemic levels. As a result, net sales in the clinical testing business increased by 36.2% year on year.



Food Hygiene Business, etc.

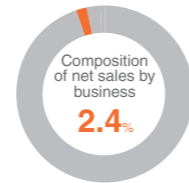
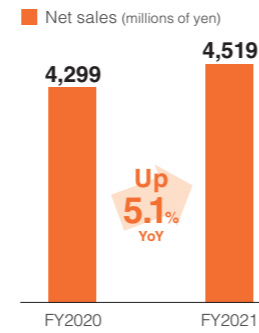
Business Description

- Food consulting**
- Food sanitation testing and environmental testing**
- Intestinal bacteria testing**

We provide comprehensive sanitation control in the food environment and support the health of consumers and the safety of food.

▶Review of Business Performance for FY2021

The environment surrounding the consulting business remains severe due to the effects of customers' voluntary restraints on their operations. Meanwhile, intestinal bacteria testing, while still short of pre-pandemic levels, was on a recovery trend. Due to the reaction to the state of emergency declared at this time last year, net sales increased by 5.1% year on year.



Medical Informatics Business

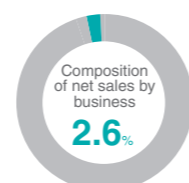
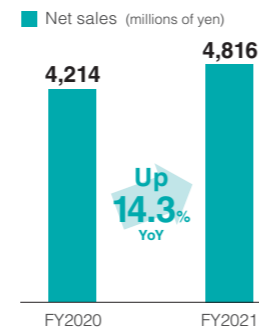
Business Description

- Electronic patient chart**
 - Development and sales
 - Maintenance services

We are engaged in the sales and maintenance of "Qualis," the electronic patient chart system for clinics and "MS (Medical Station)."

▶Review of Business Performance for FY2021

Despite restrictions on sales activities targeting new clients, net sales improved by 14.3% 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.



Other businesses

Business Description

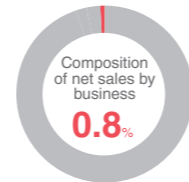
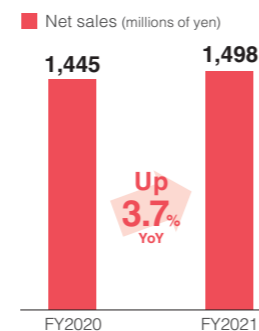
- Dispensing pharmacy**
- SMO**

*SMO (Site Management Organization): An organization that contracts with a specific medical institution (a site for a clinical trial) and supports the clinical trials exclusively at that site.

We support pharmaceutical development through the dispensing pharmacy business and sophisticated laboratory tests.

▶Review of Business Performance for FY2021

The dispensing pharmacy business was affected by a revision of medical service fees (reduction in drug prices), but net sales recorded an increase of 3.7% year on year, reflecting a rebound in the number of outpatient visits from last year's decline caused by the spread of COVID-19.



Group Vision

To become the most trusted choice in the medical world



Customer Satisfaction
Synergy
Social Responsibility

Financial Data

11-Year Summary of Financial Data

Financial data

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Status of Profit and Loss (millions of yen)											
Net sales	92,201	94,608	99,047	104,404	109,024	111,243	113,502	117,129	120,732	138,571	186,067
Gross profit	33,488	34,655	36,441	37,038	38,855	39,799	40,463	42,227	42,250	54,768	86,951
Selling, general and administrative expenses	28,188	28,017	28,253	30,063	30,426	30,470	31,126	31,777	32,487	34,831	38,061
Operating income	5,299	6,637	8,188	6,974	8,429	9,329	9,337	10,450	9,763	19,936	48,889
Ordinary income	5,229	6,979	8,582	7,527	8,830	9,711	9,811	10,880	10,211	20,803	51,077
Profit attributable to owners of parent	2,392	3,708	4,990	3,874	5,424	5,948	5,988	6,646	6,375	13,711	33,741
Financial Condition (millions of yen)											
Net assets	49,696	52,943	57,657	61,968	65,206	70,647	76,222	81,127	80,422	93,123	121,684
Total assets	79,718	83,047	88,525	93,595	99,394	104,244	109,438	115,972	116,273	139,174	179,200
Equity	47,755	50,754	55,188	59,213	62,123	67,199	72,520	77,072	76,099	88,377	116,163
Cash Flow Position (millions of yen)											
Cash flows from operating activities	8,092	9,792	10,931	11,495	11,978	11,307	12,079	12,507	12,771	19,574	45,603
Cash flows from investing activities	(3,765)	(6,974)	(1,762)	(4,586)	(3,234)	(5,239)	(3,538)	(3,940)	(5,213)	(4,584)	(7,297)
Cash flows from financing activities	(6,081)	(2,370)	(2,622)	(2,806)	(2,916)	(2,856)	(2,983)	(3,041)	(8,784)	(3,382)	(9,828)
Cash and cash equivalents at end of period	17,590	18,102	24,649	29,061	34,910	38,122	43,679	49,204	48,246	59,853	88,360
Per Share Information (yen)											
Net assets per share	2,248.93	2,389.83	2,598.60	2,787.90	2,924.69	1,581.60	1,703.27	1,809.34	1,873.36	2,174.27	2,909.29
Profit attributable to owners of parent per share	112.67	174.65	234.98	182.45	255.40	140.03	140.83	156.07	151.27	337.44	833.24
Annual dividends per share	40.00	40.00	50.00	60.00	60.00	35.00*	35.00	38.00	45.00	70.00	120.00
Financial Indicators (%)											
Gross profit to net sales ratio	36.3	36.6	36.8	35.5	35.6	35.8	35.6	36.1	35.0	39.5	46.7
Operating income to sales ratio	5.7	7.0	8.3	6.7	7.7	8.4	8.2	8.9	8.1	14.4	26.3
Ordinary income to net sales ratio	5.7	7.4	8.7	7.2	8.1	8.7	8.6	9.3	8.5	15.0	27.5
ROE	5.1	7.5	9.4	6.8	8.9	9.2	8.6	8.9	8.3	16.7	33.0
ROA	3.2	4.6	5.8	4.3	5.6	5.9	5.6	5.9	5.5	10.7	21.2
Equity ratio	59.9	61.1	62.3	63.3	62.5	64.5	66.3	66.5	65.4	63.5	64.8
Dividend payout ratio	35.5	22.9	21.3	32.9	23.5	25.0	24.9	24.3	29.7	20.7	14.4

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

Consolidated balance sheets

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	63,478	92,126
Notes and accounts receivable–trade	30,410	36,405
Merchandise and finished goods	324	467
Work in process	691	749
Raw materials and supplies	3,018	3,659
Other current assets	1,106	3,737
Allowance for doubtful accounts	(80)	(75)
Total current assets	98,950	137,070
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,272	9,844
Land	13,553	13,342
Leased assets, net	2,915	2,969
Others, net	4,944	6,180
Total property, plant and equipment	30,685	32,337
Intangible assets		
Other intangible assets	3,807	3,973
Total intangible assets	3,807	3,973
Investments and other assets		
Investment securities	1,793	1,701
Deferred tax assets	2,375	2,566
Other	1,646	1,635
Allowance for doubtful accounts	(83)	(83)
Total investments and other assets	5,731	5,819
Total non-current assets	40,224	42,130
Total assets	139,174	179,200

(millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable–trade	20,305	21,672
Lease obligations	1,216	1,194
Income taxes payable	5,756	12,600
Provision for bonuses	3,419	3,616
Accounts payable–other	7,307	10,150
Other current liabilities	2,402	2,787
Total current liabilities	40,407	52,022
Non-current liabilities		
Lease obligations	2,037	2,136
Provision for retirement benefits for directors (and other officers)	246	214
Retirement benefit liability	2,866	2,616
Other non-current liabilities	494	525
Total non-current liabilities	5,644	5,494
Total liabilities	46,051	57,516
Net assets		
Shareholders' equity		
Share capital	6,045	6,045
Capital surplus	6,705	6,646
Retained earnings	81,220	110,458
Treasury shares	(6,651)	(8,057)
Total shareholders' equity	87,320	115,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	496	453
Remeasurements of defined benefit plans	560	616
Total accumulated other comprehensive income	1,057	1,069
Share acquisition rights	44	35
Non-controlling interests	4,701	5,485
Total net assets	93,123	121,684
Total liabilities and net assets	139,174	179,200

(millions of yen)

Consolidated statements of income	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Net sales	138,571	186,067
Cost of sales	83,803	99,116
Gross profit	54,768	86,951
Selling, general and administrative expenses	34,831	38,061
Operating income	19,936	48,889
Non-operating income		
Rental income from real estate	60	60
Subsidy income	391	1,887
Other	484	343
Total non-operating income	936	2,292
Non-operating expenses		
Interest expenses	37	36
Cost of real estate lease revenue	23	44
Refund of subsidy	—	10
Other	7	13
Total non-operating expenses	68	104
Ordinary income	20,803	51,077
Extraordinary income		
Gain on sales of investment securities	252	6
Gain on extinguishment of tie-in shares	—	20
Other	1	1
Total extraordinary income	254	29
Extraordinary losses		
Loss on retirement of non-current assets	47	449
Impairment losses	2	327
Other	5	0
Total extraordinary losses	55	777
Profit before income taxes	21,002	50,328
Income taxes—current	7,072	15,845
Income taxes—deferred	(354)	(195)
Total income taxes	6,718	15,650
Profit	14,284	34,678
Profit attributable to non-controlling interests	572	937
Profit attributable to owners of parent	13,711	33,741
Consolidated statements of comprehensive income		
	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Profit	14,284	34,678
Other comprehensive income		
Valuation difference on available-for-sale securities	(174)	(43)
Remeasurements of defined benefit plans, net of tax	528	54
Total other comprehensive income	353	11
Comprehensive income	14,638	34,689
Breakdown		
Comprehensive income attributable to owners of parent	14,056	33,754
Comprehensive income attributable to non-controlling interests	581	935

(millions of yen)

Consolidated statements of cash flows	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	21,002	50,328
Depreciation	5,365	5,801
Impairment losses	2	327
Loss on retirement of non-current assets	47	449
Interest expenses	37	36
Decrease (increase) in trade receivables	(9,223)	(5,996)
Decrease (increase) in inventories	(901)	(836)
Increase (decrease) in trade payables	4,542	1,365
Increase (decrease) in provision for bonuses	220	196
Subsidy income	(391)	(1,887)
Increase (decrease) in accrued consumption taxes	1,268	1,512
Other, net	(159)	1,510
Sub-total	21,811	52,807
Interest paid	(37)	(36)
Income taxes paid	(2,874)	(9,220)
Subsidies received	417	1,919
Other proceeds	258	132
Net cash provided by (used in) operating activities	19,574	45,603
Cash flows from investing activities		
Payments into time deposits	(5,462)	(5,388)
Proceeds from withdrawal of time deposits	4,907	5,248
Purchases of property, plant and equipment	(3,091)	(5,694)
Purchases of intangible assets	(1,106)	(1,391)
Other, net	168	(71)
Net cash provided by (used in) investing activities	(4,584)	(7,297)
Cash flows from financing activities		
Repayments of lease obligations	(1,379)	(1,378)
Dividends paid	(1,828)	(3,455)
Dividends paid to non-controlling interests	(144)	(151)
Purchase of treasury shares	(0)	(4,818)
Other, net	(30)	(23)
Net cash provided by (used in) financing activities	(3,382)	(9,828)
Net increase (decrease) in cash and cash equivalents	11,606	28,477
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 end of period	59,853	88,360

Corporate Summary and Stock Information

Corporate Summary (as of March 31, 2022)

Corporate Information

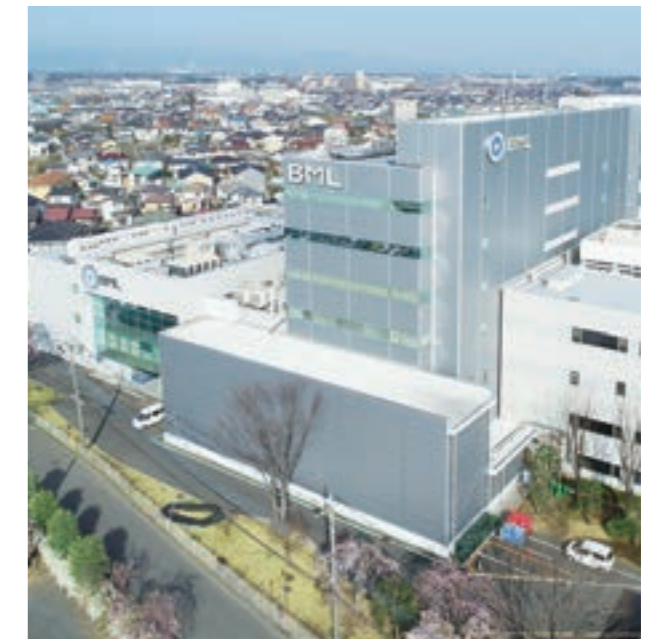
Trade name	BML, INC.
Place of Head Office	5-21-3 Sendagaya, Shibuya-ku, Tokyo, Japan Tel. +81-3-3350-0111 (main) http://www.bml.co.jp/eng/index.html
BML General Laboratory	1361-1 Matoba, Kawagoe-shi, Saitama, Japan Tel: +81-49-232-3131 (main)
Date Founded	July 1955
Share capital	6,045 million yen
Number of Employees	4,290 (consolidated basis)
Business Description	Laboratory testing services and related services



Stock Information (as of March 31, 2022)

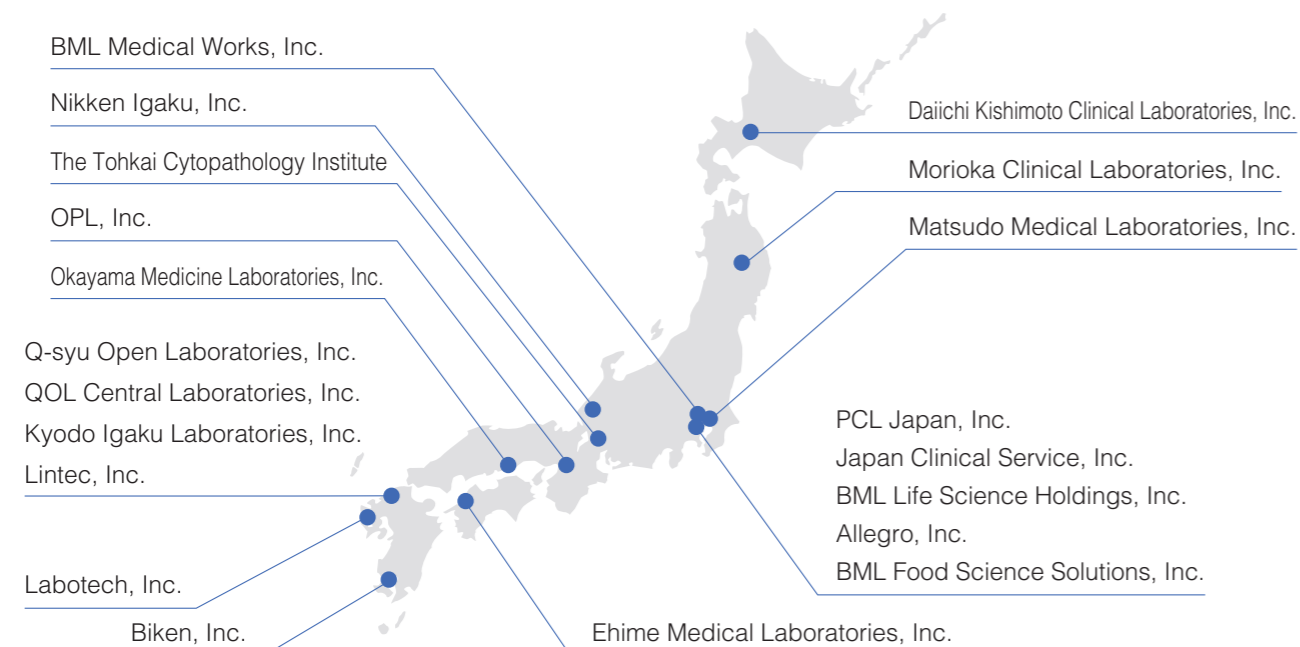
Major Shareholders

Shareholder name	Number of shares held (1,000 shares)	Shareholding ratio (%)
BML Planning, Inc.	10,154	25.43
The Master Trust Bank of Japan, Ltd. (trust account)	3,747	9.38
Kensuke Kondo	3,168	7.93
Otsuka Pharmaceutical Co., Ltd.	1,621	4.06
Custody Bank of Japan, Ltd. (trust account)	1,122	2.81

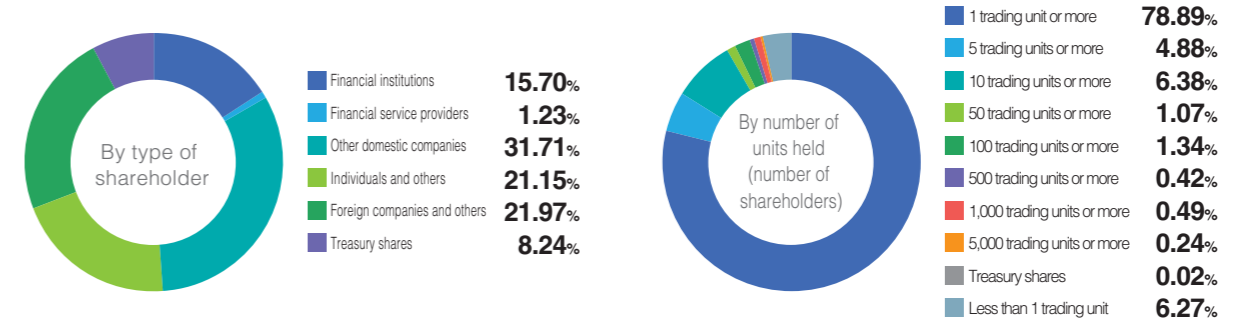


*1. Although the Company holds 3,586 thousand shares of treasury shares, it has been excluded from the above list of major shareholders.
*2. The shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are all related to trust operations.

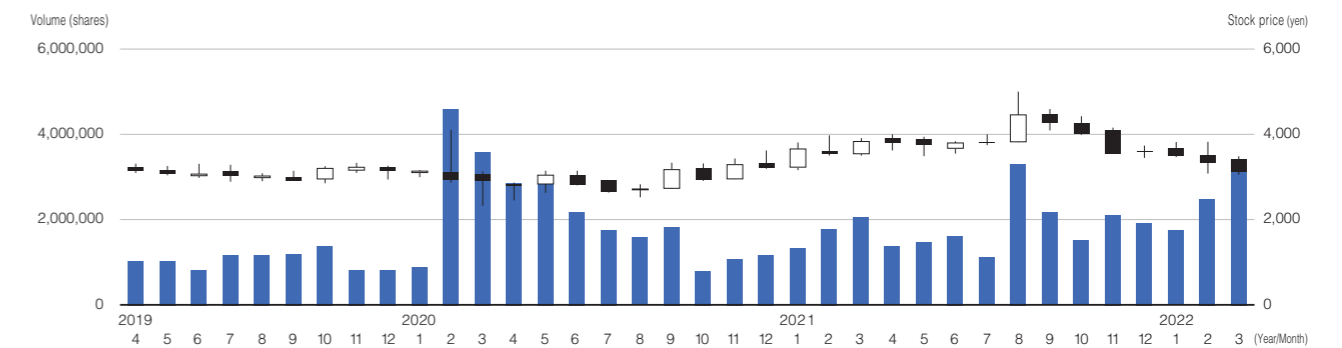
Group Companies



Shareholder Distribution



Stock price chart





BML, INC.

Head Office

5-21-3 Sendagaya, Shibuya-ku, Tokyo 151-0051, Japan
Tel. +81-3-3350-0111 (main)

BML General Laboratory

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