

BML REPORT 2025

Introduction

Key Points of BML Report 2025

In this year's report, we highlight BML's initiatives through three special features that reflect the current state and evolution of the BML Group. The feature "Concept of Next-Generation Laboratories" outlines the development of our testing system centered on the new wing that began operations in January 2025. The feature "Messages from Key Persons" presents insights from the Chairperson of the Sustainability Committee and newly appointed Outside Directors from multifaceted perspectives. The feature "70th Anniversary" looks back on BML's journey from its founding in 1955 to the present.

Special Feature 1 Concept of Next-Generation Laboratories ▶ PP. 5-8

We present our concept of next-generation laboratories centered on the newly constructed 6th Stage Building at the BML General Laboratory. The new wing, which began operations in January 2025, expands testing space while balancing business continuity planning (BCP) measures with environmental considerations. This section details our initiatives to build a more efficient testing system, including updates to the AGV unmanned transfer system, the launch of next-generation Symphony Hematology and next-generation bacteriological testing, as well as enhancements to the education and training laboratory and the specimen management building.



Special Feature 2 Messages from Key Persons ▶ PP. 9-16

This feature presents messages from the Chairperson of the Sustainability Committee on investment in human capital and three Outside Directors from multifaceted perspectives. They discuss our human resource strategy that underpins sustainable growth, including the promotion of active participation of women, work style reforms, and the strengthening of governance structure.



Special Feature 3 70th Anniversary ▶ PP. 17-20

We look back on BML's 70-year journey, which began in 1955 when the Company was founded as Sogo Blood Bank, Inc. by founder Kenji Kondo whose strong aspiration was to establish a blood bank that would manufacture and provide preserved blood under a national license. This feature traces our seven-decade growth trajectory—from the founding vision to our development into a leading company in the clinical testing industry today—while consistently pursuing the creation of a healthy and cultured society under the Sogo philosophy.



For those who want to learn more about BML

IR web page



Sustainability web page



Highlights

Financial data

Net sales
¥143,191 million

Operating profit
¥9,364 million

Ordinary profit
¥9,970 million

Profit attributable to owners of parent
¥6,263 million

ROA/ROE
3.6% / 4.9%

Capital expenditures/depreciation
¥18,648 million / ¥7,527 million

Non-financial data

Female manager ratio
14.5%

Childcare leave utilization rate
101.6% (64/63)

Female employee ratio
49.7%

Average years of employment
12.4 years (men), **10.0** years (women)

Paid leave utilization rate
71.8%

Greenhouse gas emissions (BML General Laboratory)
16,155 t-CO₂

Manufactured capital



More than 100 business offices nationwide
115 collection and delivery centers
Nationwide laboratory network of 79 laboratories

Intellectual capital



Operation know-how
More than 4,000 test items

Human capital



Approximately 1,800 sales staff
Approximately 2,700 collection and delivery staff
Approximately 2,200 clinical laboratory technicians

Natural capital



Electricity consumption: approximately 26.73 million kW/h
Spitz tube usage: approximately 14 million Spitz tubes

Introduction

Roadmap Toward Achieving the Group Vision

Since the Sixth Medium-Term Management Plan, the BML Group has advanced a phased growth strategy under the Group Vision "to become the most trusted choice in the medical world." The Sixth Medium-Term Management Plan focused on the "enhancement of quality and service" as a period for solidifying foundation, while the Seventh Medium-Term Management Plan advanced this to establishing "No. 1 reputation for quality and service." The Eighth Medium-Term Management Plan set the goal of "becoming No. 1 in the industry, both in reality and in name," and aimed to establish our position as the top company in the industry. In the ongoing Ninth Medium-Term Management Plan (FY2024–2028), positioned as the realization period for business expansion for the next ten years, we are pursuing three key concepts of "Enhanced quality," "Solutions," and "Mutual development" based on a foundation of digital transformation (DX) and ESG. With the development of next-generation laboratories at the core, the Plan encompasses a diverse range of initiatives consisting of "Expanding sales and market share," "Enhancing the level of service," "Promoting standardization," "Development of high-performance tests," "Optimizing the business portfolio," and "Improving profitability."



Sixth Medium-Term Management Plan Period for Solidifying Foundation

Theme

Working on the "enhancement of quality and service" under the concept of "building and strengthening the foundations needed to be the top company in the industry."

Management indicators

- Net sales**
¥113,502 million
(target: ¥110,900 million)
- Operating profit**
¥9,337 million
(target: ¥8,850 million)
- Operating profit ratio**
8.2%
(target: 8.0%)

Seventh Medium-Term Management Plan Period for Growth

Theme

Establishing a reputation as No. 1 for quality and service with four strategies.

Management indicators

- Net sales**
¥138,571 million
(target: ¥120,950 million)
- Operating profit**
¥19,936 million
(target: ¥10,750 million)
- Operating profit ratio**
14.4%
(target: 8.9%)

Eighth Medium-Term Management Plan Period for Leaping Forward

Theme

Aim to enhance competitiveness based on "Standardization" and "DX (Digital Transformation)"

Management indicators

- Net sales**
¥137,964 million
(target: ¥135,000 million)
- Operating profit**
¥9,167 million
(target: ¥11,500 million)
- Operating profit ratio**
6.6%
(target: 8.5%)

Ninth Medium-Term Management Plan

Expanding with Passion 2028

Group Vision
To become the most trusted choice in the medical world

Vision for 10 years in the future

A net sales CAGR of **4.0% or above** should be maintained, and

A share of the clinical testing market of **over 30%** and

Operating profit ratio and ROE of **over 10%** should be aimed for

Ninth Medium-Term Management Plan

Theme

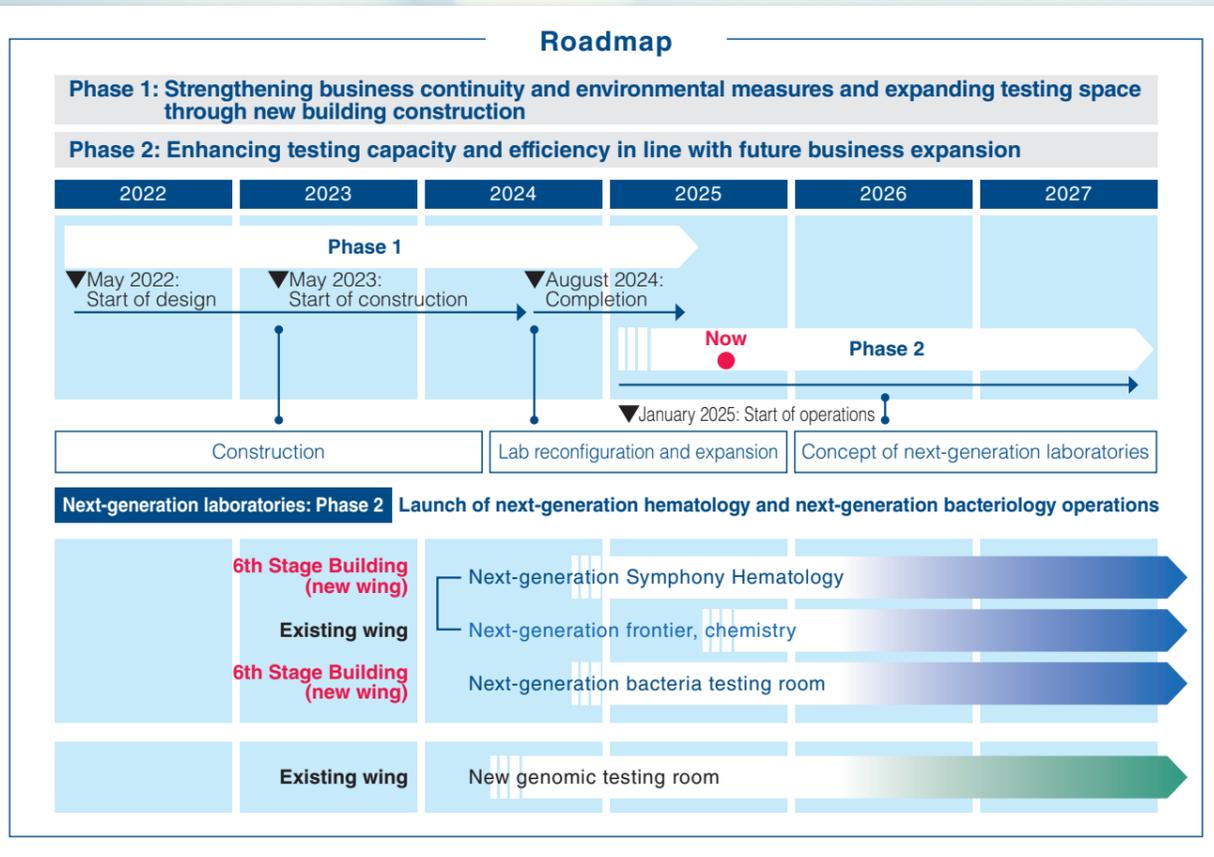
Guided by our Policy of "Dedication to creating a healthy and cultured society" and our Group Vision "to become the most trusted choice in the medical world," we will pursue enhanced quality, solutions, and mutual development based on a foundation of DX and ESG in order to realize the six targets centered on the development of next-generation laboratories: Expanding sales and market share, promoting standardization, enhancing the level of service, optimizing the business portfolio, improving profitability, and development of high-performance tests.

FY2024	Management indicators (targets)
Net sales ¥143,191 million	Net sales ¥160,000 million
Operating profit ¥9,364 million	Operating profit ¥14,000 million
EBITDA ¥16,892 million	EBITDA ¥20,000 million
CFFO ¥15,809 million	CFFO ¥16,000 million
ROE 4.9%	ROE 8.0% or above
P/B ratio 0.9 times	P/B ratio 1 time or above

Management indicators

- Net sales**
¥200,000 million
- Operating profit**
¥20,000 million
- EBITDA**
¥25,000 million
- CFFO**
¥20,000 million
- ROE**
10.0% or above

Special Feature 1 Concept of Next-Generation Laboratories

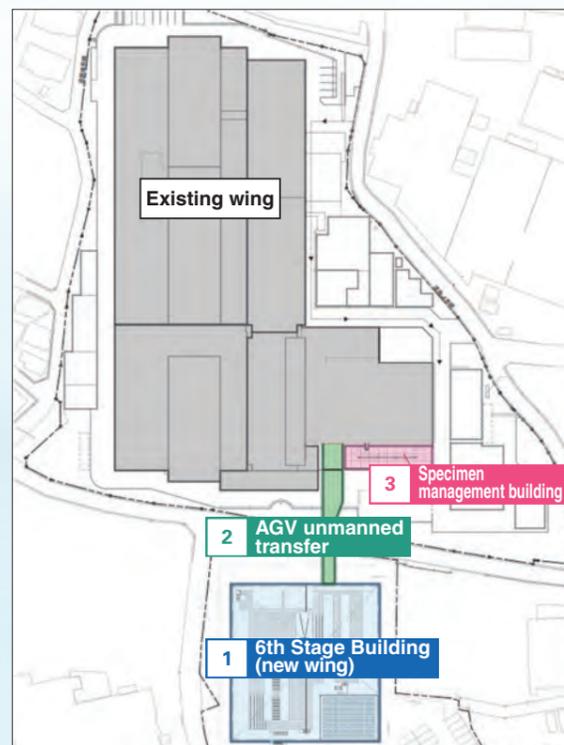


6th Stage Building: Introduction of Phase 1

The new wing is being constructed under the concept of establishing a foundation that will support sustainable growth even ten years from now, with the objectives of ensuring scalability for future business expansion and improving testing capacity and efficiency. Once the new wing becomes operational, the laboratories within the existing wing will be reconfigured to establish an enhanced testing system.

1 6th Stage Building (new wing)		
6th Stage Building	Floor	Next-generation concept
Emergency testing/training	6F	· Education and training laboratory
Equipment analysis safety testing	5F	· Optimal reconfiguration of analytical methods · Renewal of aging equipment
RIA-related testing	4F	· Renewal of RI-related equipment
Bacteria testing section	4F 3F	· Next-generation bacteria testing room
Hematology section	2F	· Next-generation Symphony Hematology

2 AGV unmanned transfer	
3 Specimen management building	



1 6th Stage Building (new wing)

2nd floor: Next-generation Symphony Hematology

- Completing the process within a single equipment line enables space savings and improves overall processing capacity through greater efficiency.
- Operating an automated transfer system using our proprietary AGVs reduces manpower requirements throughout the testing operations.

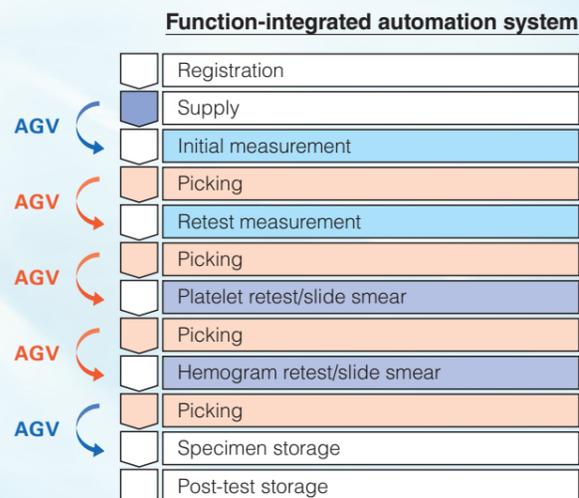
Purpose	Implementation items	Expected effects
Productivity improvement	<ul style="list-style-type: none"> · Introduction of latest equipment (Sysmex XR9000) · Labor savings in testing operations through BML's proprietary AGV automated transfer system 	<ul style="list-style-type: none"> · Space savings 35% reduction (compared to former laboratory) · 1.2 times the current capacity 43,000 cases/day · Expandable up to maximum of 1.5 times 55,000 cases/day
		<ul style="list-style-type: none"> · Cost reduction (reagents/labor costs)
Improvement in customer service	<ul style="list-style-type: none"> · Introduction of automatic retesting system 	<ul style="list-style-type: none"> · Improvement in next-day reporting rate for retest hemogram



Hematology testing room

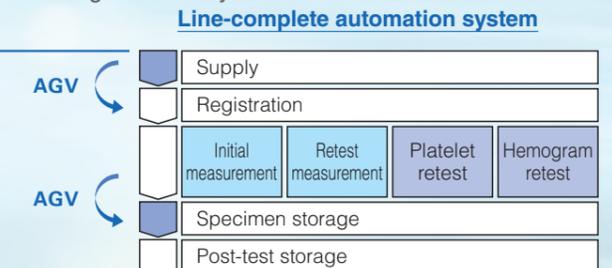
- Completing the testing process within a single line eliminates the need for specimen picking.
- Reduced space requirements and improved efficiency increase overall processing capacity.
- Fewer AGV transfers between equipment enhance the efficiency of specimen measurement management.

Current system



Approximately 2 hours to specimen storage

Next-generation system



Within 1 hour to specimen storage

Special Feature 1 Concept of Next-Generation Laboratories

3rd and 4th floors: Next-generation bacteria testing room (general bacteria)

- Combining existing analytical equipment with our proprietary automated transfer line (new technology) enables high-precision and high-efficiency testing and faster reporting, thereby contributing to enhancing medical service delivery.

Purpose	Implementation items	Effects
Productivity improvement	<ul style="list-style-type: none"> New general bacterial identification Introduction of susceptibility transport system 	<ul style="list-style-type: none"> 120% capacity increase from current level: 2,880 tests/day Total testing process shortened by 5 hours
Improvement in customer service	<ul style="list-style-type: none"> Introduction of new susceptibility plates for new transport system 	<ul style="list-style-type: none"> Reduced reporting time for resistant bacteria reports and blood culture identification and susceptibility reports by 1 day



New transport system (overview)



Smear device

6th floor: Education and training laboratory

- Achieving nationwide deployment of standardized equipment and nationwide placement of staff trained in techniques for standardization

Purpose	Implementation items	Effects
Development of nationwide standardized laboratory workflows	<ul style="list-style-type: none"> Development of testing protocols for standardized equipment Establishment of SOPs 	<ul style="list-style-type: none"> Provision of nationally uniform testing accuracy Enhancement of complementarity of laboratories nationwide
Education on standard processes	<ul style="list-style-type: none"> Education of laboratory personnel through standardized SOPs New employee training 	<ul style="list-style-type: none"> Improvement of the level of laboratory personnel Flexible assignment of staff to laboratories



Education and training laboratory



OJT training

Manufacturers supporting the standardization education program

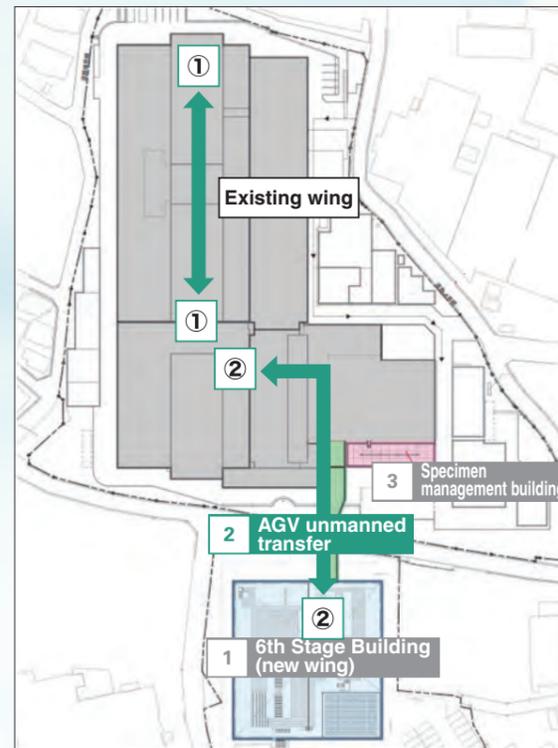
- ARKRAY, Inc.
- Abbott Japan LLC
- EIKEN CHEMICAL CO., LTD.
- SYSMEX CORPORATION
- SEKISUI MEDICAL CO., LTD.
- JEOL Ltd.
- Bio-Rad Laboratories, Inc.
- Hitachi High-Tech Corporation (in Japanese syllabary order)

2 AGV unmanned transfer

AGV transfer

- Automating specimen logistics within the testing building using AGVs

Purpose	Implementation items	Effects
Efficiency improvement of specimen logistics within the testing building	<ul style="list-style-type: none"> ① Unmanned transfer between the Operations Management Department and the existing wing ② Unmanned transfer between the Operations Management Department and the new wing 	<ul style="list-style-type: none"> ① Specimen transfer: 25 times/day ② Specimen transfer: 80 times/day



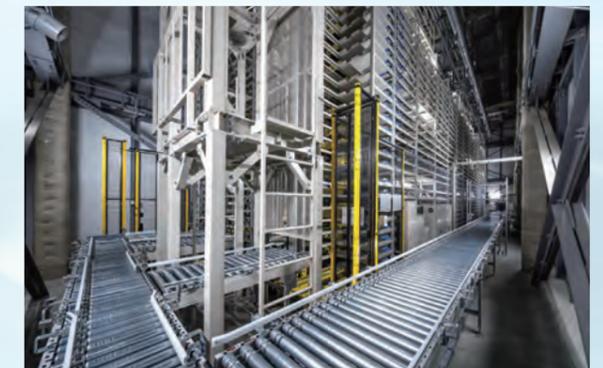
AGV for automated specimen transfer

3 Specimen management building

New specimen management building

- Temperature-controlled automatic specimen inbound/outbound storage

Purpose	Implementation items	Effects
Storage and management of post-test specimens	<ul style="list-style-type: none"> Large-capacity refrigerated storage management Automatic specimen storage (storage/retrieval) Inbound/outbound management using the management system 	<ul style="list-style-type: none"> Refrigerated temperature management 1.2 times storage capacity 10% improvement in inbound/outbound speed Improvement in security management
	<ul style="list-style-type: none"> Large-capacity frozen storage management Access control using the management system 	<ul style="list-style-type: none"> 4.6 times storage capacity Improvement in security management



New specimen management system

Special Feature 2 Messages from Key Persons: Chairperson of the Sustainability Committee



Building a sustainable future as a company that plays a vital role in medical infrastructure

Hiroyuki Kigoshi
Senior Executive Officer

1. Greetings from the Chairperson of the Sustainability Committee upon appointment

Under the BML Group's Policy of "Dedication to creating a healthy and cultured society," we recognize that our mission is to contribute to the promotion of the health of society through our testing business, while also fulfilling our responsibility toward the realization of a sustainable society. Accordingly, as a company that plays a vital role in medical infrastructure, we will work to build a sustainable future together with all our stakeholders by reducing environmental impact, solving social issues, and promoting transparent governance.

Through the steady execution of our personnel strategy and the achievement of environmental targets

under the Ninth Medium-Term Management Plan, we will realize a "workplace where people can work comfortably and are rewarded for their efforts" and "vibrant human resources and organization," thereby building a solid foundation to support sustainable growth.

To realize our sustainability initiatives, we have strengthened our commitment on a Group-wide basis by including "employee engagement" as an evaluation criterion in our personnel assessment of Directors and Operating Officers.

2. Overview of sustainability management and our key initiatives

(1) Overview of sustainability management within the BML Group

The BML Group has been fully engaged in sustainability management since FY2022. In FY2023, we conducted the identification of 13 material issues related to ESG (Environment, Social, Governance) and our business operations. For the nine issues directly related to ESG, we have set target achievement years for each and are advancing them in alignment with the execution of the Ninth Medium-Term Management Plan.

Our initiatives to address sustainability issues are undertaken not only from the perspective of reducing risks, but also with an awareness of enhancing corporate value over the medium to long term. We gather various information and opinions from each division, conduct repeated discussions and deliberations within the Sustainability Committee, and further deepen discussions at the Board of Directors.

(2) Overview of ESG initiatives

• Environmental initiatives

To achieve our 30% CO₂ reduction target by 2030, we are minimizing the environmental impact of our business activities by promoting the transition to renewable energy, replacing sales vehicles with EVs/HEVs, and advancing the circular economy.

• Social initiatives

We have positioned the expansion of human capital as our top priority issue, and are advancing efforts to

create a rewarding workplace, promote Diversity, Equity & Inclusion (DE&I), and strengthen supply chain management.

• Governance initiatives

We aim to enhance corporate value on a sustainable basis through achieving highly transparent management, strengthening risk management systems, and engaging in constructive dialogue with stakeholders.

3. Major issue: Addressing human capital

(1) Towards the realization of a rewarding and dynamic organization

In the Ninth Medium-Term Management Plan, we have set the two targets of "realization of a workplace where people can work comfortably and are rewarded for their efforts" and "realization of vibrant human resources and organization." To achieve these targets, we are engaging in initiatives of "investing in human resources," "reforming organizational culture," and "establishing a comfortable workplace environment."

As key challenges concerning human capital, we have identified the need to boost the level of the capability of human resources, develop core talent, secure highly skilled human resources, and establish a comfortable workplace environment. To address these challenges, we are systematically advancing initiatives, such as skill and career development and recruitment in order to encourage medium- to long-term active participation.

1 Investment in human resources

• Boosting the level of human resource capabilities of existing employees

We are actively engaged in educational investments for upskilling and reskilling. To enrich opportunities for employees to voluntarily pursue learning and enhance their learning environment, we provide external learning materials and promote e-learning at a pace of four sessions per month, enabling learning during their spare time. We foster motivation for employees to voluntarily acquire qualifications. For qualifications that are encouraged, we pay both the examination fees and incentives, thereby supporting employees in proactively obtaining qualifications. By increasing learning opportunities, we are helping our employees apply the knowledge they gain to their work.

• Investment in developing core human resources

As part of our initiatives to secure core human resources, we are working in collaboration with external

institutions to provide selected employees with Executive Candidate Training and Management Candidate Training, thereby enhancing their motivation and supporting the acquisition of skills and knowledge required for future leadership roles. In addition, we are strengthening our education and training programs by investing in role-based mindset training for each rank, as well as in programs designed to help management-level employees acquire essential human skills and conceptual skills.

• Securing highly skilled human resources

To address challenges in departments where there is an insufficient number of qualified personnel in specific fields, we have established a new Highly Specialized Human Resources Course (SX course), separate from the conventional line-based personnel system, and are recruiting highly specialized professionals from outside the Company. In particular, we have hired multiple SX human resources in the genome, DX, and clinical trial fields, where they are actively contributing by fully leveraging their experience and skills.

2 Organizational culture reform

• Instilling of role-specific responsibilities

To strengthen our organizational capabilities, it is essential that each employee fulfill the role-specific responsibilities required at their respective role level. To that end, we are providing mindset training that helps employees understand and internalize the responsibilities required at each role level. By participating in this training, employees will acquire the skills and knowledge necessary to fulfill their responsibilities, and we are working to build an organization based on the culture of a strong sense of one's own responsibility.

Special Feature 2 Messages from Key Persons: Chairperson of the Sustainability Committee

• Diverse human resources playing an active role

We position promoting the active participation of women as one of our key strategies in sustainability management.

Since 2021, we have engaged in activities such as training on DE&I, Ikubosu (family-friendly boss) training, and Women's Working Group. These efforts have deepened our understanding of the importance of motivating female employees and the active participation of women within the organization.

In March of this year, we newly launched the BML Women's Workshop as an initiative to further develop our existing Women's Working Group. Each month, female employees recommended by each division participate in discussions and group work with fellow members. Through these activities, they experience mutual inspiration and growth while we work to develop future core human resources candidates.

Our efforts to date have been praised, and in August of this year, we acquired a three-star rating for meeting the evaluation criteria for Eruboshi Certification, awarded to companies excelling in promoting the active participation of women. In September, we also acquired Platinum Kurumin Certification, awarded to companies excelling in supporting work-life/childcare balance.

3 Environment creation

To create a workplace environment where all employees can maximize their diverse abilities, we are actively

engaged in initiatives such as work style reform, health management, and employee welfare enhancement.

• Work style reform

To establish a comfortable workplace, we are standardizing operations company-wide and advancing efficiency through DX and multi-skilling. In addition to this, we are advancing initiatives to properly manage overtime work by conducting annual reviews of the optimal staffing levels for each department.

• Health management

Regarding mental health, over 90% of our employees have undergone stress check-ups. For departments where high stress levels were identified, we are implementing action plans for improvement as part of our line care initiatives to manage employee health.

These initiatives have been praised, and since 2023, we have been recognized as one of the White 500 companies which are the top 500 companies among Outstanding Organizations of KENKO Investment for Health (formerly Health & Productivity Management Outstanding Organizations). We will expand these efforts to all Group companies.

• Employee welfare services

As a measure to enhance employee satisfaction, we are reviewing our employee welfare services and working to improve employee engagement.

As a notable topic, part of our donation to Kawagoe City was used to install electric vehicle charging stations at three locations in the city, contributing to the community through enhanced social infrastructure.

As a result of these initiatives, our CDP rating for 2024 improved by one notch from the 2023 assessment, and we received a B- score.

• Social initiatives

In 2024, as part of supply chain management, we formulated the BML Group Sustainable Procurement Policy and the BML Group Sustainable Procurement Guidelines, and advanced collaboration with suppliers by implementing a Self-Assessment Questionnaire (SAQ) for suppliers. Regarding actual transactions, we accelerated our efforts toward sustainable mutual growth and development with all suppliers involved with BML, including formulating guidelines for fair and appropriate transactions.

In terms of investment in human resources, we created an environment for voluntary learning by providing external learning materials and e-learning platforms while encouraging employees to pursue external certifications, such as the IT Passport Examination, DX certifications, and inspection qualifications. As a result, many employees passed.

The training results exceeded targets, with full-time employees averaging 21.3 hours of training per year and managers averaging 30.8 hours per year. The rate of attendance at training also remained high at 99.7%.

In terms of DE&I advancement, the fiscal year saw progress in the active participation of women. This progress included the appointment of the first female department head and an increase in the female manager ratio, which reached 16.4% as of April 1 of this year.

In health management, the percentage of employees receiving stress checks reached 92.3%, while the percentage of employees receiving regular health check-ups remained at 100%.

2 Key initiatives for FY2025

For FY2025, we set the goal of strengthening our efforts to address human rights in addition to our existing initiatives.

• Reducing CO₂ emissions

The new wings of the BML General Laboratory are planned to operate entirely on renewable energy by FY2025. The plan is to transition the entire laboratory to 100% renewable energy by FY2026. By 2030, we aim to achieve 100% renewable energy for all regional laboratories located throughout the country.

For sales vehicles, while promoting the replacement of company-owned vehicles used by the Company's affiliated companies with HEVs, we will begin concrete consideration of initiatives for carbon offsetting utilizing carbon credits.

Through the activities mentioned above, we will aim for a B score or higher in the CDP rating, and we will implement more transparent environmental information disclosure and effective reduction measures.

• Strengthening efforts to address human rights

We will implement human rights due diligence with the goal of strengthening our efforts to address human rights in line with materiality. Based on employee feedback, we will identify human rights risks and take measures to address key issues.

• Investment in human resources

We will support the enhancement of employee knowledge and skills by encouraging voluntary learning during their spare time and expanding the range of certifications they are encouraged to acquire.

We will strengthen our investment in management training, including role-based mindset programs for each organizational layer, talent development initiatives, and training required for organizational development, in order to help management personnel acquire the skills expected of them.

4. Explanation and review of key initiatives for FY2024

(1) Sustainability Committee activities

As for the Committee's main agenda items in FY2024, on the environmental front, we revised our CO₂ reduction target by 2030 upward from 25% to 30% and re-examined our measures, aiming to make greater environmental contributions.

On the social front, the Committee accelerated initiatives aimed at sustainable mutual growth and

development with all BML business partners. These initiatives included the formulation of the BML Group Sustainable Procurement Policy and BML Group Sustainable Procurement Guidelines as part of supply chain management, as well as establishing guidelines for fair and appropriate transactions.

(2) Sustainability initiatives

1 Main initiatives in FY2024

• Environmental initiatives

In August 2024, two new wings were completed at BML General Laboratory, and solar panels were installed on the exterior of the new wings. During that fiscal year, we promoted the use of electricity from renewable energy sources, which enabled us to reduce CO₂ emissions

beyond our planned targets. Furthermore, we strengthened our circular economy initiatives by shifting large volumes of plastics—such as containers that had previously been discarded—to chemical recycling.

For our sales vehicles, we have set a policy to convert all eligible vehicles to EVs or HEVs by FY2028. In FY2024, we completed the conversion of more than 400 vehicles to EVs and HEVs.



Special Feature 2 Messages from Key Persons: Outside Directors

We look forward to BML's continued growth as a leading company in the clinical testing industry—one that remains resilient to changes in the external environment



Shigeru Osawa
Outside Director

Reiko Matsuzawa
Outside Director

Tatsuharu Arai
Outside Director

Based on your professional backgrounds, could you each share the roles you expect to fulfill and the contributions you hope to make as Outside Directors?

Arai I have over 40 years of experience at a chemical company, ranging from process engineer to business division head. What I consider to be my most important contribution to BML is to provide recommendations, particularly for quality improvement, from a production technology perspective.

At a chemical company, capital investment was typically driven by business growth and profit considerations. However, at BML, clinical testing—which directly affects human lives—is at the core of our business. For this reason, we must make the necessary technological investments without being constrained solely by profitability, while at the same time ensuring that appropriate recovery plans are in place. I provide advice on capital investment from both of these perspectives.

Specifically, I visit operational sites to inspect the actual equipment, with the cooperation of on-site teams in practicing the “principles of three realities,” which refer to

genba (the actual site), genbutsu (the actual objects), and genjitsu (the actual facts), and emphasize the importance of verifying actual on-site conditions before taking action. For capital investment projects at the BML General Laboratory, I visit the sites together with General Manager of the General Affairs Department to review the expected investment effects and payback period in detail. In addition, from a quality perspective, I emphasized the importance of developing personnel who can explain test results in quantitative terms, which led to the creation of a compilation of actual incident cases.

Osawa I have worked in banking for 20 years, after which I took on management roles in the real estate and construction industries. During my banking career, I was often involved in restructuring underperforming companies, focusing on identifying problems and solving challenges.

My role at BML is to objectively assess the Company's norms from an external perspective. I raise issues by examining whether common industry practices have become misaligned with broader societal expectations, and how they appear when viewed from the patient's perspective.

Matsuzawa I retired from the National Tax Agency in July of last year and subsequently established my own practice as a certified public tax accountant. Since June of this year, I have also been serving as an Outside Director. Based on my experience to date, I hope to contribute primarily in two areas.

The first is the promotion of “Tax Corporate Governance (Tax CG).” By having top management proactively engage with taxation risks and establish

appropriate systems, fraud and errors can be prevented before they occur. Especially when making critical management decisions such as M&A or organizational restructuring, it is vital to properly recognize rationale and potential risks from a tax perspective. From the standpoint of an Outside Director, I hope to support the establishment of effective tax governance. Another area where I can contribute is providing diverse perspectives as a female Outside Director. BML has set targets for 2028: a female manager ratio of 18%, a rate of reinstatement after childcare leave of 100%, and a percentage of men taking childcare leave of 80%. While achieving these numerical goals is important, I feel the fundamental issue lies in fostering a corporate culture where diverse human resources can fully contribute. I hope to contribute in any way I can to making this a reality.

How do you perceive BML's strengths and challenges?

Arai I believe BML's greatest strength is that they “know their own weaknesses.” When I reviewed the Ninth Medium-Term Management Plan, I was impressed by how accurately

this company grasps its own challenges. It incorporates all the important issues, including quality improvement, addressing rising costs, and building trust with customers.

Special Feature 2 Messages from Key Persons: Outside Directors

In fact, over the past two years, they have achieved a reduction of approximately 80% in incidents other than reporting delays. I believe BML's strength, cultivated over many years, lies in its attitude to recognize its own weaknesses and improve them reliably and its ability to execute improvements.

As for challenges, I believe the framework for continuously reviewing and rolling forward established plans should be further strengthened. There is a need to improve the accuracy of annual reviews and forecasts for the following year, and to more effectively implement the PDCA cycle for capital investments and the introduction of new technologies. Also, by improving testing quality, I hope that the Company will build even stronger relationships of trust with its customers.

Osawa BML's greatest strength lies in the fact that, although it is a publicly listed company with an owner-led structure in which the President is the largest shareholder, the President is both relatively young and has experience as a healthcare professional. The alignment between shareholder interests and management direction over the long term, combined with decision-making grounded in a deep understanding of medical practice, represents a significant competitive advantage.

At the same time, this also presents a challenge. It is essential to embed the President's exceptional strengths

within the organization so that they do not remain dependent on individual capabilities. The task ahead is to transform these personal strengths into organizational strengths.

Another key consideration in anticipating future societal changes is the shift from deflation to inflation. While BML has historically pursued growth by prioritizing revenue expansion, a shift toward profit efficiency is now essential amid rising costs and a tightening labor market.

BML is already a leading company in the clinical testing industry. As such, it has a responsibility to help elevate standards across the industry and is expected to pursue innovative initiatives that break away from conventional practices.

Matsuzawa I believe that having a healthcare professional at the helm of a company responsible for clinical testing is a significant strength for BML. Clinical testing is directly connected to human life, and under a strong sense of mission that "errors are unacceptable," the entire organization continues to make unwavering efforts. I believe that the virtuous cycle in which insights from the frontline are combined with professional expertise to drive steady improvements is the very source that underpins trust in BML. I personally hope to draw on my own experience in organizational management and crisis response to contribute to building a framework that safeguards the accuracy of testing.



tactics. What matters is not theoretical discussions but practical adjustments to strategy that take market reactions into account.

Matsuzawa It is very clear that the Company listens attentively to diverse viewpoints and is committed to translating them into meaningful improvements. I believe the role of an Outside Director is to prevent management oversights and facilitate deeper discussions. To achieve this, the "quality of questions" raised in the Board of Directors is crucial. I intend to keep four perspectives in mind. First, the perspective of diverse stakeholders: shareholders, customers, employees, and society. Second, a perspective that anticipates external uncertainties like climate change and DX. Third, a stance of deliberately asking straightforward questions, free from preconceived notions. And fourth, the perspective of viewing diversity and sustainability as opportunities to enhance corporate value.

Please share your thoughts on future challenges and expectations for the concept of next-generation laboratories

Arai The concept of next-generation laboratories aims to achieve sustainable testing capacity with a 10-year outlook. Among the six basic strategies of the Medium-Term Management Plan, I consider three to be particularly crucial.

First, expanding sales and market share and establishing a number one position. Second, establishing a revenue structure unaffected by environmental changes. Third, strengthening competitiveness in new high-function testing areas, including genomic testing. BML has accurately identified its own weaknesses and clearly outlined strategies to improve them. I expect the concept of next-generation laboratories to serve as the foundation for successfully implementing these strategies.

Osawa The most significant changes in the external environment in the future will be the shift from deflation to inflation and labor shortages caused by population decline. For the labor-intensive clinical testing industry, these changes demand a fundamental review of the business model. The concept of next-generation laboratories is one answer to this challenge. However, fully automating specimen collection and testing operations is not realistic. The entire industry must undertake initiatives that challenge conventional wisdom, such as reviewing the frequency of specimen collection.

As a leading company, BML has a responsibility to raise industry standards. I expect innovative initiatives that drive efficiency improvements across the entire industry, rather than simply absorbing rising costs.

Matsuzawa Given the conflicting pressures of controlling medical costs and rising prices, downward pressure on test unit prices is expected to continue in

the future. In this environment, I feel the "¥1 billion cost reduction" target outlined in the concept of next-generation laboratories is a clear and impactful goal. The fact that the Company is simultaneously expanding testing capacity and making growth investments is also highly significant. In the future, it will be important to identify opportunities for cost reduction, carefully monitor progress, and engage in in-depth discussions. I hope to see not only efficiency improvements but also innovations in the testing process itself.

With the population continuing to age, interest in and demand for preventive medicine and personalized medicine are steadily increasing. Leveraging BML's advanced technical capabilities and reliability, I have high expectations for it to establish a strong position in new markets.



How do you evaluate the governance structure and the effectiveness of the Board of Directors?

Arai Over the four years since I assumed my position, the operation of the Board of Directors has improved significantly. In the past, regular reports consumed a substantial amount of meeting time, but they have since been streamlined, allowing sufficient time for discussions on important matters such as major capital investments and trouble reports.

In addition, a structure is in place that allows us to receive detailed explanations individually whenever questions arise. Because the information necessary for decision-making is reliably provided—including through on-site visits when needed—I believe that the governance structure has improved significantly.

The remaining challenge is to further systematize the management of progress on key initiatives. I would like to see a more refined PDCA cycle put into practice, incorporating annual results reporting, rolling forecasts, and quarterly progress reviews.

Osawa The structure and operation are well-balanced, and sufficient information is provided in advance. The review of the authority regulations, including raising the monetary thresholds for agenda items, is also commendable as an initiative that enhances the quality of discussions.

In particular, the discussions held during the formulation of the Medium-Term Management Plan were extremely valuable. While the direction toward management that is conscious of the cost of capital and emphasizes ROE is clear, we were able to engage in in-depth discussions that addressed practical challenges, including the heavy burden of depreciation. In the future, I would like to participate in the interim review of the Medium-Term Management Plan and support the flexible reassessment of strategies and



Special Feature 3 70th Anniversary



70 Years of BML's Journey

BML's origins trace back to 1955, when its founder, Kenji Kondo, pursued with unwavering conviction his aspiration to establish a blood bank that would manufacture and provide preserved blood under a national license.

From this founding vision, BML's journey began, guided by the spirit of Sogo (meaning "mutuality" in Japanese), a principle reflected in its original corporate name, and aiming for dedication to creating a healthy and cultured society. In 2025, BML proudly marks the 70th anniversary of its founding.

1955 - 1959 Founding

Established a blood bank manufacturing and providing preserved blood under a national license

Anticipating that advances in surgical procedures would lead to rising demand for blood for transfusions, founder Kenji Kondo launched the business together with former colleagues who had left Nihon Pharmaceutical Co., Ltd., establishing a blood transfusion association. After approximately two years since its founding, the business entered a period of strong momentum, and by 1959, orders from leading university hospitals were rapidly increasing. Recognizing early on the inevitable shift from whole-blood transfusion to component transfusion, the Company began manufacturing and supplying red blood cell suspensions and platelet suspensions ahead of the industry. Through these efforts, it earned a level of trust that placed it alongside the major players in the field.



1955 Founded Sogo Blood Bank, Inc.

1959 Started manufacturing and supplying red blood cell suspensions and platelet suspensions



1960 - 1999 Adversity

Negative effects of transfusion draw intense public attention and escalate into a social issue

On March 24, 1964, U.S. Ambassador to Japan Edwin O. Reischauer was attacked at the rear entrance of the U.S. Embassy, sustaining injuries that required three weeks of recovery. Although he immediately underwent surgery, he subsequently contracted hepatitis traced to blood for transfusions supplied by a Japanese citizen. In response, the then Ikeda Cabinet issued a cabinet decision that, by 1970, all blood for transfusions should be provided exclusively through voluntary donations from the Japanese public, effectively prohibiting the supply of blood by private organizations. For the Company, this decision posed an existential threat—one that had the potential to bring its operations to a standstill.

Decision

Entering the clinical testing business



Confronted with the need to make a critical choice—either transform the business or close it down—an idea emerged in Kondo's mind. Through their blood bank operations, he and his colleagues had gained extensive experience in handling blood for transfusions as well as in serological testing. If they could apply these capabilities, he believed, they would certainly be able to build a viable business within the same medical field. Resolute in this conviction, Kondo decided to shift the Company toward becoming a private clinical testing center. Standing before all employees, he declared: "If we are to take this path, let us aim to become Japan's leading clinical testing center. We carry with us the pride of having earned a pharmaceutical manufacturing license."

Leap Forward

Completion of the BML General Laboratory



In 1984, recognizing the need for a centralized laboratory capable of processing large volumes of tests both rapidly and accurately, the Company completed construction of the BML General Laboratory—one of Japan's leading clinical testing centers. The Company's progress continued thereafter, including the establishment of the industry's first system to assign barcodes to all specimens at local collection sites. Through these advances, BML grew into one of the top-tier companies in the field. In 1991, the R&D Center was completed within the BML General Laboratory complex, further strengthening the Company's research and development capabilities in Kawagoe City, Saitama Prefecture. The laboratory later became home to the world's first high-speed automated specimen processing system, the Frontier System. Operating such an advanced unmanned testing system within a single facility of this scale—among the largest of its kind globally—BML went on to achieve remarkable results that earned worldwide recognition.

1964 Attack on U.S. Ambassador to Japan Edwin O. Reischauer



1967 Entered the clinical testing business with the introduction of the Technicon AutoAnalyzer



1974 Introduced the NOVA system

1975 Began nationwide expansion of the clinical testing business, starting with the opening of the Hokuriku Branch Office

1976 The corporate name was changed to Sogo Biomedical Laboratory (abbreviated name BML [Bio Medical Laboratories])

1980 Began manufacturing and selling Monitor G Column, a research and measurement system for glycated hemoglobin



1984 Completed construction of BML General Laboratory

1988 Motoyoshi Arai, then Vice President, appointed President

1989 The corporate name was changed to BML, Inc.

1991 Completed construction of the R&D Center



1991 The Frontier System, a high-speed automated specimen dispensing system, began operation

1992 BML General Laboratory obtained accreditation from the College of American Pathologists (CAP)

1992 Received the Advanced Business Facility Excellence Award, sponsored by Nikkei Inc.

1999 BML General Laboratory obtained ISO 9001 certification, an international standard for quality management systems

Special Feature 3 70th Anniversary

2000 – Expansion

Toward sustainable growth

BML has pursued expansion of self-contained regional laboratory and metropolitan area laboratory network. In addition, BML has actively expanded into a wide range of domains by applying its advanced and sophisticated technologies and know-how cultivated in clinical testing to testing services in related fields such as clinical trials and food testing.

- 2000 Released “Medical Station (MS),” an electronic patient chart system
- 2001 Listed its stock on the First Section of the Tokyo Stock Exchange
- 2005 BML General Laboratory acquired ISO 15189 accreditation (international standard for clinical laboratories)
- 2006 The New Symphony Chemistry, a new automated testing line, began operations
- 2007 Yutaka Arai, then Senior Managing Director, appointed President, making the start of a new management structure
- 2008 New Frontier System (automated dispensing system) began operations
- 2010 Established a joint laboratory for international clinical trials in collaboration with U.S.-based Covance Inc. (currently Labcorp)
- 2011 Kazuta Fukuda, then Vice President, appointed President

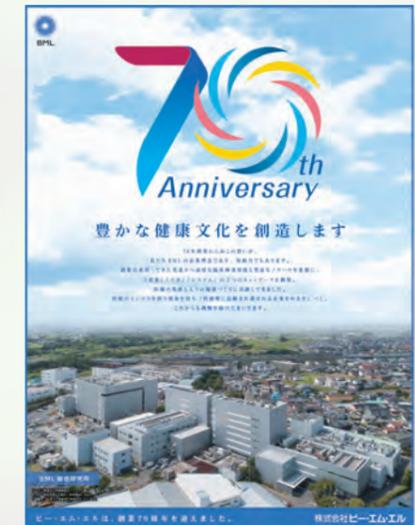


Today, under the Group Vision “to become the most trusted choice in the medical world,” BML continues to pursue higher levels of quality and service. Its capabilities in both routine testing—such as biochemical and hematological testing—and specialized testing, including bacteriological testing, chromosome testing, and genetic testing, have enabled the creation of new services. These advances have also driven the Company’s expansion into new domains, such as the medical informatics business and the comprehensive food hygiene management consulting business.

- 2014 Kensuke Kondo, then Director, appointed President (current President)
- 2022 Transitioned to the Prime Market of the Tokyo Stock Exchange following the Exchange’s reorganization of market segments
- 2022 Became the first company in the clinical testing industry to obtain certification as a DX Certified Business Operator
- 2023 Began contracting measurement for blood-based amyloid-β to support the early detection of Alzheimer’s disease
- 2024 Completed construction of 6th Stage Building and Labcorp Building at BML General Laboratory

2025 70th Anniversary

BML was founded on July 5, 1955, in Sendagaya, Shibuya-ku, Tokyo, under the name of Sogo Blood Bank. Guided by its Policy of “Dedication to creating a healthy and cultured society,” the Company has consistently sought to contribute to the preservation and enhancement of people’s health. Looking ahead to our 80th and even 100th anniversary milestones, the entire BML Group remains committed to pursuing new challenges with unwavering passion.



The Nikkei newspaper advertisement on July 7, 2025

— Holding the 70th Anniversary Celebration —

On Sunday, July 6, 2025—a taian day of good fortune—we held the BML 70th Anniversary Celebration at Hotel Okura Tokyo. The event was attended by distinguished guests, former employees, Group company members, and current staff, making it a truly memorable and festive occasion. In his address, President Kondo expressed his deep gratitude for the support that made our 70th anniversary possible and spoke of the significance of the word “Sogo” (meaning “mutuality” in Japanese) of the founding name Sogo Blood Bank.

With the presence of so many participants, the celebration provided an opportunity to reflect once again on the weight of 70 years of history and to renew our appreciation for all who have supported BML along the way. The founding principle of Sogo continues to form the core of BML today and remains



deeply embedded in our corporate culture. As we look to the future, we will move forward as one company, committed to contributing to the advancement of healthcare and to society at large.



President Kondo's address



Front of the hall entrance



Reception

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.

- 1 Meeting client needs
- 2 Ensuring trust in BML through superior expertise and quality services
- 3 Developing a creative, energetic organization

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

BML has always thought about how to be useful to medical care and patients, and has been striving to provide high-quality services nationwide, mainly through the clinical testing business, etc.

Moreover, we are expanding into non-insurance fields to address the health needs of our customers by applying the advanced and sophisticated technologies and know-how cultivated in the clinical testing business and our strengths in sales network, laboratory network, and system network.

“Dedication to creating a healthy and cultured society.”

This unwavering aspiration has been the driving force behind BML's Policy since its founding.

Even in these uncertain times, BML remains steadfast in this vision, fostering strong relationships with stakeholders, and passionately contributing to the evolution of medical care and the promotion of health.



Reference Guidelines

- International Integrated Reporting Framework of the IFRS Foundation
- The Guidance for Collaborative Value Creation 2.0 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 publishes an integrated report 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

FY2024 (April 1, 2024 to March 31, 2025)
Note that some reports before and after FY2024 are included.

Organizations Covered

All domestic Group companies including BML, Inc.

Information disclosure system



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BML's Sustainability

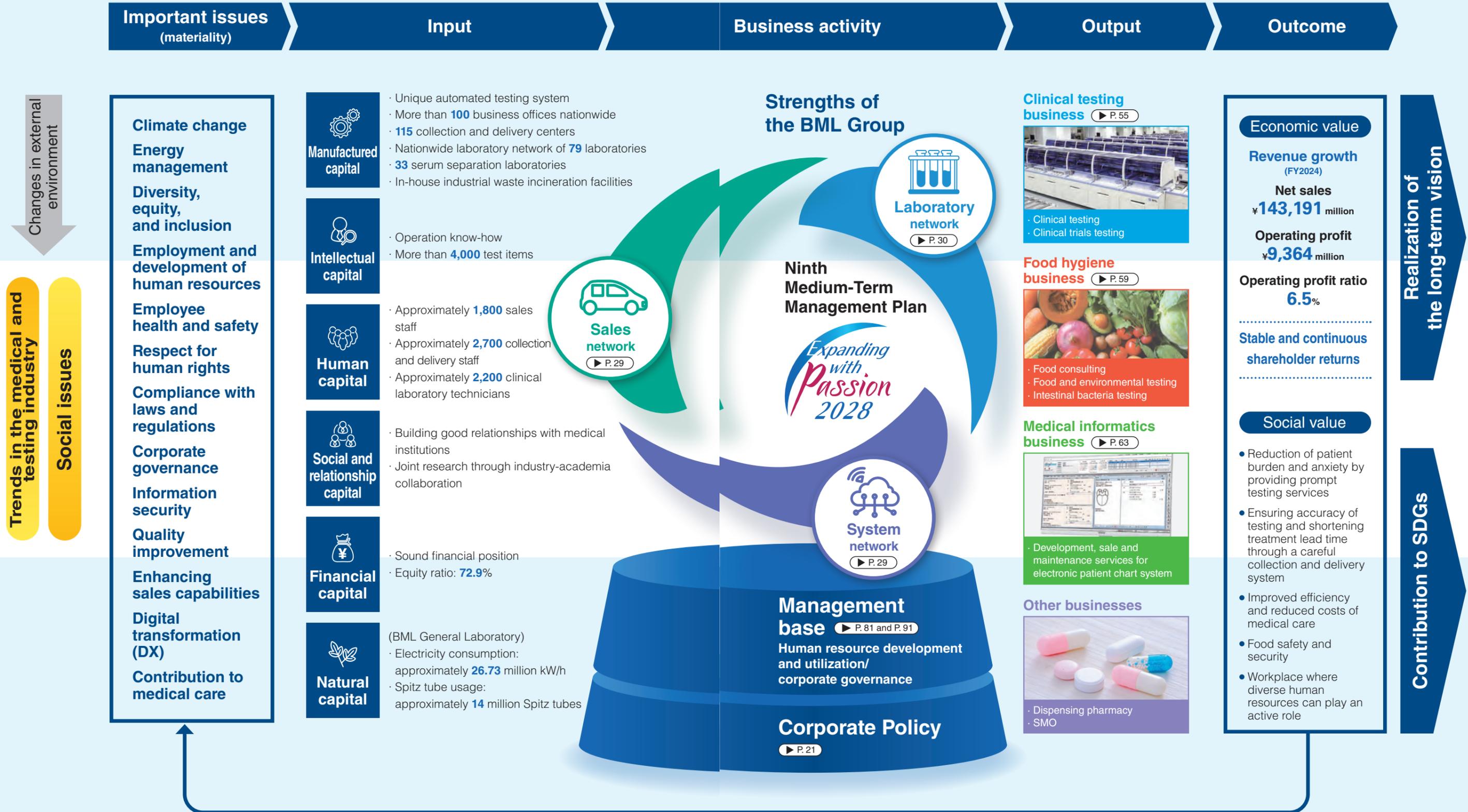
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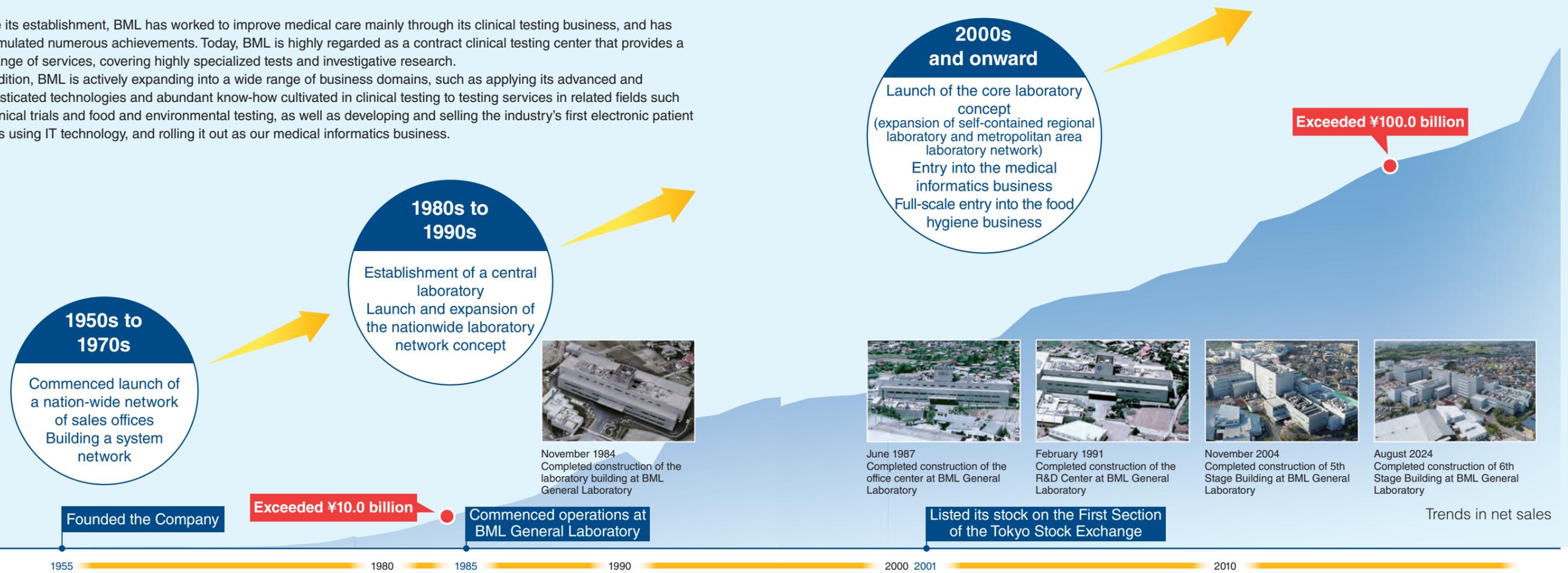
Value Creation Process (Business Model)

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.



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.



Category	Year	Event
Management	1955	Founded Sogo Blood Bank, Inc.
	1966	Shifted from blood bank business to clinical testing business
	1976	The corporate name was changed to Sogo Biomedical Laboratory (abbreviated name BML [Bio Medical Laboratories])
	1985	Launched operations at BML General Laboratory
	1989	The corporate name was changed to BML, Inc.
	1990	Renewed the logo mark
Business activity	1971	Registered as a hygiene laboratory
	1975	Established the Hokuriku Branch Office in Toyama City as the first branch office
	1979	Introduced IBM S34 and brought 27 branch offices online
	1981	Commenced development of regional laboratories at main offices
	1984	Net sales exceeded ¥10.0 billion
	1987	Introduced the IBM 3090-150EL, a mainframe computer, and established a nationwide sales network
	1988	Established regional laboratories in 10 cities nationwide
	1991	The Frontier System, a high-speed automated specimen dispensing system, began operation
	1995	Symphony Chemistry and Symphony Hematology, automated laboratory test line systems for biochemical and hematological tests, began operations
	2001	Listed its stock on the First Section of the Tokyo Stock Exchange
	2002	Acquisition of Clinical Testing Division of Otsuka Pharmaceutical Co., Ltd. through business transfer
	2005	BML General Laboratory acquired ISO 15189 accreditation (international standard for clinical laboratories)
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)	
2022	Transitioned to the Prime Market of the Tokyo Stock Exchange following the Exchange's reorganization of market segments	
2000	Released "Medical Station (MS)," an electronic patient chart system	
2003	Acquired shares of EAC Corporation (food and environmental testing) (wholly owned by BML)	
2006	The New Symphony Chemistry, a new automated testing line, began operations	
2008	New Frontier System (automated dispensing system) began operations	
2011	Released the "QUALIS" electronic patient chart system	
2015	Net sales exceeded ¥100.0 billion	
2018	Established 30 serum separation laboratories nationwide	
2019	Achieved operating profit of ¥10.0 billion	
2020	Implemented responses to COVID-19	
2022	Released the Qualis Cloud, a cloud-based electronic patient chart system	
2024	Completed construction of 6th Stage Building and Labcorp Building at BML General Laboratory	

Business Domains

BML engages in the clinical testing business as a core, along with the medical informatics business and the related businesses such as the clinical trial business and the food hygiene business.



Clinical Testing Business
▶ P. 55

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

Biochemical testing

Hematological testing

Immunological testing

Microbiological testing

Pathological testing

Genetic testing





Medical Informatics Business
▶ P. 63

We develop, sell, and provide maintenance for electronic patient chart systems

Qualis

Qualis Cloud

Medical Station



Related Business
▶ P. 59

We apply the advanced and sophisticated technologies and know-how we have cultivated through our clinical testing operations

Clinical trial business

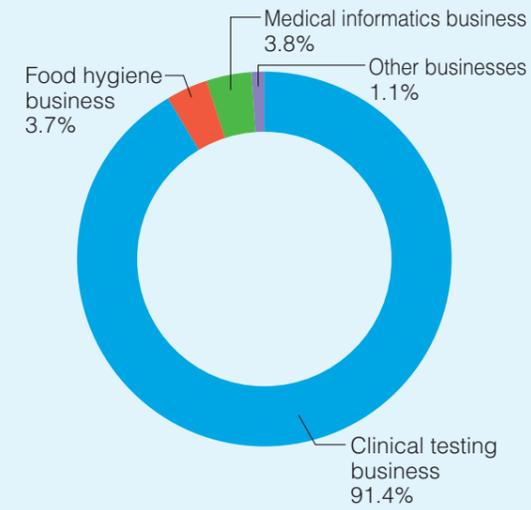
Food hygiene business

Environmental testing

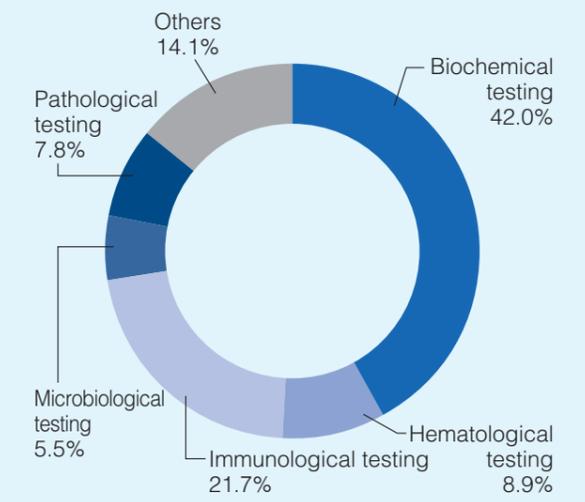
Dental checkup service

, etc.

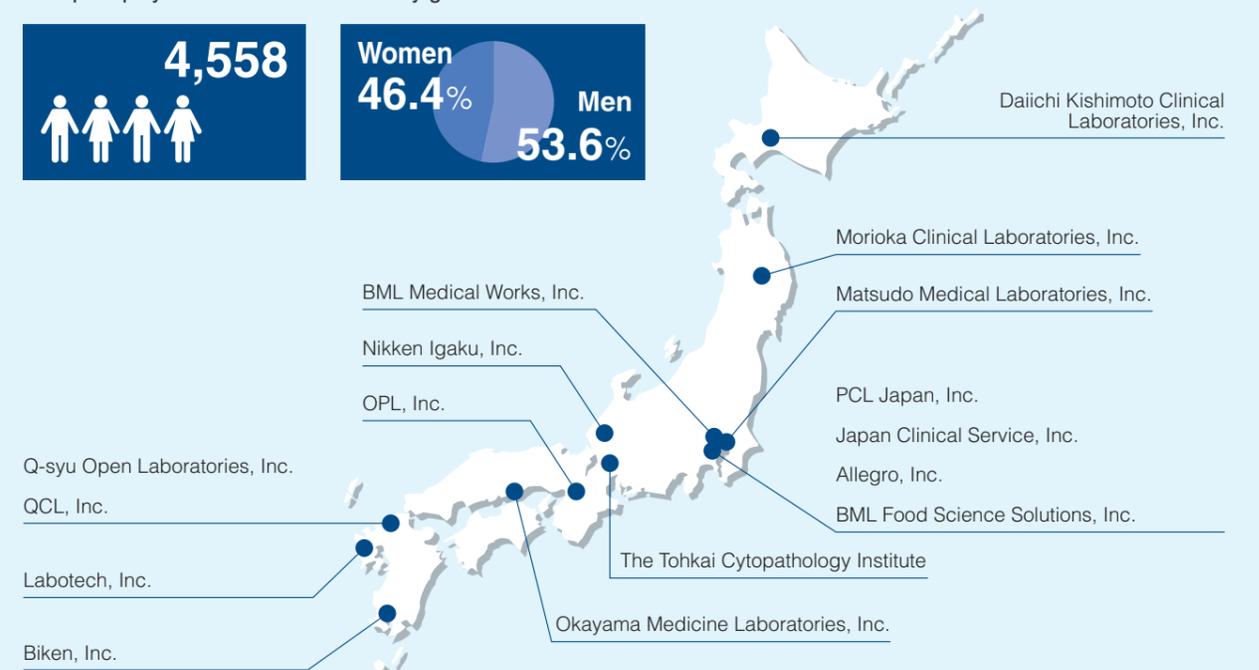
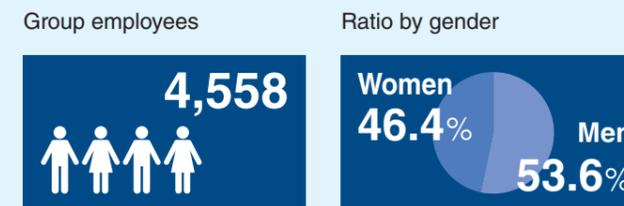
Ratio of net sales by business



Composition ratio of the clinical testing business



Numbers of offices and employees



Strengths of BML

Three Networks Constituting Strengths of BML

BML has built up three strengths through the clinical testing business since its establishment. These strengths also support the related business.

Sales network



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

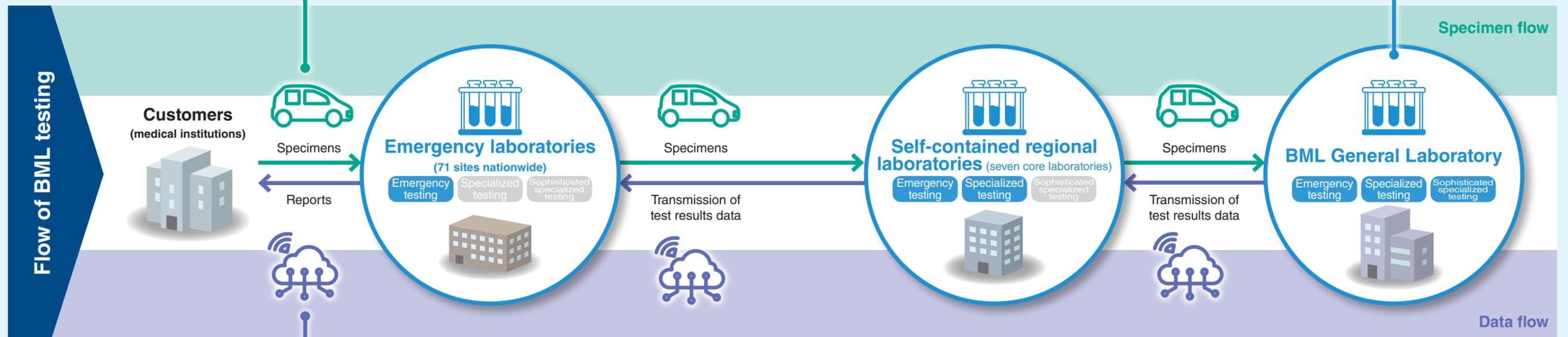
BML has a network of more than 100 business offices throughout Japan to provide prompt and accurate services. In addition, approximately 2,700 dedicated collection and delivery staff members ensure that requested specimens are promptly delivered to nearby laboratories, preventing changes in data over 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 70 years of involvement in the medical field

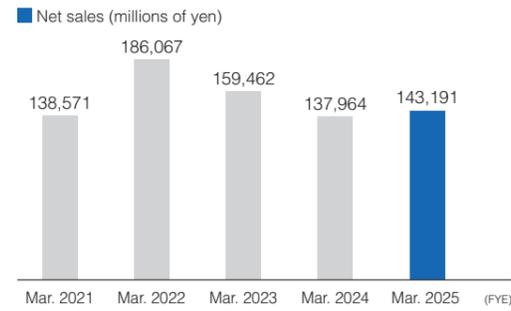
BML aspires to be a company that supports medical care in this era of increasingly sophisticated information technology. To this end, we are rolling out medical information services through state-of-the-art network computing that links the BML General Laboratory, regional laboratories, and branch offices.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

Financial and Non-financial Highlights

Financial Highlights

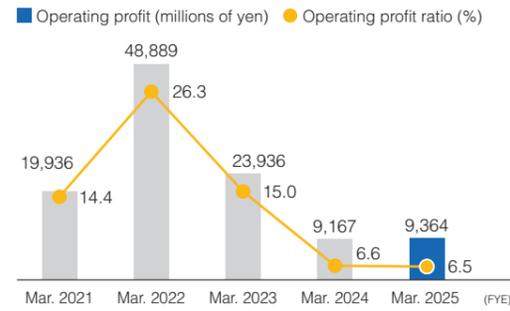
Net sales

¥143,191 million



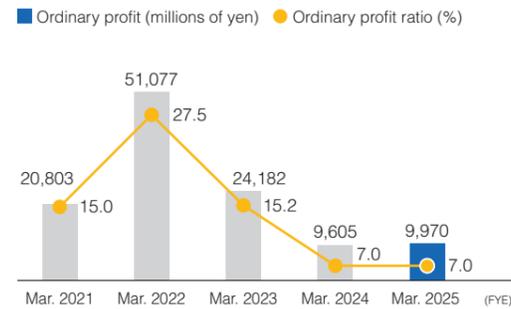
Operating profit

¥9,364 million



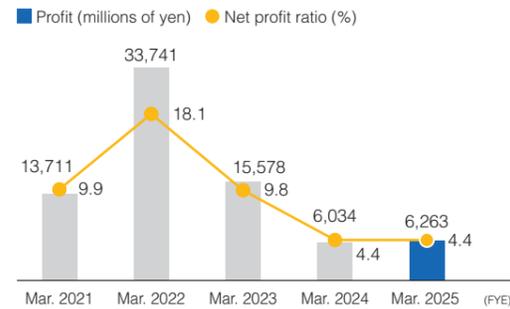
Ordinary profit

¥9,970 million



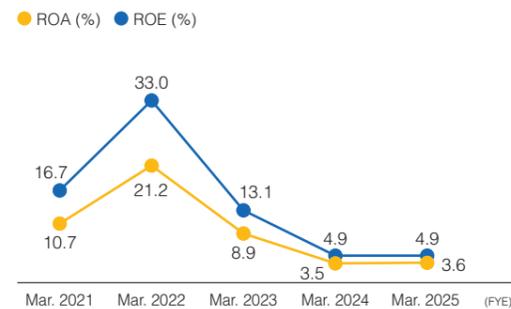
Profit attributable to owners of parent

¥6,263 million



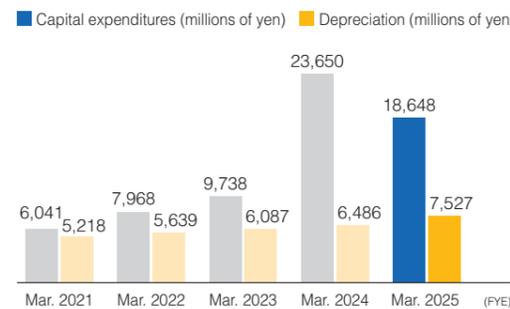
ROA/ROE

3.6% / 4.9%



Capital expenditures/depreciation

¥18,648 million / ¥7,527 million



Non-financial Highlights

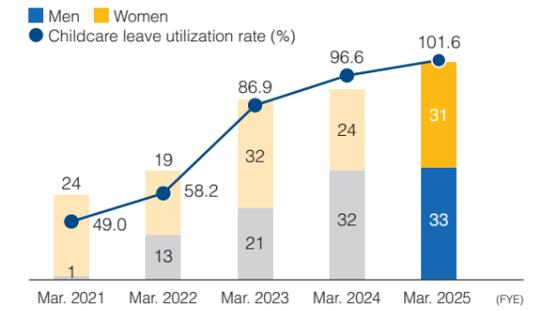
Female manager ratio

14.5%



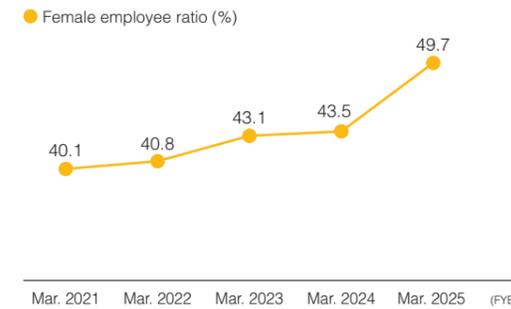
Childcare leave utilization rate

101.6% (64/63)



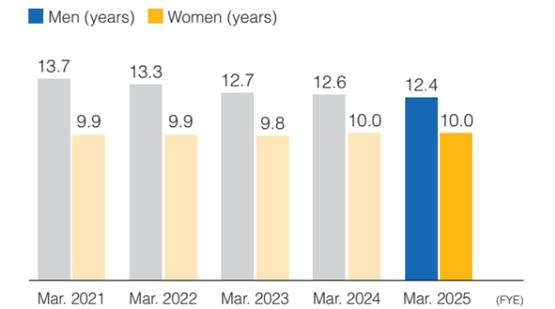
Female employee ratio

49.7%



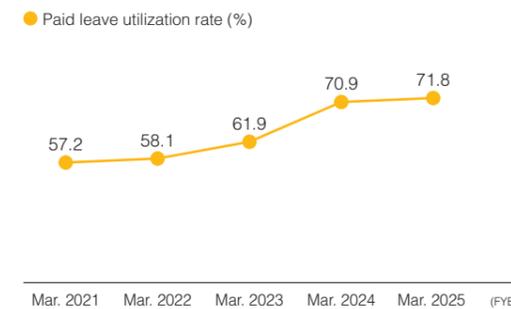
Average years of employment

12.4 years (men), 10.0 years (women)



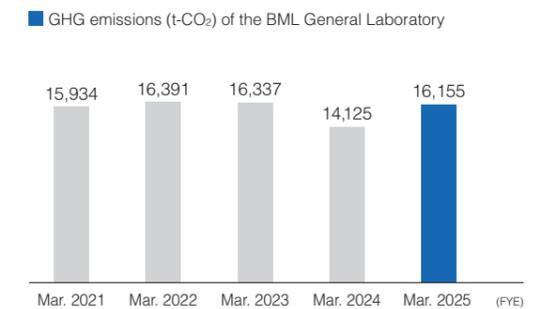
Paid leave utilization rate

71.8%



Greenhouse gas emissions

16,155 t-CO₂



Message from the President



Contributing to regional healthcare collaboration through the provision of standardized testing

Kensuke Kondo

President and Representative Director

External environment and management issues

Since the war broke out in Ukraine in February 2022, higher energy prices and increases in yen import costs have had a significant impact on the clinical testing industry, which accounts for about 90% of the BML Group's net sales. Specifically, rising energy prices are increasing the cost of transporting specimens and operating testing equipment, while the fact that most of our testing reagents and containers are imported means that import costs have risen, both of which have led directly to an increase in cost of sales.

Furthermore, the Japanese economy is currently in the middle of a transition from the "cost-cutting economy" of the past 30 years, which saw cuts to investment and wages, into a "new growth economy." The government is looking to fully break free from deflation so it is implementing various measures to increase income beyond rising prices and realize a virtuous cycle of growth. Within this, it is particularly focused on the two main initiatives of strengthening tax measures to promote wage increases and encouraging the reflection of labor costs in pricing. It is thought that the rationalization behind these measures is that strengthening tax measures to promote wage increases will increase labor costs, so encouraging the reflection of labor costs in pricing will ensure that funding is secured to cover this increase. However, in BML's case, sales prices for clinical testing are set based on insurance points under the medical service fee system, which is revised every two years. Medical services fees were revised in FY2024, and although the medical service fees themselves were increased by 0.88% through this revision, within this, revisions limited to the medical science category, which includes clinical testing, saw an increase of just 0.52%. Furthermore, fees for the type of laboratory testing that

we carry out were revised using a market pricing survey that reflected deflationary trends and looking at the revisions based on the impact on BML in terms of points reveals a negative effect of almost 1%. This means that BML operates a type of business in which it is hard to reflect rising costs in pricing, as mentioned above, and that generating profits in this context is extremely challenging.

The nature of this external environment is reflected in our business results compared to the final year targets of the Eighth Medium-Term Management Plan, our previous Medium-Term Management Plan. We achieved net sales of ¥137,964 million compared to the target of ¥135,000 million but an operating profit of ¥9,167 million compared to the target of ¥11,500 million. This meant that operating profit fell considerably short of our target.

Taking these points into account, in addition to our existing challenge of enhancing corporate value with a view to contributing to medical care, improvement of operating profit now stands as the most critical issue that BML must address.

We have positioned enhancing corporate value with a view to contributing to medical care as the first of the issues in the Ninth Medium-Term Management Plan, which began last year. Based on our conviction that a service cannot be said to have value unless it contributes to medical care, we will continue to carry out activities that further enhance the quality and services that we achieved through the Sixth to Eighth Medium-Term Management Plans. As for the second issue, the improvement of operating profit, we will reduce costs by optimizing and standardizing all processes involved in all the services we provide, and ensure that these services are properly priced.

Vision for 10 years in the future

As mentioned, the current clinical testing market is being considerably impacted by a fall in contract unit prices following the revision of medical service fees. Within this environment, the market is seeing slight growth due to an increase in testing volume due to factors such as the growth of the elderly population, a rise in lifestyle-related diseases, and an increasing public awareness of preventive medicine. We are continuing to expand our share of this market through our sales activities, and by increasing the number of tests we perform, we are achieving growth that exceeds overall market growth. However, going forward, the Japanese population will shrink and the number of middle-aged and elderly people in particular is due to plateau, so there will be few factors encouraging market growth. That said, clinical testing itself remains essential to maintaining public health. We therefore believe that we must continue to pursue activities that contribute to medical care more than ever before, demonstrating the value of our presence.

As part of these activities, we want to make a contribution to the regional medical care vision. As the population continues to age, close attention is being paid to the key challenge of how finite medical resources can be supplied efficiently. Regional medical cooperation is playing an extremely important role as a solution to this challenge. This cooperation is an initiative for continuing treatment at regional clinics and convalescence at home through the cooperation of hospitals, regional clinics, family doctors, and clinics that support home support, so that patients can receive medical treatment seamlessly. This initiative will enable the provision of an environment in which patients can continue to live their everyday lives in the way that suits them and in their familiar communities. It is my belief that the clinical testing industry can help to achieve this goal by conducting testing based on uniform standards and establishing frameworks in which testing data will not change no matter which medical institution is conducting the testing. In BML, which has almost established a nationwide presence, I believe that we can contribute to the realization of regional medical cooperation by providing standardized tests so that the same specimens can be tested in each region and the same results can be reported no matter where the tests are performed.

However, this response and a portfolio focused on clinical testing will not be enough to realize the same growth as today in 10 years' time, when the population is smaller and the number of elderly has plateaued. Therefore, we will take steps to change the composition of our business portfolio by developing growth drivers in the non-insurance areas described below, which are not impacted by the medical service fee system. We will focus these growth drivers in the four business fields of medical informatics, medical check-ups, clinical trials, and food hygiene. The details of each of these are explained below.

Firstly, in medical informatics, we have Medical Station, Qualis, and Qualis Cloud in our lineup of electronic patient chart products. In addition, we expanded the functionality of our B-Liner clinical testing system. Although this system is still in the evaluation stage and a decision has not yet been made on its commercialization, we believe that the in-house production of peripheral systems for clinical laboratories will enable us to improve the precision of clinical testing and demonstrate effects on the operational aspects.

Next, in the area of medical check-ups, the BML Group has the advantage of being able to meet the needs of medical check-up centers operating across a wide geographic area, thanks to our comprehensive domestic network of laboratories and collection and delivery networks. In addition, we believe that we can enhance our competitiveness by advancing standardization activities going forward, including achieving uniform accuracy among laboratories, and by improving 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, we think international clinical trials are an area where we can expect significant expansion, and strengthening this service will lead to solid growth.

Finally, in the food hygiene testing field, Group company, BML Food Science Solutions has the capacity to provide comprehensive food hygiene-related services in a broader range of areas than our competitors. For this reason, we will strive for the further expansion of our business by promoting our ability to provide comprehensive consulting functions for food hygiene controls.

Overview of the Ninth Medium-Term Management Plan

When discussing the formulation of the Ninth Medium-Term Management Plan, our new Medium-Term Management Plan, we set two basic directions. The first was "enhancing corporate value with a view to contributing to medical care." This reaffirms that the policies outlined in BML's Policy of "Dedication to creating a healthy and cultured society" and the Group Vision "to become the most trusted choice in the medical world," as a group that primarily engages in providing medical services, are a lifeline that must not be compromised. The

second basic direction is "promotion of management that is conscious of cost of capital and stock price." Due to our contribution to the medical field by carrying out PCR testing during the COVID-19 pandemic, our equity has increased, and due to a decline in the profit ratio caused by the external environment mentioned above, ROE has fallen to a level below the cost of capital. Also, in regard to the internal environment, we are already in a period of focused investment, and the resulting depreciation burden is expected to have a temporary downward effect

Message from the President

on profits. We understand that due to these three factors, we will have to work harder than ever before to gain the understanding of shareholders and investors through our management.

The basic strategic framework of the Ninth Medium-Term Management Plan, which was formulated based on these basic directions, pursues the three key concepts of enhanced quality, solutions, and mutual development, supported by a foundation of digital transformation (DX) and ESG. Its aim is to achieve six targets centered on the development of next-generation laboratories, which are expanding sales and market share, optimizing the business portfolio, improving profitability, development of high-performance tests, enhancing the level of service, and promoting standardization. As I explained earlier, in regard to the first concept of enhanced quality, we have had considerable success in enhancing quality and services through the Medium-Term Management Plans implemented over the last nine years. In this Medium-Term Management Plan, we think we need to further enhance quality and services and thoroughly promote these quality-related activities to customers. For the second concept of solutions, I think that to date, we have been able to fully cater to customer requests, but from here on, we should take a further step forward and offer proposals that provide solutions to the issues that customers face. The third concept of mutual development reflects the spirit embodied in BML's original company name, "Sogo Blood Bank," which expresses our longstanding belief since our founding in growing together through mutual development. In the Ninth Medium-Term Management Plan, we want to realize the concept of getting back to our roots by advancing mutual development. In line with developments in society, "mutual" in this case encompasses shareholders, employees, customers, and business partners, as well as wider society and the global environment. We aim to realize mutual development with these stakeholders.

The slogan of the Ninth Medium-Term Management Plan is "Expanding with Passion 2028." This means that

Review of the first year of the Ninth Medium-Term Management Plan

Now that we are one year into the Ninth Medium-Term Management Plan, I would like to provide an update on our progress based on the basic strategic framework.

First, with respect to the fundamental pillars of DX and ESG, I will begin by explaining our initiatives related to DX. BML's DX efforts focus on two key areas: "rollout of B-Label" and "promotion of online test requests." B-Label refers to specimen labels with barcodes that link patient attributes and test-order information. These labels are issued by medical institutions when requesting a test. Medical institutions affix these labels to specimen containers and collect specimens based on the attribute information printed on the label. As a result, B-Label helps reduce the risk of patient misidentification, insufficient specimen volume, and other issues on the medical institution side. The rollout of B-Label is being expanded

we will work passionately to expand our business toward achieving our targets for FY2028, the final year of the plan. Expansion can be broadly divided into two types, active and passive. Here, passion does not refer to passive expansion driven by external pressure, but to active expansion in which we set the goals we aspire to and take the initiative to grow toward them. This is the spirit we will adopt when advancing the Ninth Medium-Term Management Plan.

Finally, I would like to touch on the business result targets for the Ninth Medium-Term Management Plan. We have set the final goals of the Ninth Medium-Term Management Plan in FY2028, five years from now. The reason for this, as I have just explained regarding the basic strategic framework, is that the development of next-generation laboratories will be the foundation for achieving our targets. Our efforts to develop next-generation laboratories will be led by the new wings of the BML General Laboratory in Kawagoe City, which were completed in August 2024. We expect that the establishment of efficient operations throughout the entire BML General Laboratory, including the new wings, will take at least five years.

Accordingly, the business result targets for FY2028, the final year of the Ninth Medium-Term Management Plan, reflect our desire to realize three things. These are a significant leap in profits due to the effects of the new wings, DX, and pricing strategies, stable sales growth, and a balance between growth investment and shareholder returns. In regard to stable sales growth in particular, we plan to achieve net sales of ¥160.0 billion in FY2028 by maintaining a compound annual growth rate (CAGR) of 4.0% or above. In regard to the balance between growth investment and shareholder returns, we would like to achieve a return on equity (ROE) of 8.0% or above.

To achieve these targets, it is essential that we build a sense of shared purpose and bonds of trust between all employees and practice management that is focused on process and that firmly understands the social significance of our work. As President, I will demonstrate leadership that is conscious of these matters when tackling the many issues we face so that we can realize our goals.

nationwide in stages and is currently implemented at 22 of our 103 branches. Next, until now, test requests had been submitted using paper test request forms or USB memory sticks, both of which carry a high risk of loss. By shifting these processes online, medical institutions can reduce both the workload associated with requesting tests and the risk of personal information leakage. Through our initiatives to promote online test requests, the current online contracting rate has reached 72.5%. Taken together, these two DX initiatives have significantly streamlined the specimen-receipt process within our collection and delivery operations, resulting in a 10% reduction in personnel required for specimen reception.

Next, our concept of next-generation laboratories has progressed as planned, with the completion of Phase 1—Strengthening business continuity and environmental

measures and expanding testing space through new building construction. As a result, compared with the end of FY2023, the floor areas of the routine testing room, microbiological testing room, and genomic testing room at the BML General Laboratory now stand at 126%, 140%, and 104% respectively.

Lastly, I would like to discuss two of the six goals based on the concept of next-generation laboratories described earlier: improving profitability and enhancing the level of service. These goals sit alongside expanding sales and market share, optimizing the business portfolio, development of high-performance tests, and promoting standardization. Under improving profitability, we are focusing on two initiatives: "cost reduction through new building construction" and "improvement of the profitability in the clinical testing business." First, in cost reduction through new building construction, we are working to streamline the processes from specimen receipt through testing and reporting. With this, we aim to achieve cost reductions of ¥1 billion by the end of FY2028 compared with the end of FY2023, and we have already achieved reductions of ¥250 million (25% progress). Next, under improvement of the profitability in the clinical testing business, we are pursuing two main initiatives: "price optimization" and "review of the collection and delivery structure." Through these two initiatives, along with other measures, we are targeting profitability improvements of ¥4 billion by the end of FY2028 compared with FY2023. However, due to delays in the progress of review of the collection and delivery structure, total improvements currently stand at ¥460 million (11.5% progress). Under enhancing the level of service, we are working on two

initiatives: "deployment and promotion of microbiological testing in regional areas" and "expansion of pathological test processing capacity." First, our initiative in deployment and promotion of microbiological testing in regional areas focuses on strengthening the testing capabilities of each local laboratory and establishing a localized testing structure. As a result, compared with the end of FY2023, the microbiological testing capacities of our laboratories in Osaka, Fukuoka, and the Tokyo metropolitan area have increased to 150%, 130%, and 140% respectively. Furthermore, by introducing mass spectrometry equipment into these laboratories, we have shortened the reporting turnaround time for tests such as blood culture identification by one day. Next, under expansion of pathological test processing capacity, we improved laboratory functionality by consolidating the Tokyo-area laboratories of our affiliated company, PCL Japan—which had been dispersed across multiple sites by testing function—into the New Tokyo Laboratory in Ichigaya, Shinjuku-ku. As a result, pathological testing capacity has increased to 200% compared with the end of FY2023.

As such, while we will need to consider additional measures under review of the collection and delivery structure, which is part of improvement of the profitability in the clinical testing business under improving profitability, progress in the other areas has been generally smooth.

As a result of these initiatives, performance for FY2024 reached net sales of ¥143,191 million, an increase of ¥5,226 million, or 3.8%, year on year; operating profit of ¥9,364 million, an increase of ¥196 million, or 2.1%; and EBITDA of ¥16,892 million, an increase of ¥1,146 million, or 7.3%. ROE came to 4.9%.

Message to stakeholders

BML started with a blood bank business under the name of Sogo Blood Bank before shifting to the clinical testing business, and, as we have expanded into a medical informatics business focused on the manufacture and sale of electronic patient chart systems and a comprehensive food hygiene management consulting business, we have continued to grow while supporting the health of the public. As can also be understood from our Policy, "Dedication to creating a healthy and cultured society," we aspire to remain a company that continually contributes to the advancement of public health. Furthermore, based on our Group Vision, "to become the most trusted choice in the medical world," we have continued for more than ten years since the start of the Sixth Medium-Term Management Plan to strive to realize the improvement of trustworthy quality and services in the medical care field, where peoples' lives are at stake.

While the external environment I mentioned at the start of this message is having a considerable impact on business results, we will stay true to our conviction that if we provide quality and services that make a great contribution to medical care at appropriate prices, then our corporate value will grow in due course, and we will be able to achieve the targets in the Ninth Medium-Term Management Plan through proper cost controls, beginning with the efficient operation of our new wings.

To make this a reality, it is important that as President, I lead by example in tackling issues, alongside the rest of our management team. The slogan of the Ninth Medium-Term Management Plan is "Expanding with Passion 2028." We will incorporate passion befitting of this slogan into our efforts to grow the BML Group. We will also go back to our roots, as reflected by the sogo (mutual) in our name at the time of our founding, by putting all our effort into becoming a company that provides value to shareholders, employees, customers, and business partners, as well as wider society and the global environment. We look forward to receiving the support and understanding of all our stakeholders going forward.



New Medium-Term Management Plan

Background of Formulating the Ninth Medium-Term Management Plan

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, business continuity measures, and the use of AI and big data through accelerated digitalization. Looking ahead, gradual economic recovery is expected to be supported by improvements in employment and income as well as policy effects. However, downside risks to the economy because of the impact of US trade policies require attention. Additionally, the persistent rise in prices risks dampening the Japanese economy by affecting consumer spending through declining consumer sentiment and other factors.



Trends in the medical and testing industry

In the contract clinical testing industry, the market size contracted in FY2024 due to a decrease in COVID-19-related tests. However, the number of tests is trending upward due to the growth of the elderly population and higher health checkup rates driven by rising awareness of preventive medicine. Within this environment, 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. Going forward, 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.



Recognition of current issues and direction of response

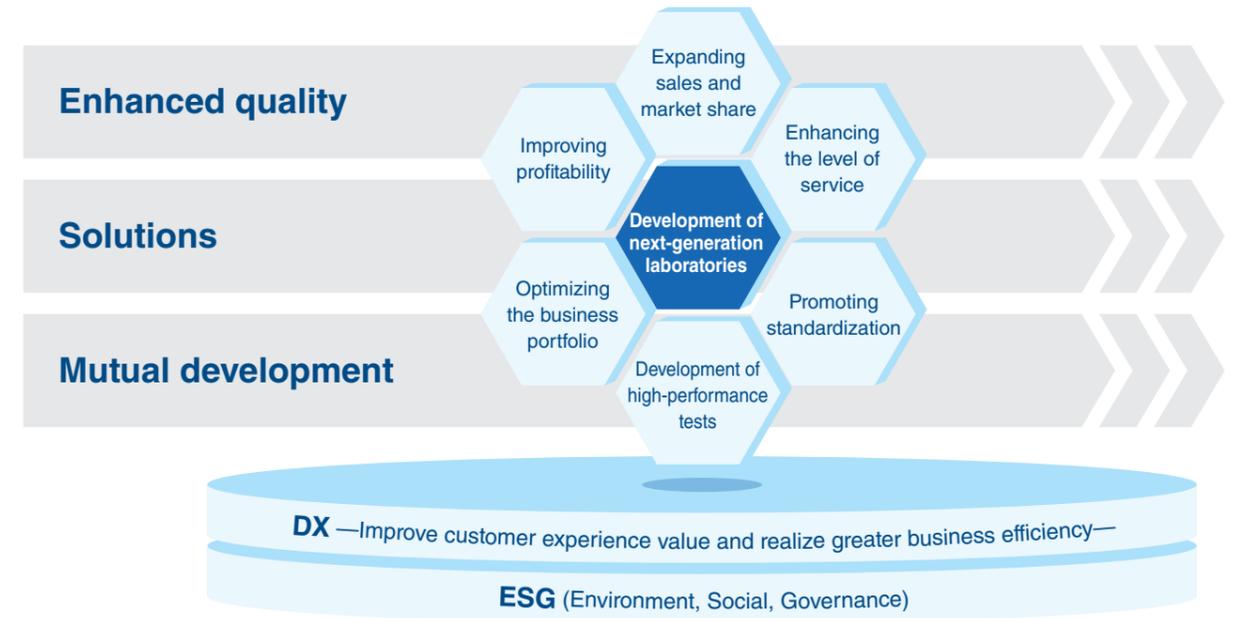
The external environment surrounding us is changing significantly and at an unprecedented speed. In addition to changes in the social environment, the global environment is also facing major challenges, and we are in a situation where we must work sincerely toward the realization of a sustainable society. The Japanese economy is entering a period of transition from the "cost-cutting economy" of the past 30 years into a "new growth economy" and various important policies are being implemented to help the country escape from a deflationary economy. Within this environment, sales prices for contract clinical testing have been set based on medical service fees that are revised every two years, so reimbursement for medical service fees remains in line with deflationary trends. This results in a challenging environment in which it is difficult to raise sales prices despite increases in various costs. In response to these circumstances, in the Ninth Medium-Term Management Plan, which aims to expand business results and revenues, we will continue targeting a net sales CAGR of 4% or above and work to realize DX and pricing strategies.



Overview of the Ninth Medium-Term Management Plan

Based on our Policy and Group Vision, this Medium-Term Management Plan has been positioned as a period to "solidify business expansion for the next 10 years." We will work to maintain business growth while also considerably enhancing business foundations through focused investment. Within an unprecedentedly challenging business environment due to price rises

and ongoing labor shortages, we will rally all officers and employees to passionately engage with the plan under the slogan of "Expanding with Passion 2028," with the aim of achieving its goals by bringing together the Group's collective capabilities.



Three key concepts

- Enhanced quality**
 - Embed existing quality activities both internally and outside BML (testing precision, temperature control, collection and delivery reporting, etc.)
 - +
 - Improve reception and response quality (call center, sales)
 - Provide high-performance testing (genomic tests, etc.)
 - Promote DX to improve customer experience value
- Solutions**
 - Go one step further to solve customer issues
 - Operational efficiency measures
 - Human resources shortage countermeasures
 - Revenue improvement measures
- Mutual development**
 - Shareholders : Enhance investment value (P/B ratio and shareholder returns)
 - Employees : Job satisfaction, compensation, and performance
 - Customers : Good service and customer loyalty
 - Business partners : Industry stability and development through mutual assistance
 - Local communities : Contribution to local communities and employment creation
 - Global environment : Sustainability

New Medium-Term Management Plan

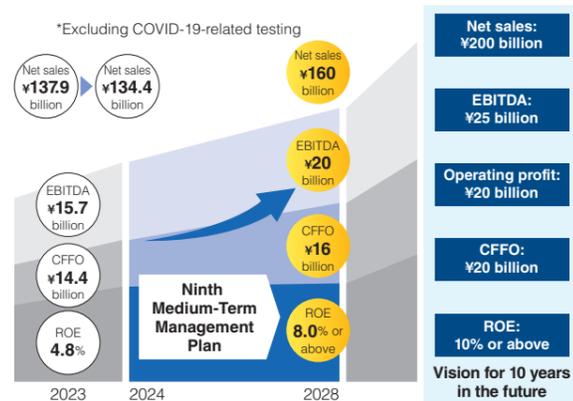
New Medium-Term Management Plan Targets

Financial targets

We set a net sales target of ¥160.0 billion with the aim of realizing stable growth represented by the maintaining of a CAGR (compound annual growth rate) of 4.0% or above. By doing this, we will expand our share of the clinical testing market to over 30% in the future. We will aim for an operating profit of ¥14.0 billion and an

operating profit ratio of over 8.5% by realizing a considerable leap in revenues through the effects of new buildings, digitalization, and pricing strategies, despite an increase in costs related to the new buildings. We will also target ROE of 8.0% or above through a balance of growth investment and shareholder returns.

Vision



Targets under the Ninth Medium-Term Management Plan

	FY2024 results	FY2028 targets
Net sales	143,191	¥160,000 million
Operating profit	9,364	¥14,000 million
EBITDA	16,892	¥20,000 million
CFFO	15,809	¥16,000 million
ROE	4.9	8.0% or above
P/B ratio	0.9	1 time or above

Shareholder returns policy
 Dividend payout ratio of 60% or above and an amount per share of ¥120 or more (basic policy to maintain the dividend payout ratio at 60% or above and to set ¥120 as a minimum amount based on anticipated future profit levels)

Non-financial targets

Achieving sustainable growth requires companies to fulfill their responsibilities regarding environmental and social issues. These days, managing risk and identifying strategic opportunities are essential, as is adapting to the tightening of various regulations and changes to reporting standards. By setting non-financial targets as KPIs, we will aim to reduce our environmental impact, fulfill our social responsibilities, strengthen our governance, and conduct sustainable business with transparency.

Achieve a workplace where employees can work comfortably and are rewarded for their efforts

Human capital KPI	Goals	Fiscal year by which to achieve goals	Major initiatives	
Female manager ratio	18%	FY2028	Affirmative action on female employees The percentage of women promoted to management positions of 30% or higher in every fiscal year	
Diversity, equity, and inclusion (DE&I)	Rate of reinstatement after childcare leave	100%	Every year	Follow-ups with employees on administrative leave Interviews with reinstated employees, career seminars
	Childcare leave utilization rate by gender	Female: 100% Male: 80%	FY2028	Encourage male employees to take childcare leave Education for managers
Employment and development of human resources	Average annual education/training time	15 hours (Managers: 25 hours)	FY2027	Rank-based training
	The rate of attendance at training	100%	FY2027	Raise awareness through repeated training notifications Regular follow-ups for those who did not attend a training
	Days of paid leave utilization	12.0 days	FY2025	Encouragement to take successive five days of paid leave Introduce a system to allow the taking of paid leave in units of hours
Employee health and safety	Percentage of employees receiving regular health check-ups	100%	Every year	Regular follow-ups by occupational physicians or nurses
	Percentage of employees who receive stress checks	80%	FY2025	Communicate the necessity of grasping the state of one's health and level of stress repeatedly and continue to encourage employees to receive stress checks by department

Environmental initiatives

KPIs	Goals	Fiscal year by which to achieve goals	Major initiatives	
CO ₂ emissions indexed to FY2021	Reduction of Scope 1 + 2 emissions	Reduction of 25%	FY2030	Upgrade to highly efficient air-conditioning equipment Introduction of eco-cars as sales, collection, and delivery vehicles Adoption of power from renewable energy Introduction of CO ₂ -free solar power, etc.
	Reduction of Scope 3 emissions	Disclose emissions Set an emission reduction target	FY2025 FY2026	Consider a target range and approaches, and disclose emissions Set a medium-term Scope 3 target
Initiatives for carbon neutrality	Set medium-term targets	FY2025	Set medium- to long-term targets for achieving carbon neutrality by 2050	
Waste recycling	Plastic recycling ratio 100%	FY2028	Chemical recycling of plastic waste (excluding medical waste) from the BML General Laboratory through a recycling enterprise	
Supply chain management	Establishment of a SCM framework	FY2028	Establishment of various policies related to the supply chain Cooperation with suppliers to resolve environmental issues	

Strengthening the governance structure with an awareness of revisions to Japan's Corporate Governance Code and the Company's policy on advice on the exercise of voting rights

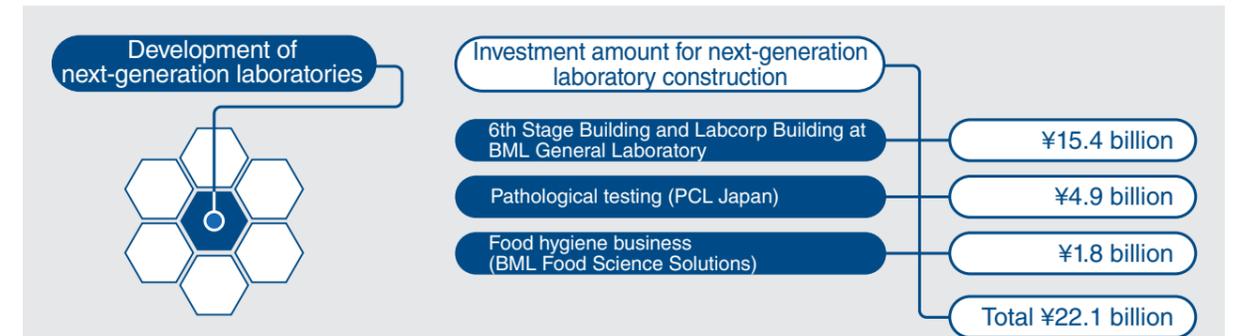
Theme	Major initiatives
Diversity	Female officer ratio 20%
Strengthen the supervisory and executive structures	Remuneration system for directors and other officers Adopt ESG evaluation items for remuneration for directors and other officers
	Succession plan Strengthen the involvement of Nomination Committee members, focusing on Outside Directors
Communication with shareholders	Investor briefings IR activities Dialogue by senior management (at least 6 times per year) Strengthen individual interviews Attendance of Directors, including Outside Directors
	Capital policy Balance of growth investment and shareholder returns

Six Targets Centered on the Concept of Next-Generation Laboratories

Concept of next-generation laboratories

In order to build a foundation for sustainable growth even after 10 years from now, we have constructed new buildings, including the 6th Stage Building and Labcorp Building at BML General Laboratory, the New Tokyo Laboratory for pathological testing provider PCL Japan, and a new building for BML Food Science Solutions in

the food hygiene business. These projects have expanded our testing capacity by 125%–200% compared to current levels. The 6th Stage Building at BML General Laboratory is expected to produce cost-cutting effects totaling ¥1.0 billion per year.



Concept of next-generation laboratories

We have constructed next-generation laboratories, including the 6th Stage Building and Labcorp Building at BML General Laboratory, the New Tokyo Laboratory for pathological testing service provider PCL Japan, and a new building for BML Food Science Solutions in the food hygiene business. These will expand testing capacity over the next decade.

- BML General Laboratory (existing wing)**
- Labcorp Building**
Completion: August 2024
Start of operations: January 2025
Location: Kawagoe City, Saitama Prefecture
- BML General Laboratory 6th Stage Building**
Completion: August 2024
Start of operations: January 2025
Testing capacity: 140%–150%
Location: Kawagoe City, Saitama Prefecture
- Food hygiene business (BML Food Science Solutions new building)**
Start of operations: May 2024
Testing capacity: 125%
Location: Kawagoe City, Saitama Prefecture
- Pathological testing (PCL Japan New Tokyo Laboratory)**
Completion: November 2024
Start of operations: January 2025
Testing capacity: 166%–200%
Location: Shinjuku-ku, Tokyo

DX Vision and Strategy Overview

DX Strategy

Transforming the clinical testing industry by simultaneously achieving both operational efficiency and high quality

The BML Group has been promoting digital transformation (DX) through BML DX solutions at various sites for medical care by extensively utilizing digital technology. We leverage our digital IT infrastructure to utilize huge volumes of data accumulated in back-end systems to provide front-end medical professionals with DX solutions via the middle section. In this way, we are contributing to the provision of high-quality medical services.

We are streamlining our current labor-intensive operations through systemization while actively promoting digital transformation by leveraging that infrastructure.

We will leverage cutting-edge technologies such as AI and VR to enhance operational efficiency and reliability, advancing the development of a "clinical testing system network infrastructure that integrates both efficiency and quality improvement."

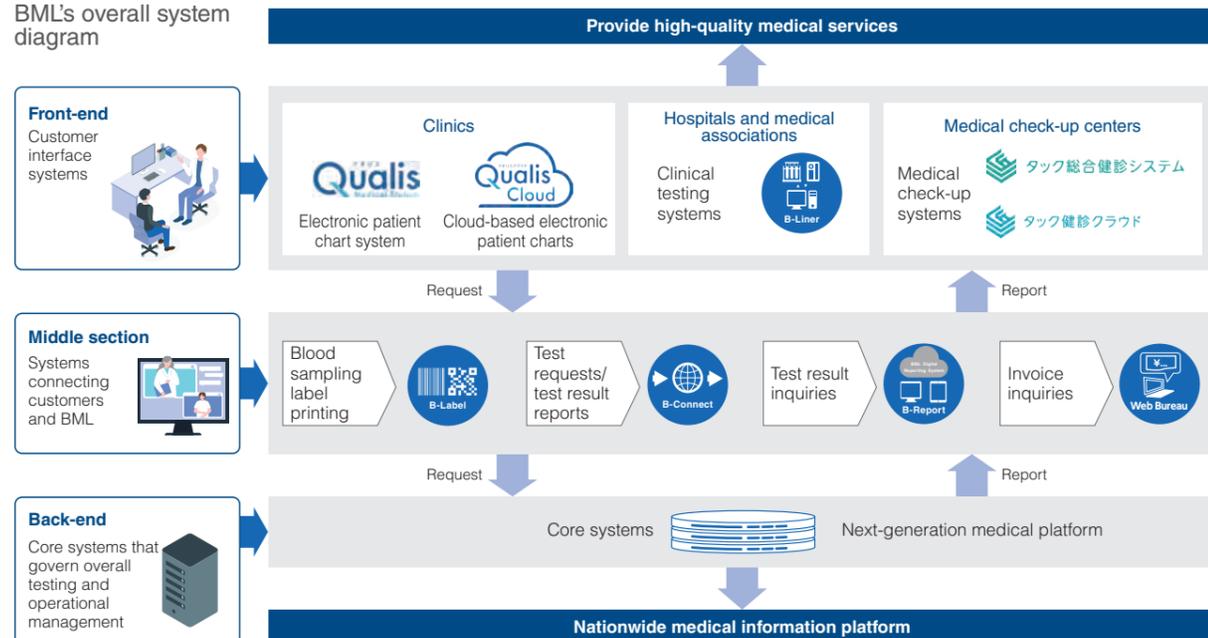
DX Vision

Improve customer experience value and realize greater business efficiency

BML defines DX as "improvement of customer experience value" and "realization of greater business efficiency" and is working on DX solutions. In addition to deepening our existing businesses, we are driving

operating model transformation and developing new business models by deploying innovative solutions such as VR-based food hygiene management support and AI-enabled pathological testing support.

BML's overall system diagram



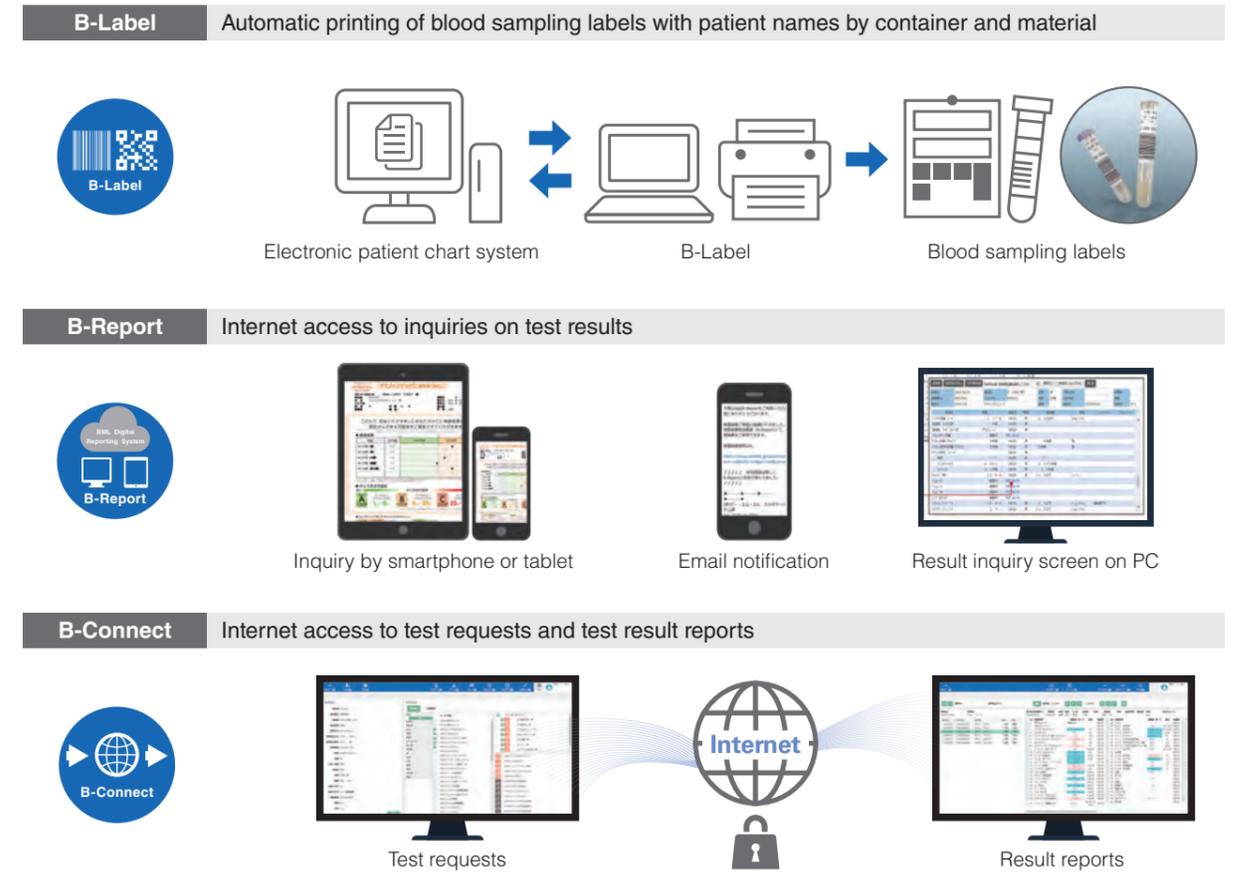
		Operating model transformation	Quality improvement
New business model	Food hygiene management support utilizing VR	●	
	AI-based pathological testing support	●	●

Deepening Existing Businesses

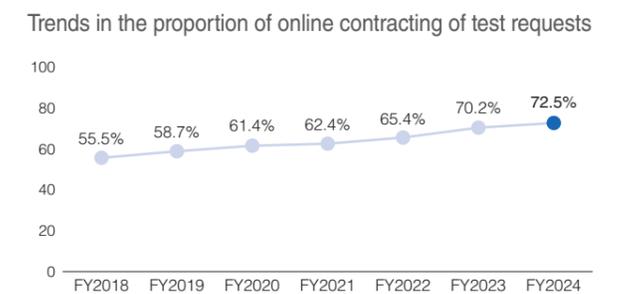
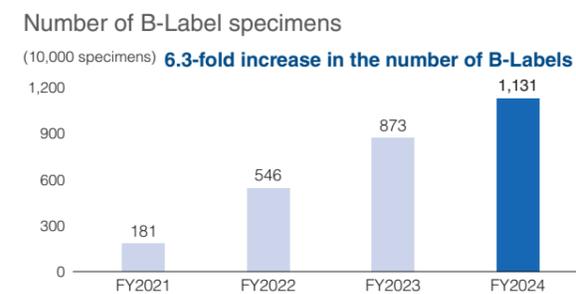
Supporting medical care through digitalization with the introduction of the Digital Reporting System (DRS)

DRS provides benefits including not only improved operational efficiency and convenience and the elimination of paper for medical institutions but also improved quality by preventing specimen mix-ups.

DRS



DX progress



Reduction of collection and delivery work using B-Labels

→ Number of B-Label specimens increased by 6.3 times compared with before the start of promotional activities
 → Reduced reception and data entry personnel by 10%

Promotion of online test requests

Customer: By eliminating use of media (test request form, USB memory), the work of making requests and the risk of personal information leaks can be reduced
 BML: Burden of the work in receiving requests can be reduced

DX Vision and Strategy Overview

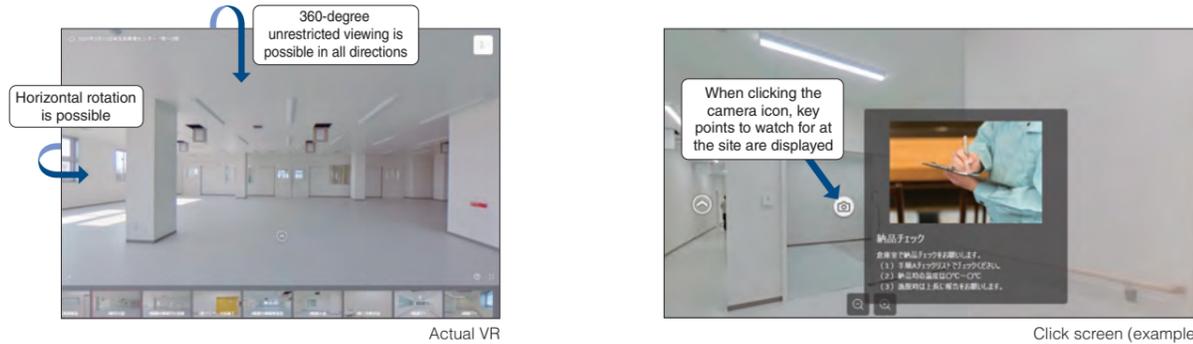
Operating Model Transformation and New Business Model Development

Food hygiene management support utilizing VR

As a next-generation training solution that reproduces actual work sites using VR technology to provide efficient and practical hygiene management training, we support food business operators in strengthening their hygiene management systems.

Supporting hygiene management across diverse industries using 360-degree panoramic VR training content

- Training content using 360-degree panoramic VR
- We have a proven track record of rollouts to major fast-food chains and convenience stores

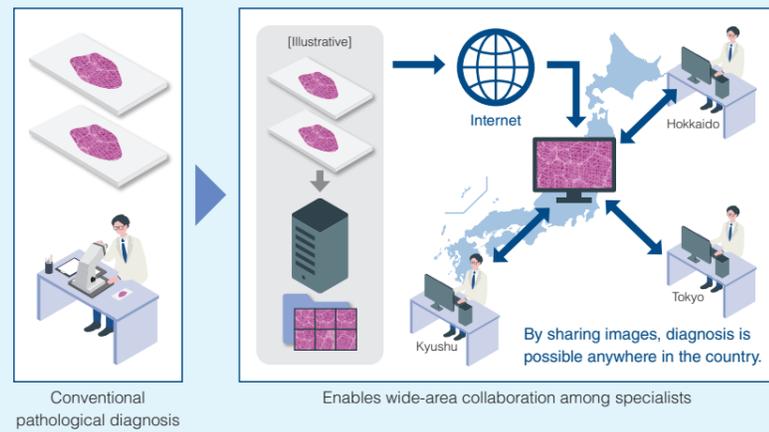


AI-based pathological testing support

We have achieved wide-area collaboration among specialists through a remote testing system utilizing open-source software technology, and we are improving testing accuracy through AI-based support using deep learning. We are building a medical service that provides high-quality pathological testing anywhere in the country.

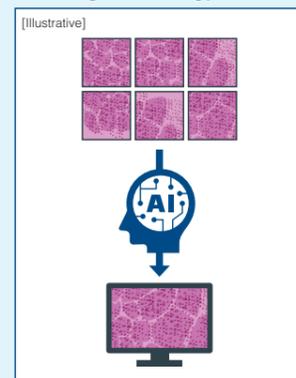
Pathological testing support utilizing remote testing systems and AI testing support technology

- Remote testing systems



By collaborating with pathology specialists through remote testing systems, it improves both testing quality and efficiency

- AI-based pathological testing support system using deep learning technology



We are developing an AI-based pathological testing support system using deep learning technology and extensive pathological image data

Concept of AI-based pathological testing support

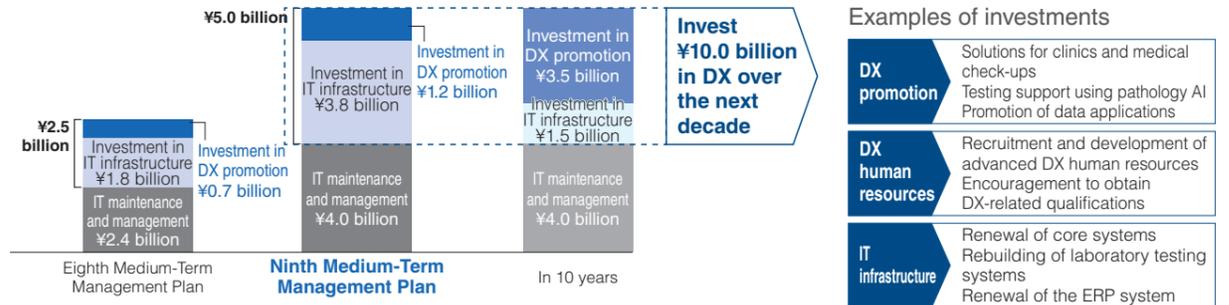
AI is responsible for pathology diagnosis checks, reducing the burden on pathologists. By sharing images via web servers utilizing open-source software and encouraging collaboration with remote specialists, we contribute to faster testing and the reduction of regional disparities in medical care.



Promoting investment in IT infrastructure and DX promotion

Plan to invest ¥10.0 billion in DX over the next 10 years. Manage our budget by categorizing it into “investment in IT infrastructure” and “investment in DX promotion”

- In regard to investment in IT infrastructure, we plan to spend ¥3.8 billion over the new Medium-Term Management Plan period and then ¥1.5 billion over the following five years. For investment in DX promotion, we will spend ¥1.2 billion over the new Medium-Term Management Plan period and then ¥3.5 billion over the following five years.



Examples of investments

Category	Examples
DX promotion	Solutions for clinics and medical check-ups Testing support using pathology AI Promotion of data applications
DX human resources	Recruitment and development of advanced DX human resources Encouragement to obtain DX-related qualifications
IT infrastructure	Renewal of core systems Rebuilding of laboratory testing systems Renewal of the ERP system

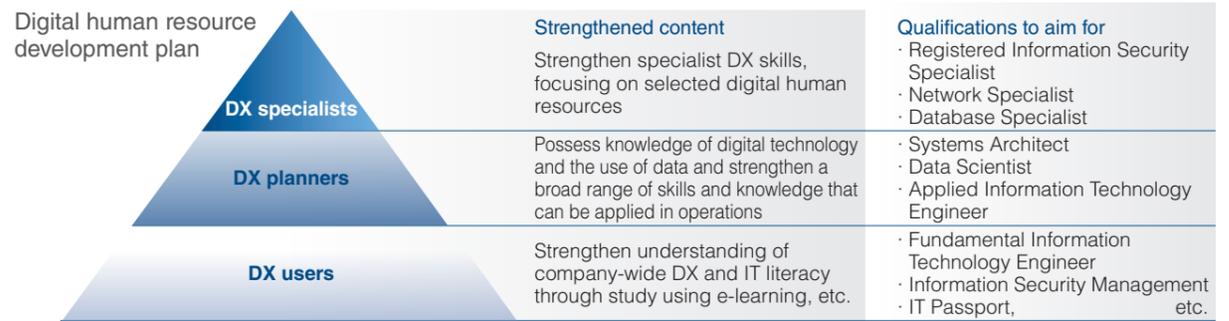
Digital human resource development plan

The BML Group is systematically developing human resources to promote DX by categorizing them into DX users, DX planners, and DX specialists. To develop DX users, we provide e-learning and other education programs for all BML employees to help them deepen their comprehension of DX and enhance basic IT-related knowledge. Furthermore, we are encouraging personnel to improve their IT literacy by acquiring an IT Passport qualification* and, in FY2024, 192 employees acquired

the qualification, against our target of 200. Through these actions, the total number of certified employees across the Company is 563.

To develop DX planners and DX specialists, we focus on developing and securing human resources who possess specialized knowledge and skills concerning digital technology and the use of data. This further strengthens the foundations of our DX promotion efforts and will accelerate future digital transformation initiatives.

*We aim to have 200 IT Passport holders in FY2025. By an annual increase of 200 holders in subsequent years, we aim to have 1,200 holders in FY2028.



The number of internal digital human resources: 238 (as of September 2025)

Managers	26
Designers	24
Engineers/programmers	151
Operators	37

Qualification holders (as of September 2025)

Systems Architect	1	Information Security Specialist	1
Network Specialist	1	Information Security Management	9
Registered Information Security Specialist	2	Applied Information Technology Engineer	29
Data Scientist	4	Fundamental Information Technology Engineer	91
Database Specialist	2	IT Passport	563

Acquisition of DX certification

In January 2022, BML acquired a certification for DX Certified Business Operator established by the Ministry of Economy, Trade and Industry in recognition of BML's efforts such as the formulation of its management vision and the development and establishment of the DX strategies and system.



DX Vision and Strategy Overview

Interview with Business Officers



1 The strategic significance of DX

What impact will the medical DX that BML aims to achieve have on medical institutions, the broader healthcare industry, and society as a whole?

Yamashita: The government's Medical DX Vision 2030 promotes three pillars. First, "Establishment of a nationwide medical information platform;" second, "Standardization of electronic medical record information and development of standard electronic medical records;" and third, "Medical fee revision DX."

BML's cloud-based electronic patient charts system, "Qualis Cloud," is advancing the development of integration features with the nationwide medical information platform—the first pillar—while also preparing to acquire certification for the standardization of electronic medical record information—the second pillar.

Uno: In terms of its impact on medical institutions, we provide a system (Digital Reporting System: DRS) and through this system, we have established an integrated flow of digital collaboration for submitting testing requests and returning testing results.

This initiative has enabled medical institutions to digitize conventional tasks such as manually creating test

request forms and confirming results over the phone. This reduces the workload for medical professionals, creating an environment where they can focus on patient care.

Currently, B-Connect is used at 21,000 facilities, B-Report at 6,500 facilities, and B-Label at 2,700 facilities, reducing paper use by 1.9 million sheets compared to 2019.

Yamashita: As for the impact on the entire medical industry, BML's "clinical testing system network infrastructure" is advancing cooperation not only with the Company's affiliated companies but also with other partner companies. This network infrastructure eliminates the need for each company to independently build its own clinical testing system or networks, significantly reducing development and operational costs while achieving efficiency through inter-company cooperation. By utilizing the network infrastructure, we achieve data standardization and enhanced cooperation, contributing to the efficiency of the entire medical industry.

Uno: As for the impact on society as a whole, we are tackling the serious social issue of a shortage of pathologists. Sharing digital pathology images via web servers eliminates the need to transport specimens (glass slides) and allows for rapid reporting of testing results, even from pathologists located in remote areas.

This will transform the medical treatment timeline itself and allow patients to begin treatment sooner.

How are your revenue structure and market position evolving as a result of your DX initiatives?

Yamashita: We are transitioning from our conventional business model centered on contract testing to one that provides integrated testing and systems and supports the entire IT environment of medical institutions. By establishing a seamless flow of the entire process—from submitting test requests to returning results—through the system, we have achieved 64% digitization of testing requests and 81% digitization of result reporting.

As a result of these efforts, we are proud to have established our position not merely as a testing company, but as a vital partner supporting the IT infrastructure of medical institutions.

Uno: In addition to our clinical testing business, we have also begun the rollout of solutions that leverage cutting-edge technology, cultivating new pillars of profitability beyond the medical field. I will speak in more detail about these specific initiatives later.

Please tell us about how you differentiate and distinguish yourselves from competitors.

Yamashita: The key distinguishing feature of BML is our three-layer system encompassing front-end, middle section, and back-end components. It is built with an integrated design philosophy, extending from the front-end electronic patient chart through middle section cooperation systems to the back-end testing infrastructure. This integrated system achieves stable

processing of massive data volumes of 90 million patients and 1.8 billion items annually.

Uno: What is particularly noteworthy is that the President and Vice President are practicing physicians. BML's unique strength, unmatched by other companies, lies in its system that allows us to directly verify the user-friendliness and practicality of electronic patient chart systems in clinical settings from the perspective of physicians actively involved in medical care. We carefully evaluate the raw feedback from frontline users, gathered daily by our sales staff and clinical laboratory technicians from the professional perspective of physicians, and use this to develop systems that are truly easy to use in the field.

Could you tell us specifically about BML's strengths in system development?

Yamashita: The strengths of BML lie in its in-house development system supported by over 250 system division personnel. Having one of the largest development divisions in the clinical testing industry allows us to consistently develop entire systems in-house. This enables us to respond quickly and flexibly to areas where other companies must rely on external outsourcing.

Uno: To meet the diverse demands we receive from the medical field, it is essential for the laboratories performing the tests to enhance their processing capacity and improve efficiency. Therefore, BML is actively engaged in developing and automating systems used within the laboratory, and is promoting DX projects that leverage these technical strengths. We are particularly focused on the concept of next-generation laboratories.

2 The current status of DX promotion

How is the progress of the major DX projects currently underway?

Yamashita: At BML General Laboratory in Kawagoe, the automation system at the core of the concept of next-generation laboratories is already operational in the new wing that began operations in January 2025. The Frontier System, an automated dispensing system, automates the pre-processing steps for testing, while automated transfer robots handle the movement of approximately 110,000 specimens. This has improved the speed and accuracy of the testing process and greatly enhanced operational efficiency.

Uno: As for specimen storage, the operation of automated specimen storage has automated and streamlined the storage of over 2.5 million specimens.

We have established a system capable of swiftly responding to requests for retesting or additional testing from medical institutions, and with the new wing now operational, we are progressing steadily toward achieving 140–150% of the testing capacity compared to FY2023.

Could you share specific examples of how DX has improved operational efficiency and enhanced customer experience value?

Yamashita: As a specific example of enhancing the customer experience value, there is the automatic printing of blood sampling labels bearing patient names using B-Labels. By integrating with DRS to accurately

DX Vision and Strategy Overview

reflect patient information, the preparation of blood collection tubes has been significantly streamlined. At the same time, quality has been improved by preventing mix-ups in collected materials.

In particular, at medical institutions specializing in dialysis and medical check-up facilities, we have actually conducted on-site visits to observe their operations. Based on this, we develop and provide solutions optimized for those operations. At these facilities handling large volumes of specimens, the efficiency gains from

systems integration are even more pronounced. They have been highly regarded, with feedback such as "human error has been significantly reduced" and "operation times have been drastically shortened, allowing us to devote more time to patient care."

Uno: In terms of operational efficiency, the introduction of DRS enabled a 10% reduction in the number of reception and data entry personnel at BML. We are steadily progressing toward the 20% reduction target set in the new Medium-Term Management Plan.

3 Innovative solutions utilizing AI and VR technology

Could you tell us about the innovative, technology-driven solutions that you are deploying as new business models?

Yamashita: BML is currently rolling out solutions utilizing artificial intelligence (AI) and virtual reality (VR) technologies in the medical and food hygiene fields.

Regarding AI, we are intensively engaged in addressing the critical social issue of the shortage of pathologists. As for VR technology, we are developing it as a food hygiene management support service independent from the medical field.

Uno: Regarding AI technology, BML is utilizing the abundant pathological image data we have accumulated over many years to build an AI-based pathological testing support system using deep learning technology. We are continuing verifications to achieve improved accuracy and reduced time in testing through automated analysis of pathological images. We share images via a web server utilizing open-source software by combining this with a remote testing system. This encourages cooperation with specialists in remote locations, contributing to faster pathological testing and

the reduction of regional disparities in medical care. Regarding VR technology, we have developed training content using 360-degree panoramic VR in the field of food hygiene and are already providing it to a number of companies.

How are these technologies expected to develop in the future?

Yamashita: We will continue to work on improving the accuracy of our AI technology through training with even larger datasets. With improvements in image processing technology, it will be possible to handle more complex cases. By strengthening integration with remote testing systems, we plan to establish a framework that allows high-quality pathological testing to be accessed from anywhere in the country.

We are considering a rollout with an eye toward integration with the "establishment of a nationwide medical information platform," the first pillar of the Medical DX Vision. Through AI technology, we will further contribute to solving social issues in the medical field.

4 Challenges in DX promotion

① Our interdivisional collaboration

How do the System Division, DX Promotion Office, and other divisions work together to generate synergies?

Uno: The DX Promotion Office is tasked with overseeing the entire Company and encouraging cooperation between divisions. To achieve the government's Medical DX Vision, close cooperation between divisions is essential as we advance the construction of BML's system infrastructure.

One specific example is the DRS improvement process. We have established a collaborative framework

where the sales division gathers system improvement requests from medical institutions, the DX Promotion Office coordinates and prioritizes these requests between divisions, and the System Division implements the technical improvements. This division of labor and cooperation has enabled us to enhance the functionality of DRS and expand the number of facilities using it.

The division of roles, leveraging each division's expertise, is also crucial. The sales division gathers the requirements of the frontline users, the System Division handles technical implementation, and the DX Promotion Office is responsible for formulating the overall strategy and coordination among divisions, enabling efficient project execution.

Furthermore, the DX Promotion Office functions as a coordinator between divisions, playing a role in organizing requests from the front line into technically feasible forms and clearly explaining the technical constraints of development teams to the sales field. This encourages mutual understanding between divisions and strengthens coordination.

② Technical and resource challenges

Could you tell us about the technical challenges in DX and how you are addressing them?

Yamashita: The medical industry lags behind other industries in terms of standardization, creating a major challenge in promoting DX. In particular, since the specifications of the electronic patient chart system held by medical institutions differ by manufacturer, developing individual integration is necessary when linking them with BML's clinical testing system. In proportion to the growing adoption of electronic patient chart systems, the cost of developing this integration has increased year by year, becoming a barrier to efficient system rollout.

However, under the Medical DX Vision 2030, considerations are underway to standardize the coordination of testing information. By BML complying with this standardization, testing information aggregated into the nationwide medical information platform, which is the first pillar of the Medical DX Vision, will also become easier to gather as standardized data. At the same time, BML will no longer need to independently develop integration features, enabling us to redirect development resources toward the development of higher value-added features.

We will leverage this opportunity to advance technological development that will enable seamless collaboration between BML's clinical testing system network infrastructure and the nationwide medical information platform being promoted by the government.

Uno: On the resource front, we have formulated a 10-year DX investment plan totaling ¥10 billion, clearly separating and managing "investment in IT infrastructure" and "investment in DX promotion." During the current Medium-Term Management Plan period, we plan ¥3.8 billion for investment in IT infrastructure and ¥1.2 billion for investment in DX promotion, establishing a framework for continuous investment.

Could you tell us about your specific initiatives for human resource development?

Yamashita: We are systematically developing human resources across three layers: DX users, DX planners, and DX specialists. For DX users, we provide e-learning for all

employees and encourage them to obtain the IT Passport. Furthermore, we have created a secure generative AI environment free from concerns about external information leaks and are recommending its use to all employees. Many employees have already begun utilizing generative AI in their day-to-day operations, and tangible results are being seen in improving business efficiency for tasks such as document creation and information organization.

We provide external training and project management training for DX planners, and specialized training for acquiring cutting-edge technology for DX specialists, aiming to enhance the expertise of each role.

Uno: What we place particular emphasis on is strengthening our capabilities through a two-pronged approach: enhancing the skills of existing employees and externally hiring highly skilled human resources. For internal development, we prioritize practical training through actual projects, while for external hiring, we actively acquire human resources with expertise in cutting-edge technology who can be an asset immediately. This enables us to steadily build the human resource infrastructure necessary to promote DX.

Lastly, could you share your outlook on BML's future DX strategy?

Uno: By 2028, we aim to achieve an 80% digitization rate for requests and reports, and to rollout DRS to 50% of our digitized customers. Through these initiatives, we will demonstrate leadership in the clinical testing industry as a company that is responsible for improving medical quality and solving social issues.

Yamashita: In our DX strategy going forward, we have positioned collaboration with the government's Medical DX Vision 2030 as our most important issue. BML develops electronic patient chart systems used at medical sites, and also possesses the clinical testing system network infrastructure, handling Japan's most extensive information volume. Leveraging these two components, we will contribute to the advancement of DX across the entire medical field by developing integration features with the nationwide medical information platform, a pillar of the Medical DX Vision 2030, and by promoting the standardization of electronic patient chart systems.

On the technical front, we will further promote the use of AI in clinical testing. In addition to the field of pathology where we are already engaged, we will strive to improve the quality of testing using AI in the testing domain, focusing on morphology.

In addition, as an initiative unique to BML with its nationwide presence, we are also working on remote testing systems that leverage our laboratory network. By delivering more efficient and higher-quality testing services through this approach, we aim to further contribute to addressing social issues in the medical field and achieve multifaceted growth.

Message from the Financial Officer



“Expanding sales and market share” and “improving profitability” as the keys to achieving our financial goals

Norihisa Takebe
Representative Director and Senior Executive Officer

Our vision under the Ninth Medium-Term Management Plan

During the period of the Eighth Medium-Term Management Plan, which ended two years ago, we generated substantial profits over the three-year term, driven by the dramatic surge in demand for COVID-19 testing. During this period, we implemented shareholder returns through two special dividends and three share repurchase programs, and we decided to allocate the profits earned to initiate the construction of next-generation laboratories designed to remain viable ten years into the future. Building on this, the Ninth Medium-Term Management Plan looks ahead to BML's

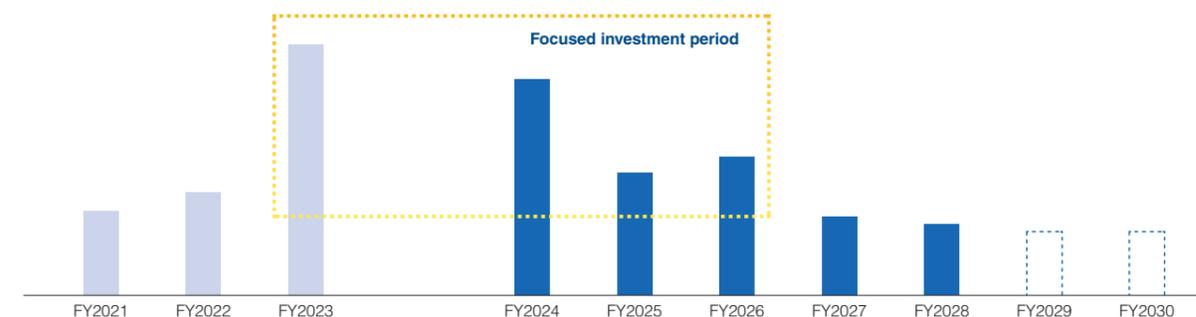
envisioned position ten years from now and seeks to achieve, in parallel, proactive growth investment, enhanced shareholder returns, and the maintenance of financial soundness. To this end, we have set concrete numerical targets for the final year of the Plan: net sales of ¥160 billion, ROE of 8% or higher, and operating cash flow of at least ¥16 billion. Furthermore, we view this five-year period as a foundation-building phase toward achieving net sales of ¥200 billion, ROE of 10% or higher, and operating cash flow of ¥20 billion ten years from now.

Financial strategy under the Ninth Medium-Term Management Plan

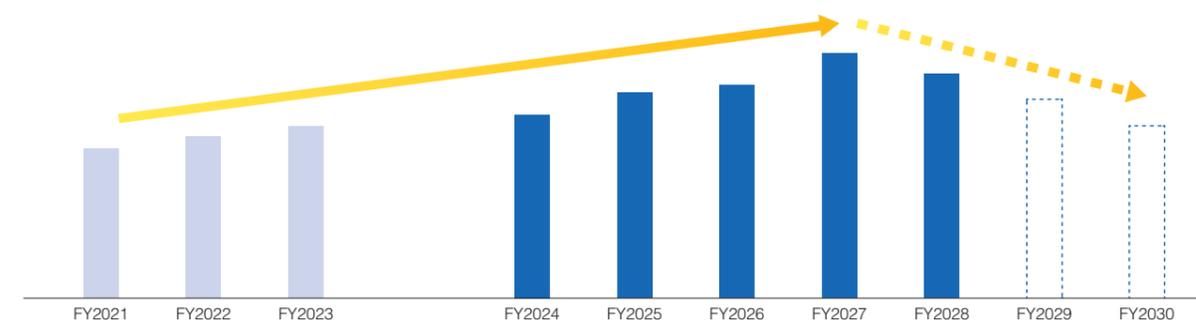
Under the Ninth Medium-Term Management Plan (the “current Medium-Term Plan”), which serves as a focused investment period, we are investing approximately ¥32.0 billion to expand our testing capacity in order to support future revenue growth. Among these investments, our largest capital investment, the construction of new wings, relocation of testing functions, and renewal of testing equipment at the BML General Laboratory, will continue from the completion of construction of the new wings at the end of August 2024 through to early 2027. During this period, we will start to gradually reconfigure laboratories, renew equipment, and recognize

depreciation accompanying the introduction of new equipment. We are also advancing with new building construction and equipment enhancement at PCL Japan for pathological and cytological testing and at BML Food Science Solutions for the food hygiene business. In the current Medium-Term Plan we are also conducting DX investment to support business expansion and operational efficiency improvements. At BML, we define DX as “improvement of customer experience value” and “realization of greater business efficiency.” To realize this DX, we will invest in the front-end, middle, and back-end sections of BML systems.

Visualization of capital investment amounts



Visualization of depreciation



The front-end refers to customer interface functions, such as the electronic patient chart system and the B-Liner testing system for customers. The middle refers to functions that connect customers and BML, such as B-Connect, B-Report, and B-Label. The back-end refers to the core systems that govern overall testing and operational management within BML. We plan to enhance the level of each of these by investing ¥10.0 billion over 10 years to successively add new functions.

The depreciation associated with the investments currently underway is expected to peak in FY2027 and then decline rapidly. However, during the current Medium-Term Plan period, depreciation burden will exert downward pressure on operating profit.

Based on this, we have set six targets—centered on the development of next-generation laboratories—as measures to drive performance improvement. Within these, “expanding sales and market share” and “improving profitability” are two measures that will be important for meeting our financial targets. We anticipate that the clinical testing industry, where we conduct our main business, will continue to see gradual growth at a similar pace to the past. Within this industry, our market share is in the low 20% range, which is by no means high. Accordingly, under the current Medium-Term Plan, we have positioned sales growth by increasing new transactions as one of our highest priorities, and have set an average annual sales growth target of 4% over the five-year plan period. We will do this by effectively reallocating our sales personnel nationwide in accordance with market growth potential, while also enhancing solutions functions that support these efforts. As specific solutions functions, we will progressively

assign specialized human resources in the areas of academic and medical information systems and medical check-ups, and clinical trials, and food hygiene consulting, with a focus on supporting customers' efforts to improve business results and increase operational efficiency. On the human resources side, we will establish human resources systems for recruiting highly specialized personnel and work to hire specialists in each division. We will also invest in upskilling and reskilling to develop our internal human resources and allocate funds to securing human resources that can make a bigger contribution.

Furthermore, on the profit front, we are concentrating efforts on improving profitability, especially in the clinical testing business. Specifically, we will set prices in accordance with level of service, eliminate wasteful and overburdening practices in collections and deliveries, and make the operation of next-generation laboratories more efficient.

With regard to testing prices, we have already begun negotiations—since April of last year—for price revisions by client and by test item, based on the profitability of each transaction. As medical service fees for the majority of items are already set, negotiating prices with medical institutions is not easy. However, by gaining understanding of the situation in regard to the rising prices of various materials and increasing personnel costs and the quality of services BML provides, we have been gradually achieving results since the second half of last year. We will continue to steadily pursue appropriate pricing throughout the period of the Plan.

We are expecting that measures to make collections and deliveries more efficient will have the biggest impact

Message from the Financial Officer

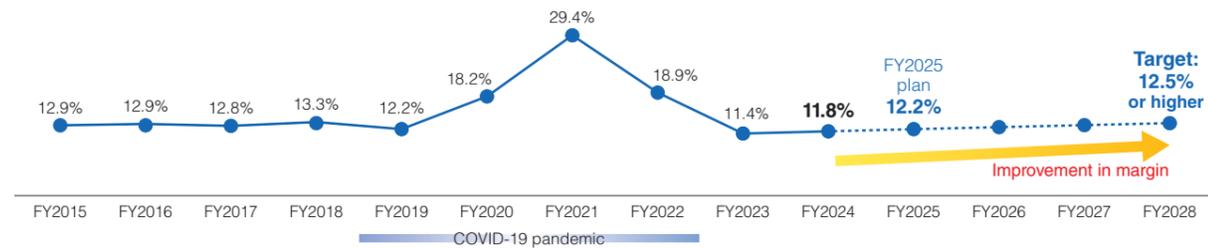
in terms of cost reductions. We have approximately 2,000 delivery and collection routes throughout Japan, so in the current Medium-Term Plan we have set the target of reducing the number of routes by about 20%. Delivery and collection operations involve collecting specimens and delivering result reports, and we are making them more efficient by successively refining collection timing and adjusting the number of collections for each course and using a DRS that uses transmission requests, transmission reports, and barcodes on test labels. In light of the results of last year's pilot activity to streamline delivery and collection routes at a single metropolitan hub, we are now engaged in route efficiency improvements at multiple locations.

Efficiency gains from the operation of next-generation laboratories began with the completion of the new wings at the BML General Laboratory in August 2024. As part

of the operation of these new wings and reconfiguration of laboratories in the existing wing, we are gradually renewing various items of testing equipment and next-generation dispensing systems in the period up to FY2027. By realizing improved efficiency across the entire testing operation—from the pre-testing to post-testing processes—we are pursuing cost reductions of ¥1.0 billion by the final year of the current Medium-Term Plan.

Based on these initiatives, we place importance on EBITDA margin and operating cash flow—along with net sales growth rate and operating profit ratio—as indicators for managing our business performance. By examining pre-depreciation earnings and operating cash flow in line with the trends observed prior to the COVID-19 pandemic, we aim to capture the underlying trajectory of our true earning power.

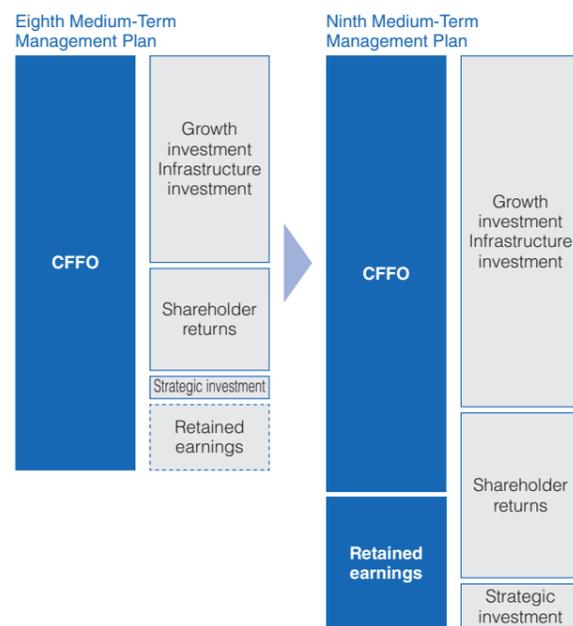
Trends in EBITDA margin



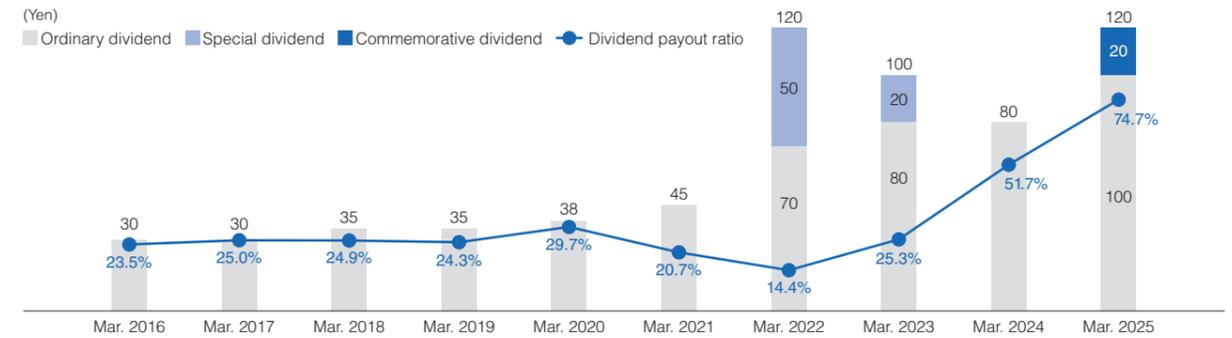
Shareholder returns

We have always positioned stable shareholder returns as one of our most important management issues. Until the onset of the COVID-19 pandemic, we had consistently increased dividends in a stable manner. During the pandemic, however, when we recorded a significant increase in profit, we also flexibly implemented special dividends and share repurchases. The current Medium-Term Plan was launched with a dividend policy of a payout ratio of 60% or higher and a full-year dividend of at least ¥100 per share. This policy is designed to return more than half of annual earnings to shareholders while also incorporating an element of progressive dividends by establishing a minimum dividend level. In June 2025, we paid a year-end dividend of ¥70 per share, consisting of an ordinary dividend of ¥50 plus a ¥20 special dividend commemorating our 70th anniversary. For this fiscal year, the second year of the current Medium-Term Plan, we plan to pay a full-year dividend of ¥120 per share, incorporating this special dividend into the ordinary dividend. In addition, in August 2025, we repurchased approximately ¥5.5 billion worth of treasury shares. As a result, the total shareholder return ratio for the full year is expected to be around 165%. From the next fiscal year onward, we will maintain a payout ratio of 60% or higher and establish a minimum annual dividend of ¥120 per share. In addition, depending on our earnings performance, we will also consider share repurchases as appropriate, thereby striving to provide attractive returns to our shareholders.

Cash allocation



Trends in dividends and payout ratio



Promotion of capital cost- and stock price-conscious management

Following the COVID-19 pandemic, BML's ROE declined significantly to 4.8% at the end of FY2023, a substantial decrease compared with FY2019, the last fiscal year before the pandemic. The decline in ROE is attributable to two factors: first, shareholders' equity—the denominator—expanded substantially due to the high level of profitability recorded during the COVID-19 pandemic; and second, profit—the numerator—decreased as a result of rising prices and higher personnel expenses. Meanwhile, we recognize BML's current cost of capital to be approximately 5.8%. The current Medium-Term Plan was formulated to address the situation in which ROE is falling below the cost of capital. We consider shareholders' equity—the denominator—to be a factor that the Company can appropriately manage through shareholder return measures executed at our own discretion. Accordingly, improving ROE ultimately depends on how effectively we can enhance earnings power—the numerator. Encouragingly, both the

optimization of testing prices and the reduction of testing costs are progressing as planned. At the current pace, we believe we are well positioned to achieve the Medium-Term Plan's final-year target of ROE of 8% or higher.

Regarding our stock price, we were trading below book value (P/B ratio under 1x) at the time the current plan was formulated. However, supported by BML's performance in the previous fiscal year, as well as the overall rise in the equity market, the P/B ratio has since recovered above 1x. Because the stock price is heavily influenced not only by our own performance but also by broader market trends, we view a P/B ratio above 1x not as a target in itself but as one indicator of market valuation. For this reason, we believe it is more important to present our performance and long-term vision clearly—and to implement appropriate shareholder returns—so that shareholders and investors can properly recognize and evaluate our corporate value.

Dialogue with investors and shareholders

The clinical testing business, which accounts for about 90% of our net sales, undertakes testing as part of the medical services provided by medical institutions, which means that the business itself is part of the medical care field. This characteristic makes it essential that we provide investors with proper explanations so that they have an accurate understanding of our situation. A large proportion of test prices are set in accordance with national medical service fees, so testing is a stable source of net sales that are not affected by economic trends. On the other hand, this also makes it difficult to pass the cost burden caused by recent price rises on to customers, so carefully crafted measures are required to improve profitability. Our business operations can be broadly divided into collections and deliveries, testing, and reports. Collection and delivery operations require the transport of large numbers of specimens collected by medical institutions, including blood samples, to BML laboratories while ensuring they remain in an appropriate condition. This is a labor intensive process that is carried out entirely by specialist human

resources. Also, depending on the test item, a mistake in testing operations can impact a patient's life so they have to be carried out with extreme precision. Furthermore, test results operations, which are managed almost entirely through systems from testing through to reporting, are provided to patients as data, so they can be defined as information systems operations. We think that understanding the distinctive characteristics of our business and our ability to carry out each type of operation is an important requirement for making investment decisions. Therefore, at financial results presentations and investor seminars, in addition to thoroughly discussing business results and trends regarding various financial indicators, we also provide individual explanations of our initiatives in accordance with the interests of each investor. We believe it is important to listen to the opinions of as many investors as possible and use these as a reference for management decisions. We will strive to deepen our mutual understanding through thorough dialogue and I hope we may rely on your continued support.

Messages from Business Division Managers

Clinical Testing Business



Kenji Shibata
General Manager,
BML Clinical Testing
Headquarters

Key initiatives and achievements in the previous fiscal year

In next-generation hematological testing, we have linked state-of-the-art analyzers with our proprietary automated line, RFID, and automatic guided vehicle (AGV) systems to realize automated operation and management of the laboratory.

In next-generation bacteriological testing, we upgraded and enhanced the performance of our conventional automated specimen preparation systems and automated streaking and culture systems. In addition, by combining the latest analyzers with our proprietary transport line, we have achieved full automation of general bacterial identification and antimicrobial susceptibility testing.

Beyond improving efficiency within the testing laboratory, we also use AGVs to transfer specimens arriving at the entire General Laboratory complex, including the existing wing, to each testing laboratory, enabling efficient specimen delivery even across our large facility.

Recognized challenges, reflections, and responses

Although contraction of the domestic market is inevitable, we regard maintaining a nationwide clinical testing framework as part of our social responsibility. To achieve this, it is essential that we urgently address both the securing of talent and labor resources, as well as improvements in productivity and operational efficiency.

In securing talent and labor resources, our focus is not merely on increasing headcount but on developing personnel capable of performing standardized testing at a high level. We have classified our nationwide laboratories into large, medium, and small categories and standardized their operations. Based on this structure, we have established a training laboratory in the 6th Stage Building equivalent to a medium-sized laboratory, where we have begun training and development programs for laboratory staff. This will enable us to deploy fully qualified personnel

across the country whenever needed.

In improving productivity and operational efficiency, we are not simply installing state-of-the-art equipment. By promoting digital transformation (DX) and leveraging IT technologies, we are streamlining work processes that have traditionally relied on human expertise—from interpreting numerical data to interpreting images—and generating greater results with a limited workforce.

Clinical testing continues to evolve toward ever higher levels of precision. In the field of high-performance test development, cancer genomic testing in particular is expected to play a major role in advancing personalized medicine, developing new treatment methods, and deepening our understanding of cancer. At BML, we are securing dedicated space for cancer genomic testing and consolidating new technologies and resources to build a testing framework that meets these expectations.

Key initiatives and achievements in the previous fiscal year

In FY2024, with the lifting of COVID-19-related activity restrictions and the renewed expansion of inbound tourism demand, many of the industries we serve—such as food services, lodging, and food manufacturing—saw their performance generally trend toward a V-shaped recovery. At the same time, there were numerous incidents and accidents related to food safety, including outbreaks of norovirus, the contamination of food served at restaurants with insects or small animals, and health damage caused by the consumption of dietary supplements. These events have once again highlighted the importance of preventing such problems and accidents before they occur. Amid these shifts in the external environment, inquiries regarding our comprehensive food hygiene consulting services have been increasing. In particular, more customers are taking a strategic approach to food hygiene measures—not viewing

them simply as a cost, but as an essential investment to prevent the loss of social trust.

In this business, in addition to our longstanding comprehensive strength of being able to provide hygiene management services on a one-stop, nationwide basis, we have also enhanced the processing capacity of the Saitama Laboratory, whose construction and integration were completed in May 2024. Furthermore, by strengthening our proposal-based sales activities in line with customer needs and focusing on deepening relationships with existing clients as well as developing new ones, we achieved year-on-year sales growth and reached a record-high net sales figure.

Recognized challenges, reflections, and responses

In FY2024, although demand increased, we also faced higher costs due to rising personnel expenses from staff

expansion and soaring prices for testing materials resulting from the weaker yen.

To address these challenges, we reviewed our suppliers and worked to streamline internal procedures. In addition, we launched hands-on inspection training using actual kitchen equipment in the newly established training room at the Saitama Laboratory, thereby promoting multi-skilling among consultants and accelerating the development of newly hired staff. Furthermore, by actively strengthening customer touchpoints—through consultant visits, email newsletters, free seminars, and other channels—we have seen further improvement in our operating profit ratio since the beginning of this fiscal year. We will continue to pursue detailed cost reductions, advance human resource development, and enhance our customer outreach efforts, driving the provision of higher-quality services and the expansion of our business.

Food Hygiene Business



Kiyotaka Kohinata
President of BML Food
Science Solutions

Key initiatives and achievements in the previous fiscal year

In the first half of the initial year of the Ninth Medium-Term Management Plan, we continued the temporary suspension of sales of our cloud-based electronic patient chart system, Qualis Cloud, which had begun in the previous fiscal year. During this period, we focused on rebuilding a maintenance and support framework that would earn the trust of both our existing customers and those considering adopting our products. We also made product improvements to Qualis Cloud and optimized the configuration of the external cloud servers. By thoroughly reviewing every stage—from sales and implementation to maintenance and support—we refined the system to a level befitting a future flagship product, and resumed sales of Qualis Cloud in the second half of the year.

Although these measures resulted in a slowdown in new sales, they strengthened our commitment to delivering products and services with top priority on electronic patient chart systems that operate reliably at customer sites, with the quality

and dependability required to ensure that clinical operations continue without interruption. As a result, this approach also led to an increase in replacement orders, which helped offset the decline in new orders from a performance standpoint.

Recognized challenges, reflections, and responses

While replacement orders have recovered steadily following the resumption of Qualis Cloud sales, the recovery in new orders has been slower. New orders not only contribute to sales and market share at the time of sale, but also serve as the foundation for future maintenance and support as well as periodic replacement demand. Expanding our business base through new orders is therefore essential for ensuring the stable provision of services even to customers who already use our products.

In recent years, the government's Medical DX Vision 2030 has provided strong momentum, and as part of this

initiative, the nationwide adoption of electronic patient chart systems in 100% of medical institutions is being planned. Given that electronic patient chart systems serve as the foundation for all three processes required to advance medical DX—"infrastructure development," "digitization of information," and the "popularization and promotion of digitalization"—as well as related initiatives such as the mandatory adoption of online eligibility checks, the spread of electronic prescriptions, and the rollout of electronic patient chart information sharing services, we believe that BML's medical informatics business will continue to grow in importance. Building on the trust and track record we have established through our core clinical testing business, we will further strengthen our commitment to providing products and services in which quality and reliability come first—from everyday clinical practice to the platforms that support medical DX—and to firmly establishing our brand philosophy.

Medical Informatics Business



Toshihiro Yanoma
General Manager,
Medical Informatics Sales
Department

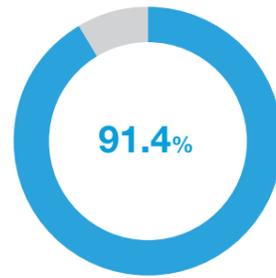
Business Overview of Clinical Testing Business Clinical Testing Business



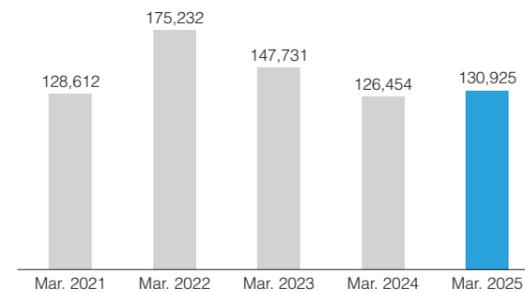
Clinical Testing Business

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

Composition of net sales by business



Trends in net sales (millions of yen)



Overview of Business

Overview of Clinical Testing

Biochemical, immunological, serological, and other testing comprise a large ratio of net sales, and we will continue activities to develop sales while enhancing the testing systems. Genomic medicine has spread

Development Activities

We develop new tests and consider their introduction using methods such as genomic analysis and mass spectrometry techniques to contribute to genomic medicine and personalized precision medicine. In order to provide high added value testing to clinical medicine, we are involved in research and development using advanced technologies from molecular biology, genetic

Overview of Clinical Trials Testing

The development and commercialization of cancer-related drugs, particularly antibody drugs, is expected to continue increasing.

BML has established clinical trial laboratories that comply with GLP (Good Laboratory Practice) and GCP

remarkably recently and is expected to continue developing at an accelerated pace. Therefore, we intend to focus on enhancing genomic testing and expand in the areas of cancer genomics and genetic diseases.

engineering, and metabolomics and proteomics in areas such as cancer, genetic diseases, infectious diseases, as well as lifestyle diseases, and auto-immune and allergic diseases. At the same time, we actively participate in joint research projects in collaboration with universities and public research institutions to improve medical services.

(Good Clinical Practice), conduct tests by specialized staff, and contracts and develops clinical trials at the request of pharmaceutical manufacturers.

Business Strengths

Business Strength 1: Wide range of advanced testing areas

- Over 4,000 types of testing, widely ranging from routine testing to highly specialized tests
- Superior expertise supporting sophisticated specialized laboratory testing
- Microbiological testing that is among the best in Japan



Business Strength 2: Laboratory automation of the main lab BML General Laboratory

- Automatic sorting using the automated dispensing system "Frontier"
- Establishment of a high-volume, high-speed testing system using the automated analysis systems: Symphony Chemistry for biochemistry and Symphony Hematology for hematology
- Introduction of Freeway Robot transfer system that automates specimen transport



Frontier automated dispensing system



Symphony Hematology

Business Strength 3: Thorough quality and precision control

- Strict control of the entire company and all its divisions through BML's unique quality assurance system, which utilizes an internal audit department and external accreditation organizations
- Quality in clinical testing requires both accuracy control to ensure the precision and correctness of test measurements and quality assurance of measured values. BML has obtained certifications, including ISO 15189*, and utilizes external audit programs in an effort to improve quality and accuracy. We have also built a thorough audit structure within the Company by establishing the Credit Guarantee Department as a quality control auditing department that is independent of each laboratory department.



*ISO 15189: An international standard that specifies requirements for medical laboratories in the two areas of quality and competence. BML obtained the accreditation in September 2005 for the BML General Laboratory.

Business Overview of Clinical Testing Business Clinical Testing Business

Business Strength 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.



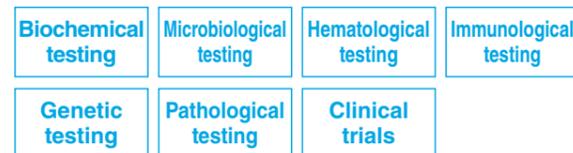
Wide range of testing areas

Over 4,000 types of testing, widely ranging from routine testing to highly specialized tests

Top-level laboratory testing ranges from routine biochemical and hematological testing to specialized testing for tumor markers, infectious diseases, endocrinological testing, cellular immunity, DNA, and microbiological testing. This testing meets the clinical needs of medical institutions. BML serves over 300,000 clients a day through laboratory testing for hospitals and clinics nationwide.

Going forward, the BML General Laboratory will expand testing capacity and improve testing efficiency by introducing new systems, such as a new automated dispensing system and a new biochemical and immunological testing system.

BML's testing areas



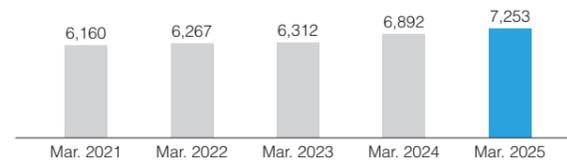
Microbiological testing that boasts one of the world's largest number of tests (hereinafter, bacteriological testing)

BML's bacteriological testing, among the many tests that BML conducts, boasts one of the world's largest number of tests, and we have promoted the introduction of an automated system, with the aim of improving efficiency.

In conjunction with relocation to a new wing, the BML General Laboratory will construct a new bacteriological testing system, contribute to clinical testing through the introduction of new technology, and work to improve quality.

Additionally, we are developing core laboratories for bacteriological testing, with the aim of standardizing bacteriological testing and improving clinical services nationwide.

Trends in sales of bacteriological testing (millions of yen)



Superior expertise supporting sophisticated specialized laboratory testing

Strengths in specialized laboratory testing

At BML, the Advanced Technology & Development Division, an independent research and development unit, develops new tests using methods such as genomic analysis and mass spectrometry to contribute to genomic medicine and personalized precision medicine. We are involved in research and development using advanced technologies from molecular biology, genetic engineering, and metabolomics and proteomics, to provide high added value testing to clinical medicine, with an eye toward targeting areas such as cancer, genetic diseases, infectious diseases, as well as lifestyle diseases, and auto-immune and allergic diseases.

New test items in FY2024

In the field of genetics, as an expanded test for congenital hearing loss, we began contracting of testing service for eight diseases of syndromic hearing conditions that are eligible for insurance coverage. Furthermore, following the revision of medical service fees that now allows simultaneous genetic testing for multiple designated intractable diseases with similar symptoms, we provide

guidance to specified medical institutions on six disorder groups, including failure to thrive, intellectual disability, distinctive facial features, and muscle weakness. In the field of malignant tumors, we have launched testing for detecting the MYD88 L265P mutation and the CD79B Y196 mutation. The MYD88 gene is essential for confirming the diagnosis of Waldenström macroglobulinemia (WM). In diffuse large B-cell lymphoma (DLBCL), detecting mutations in MYD88 and CD79B is useful for disease classification and prognosis prediction. Additionally, in the field of diagnostic support for myeloproliferative neoplasms (MPN), we have enhanced the detection rate of the existing MPN gene mutation analysis by adding six CALR gene mutations and eight JAK2 exon 12 mutations to create the new Version 2 panel. In the field of infectious diseases, we have also launched a testing service for STD multiplex PCR/qualitative testing. This test can simultaneously detect six pathogens: four species of Mycoplasma that cause non-chlamydial, non-gonococcal sexually transmitted diseases (STDs), as well as HSV-1 and HSV-2, the viruses responsible for genital herpes simplex virus infections.

Business Strength 2 Laboratory automation of the main lab BML General Laboratory

BML's unique automated testing systems, Frontier and Symphony, enable rapid and highly reliable testing



BML has led other companies in pioneering laboratory automation since 1995. 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 this is BML General Laboratory's automated dispensing system (Frontier), biochemical and immunological testing system (Symphony

Chemistry), and hematological test system (Symphony Hematology). This is the industry's first automated testing system, and it consists of an automated dispensing system, which automates the pre-test process from specimen sorting to dispensing, and a biochemical and immunological testing system and hematological test system, which automate the subsequent testing process.

Laboratory concept for the next generation

In May 2023, BML General Laboratory started construction on an extension of new laboratory buildings. Under the themes of reconfiguration, functionality enhancement, and efficiency improvement as a laboratory concept for the next generation, including the existing laboratory, we will make capital investments in automated dispensing systems, biochemical and immunological testing systems, hematological test systems, and AGV* transfer to promote further laboratory automation.

*Automatic Guided Vehicle

Reconfiguration, functionality enhancement, efficiency improvement

BML General Laboratory		
6th Stage Building (new wing)	Existing wing	Labcorp Building (new wing)
New automated dispensing system New biochemical and immunological testing system New hematological test system AGV transfer		Global clinical trials
New microbiological testing system Specialized testing Cellular organisms Training laboratory	Genomic testing General testing Specimen management building	

Voice Message from the person in charge Testing operations and my personal growth

My main job responsibilities involve performing manual assays based on the ELISA method. We handle a wide range of tests, from major to minor items, including assays for diseases that are generally less well known. Since becoming involved in testing operations, I have learned about several diseases. This year, by participating in academic conferences, I was able to acquire additional knowledge about diseases and testing and apply it to my testing operations.

In addition, through my testing operations, I have come to strongly recognize the importance of understanding the underlying principles and accurately interpreting the data. By understanding the underlying principles, I am able to infer the cause when irregularities occur, and accurately interpreting the data based on solid rationale leads to providing correct test results. Going forward, I aim to continue deepening my knowledge and thinking while actively engaging in my work.



Runa Matsukawa
Cellular Organisms Section

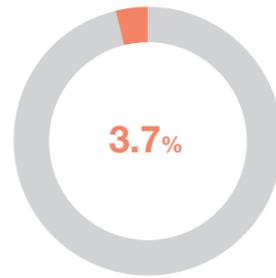
Business Overview of Food Hygiene Business Food Hygiene Business



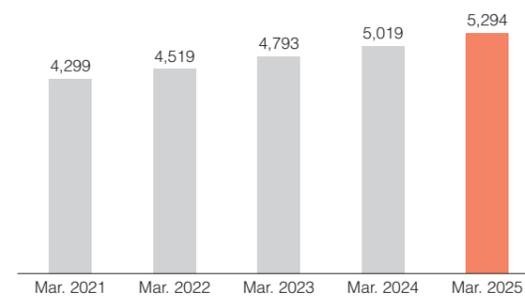
Food Hygiene Business

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

Composition of net sales by business



Trends in net sales (millions of yen)



Overview of Business

Overview of Consulting Business

We offer restaurants, hotels, food manufacturers, and other food-related companies a wide range of consulting on food hygiene and quality, such as the development of quality control systems, kitchen hygiene inspections, factory audits, food labeling, and quality control of household goods. We also have experience in consulting for acquisition of accreditations under international food safety standards and as an audit company for Japanese JFS standard conformity certification.

Overview of Testing Business

We provide various testing services that support food and beverage-related companies, such as microbiological testing and nutrient analysis of food, physicochemical testing of food additives, microbiological testing of kitchen environments and intestinal bacteria testing for employees, and testing for foreign materials in foods. Additionally, we offer contract testing to verify the quality of household goods and clothing, including strength and physical property tests and statutory tests.

<p>Hygiene inspections at restaurants</p> <p>Approximately 40,000 restaurants/year</p>	<p>Intestinal bacteria testing (stool testing)</p> <p>One of the largest volumes of specimen processing in Japan</p>	<p>Factory audits (second-party audits)</p> <p>Approximately 1,000 factories/year</p>	<p>Number of JFS standard certifications supported</p> <p>Approximately 500</p>	<p>Food Labeling Test and advanced certificate holders</p> <p>29</p>
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Business Strengths

Business Strength 1 Wide-ranging business domains

One-stop service

A wide range of food safety and hygiene services can be provided by a single company

Transactions with major companies in various businesses and industries



In addition to these, we have extensive experience working with many other companies.

Business Strength 2 Network covering all of Japan

Hygiene inspections for approximately 40,000 restaurants/year

We are proud to have a leading track record in the industry for conducting restaurant hygiene inspections. We have the capacity to provide reliable services for food and beverage businesses operating multiple restaurants throughout Japan, backed by extensive know-how gained from our many inspections.

Playing active roles by highly specialized and qualified employees

In addition to 29 high-level Food Labeling Test and advanced certificate holders, employees with various other qualifications provide high-quality services.

Number of license and certificate holders

(As of July 1, 2025)

Name of license or certificate	Number of persons	Name of license or certificate	Number of persons	Name of license or certificate	Number of persons
Clinical Laboratory Technician	22	ISO 22000 Lead Auditor	3	Food Labeling Test (intermediate)	179
General Certified Measurer	3	ISO 22000 Provisional Auditor	98	Food Microbiology Laboratory Technician (Class 1)	29
Textiles Evaluation Specialist	7	HACCP Lead Instructor	5	Food Microbiology Laboratory Technician (Class 2)	26
Class-1 Health Supervisor	20	JFS-A/B Program Auditor	29	Food Microbiology Laboratory Technician (Class 3)	13
PCQI Lead Instructor	2	JFS-GM Program Auditor	19	Food Safety Kentei (Intermediate)	29
ISO 9001 Provisional Auditor	14	Food Labeling Test (advanced)	29	Food Safety Kentei (Elementary)	12



Comparison of the BML Group and competitors' service areas

Consulting Business		Testing Business	
Store inspections	Factory audits, accreditations	Food labeling	Food testing, Intestinal bacteria testing
BML Group			
Company A			Company A
	Company C		
Company D			



Seven locations in major cities nationwide



Business Overview of Clinical Testing Business Food Hygiene Business

Business Strength 1 Wide-ranging business domains

We provide customers in various industries with 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.



Covers all aspects of testing, store inspections, factory audits, accreditations, and food labeling

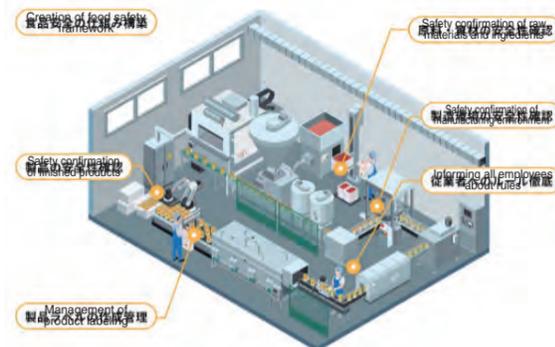
BML's business features the ability to provide a wide range of services relating to food and product testing and hygiene consulting by one company. In addition to one-off requests for testing, inspections, and audits, the Company can also partner with customers and provide support from a comprehensive and long-term perspective to create a framework for hygiene measures and quality control, thus increasing the value of products and services. Customers can save time searching for a service provider every time they conduct testing, inspections, and so forth, and consult BML regarding all types of concerns and questions relating to hygiene measures and quality control.

Additionally, BML has provided a wide range of services to customers in diverse industries, including restaurants, hotels, wedding venues, contract services, developers, food manufacturers, convenience stores, and department stores. Because we have a wealth of experience that enables us to provide services while considering the characteristics regardless of specific business type, we respond based on our abundant knowledge in all situations, including new development of takeout products by restaurant managers and contract manufacturing of PB products by hotel operators.

Scope of services provided



*Food testing and stool testing services are included in each category.



Business Strength 2 Network covering all of Japan

BML has locations throughout Japan and can conduct inspections uniformly nationwide from Hokkaido to Okinawa. Comprehensively covers management of customers that operate multiple stores.



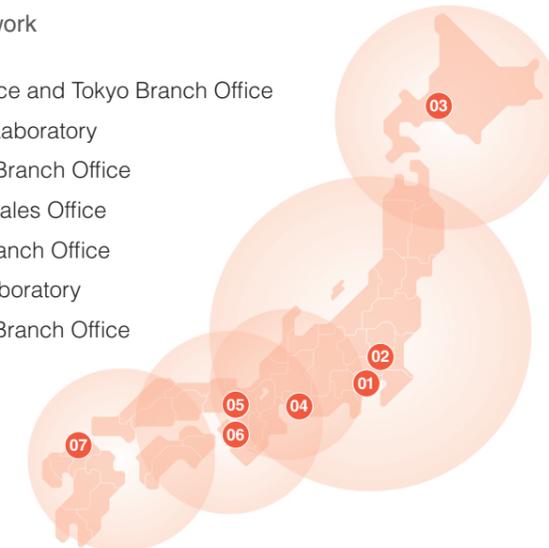
Food hygiene business locations in major cities

BML has five branch offices (Sapporo, Tokyo, Nagoya, Osaka, Fukuoka) and four testing locations (Sapporo, Saitama, Osaka, Fukuoka) in Japan, which makes it possible to provide services to customers that operate in each region, as well as to customers that are developing their business with multiple stores throughout Japan.

Additionally, in BML's consulting business, highly specialized and qualified employees handle kitchen inspections and factory audits, and customers highly value the fact that BML performs inspections and audits with uniformly high quality throughout Japan. In the testing business, Saitama handles special testing as the main testing location, and tests that must be done quickly can be handled at any testing location.

Food Hygiene Business Network

- 01 Head Office and Tokyo Branch Office
- 02 Saitama Laboratory
- 03 Sapporo Branch Office
- 04 Nagoya Sales Office
- 05 Osaka Branch Office
- 06 Osaka Laboratory
- 07 Fukuoka Branch Office



Obtained ISO/IEC 17025 laboratory accreditation

The Saitama Laboratory is accredited as a laboratory that complies with ISO/IEC 17025, an international standard for laboratory competence, in the fields of analytical testing for standard plate counts, coliforms, and nutrient analysis (including moisture, ash, protein, fat, carbohydrates, sodium, and caloric value) in food. BML conducts testing under a reliable quality control

system recognized by this accreditation system, from the time we receive the specimens to the time we report the results. In addition, results reports from ISO/IEC 17025 accredited laboratories can fulfill the requirements of FSSC 22000, and results from these accredited laboratories are internationally recognized as reliable.

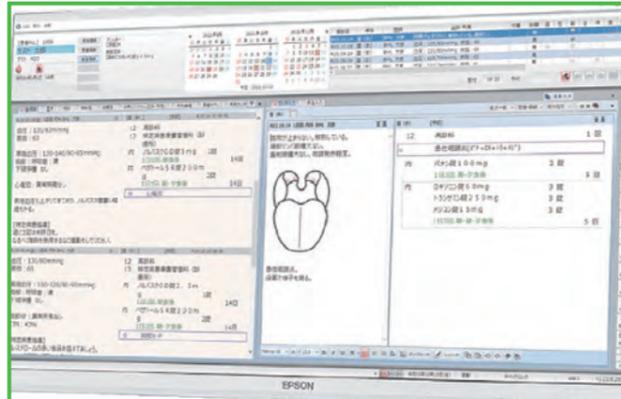
Voice Message from the person in charge Supporting food safety

In the Saitama Intestinal Bacteria Group of the Clinical Testing Headquarters, where I belong, we conduct tests for foodborne pathogens such as Salmonella, enterohemorrhagic E. coli, and norovirus, targeting healthy carriers. If there is any delay or error in reporting test results to our clients, it could potentially lead to serious food poisoning incidents. Therefore, to ensure that we can respond quickly and accurately, we continuously work on improving our processing speed and technical skills. The BML Group is promoting the active participation of women in the workplace. Looking at the maternity leave utilization rate and post-return career development of my female colleagues, I feel that it is a supportive and accommodating environment for women. I myself hope to continue gaining knowledge and experience in testing operations, advance my career, and work long-term in such a supportive and rewarding work environment.



Yuuka Konishi
Intestinal Bacteria Group

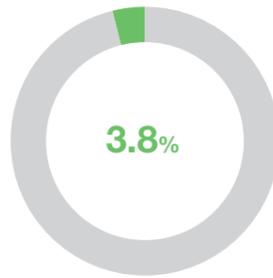
Business Overview of Medical Informatics Business Medical Informatics Business



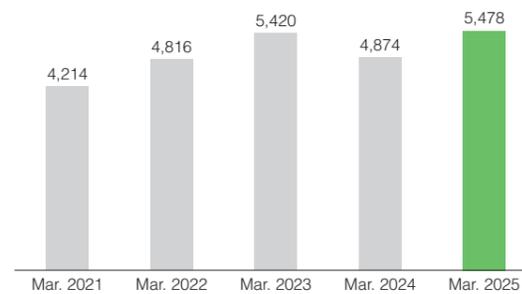
Medical Informatics Business

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 management analysis, informed consent, and in-hospital digitalization.

Composition of net sales by business



Trends in net sales (millions of yen)



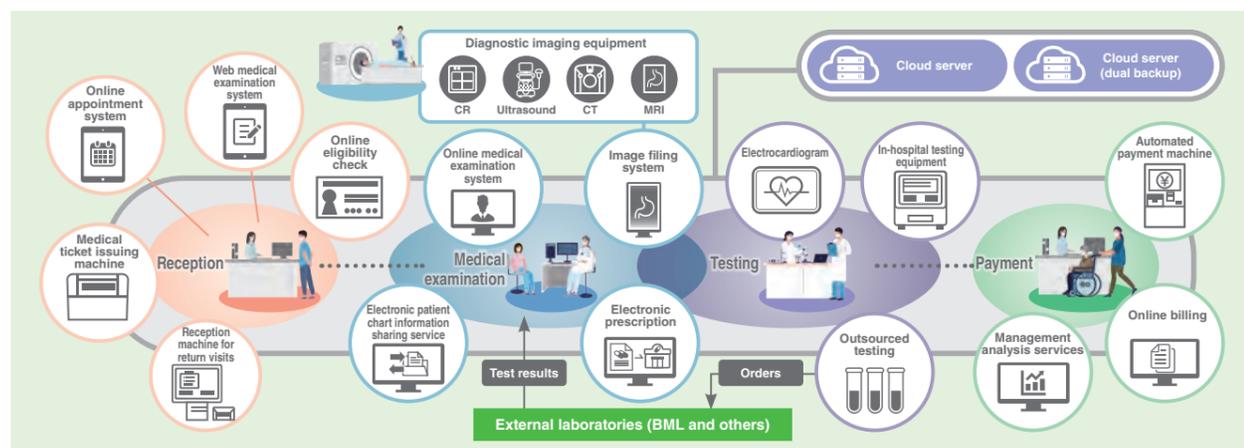
Overview of Business

The electronic patient charts system Qualis Cloud is a solution developed in response to requests from clinics, based on BML's many years of experience in the medical field.

After the Ministry of Health, Labour 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 the Qualis system that has been popular for many years. Typically, cloud-based electronic patient charts have been browser-based. However, Qualis Cloud is a cloud-based electronic patient chart that adopts a smart client system, and has the unique advantages of on-premise systems that have not been realized so far with browser-based systems, including the ability to connect with a wide range of devices.

Qualis Cloud will continue to grow further as we respond to feedback from the medical community.



Strengths of Electronic Patient Chart Systems Business

Business Strength 1 Various functions made possible

- Highly customizable
- Diverse support functions are installed
- More than 200 types of devices can be linked



Business Strength 2 Completion of support system by the support center

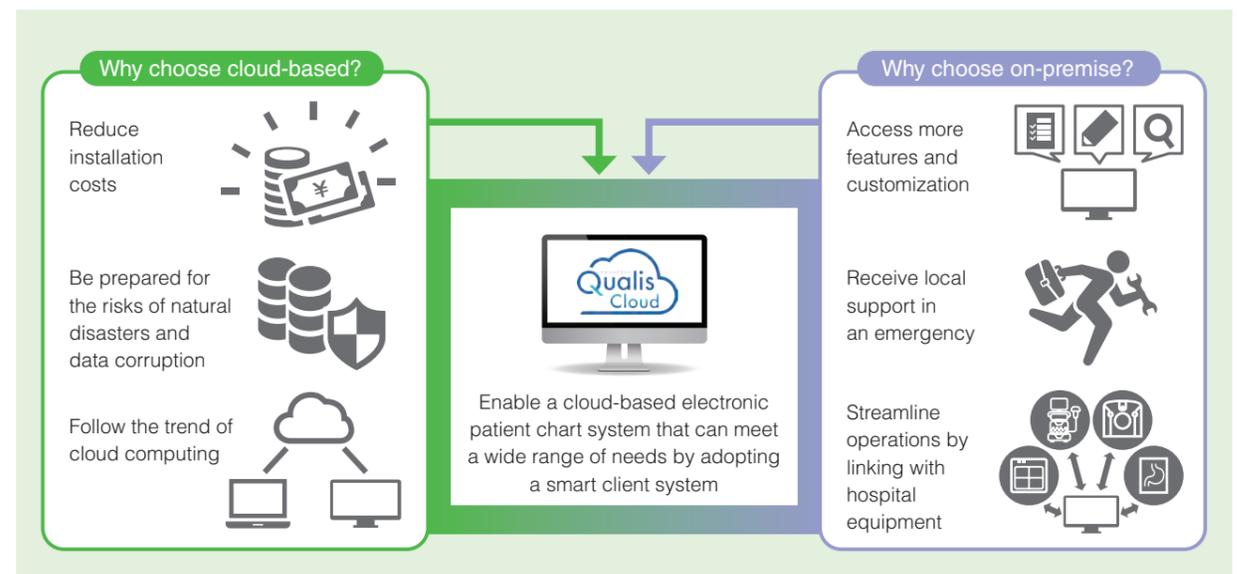
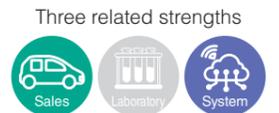
Extensive support system with 103 locations nationwide

Various support systems are established, including telephone support, on-site education during installation, and field support



Business Strength 3 Makes through security measures possible

- Complies with government guidelines
- Acquisition of ISO 27017



Business Overview of Medical Informatics Business Medical Informatics Business

Evolving Electronic Patient Charts

Decline of resources for paper patient charts

At one time, the introduction of an electronic patient chart system was a challenge. However, now their usefulness is widely recognized, and it can be said that we have progressed to a point in which electronic patient charts are ubiquitous.

Electronic patient charts save space and make it possible to digitalize and manage all of the medical data of many patients. Therefore, by eliminating the use of paper patient charts heavily utilized in the past, we can also reduce paper consumption and contribute to the protection of resources.

Additionally, going paperless leads to more efficient in-hospital information management and is effective for providing medical services that accurately address patient conditions.

Electronic patient charts increase efficiency to improve client working environments

By introducing electronic patient charts, medical institutions can improve their working environments.

In addition to sharing necessary information in a timely manner, understanding patient conditions by looking at a computer terminal, and improving the work efficiency of doctors, nurses, and staff, including treatment and accounting immediately upon finishing medical examinations, electronic patient charts can eliminate human errors such as transcription errors that have been a concern with paper patient charts.

Medical examination efficiency also leads to shorter wait times for patients and helps to improve patient services and the quality of medical care by making it possible to explain clearly by showing test results and so forth in graph format and showing photographs of drugs.

Three related strengths

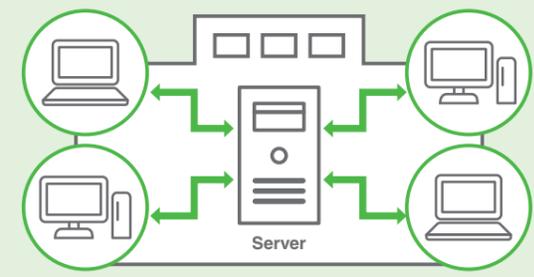


Transition from paper patient charts to electronic patient charts

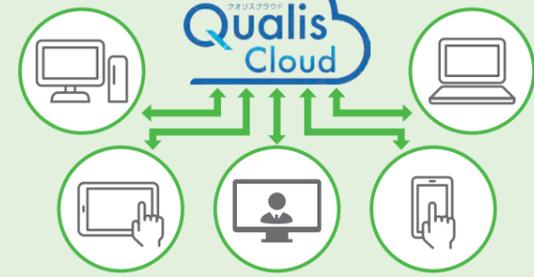
Paper patient charts

- Work load involved in searching for, transferring, and storing patient charts, voucher posting, and pasting
- Securing space to store patient charts
- Work load involved in inputting into receipt computer and risk of transcription errors
- Risk of losing patient charts, etc.

On-premise electronic patient charts

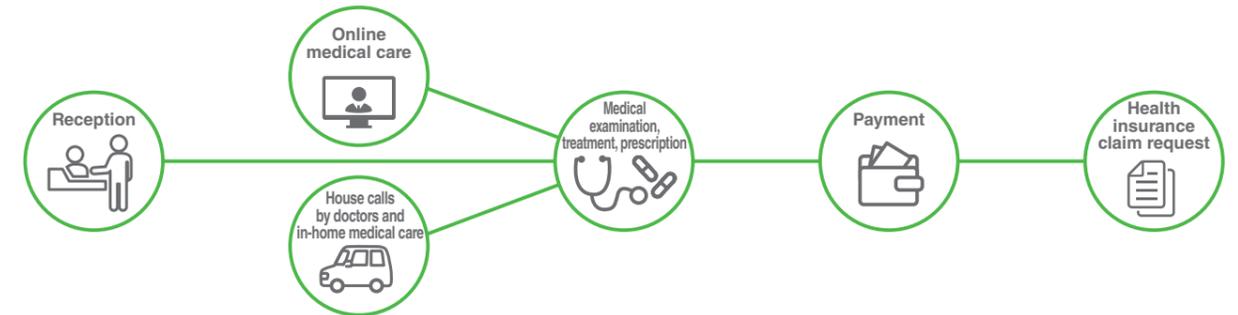


Cloud-based electronic patient charts



Qualis Cloud Strength 1 Various functions made possible

Various support functions respond to achieve an optimal user experience for each medical examination situation. From simple to complex operations, it is highly customizable, which was previously thought to be impossible with a cloud-based product.

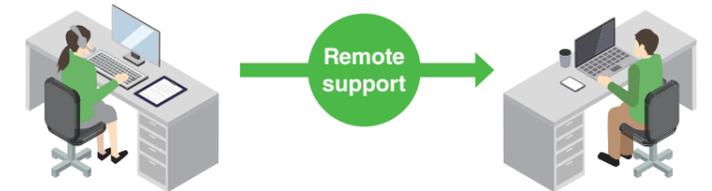


Three related strengths



Qualis Cloud Strength 2 Completion of support system by the support center

Even with cloud products, we continue to provide the support and quality that have been BML's strengths for over 20 years. In addition to telephone support by expert operators, we have various support systems, including on-site explanation by instructors during installation and field support from our office locations.



Qualis Cloud Strength 3 Makes thorough security measures possible

Complies with government guidelines

We implement security measures that comply with the Security Guidelines for Medical Information Systems by the Ministry of Health, Labour and Welfare and the Security Guidelines for Information System Service Providers Handling Medical Information by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry.

Ministry of Health, Labour and Welfare
Security Guidelines for Medical Information Systems

Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry
Security Guidelines for Information System Service Providers Handling Medical Information

Acquisition of ISO 27017

We have obtained accreditation under the Conformity Assessment Scheme for Information Security Management Systems (ISMS) to prevent risks such as falsification, interception, and leaking of important information.



Voice Message from the person in charge

Efforts toward developing electronic patient charts that align with clinical needs

As a member of the team developing BML's electronic patient charts, I work on their functional development to address the real challenges faced in clinical practice. Behind the requests we receive from clients are genuine needs to improve clinical efficiency and enhance patient services. Rather than simply meeting the specified requirements, we listen to our clients' feedback to identify the underlying issues and propose optimal functionalities, delivering a system with greater added value.

Currently, I am involved in developing tools to deliver new features to our clients, aiming to achieve both rapid feature releases and improved quality.

As medical DX accelerates, I will continue to enhance my technical skills as a developer and contribute to creating electronic patient charts that are user-friendly at medical sites and support daily clinical operations.



Momoka Terada
Qualis System Section 1

Sustainability Management

Basic Sustainability Policy

Basic Sustainability Policy

In line with the Policy of “Dedication to creating a healthy and cultured society,” we, the BML Group, have sought to improve medical services and health through the latest technologies, systems, and service networks based on our extensive clinical laboratory experience.

Under this Policy, we will strive to realize a sustainable society and enhance our corporate value.

We will advance our sustainability initiatives in accordance with this Basic Sustainability Policy and other individual policies, while respecting dialogue with all stakeholders, including customers, business partners, shareholders and investors, employees, and local communities.



Sustainability education

Since the full implementation of sustainability management, we have offered various e-learning training programs on sustainability, in addition to sharing Group initiatives with employees through our in-house newsletter.

The main training agendas for FY2024 are outlined in the table below.

Main training agendas implemented in FY2024

Month	Agenda	Target
June	Sexual harassment prevention training	Managers and general employees
August	Compliance training (1)	Managers and general employees
September	Health promotion training	Managers and general employees
October	Mental health training	Managers and general employees

Month	Agenda	Target
November	Human rights training (1)	Managers and general employees
	Human rights training (2)	Managers and general employees
December	Ikubosu (family-friendly boss) training	Managers
February	Compliance training (2)	Managers and general employees
	Diversity training	Managers and general employees

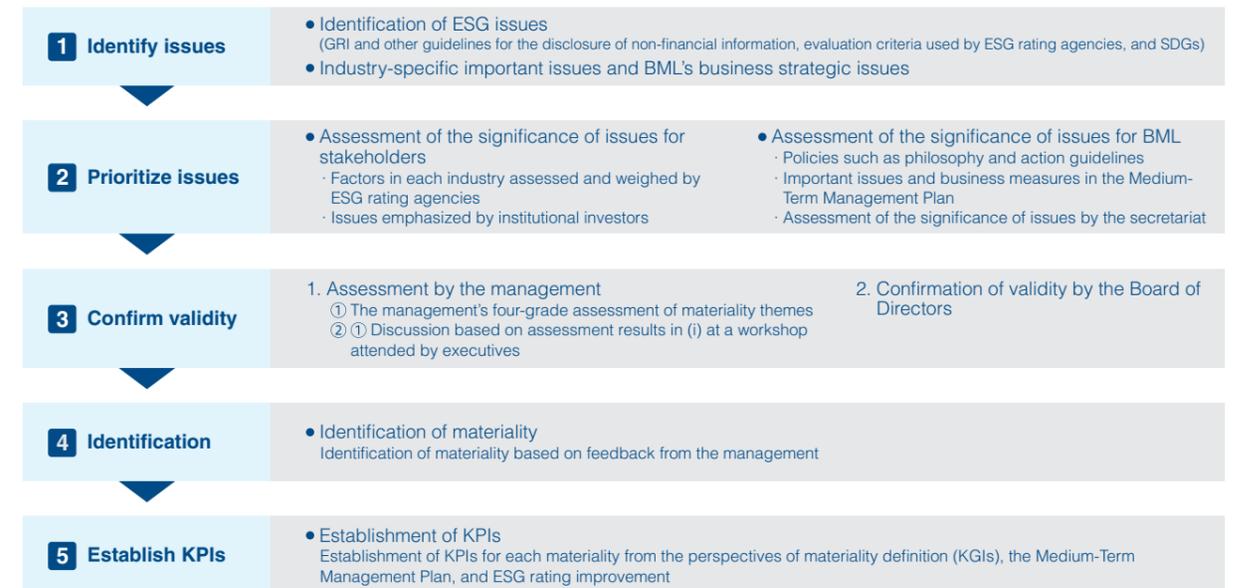
BML's Materiality

In line with its Policy of “Dedication to creating a healthy and cultured society,” the BML Group pursues initiatives through its business activities to realize an affluent society. In 2022, it has identified 13 material issues (materiality) in six categories to achieve sustainable growth with the society. Each materiality theme has a target and its progress is monitored. Going forward, we will continue to work to solve social issues through its business, enhance its corporate value, contribute to the achievement of the SDGs, and contribute to the building of a sustainable society.

Materiality list



Identification process



Sustainability Management

Sustainability promotion system

The BML Group established a Sustainability Committee in 2022.

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 the Senior Executive Officer, as chairperson, and officers and general managers of the relevant divisions.



Major agendas at the Sustainability Committee in FY2024

Items	Contents	
June	Environment	CO ₂ emissions in FY2023 and initiatives through 2030
	Environment	Deployment of ISO14001 (Certification acquisition status of affiliated companies)
	Environment	Recycling of waste plastic
	Social	Building a Sustainable Procurement system
	Social	Collaboration with local communities
August	Social	Fair and appropriate transactions with business partners
	Social	Policy for appropriate price negotiations and labor cost pass-through
October	Environment	Consideration of new measures for reducing environmental impact
March	Environment	Initiative to reduce CO ₂ emissions through 2030
	Environment	<ul style="list-style-type: none"> Review of the targets and roadmap Consideration of additional measures

SDGs initiatives

The BML Group will promote various initiatives for the development and growth of a sustainable society under the Group Vision "to become the most trusted choice in the medical world."

The BML Group's initiatives to contribute to the SDGs

<ul style="list-style-type: none"> Introduction of an ambulance through the use of donations to Kawagoe City 	<ul style="list-style-type: none"> Supporting medical education foundations Holding laboratory forums 	<ul style="list-style-type: none"> Replacing company vehicles with EVs/HEVs Introduction of EVs and EV charging stations through the use of donations to Kawagoe City
<ul style="list-style-type: none"> Rollout of DRS Internalizing outsourced operations 	<ul style="list-style-type: none"> Spreading cloud-based electronic patient charts Rollout of B-Liner 	<ul style="list-style-type: none"> Opening daycare centers to the public Promoting environmental beautification activities in local communities
<ul style="list-style-type: none"> Recycling plastic 	<ul style="list-style-type: none"> Measures to enhance the resilience of the BML General Laboratory Installation of solar power generation systems 	<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 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. We will also promote various initiatives aimed at development and growth.

Stakeholders	Dialogue means and opportunities
Customers	<ul style="list-style-type: none"> Website Various events and lectures Laboratory forums Sales activities Accepting visitors to BML General Laboratory
Business partners	<ul style="list-style-type: none"> Policy briefings and opinion-exchange meetings Training sessions Accepting visitors to BML General Laboratory Participating in exhibitions Visiting business partners
Shareholders and investors	<ul style="list-style-type: none"> IR website Briefing sessions for analysts Issuing reports to shareholders Small meetings for investors and analysts Financial results presentations (twice a year) General Meeting of Shareholders Issuing integrated reports Company presentations for individual investors
Employees	<ul style="list-style-type: none"> Intranet Human resources training Whistleblower system In-house newsletter Employee interviews Exchange events
Government/local governments/industry organization	<ul style="list-style-type: none"> Sponsoring and participating in regional events Briefing sessions for local residents on construction projects Accepting visitors to BML General Laboratory
Academic organizations/research institutions	<ul style="list-style-type: none"> Open innovation (joint research)
Local communities	<ul style="list-style-type: none"> Sponsoring and participating in regional events Briefing sessions for local residents on construction projects Opening corporate daycare centers to the public Accepting visitors to BML General Laboratory Providing workplace experience

Materiality

List of materiality and KPIs (Progress in FY2024)

Materiality categories	Materiality	Definition	KPIs	Goals (quantitative/qualitative)	Fiscal year by which to achieve goals	Progress in FY2024	Main initiatives	Related SDGs
E Environment 	Response to climate change	Climate change Increased occurrence of extreme weather events caused by climate change has the potential to create natural disasters such as global warming and drought and bring problems such as the spread of a latent infectious disease, a food shortage, and a water shortage. With this theme identified to reduce the occurrence of such extreme weather events, we will promote initiatives to reduce the factitious emission of greenhouse gas (GHG), a driver of climate change, and realize a decarbonized society, in addition to strengthening our resilience to natural disasters caused by climate change.	Reference CO ₂ emissions in FY2021 Reduction of Scope 1 + 2 emissions	A reduction of 25%	FY2030	<ul style="list-style-type: none"> Switched 30% of the electricity consumption in the BML General Laboratory to renewable energy-derived electricity CO₂ emissions: -3,272 t-CO₂ (Equivalent to 9.6% of the estimation of Scope 1 and 2 emissions in 2024) Replaced 47.5% of owned vehicles with HEVs or EVs 	<ul style="list-style-type: none"> Increase the ratio of renewable energy-derived electricity introduced at our main BML General Laboratory to 70% by 2030 Increase the ratio of renewable energy-derived electricity introduced at core laboratories to 4.4% by 2030 Generate power in-house from solar energy at the BML General Laboratory so that solar energy-derived electricity accounts for 0.3% of the total electricity consumption Replace vehicles for sales, collection, and delivery with hybrid vehicles. By preparing an infrastructure environment, introduce EVs so that the EVs accounts for 2.7% of the total replaced vehicles 	  
			Reference CO ₂ emissions in FY2021 Reduction of Scope 3 emissions	Disclose emissions Set an emissions reduction target	FY2025 FY2026	<ul style="list-style-type: none"> Initiated third-party verification in anticipation of inclusion in the Annual Securities Report for FY2024 onwards Not yet started to set the reduction target Established a system for chemical recycling of plastic waste by the BML General Laboratory in May 2024 CO₂ emissions: -60 t-CO₂ 	<ul style="list-style-type: none"> Consider a target range and approaches, and disclose emissions Set a medium-term Scope 3 target 	
		Energy management Energy sources such as coal, oil, and natural gas, which humans have relied on until now, can lead to the emission of GHGs, a contributor to climate change, thus resulting in the acceleration of climate change. This theme has been identified to reduce environmental impact and curb climate change by using energy, which is consumed by companies for various purposes, with increased efficiency and selecting renewable energy sources.	Setting medium- to long-term targets and formulating a roadmap for achieving carbon neutrality by 2050	Set medium- to long-term targets Formulate a roadmap	FY2024	<ul style="list-style-type: none"> Disclosed the roadmap in BML REPORT 2024 Revised the 2030 target for Scope 1 and 2 emissions from -25% (compared with FY2021) to -30% Completed the development of a roadmap aligned with the new target 	<ul style="list-style-type: none"> Set medium- to long-term targets and formulate a roadmap for achieving carbon neutrality by 2050 and disclose them 	
S Social 	Realization of a rewarding workplace	Diversity, equity, and inclusion Companies where human resources with diverse personalities and backgrounds in gender, nationality, age, culture, and belief work are required to accept the diversity of their employees and embrace new values of their employees. This theme has been identified to facilitate the acceptance of diversity so that a company provides a comfortable working environment for employees with diverse personalities and backgrounds.	Female manager (section chief or higher positions) ratio	20%	FY2029	14.5%	<ul style="list-style-type: none"> Affirmative action for female employees who are candidates for management positions (selective education + promotion to management positions) Enhance the development of human resources for the next generation irrespective of gender The percentage of women promoted to management positions is 30% or higher in every fiscal year 	  
			Rate of reinstatement after childcare leave	Keep it at 100%	Every year	100%	<ul style="list-style-type: none"> Follow-ups with employees on administrative leave Interviews with those reinstated, career seminars 	
			Childcare leave utilization rate by gender	Women: Keep it at 100% Men: 80%	Women: Every year Men: FY2029	103.3% 100.0%	<ul style="list-style-type: none"> Encourage men to take childcare leave Education for managers 	
	Employment and development of human resources	Employees support the root of business activities. A shortage of human resources and poor performance of employees are linked directly with a crisis of a company's ability to operate as a going concern. This theme has been identified to pursue initiatives such as hiring, assessment, and skill and career development to promote the active participation of employees over the medium- to long-term, aiming to secure, develop, and retain human resources consistently.	Average education/training time	Full-time employees: 15 hours/year Managers: 25 hours/year	FY2027	Full-time employees: 21.3 hours/year Managers: 30.8 hours/year	<ul style="list-style-type: none"> Rank-based training 	
			The rate of attendance at training	100%	FY2027	99.7%	<ul style="list-style-type: none"> Follow-ups to those who have not attended 	
	Employee health and safety	Companies are required to create safe workplaces where accidents are prevented and protect employees from mental disorders such as ill mental health. With this theme identified to attain sustainable corporate growth, we will create an environment in which employees can work comfortably through initiatives seeking to manage labor safety based on laws and regulations instituted in countries and regions and improve the health of employees.	Days of paid leave utilization	12.0 days or more	FY2025	12.4 days	<ul style="list-style-type: none"> Encouragement to take successive five days of paid leave Introduce a system to allow the taking of paid leave in units of hours 	
			Percentage of employees receiving regular health check-ups	Keep it at 100%	Every year	100%	<ul style="list-style-type: none"> Regular follow-ups by occupational physicians or nurses 	
			Percentage of employees receiving stress checks	80%	FY2025	92.3%	<ul style="list-style-type: none"> Communicate the necessity of grasping the state of one's health and a level of stress repeatedly and continue to encourage employees to receive stress checks by department 	
	Respect for human rights	The individuality of every human should be respected and equally treated, and everyone has the universal right to live according to his or her wish. Companies are required to respect the human rights of employees and business partners and be considerate of them. With this theme identified to attain continuous corporate growth, we will create an environment in which employees can work comfortably through initiatives seeking to promote respect for the human rights of employees and business partners.	Implementation of human rights due diligence assessment	Build a human rights due diligence framework	FY2025	<ul style="list-style-type: none"> Established the Sustainable Procurement Policy and the Sustainable Procurement Guidelines that incorporate human rights considerations Conducted a Sustainable Procurement survey with four major suppliers 	<ul style="list-style-type: none"> Investigation regarding human rights in the Company and supply chain 	 
			The rate of attendance at training in human rights	100%	FY2025	Conducted human rights training for all employees The rate of attendance: 100%	<ul style="list-style-type: none"> Scrutinize training levels and contents, select trainees, and conduct training in FY2023 Conduct training every year going forward 	

Materiality

Materiality categories	Materiality	Definition	KPIs	Goals (quantitative/qualitative)	Fiscal year by which to achieve goals	Progress in FY2024	Main initiatives	Related SDGs	
G Governance 	Strengthening of governance	Compliance with laws and regulations	Companies are required to comply with various laws and regulations including laws that general companies are universally required to follow and laws and regulations established industry by industry and respond to business environment changes caused by revisions to laws and regulations. With this theme identified for the Company to comply with laws and regulations and respond to changes, we will collect information on the enactment or revision of laws and regulations and comprehend entailed risks and devise countermeasures to continue to gain trust from our stakeholders. In addition to complying with laws and regulations, we will conduct corporate activities sensibly in accordance with the Company's values and Corporate Commitments.	Conducting compliance training	<ul style="list-style-type: none"> Conduct compliance training every six months Keep the rate of attendance at 100% (except employees on administrative leave and employees on leave) 	Every year	Conducted twice a year: completed in August and February for FY2024 Implementation rate: 100%	<ul style="list-style-type: none"> The Risk Management Department collects information on the enactment or revision of laws and regulations and comprehends contents Comprehend entailed risks posed to BML and consider countermeasures Create training contents containing enacted or revised laws and regulations to help raise employees' awareness of compliance 	
			Conducting compliance self-audits	<ul style="list-style-type: none"> Conduct compliance self-audits every quarter Report to and deliberate with the Compliance Committee 	Every year	Conducted four times a year Implementation rate: 100%	<ul style="list-style-type: none"> The Risk Management Department collects information on the enactment or revision of laws and regulations, amends self-audit items to suit enacted or revised contents, and periodically conducts self-audits Consider remedial measures against compliance violations in cases reported through self-audits and implement such measures to ensure compliance with the BML Group's legal obligations Report the status of compliance to the Compliance Committee and conduct deliberations 		
		Corporate governance	Companies are required to build a governance structure designed to determine their course of action and monitor their corporate activities to continuously provide value to society and customers while securing profits for their shareholders, the owner of companies. With this theme identified to enable continuous provision of corporate value, the Company will strengthen functions of the Board of Directors based on a diverse range of knowledge and experience through the use of Outside Directors and enhance management through the establishment of various committees.	—	—	—	Transitioned to a company with an Audit and Supervisory Committee	<ul style="list-style-type: none"> Strengthen supervision capability of the Board of Directors by multiple Outside Directors 	
		Information security	Companies that have a vast amount of customers' personal information are expected to take thoroughgoing measures against an infringement on individual customers' privacy committed particularly through the leakage of personal information due to cyber attacks and improper internal use of personal information. With this theme identified to continue to gain trust from customers, the Company will properly protect and store customers' personal information by enhancing its management of information.	Measures against cyber attacks	<ul style="list-style-type: none"> Introduction of Endpoint Detection and Response (EDR): 100% Conduct targeted email attack training 12 times per year 	FY2023	Completed in FY2023	<ul style="list-style-type: none"> Introduce EDR on all PCs in the Company Build a system to periodically conduct targeted email attack training Stop using the PPOP transmission method for email attachments 	
	Measures to reduce the use of USB memory		(Quantitative) Reduce the use of USB memory by 30% (Qualitative) Accomplish the shift to highly-encrypted USB memory	FY2024	95% completed as of March 2025 (The remaining 5% is to be completed in 2025)	<ul style="list-style-type: none"> Change to online data exchange to the extent possible If USB memory is used for customer's convenience, only highly-encrypted USB memory is permitted 			
Business 	Development of high-quality, high-value-added business	Quality improvement	It is important for companies that provide various products or services to ensure the quality and safety of their products or services so that customers and patients can consider the products or services safe and reliable. With this theme identified to maintain and improve customer and patient satisfaction and continue to be a trusted company, we will work to bolster and improve quality control.	Standardization of analyzers	Plan execution rate to be 50% or more in 2026 90% or more in 2028	FY2028	Achievement rate in FY2024: 42.1%	<ul style="list-style-type: none"> Select manufacturers by field Make a five-year introduction plan Update equipment based on the introduction plan, aiming to reach the plan execution rate 	 
				The number of after-graduation qualification holders (technologist and others)	20% or more in 2026 30% or more in 2028	FY2028	32.2% in FY2024	<ul style="list-style-type: none"> Encourage laboratory personnel who has been at BML (nonconsolidated) for no more than three years since joining the Company to obtain an after-graduation qualification Establish a training system to promote the obtaining of qualifications 	  
	Enhancing sales capabilities	To enhance sales capabilities of the Company, it is important to strengthen the development of both sales human resources who have professional knowledge of the industry and sales strategies. This theme has been identified to strengthen the development of sales human resources who seek to foster communication with people involved in medical care in order for the Company to expand and deepen its customer base and enhance its capacity further in non-insurance fields.	Obtainment of DMR*	30% of total sales personnel to obtain it	FY2030	Two persons in the Division obtained the certification	<ul style="list-style-type: none"> Increase the number of qualification holders by 15 or more every year In FY2023, as a trial, eight persons in the Division are designated to aim at obtaining the certification In FY2024, we will expand the range of designated personnel and designate persons in the Division as well as new employees In and after FY2025, we will expand the range of designated personnel and designate persons in the Division, new employees, and other sales personnel to aim at obtaining it 	  	
			Improvement in the response rate of electronic patient chart support and service quality	Response rate: 90% or above Service quality: Response within 90 seconds	FY2023	Average response rate in FY2024: 88.6% Average service response rate in FY2024: 76.9% Failed to meet the target due to increased incoming calls during the revision year of insurance points	<ul style="list-style-type: none"> Reinforce telephone support and maintenance personnel within FY2023 Improve operational efficiency by adopting interactive voice response (IVR) and an automated response history recording tool Seek measures to reduce the number of incoming calls 	  	
			Enhancement of each type of training	Test items sales training: twice a month Sales and testing knowledge improvement training: once a year	Every fiscal year	Conducted 37 sessions of test items sales training Sales and testing knowledge improvement training: not conducted as per the set goal for the year	<ul style="list-style-type: none"> Conduct sales training (including manufacturer study meetings) twice a month, focusing on deepening and cultivation items as well as new items, with the aim of improving skills In the sales and testing knowledge improvement training, each branch office selects one item from strategy items, trainees make presentations in a role-playing format, and grades are given to them 	  	
	Digital transformation (DX)	The development of IT technology has brought about the systemization of work that has only been carried out by humans until now and the creation of new and advanced services, and implementation of such services is expected to introduce reform and strengthen competitiveness. This theme has been identified for the Company to aim to be a sustainable and highly competitive company by building a resilient infrastructure in addition to carrying out improvement and reform using IT technology toward continuous corporate growth.	System introduction ratio/cost reduction amount	Introduce B-Label at 50% of facilities that use electronic patient chart systems	FY2026	Completed the introduction into facilities served by the seven sites by the end of FY2023 Achieved at 50.0% of facilities served by Chiba sales office, 37.6% by Saitama Daini, and 28.5% by Hachioji, where introduction started in FY2024	<ul style="list-style-type: none"> Introduce B-Label to customers who use electronic patient chart systems B-Label should be equipped as standard at facilities where Qualis is newly placed into service 		
			Cost reduction due to lightened collection and delivery workload (collection and delivery, reception, and input) caused by the rollout of B-Label	B-Label attached rate: 30%	FY2026	Completed label attachment at facilities served by the seven sites by the end of FY2023 Achieved at 22.9% of facilities served by Chiba sales office, 17.7% by Saitama Daini, and 26.3% by Hachioji, where label attachment started in FY2024	<ul style="list-style-type: none"> Provide education about IT for all employees and aim to help 200 employees per year to obtain the IT Passport to create a foundation for the continuous promotion of DX (half of the full-time employees to obtain it six years later) 		
			The number of employees who have obtained the IT Passport	200 employees per year	FY2029	222 employees certified in FY2024 (Cumulative total: 555 employees)	<ul style="list-style-type: none"> Independently develop a multi-gene panel test on genes responsible for serious or rare diseases using NGS Constantly release it as a new contract item every year 	 	
	Contribution to medical care	When patients need medical services, it is important that medical services are provided for them at proper prices irrespective of region. This theme has been identified for the Company to contribute to the development of medical services, the enhancement of its corporate value, and healthy lifestyles for people by addressing challenges existing in medical services and responding to customer needs.	The number of cases where genomic medicine analyses are conducted (types of genes that can be analyzed)	Contract at least three new items of multi-gene panel testing	Every year	As tests eligible for insurance billing calculation, we released new contracts: six items of syndromic hearing loss in September 2024; and six items of multi-disease genetic testing in October 2024.	<ul style="list-style-type: none"> Independently develop a multi-gene panel test on genes responsible for serious or rare diseases using NGS Constantly release it as a new contract item every year 	 	
			Operation and deployment of branches targeted at hospitals in regions where the population is severely declining and securing laboratory technicians is getting difficult (Number of assigned technicians relative to deployment of branches)	—	—	No progress so far	<ul style="list-style-type: none"> In the operation of laboratories, we will suitably target local hospitals for acute care and medical check-up centers that have difficulty in securing laboratory technicians (17 facilities in FY2023) and manage progress 	 	

*DMR: Diagnostics Medical information Representatives

Environment

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 to solve environmental issues is an important management issue. We have installed solar power generation equipment and adopted energy-efficient, high-efficiency heat source equipment for air-conditioning systems in the BML General Laboratory's new wings completed in August 2024. In addition, we are working to reduce GHG emissions by switching part of electricity we use to that from renewable energy sources.

BML Group Environmental Policy	Basic philosophy	We will provide testing services related to the environment and health, as well as work to protect the global environment in all stages of our business activities, in order to realize a sustainable society that cares for people and the earth.
	Action guidelines	<ol style="list-style-type: none"> 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 continue to preserve the environment in accordance with our environmental management system. 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 actively disclose environment-related information. 8. We promote environment preservation activities in the supply chain by collaborating with business partners.

Initiatives to Address Climate Change

Roadmap for achieving carbon neutrality by 2050

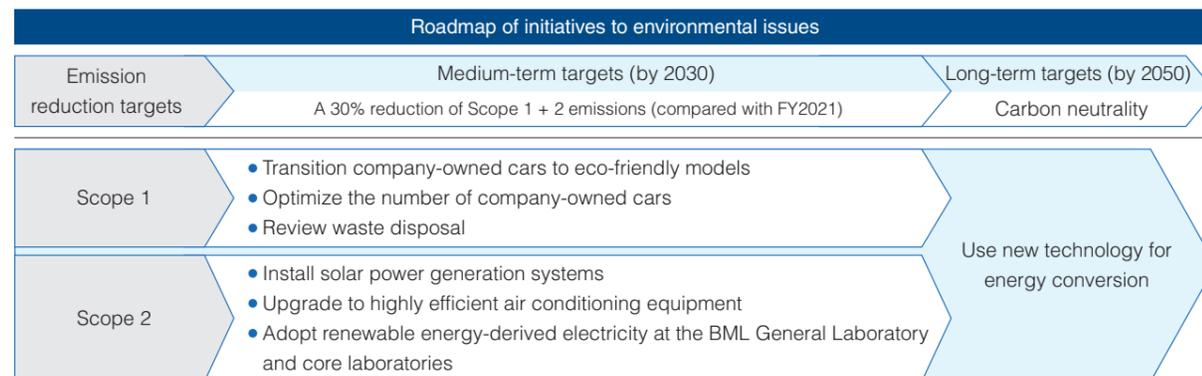
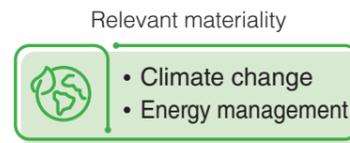
The BML Group recognizes initiatives for environmental issues, represented by climate change and ecosystem changes, as important issues for sustainable management.

With this understanding, the BML Group is making various efforts for environmental protection such as reducing GHG emissions, which are a cause of environmental loads.

To promote the reduction of GHG emissions more actively, the BML Group has reconsidered the reduction plan to date and revised the medium-term target to "a 30% reduction of Scope 1 and 2 emissions (compared with FY2021)."

We will continue to address each environmental theme steadily by identifying the emission sources of BML's operations, while actively reviewing our fuel and electricity usage and adopting new technologies—particularly at the BML General Laboratory, which accounts for a larger share of the Group's emissions.

With respect to reducing Scope 3 emissions, we recognize that collaboration across the supply chain is essential. In line with our Sustainable Procurement Policy and Sustainable Procurement Guidelines, we will work together with our business partners to advance initiatives toward achieving carbon neutrality by 2050.



Specific Initiatives for Achieving Carbon Neutrality by 2050

Initiative 1 Reduction of electricity use in laboratories

We consider the reduction of electricity use in laboratories, including the BML General Laboratory, as one of the most important issues. In particular, testing equipment used in laboratories emits a considerable amount of heat. If this results in a rise in the room temperature, problems arise in the operation of testing equipment. For this reason, air-conditioning systems are extremely important, and increased electricity consumption has been an issue. Therefore, we have been working on the renovation of air-conditioning systems and reviewing piping since 2020.

Furthermore, we introduced high-efficiency heat source air-conditioning systems using a heat pump in the BML General Laboratory's new wings completed in August 2024. By minimizing energy use, we will reduce CO₂ emissions and electricity use. The combination of these measures will reduce CO₂ by approximately 478 tons and electricity by 1,060,000 kWh per year.

We have worked on switching to LED lights as well, with all lights of office buildings of the Company now changed to LED.



High-efficiency heat source air-conditioning systems

Initiative 2 Utilization of renewable energy

At the BML General Laboratory, which uses larger amounts of electricity, we are working hard to utilize renewable energy.

We have installed solar panels on the south wall of the BML General Laboratory's new wings to utilize renewable energy. Electric power generation by the solar panels is estimated to be 291,000 kWh annually and CO₂ reduction is expected to be approximately 123 t-CO₂.

Electricity used in the BML General Laboratory has partially been switched to electricity from renewable energy sources, which also contributes to CO₂ emission reduction.



Solar panels

Initiative 3 Introduction of eco cars

The BML Group constantly operates approximately 3,000 vehicles for sales, collection, and delivery. While we mainly use gasoline-powered vehicles at the moment, we plan to switch all these vehicles to HVs or PHEVs and have implemented the plan gradually. This will be one of the measures we take to achieve the CO₂ reduction target for FY2030.

We see potential in EVs, which emit lower CO₂, and have introduced them to some sales offices in advance.

In addition, four quick chargers for EVs are installed in the BML General Laboratory's new wings to prepare infrastructure environments for EVs, with a view to the spread of EVs in the future. Given this, we plan to partly introduce EVs into vehicles for collection and delivery, which we saw difficulty in replacing because of their high frequency in use, by the end of FY2024. Using know-how acquired by this measure, we will further

advance switching to EVs in consideration of the purpose of use, regional characteristics, and other factors.

We intend to roll out this policy across BML Group companies that use vehicles.



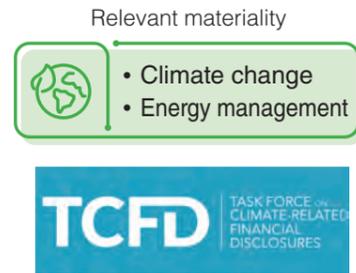
Quick charger for EVs

EVs

Environment

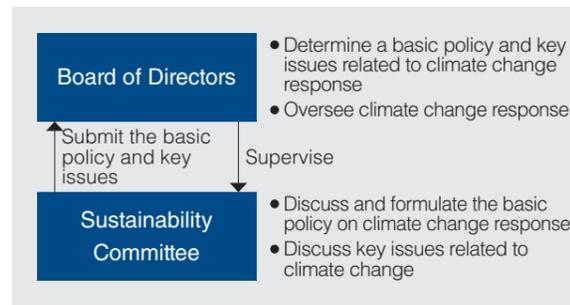
Information Disclosure Based on TCFD Recommendations

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

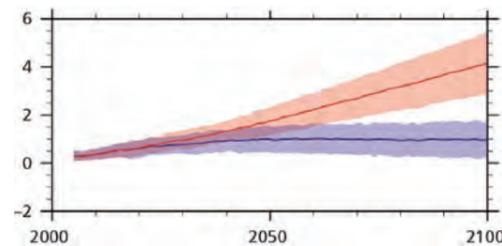
In the BML Group, the Sustainability Committee recognizes addressing climate change as a high priority issue and conducts climate change scenario analyses (risks and opportunities). The Committee also identifies those risks that have a particularly large impact on management in terms of financial impact and the likelihood of occurrence as critical risks. Risks and opportunities related to climate change as well as our targets and progress are discussed at the Committee and deliberated and decided by the Board of Directors.



Strategy

The BML Group recognizes that strict measures, including a fundamental system transition, are necessary to address the rapid progress of global warming. Based on this recognition, we use the 1.5–2°C/4°C scenarios published by the IEA (International Energy Agency) and others to analyze risks and opportunities that may be caused by climate change.

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.



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

2°C scenario
If strict measures are taken, the temperature will rise 0.9°C to 2.3°C compared to the levels during the Industrial Revolution

1.5°C scenario (equivalent to RCP 2.6)
If a fundamental system transition is achieved, it is highly likely that the temperature rise will be below 1.5°C compared to the levels during the Industrial Revolution

Indicators and targets

The BML Group has set a target of "a 30% reduction of Scope 1 and 2 emissions" (compared with FY2021) as a medium-term target by 2030 to achieve carbon neutrality by 2050.

We have also formulated a roadmap for achieving the target and implemented specific measures to reduce emissions.

Additionally, based on the belief that cooperation with suppliers is essential to reduce emissions in Scope 3, we are working together with business partners and pushing forward our initiatives in accordance with the Sustainable Procurement Policy formulated in 2024.

GHG emissions (t-CO₂) of the BML Group

	FY2022	FY2023	FY2024
Scope 1	13,007	13,157	12,319
Scope 2	19,182	17,231	17,050
Scope 3	165,909	154,182	221,891
Total	198,098	184,570	251,260*

Note: Scope 3 is calculated from Categories 1 to 7.
Note: GHG emissions in FY2024 received third-party assurance by an external certification body.
*1 This fiscal year saw an increase as a result of putting the new wings into operation.

Risks and Opportunities of Climate Change

Key risks and opportunities identified	Potential timeframe for emergence	Level of impact	Potential impact		Examples of possible response measures
			1.5–2°C scenario	4°C scenario	
Carbon prices, national carbon emission targets and policies	Electricity expenses	Medium term	Medium	Risks: Increased test costs and other expenses due to higher electricity retail unit prices Opportunities: Decreased test costs and other expenses due to lower electricity retail unit prices	Reduce electricity consumption and strengthen self-charging capacity by switching to LED lights and installing solar panels
	Renewable energy procurement costs	Medium term	Medium	Risks: Increased costs due to introduction of renewable energy facilities, green power purchases and other measures Opportunities: (Assuming no plastic tax is applied)	Consider all options for fossil fuel phase-out (including gas)
	Plastic tax	Medium term	Medium	Risks: Increased costs due to taxation on plastics Opportunities: Increased sales opportunities through the introduction of low-carbon containers, etc.	Consider all options, including the reduction of plastic use, recycling of waste, use of non-plastic products, and collaboration with suppliers
Transition risks and opportunities	Spread of low-carbon, next-generation technologies	Medium term	Medium	Risks: Cost increase of approximately ¥400 million per year due to conversion of transportation vehicles to EVs and introduction of recharging facilities Opportunities: Enhanced environmental reputation from customers due to the introduction of low-carbon logistics networks and energy saving and renewable energy facilities	Utilize public subsidies to replace collection and delivery vehicles and introduce low-carbon facilities Transport specimens more efficiently by optimizing collection and delivery routes, reducing the number of vehicles, and other measures
				Reputation	Long term
Physical risks and opportunities	Changes in precipitation and weather patterns	Medium term	Medium	Risks: Decreased credibility and loss of sales opportunities due to testing suspensions and delays at laboratories resulting from water shortages (minor compared to the 4°C scenario) Opportunities: Enhanced competitiveness and decreased water use costs due to the introduction of dried testing (minor compared to the 4°C scenario)	Conduct water risk assessment at each site Reduce water use by recycling wastewater Invest in larger water storage tanks for pure water equipment
				Risks: Loss of sales opportunities and increased cost of disaster countermeasures due to logistics and specimen delivery route disruptions, and testing suspensions and delays at laboratories, resulting from disasters (minor compared to the 4°C scenario) Opportunities: Increased competitiveness and reputation from stakeholders through disaster responses (minor compared to the 4°C scenario)	Enhance resilience against weather pattern changes by introducing road heating systems and uninterruptible power supply devices and taking other measures
	Rising average temperatures	Long term	Medium	Risks: Increased temperature control costs during transportation and storage of specimens, as well as increased capital investment in and repair costs for air-conditioning equipment (approximately ¥200 million) Opportunities: Decreased sales opportunities due to higher risk of specimens being unstable and lower test accuracy	Work on reducing load by installing high-efficiency heat source equipment and facilities Strengthen temperature control in laboratories and select testing equipment based on the premise that it will be used under high temperatures
				Risks: Decrease in flow of people and increased refraining from medical examinations due to rising temperatures Opportunities: Expansion of sales opportunities due to increased demand for new tests and food testing, associated with increases in patients with infectious diseases and food poisoning (minor compared to the 4°C scenario)	Strengthen response to the infectious disease market in association with rising temperatures
Extreme weather events	Flood damage	Long term	High	Risks: Loss of some sales opportunities due to water damage, decreased credibility from customers, and increased costs for securing inventories, keeping logistics networks in place, and finding laboratory personnel and other workers Opportunities: Improvement of market competitiveness and creation of new business transactions by strengthening BCP for collection, delivery, and transportation functions, laboratory functions, etc.	Continue to consider strengthening the resilience of and optimizing logistics networks and sites from a BCP perspective Accelerate the establishment of a system to secure personnel in emergencies and strengthen collaboration with suppliers

* Categories assessed as "low" at the level of impact: carbon tax, changes in working environment, rising sea levels, lightning, and insurance premiums

Environment

BML's Initiatives to Address Environmental Issues

Relevant materiality



- Climate change
- Energy management

Chemical recycling of used plastic

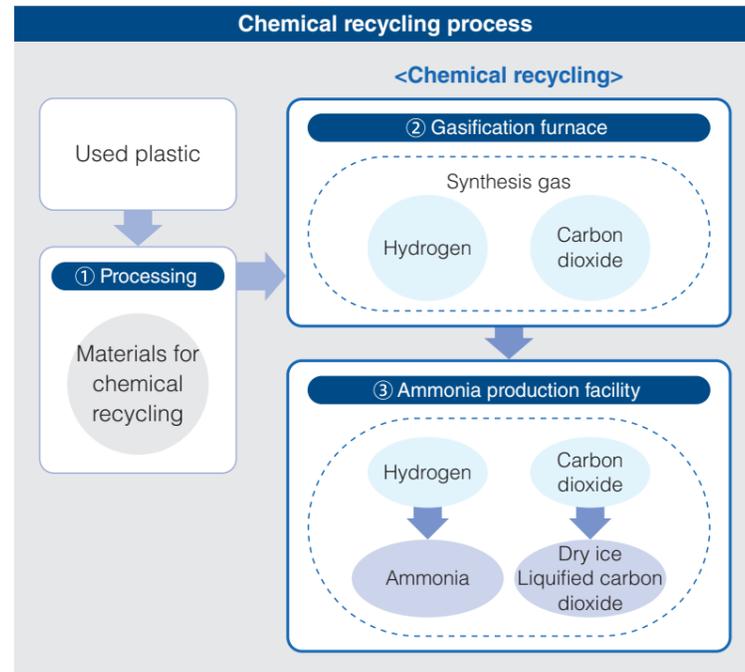
We started chemical recycling of used plastic at the BML General Laboratory.

Chemical recycling is one of the waste recycling methods, in which collected used resources are chemically decomposed using various techniques and reused as materials for another products, etc. This method has gained great attention in recent years, because it allows us to use limited resources effectively and emits lower CO₂ in the recycling process than other methods.

Most of the reagent bottles and supplies used by BML in the testing process are made of plastic, but many of them cannot be reused due to concerns about their impact on testing accuracy, resulting in a large amount of waste. In the face of this situation, we focused on chemical recycling as measures to contribute to CO₂ emission reduction and resource recycling, and started to operate it at the BML General Laboratory.

Used plastic collected from BML is processed to a material for gasification furnaces at recycling facilities. The processed material is then regenerated to synthesis gas composed of hydrogen and carbon dioxide in gasification furnaces of Resonac Corporation. The synthesis gas is delivered to ammonia production facilities, where hydrogen is extracted from the synthesis gas, and ammonia is produced using the hydrogen. Carbon dioxide is turned into dry ice and liquid carbon dioxide. In the gasification process, CO₂ is not emitted.

Since the start of chemical recycling, the recycling ratio of plastic in the BML General Laboratory has reached 76%. We plan to further increase the recycling ratio and expand the recycling system to neighboring laboratories and the Group companies.



Gasification furnace (Image provided by Resonac Corporation)

Rooftop greening initiative

Since 2012, the BML General Laboratory has been working on rooftop greening by taking advantage of the rooftop space of approximately 600 m². This has served as a countermeasure against the urban heat island phenomenon, as well as provided better insulation and better views. Working toward the construction of the new wings, we will continue to strive to create a workplace with rich greenery.



Rooftop greening

Environmental beautification initiative

As part of its environmental beautification activities, the BML General Laboratory has taken part in a clean campaign (zero garbage campaign) since 2002. This is an activity to pick up trash in cooperation with companies in the Matoba Industrial Park (Matoba, Kawagoe City, Saitama), where the BML General Laboratory is located. This is a free-participation activity that takes place during the lunch break and lasts about 20 minutes. The cleaning took place in May and October for FY2024. Overall, an annual total of 700 employees from 27 companies took part and collected approximately 155 kg of garbage. We will continue to work on environmental beautification in cooperation with regional companies.



Zero garbage campaign

Flooding countermeasures

We plan to relocate testing equipment and other facilities on the first floor of the BML General Laboratory to the second floor or above after the construction of the new wings. As a temporary measure until then, the construction works for flooding countermeasures were completed in December 2023. This has made the

current BML General Laboratory resistant to flood up to one meter above ground level.

In addition, we prepared a thoroughgoing system to flooding by installing drainage pumps in the underground pit to cope with underground spring water.



Water stop door



Shutter with water stop plate

Collaboration with local communities

Since November 2023, we have been working on environmental measures in the local communities in cooperation with Kawagoe City in Saitama, where the BML General Laboratory is located.

Aiming to reduce the environment load, six EVs and three charging stations for EVs have been introduced

in the Kawagoe City using donations from BML to the City.

We will continue to contribute to achieving a sustainable society including efforts for environmental issues through collaboration with local communities.



EVs



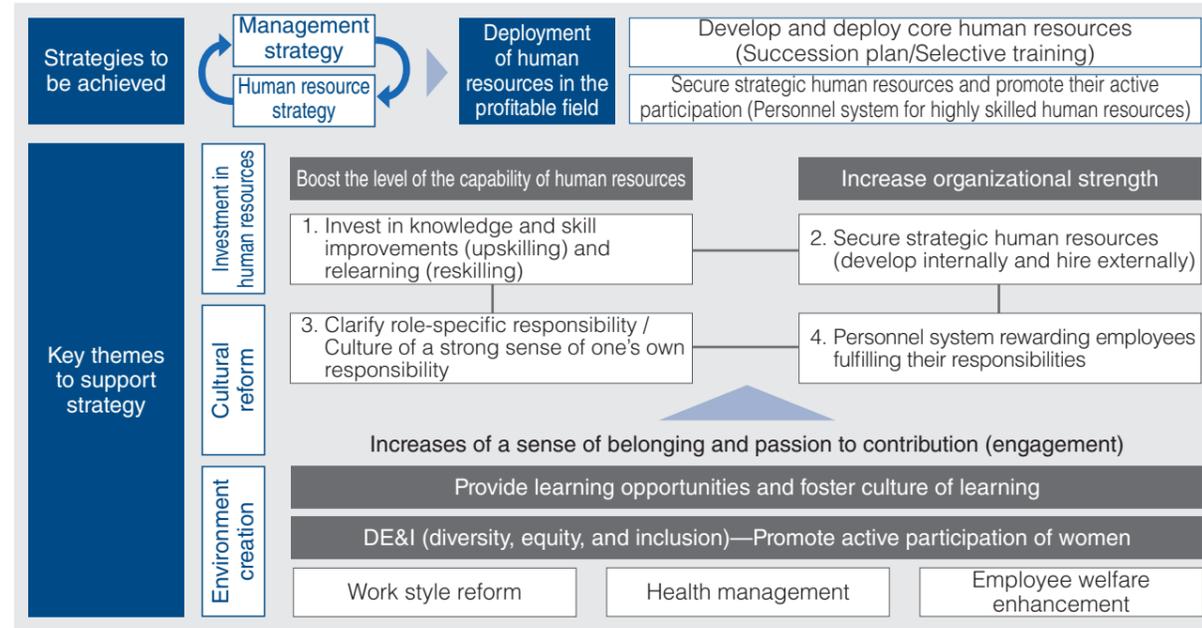
Charging station for EVs

Social

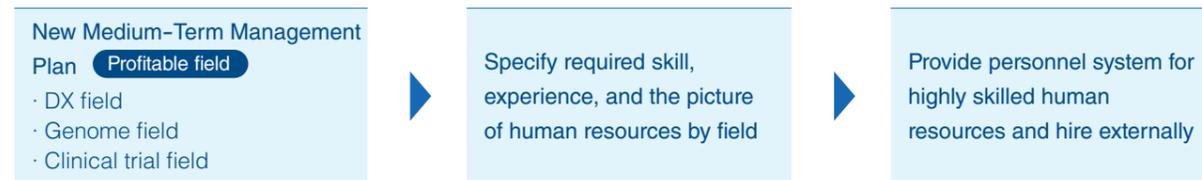
Human Resource Strategy Linked to Management Strategy

We have been acting on developing core human resources and securing strategic human resources to get hold of personnel required to achieve management strategy. We set “investment in human resources,” “cultural reform,” and “environment creation” as key themes to support personnel strategy. Through efforts for creating a more comfortable working environment, we aim to raise employees’ engagement (passion to contribution) while boosting the level of the capability of human resources and increasing organizational strength.

[Linkage between management strategy and human resource strategy and overview of human resource strategy]



Deployment of human resources to the profitable field



Key themes to support strategy

(1) Investment in human resources / Cultural reform

We have been striving for increasing the level of organizational strength to achieve sustainable growth of organization. To this end, we promote all employees’ self-driven development by encouraging them to work on upskilling and reskilling, while we help them understand their role-specific responsibilities according to their positions. Going forward, we will foster the culture of a strong sense of one’s own responsibility by linking employees’ contributions to their roles with an employee performance evaluation and grapple with raising employees’ role recognition. Through these measures, we aim to enhance our organizational strength.

(2) Environment creation

We have been striving to create a working environment where all employees can work fairly and impartially through proactive measures to develop comfortable workplace. To create a workplace where diverse human resources, particularly women, can play an active role, we have been working toward reducing overtime work and increasing the utilization rate of annual paid leave and the percentage of men taking childcare leave. We will promote DE&I and enhance employees’ engagement by pursuing their job satisfaction and comfort to work.

Diversity, Equity, and Inclusion (DE&I) Promotion

Relevant materiality



The BML Group is working to advance DE&I and is particularly focused on promoting the active participation of women. To produce next generation core human resources from women, who account for about half of all employees, we are pressing ahead with initiatives to select promising personnel from the individual divisions and promote them to management positions. We also hold seminars on career design for female employees to provide opportunities to think about work styles looking toward the future as well as work styles compatible with life events. In addition, beginning in FY2023, we launched the BML Women’s Workshop, an enhanced successor to the Women’s Working Group established in FY2021. Through this program, members inspire one another as they develop into talent capable of driving positive change within the organization.

As a result of efforts above, an environment where women can work actively has expanded, as shown in the increased female manager ratio of 16.4% (as of April 2025) from 9.3% at the end of FY2020. We will continue to work toward achieving the target of 18% (at the end of FY2028) in the Ninth Medium-Term Management Plan.

Additionally, we are working on measures to encourage male employees to take childcare leave. Specifically, we have endeavored to change in consciousness across the Company through various training including e-learning training. Furthermore, we have encouraged managers of male employees who have just had a child to discuss plans to take childcare leave between them. These efforts resulted in a

significant increase in childcare leave utilization rate from 3.1% in FY2020 to 100%. This shows we have realized an environment where it is common for male employees to take childcare leave.

We currently position support to balancing work and nursing care as one of our issues. Accordingly, we have conducted a questionnaire survey to understand employees’ current situations and e-learning training, and dispatched information useful to balancing work and nursing care. We will be committed to achieve a workplace where all employees can work comfortably and are rewarded for their efforts regardless of various circumstances that employees have regarding childcare or nursing care.

Human capital KPI	Goals	Fiscal year by which to achieve goals	Major initiatives	
Diversity, equity, and inclusion (DE&I)	Female manager ratio	18%	FY2028	<ul style="list-style-type: none"> Affirmative action on female employees The percentage of women promoted to management positions of 30% or higher in every fiscal year
	Rate of reinstatement after childcare leave	100%	Every year	<ul style="list-style-type: none"> Follow-ups with employees on administrative leave Interviews with reinstated employees, career seminars
	Childcare leave utilization rate by gender	Female: 100% Male: 80%	FY2028	<ul style="list-style-type: none"> Encourage male employees to take childcare leave Education for managers

Conducting diversity training

Diversity training for all BML employees is conducted regularly for awareness reforms throughout the Company. We are working to create a workplace environment in which employees can work comfortably by eliminating unconscious bias of each employee and equipping employees in management positions with diversity management skills.



BML Women’s Workshop

With the tagline “Envision your career positively within ‘Work-in-Life’ and inspire those around you,” the workshop carries out its activities with the following goals in mind:



- 1 Build connections with peers who inspire one another
- 2 Develop the ability to think and act proactively with a positive mindset (enhancing motivation)
- 3 Cultivate a forward-looking approach to career development (strengthening career awareness)
- 4 Drive positive change within the organization



Social

Human Resource Development

BML positions the development of human resources who can independently and proactively fulfill role-specific responsibilities in the organization as a key management priority and is advancing a systematic approach to human resources development. For core human resources in managerial positions, we provide mindset training designed to deepen their understanding of the role-specific responsibilities and behaviors expected at each level, in line with our structured education framework. We also offer training programs to help them acquire the skills and knowledge required for their roles. In addition, we offer selective development programs designed to systematically cultivate future management talent. For all employees, we actively provide opportunities for upskilling and reskilling. Notably, as a result of our strong focus on enhancing IT literacy across the entire organization, more than 600 employees have passed the IT Passport examination (as of the end of September 2025).

Relevant materiality



1. Rank-based training to develop core human resources that support the Company's sustainable growth

- Mindset training to instill a shared understanding of role-specific responsibilities at each level (at the time of promotion)
- Skill and knowledge training, ESG training, and IT literacy enhancement training
- Selective training to develop future executives and managers

2. Creation of an environment where learning has taken root and each employee keeps learning voluntarily

- Provision of regular and continued learning opportunities through e-learning training
- Creation of diverse self-learning opportunities through correspondence courses and online content
- Active support for employees to obtain qualifications through assistance for examination fees and payment of incentives

Human resource development training

Target	Training name	Contents	Results
Manager/Chief and deputy chief level	Promotion training	Recognition of roles of a new post and acquisition of necessary internal knowledge and rules, human skills and conceptual skills	Held at the time of promotion (once a year for each level)
Manager	Role recognition training	Understanding and practice of role-specific responsibilities and behaviors by rank	General Managers, Deputy General Managers (once) Assistant General Managers, Section Chiefs (once)
	Management training	Line-care/Labor management/ Ikubosu (family-friendly manager)/Appraiser	Held a total of 4 sessions
Next executive level candidates Next management level candidates	Selective training	Systematic role and skill training to ensure diversity in core human resources by outside instructors	Next executive level/ Held a total of 8 sessions Next management level/ Held a total of 8 sessions
All levels	Skill and knowledge training ESG training	Mental health/Health management/Childcare and nursing care Diversity/Engagement Communication/OJT/Target management Compliance/Human rights/Business etiquette	Held a total of 20 sessions
	IT literacy enhancement training	Information security (targeted email attack, malware, etc.) Knowledge of network and computer configuration IoT/Cloud/Generative AI Social media risks/MOS skills acquisition	Held a total of 24 sessions

Voice Message from a female employee About career formation

We are working to create a sustainable work environment where the next generation can be active while flexibly responding to changes of the times such as work style reforms and DX. We are also trying to create an environment where diverse values are recognized and individual strengths can be leveraged. I really realize how important work-life balance is to maintain and improve health because I myself experienced working and rearing my child at the same time. I want younger members to make good use of BML's human resource development training and grow while maintaining their individuality. I also want to learn together with them and carry the torch into a better future.



Chiharu Shibata
Section Chief,
Specialized Testing Section

Promotion of Health Management

To achieve BML Policy of "Dedication to creating a healthy and cultured society," we increase all employees' awareness toward health and create a workplace environment where each employee maintain and improve health independently. We will increase corporate value by enhancing employee engagement and performance.

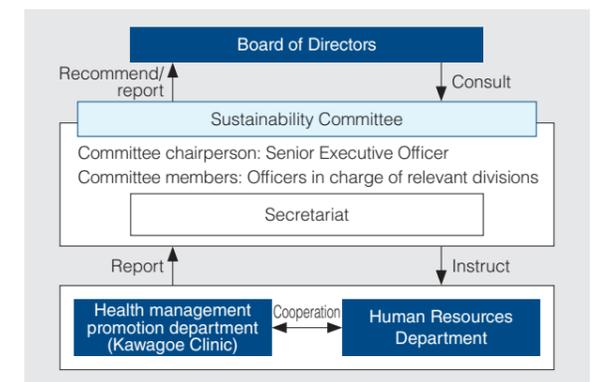
Relevant materiality



Health management promotion system

- ① BML has established a promotion system led by the President and Representative Director, who is a doctor.
- ② We have ten occupational physicians and three nurses as specialist staff to manage the health of employees across Japan. In addition, the nurses have health management advisor and health master (expert) qualifications, and give health advice to employees.
- ③ Kawagoe Clinic has been set up as the health management promotion department. It plans and implements various health promotion initiatives in cooperation with the Human Resources Department and a health insurance association.
- ④ The status of problems and measures related to health care is shared with the representative of employees and reported to management through a

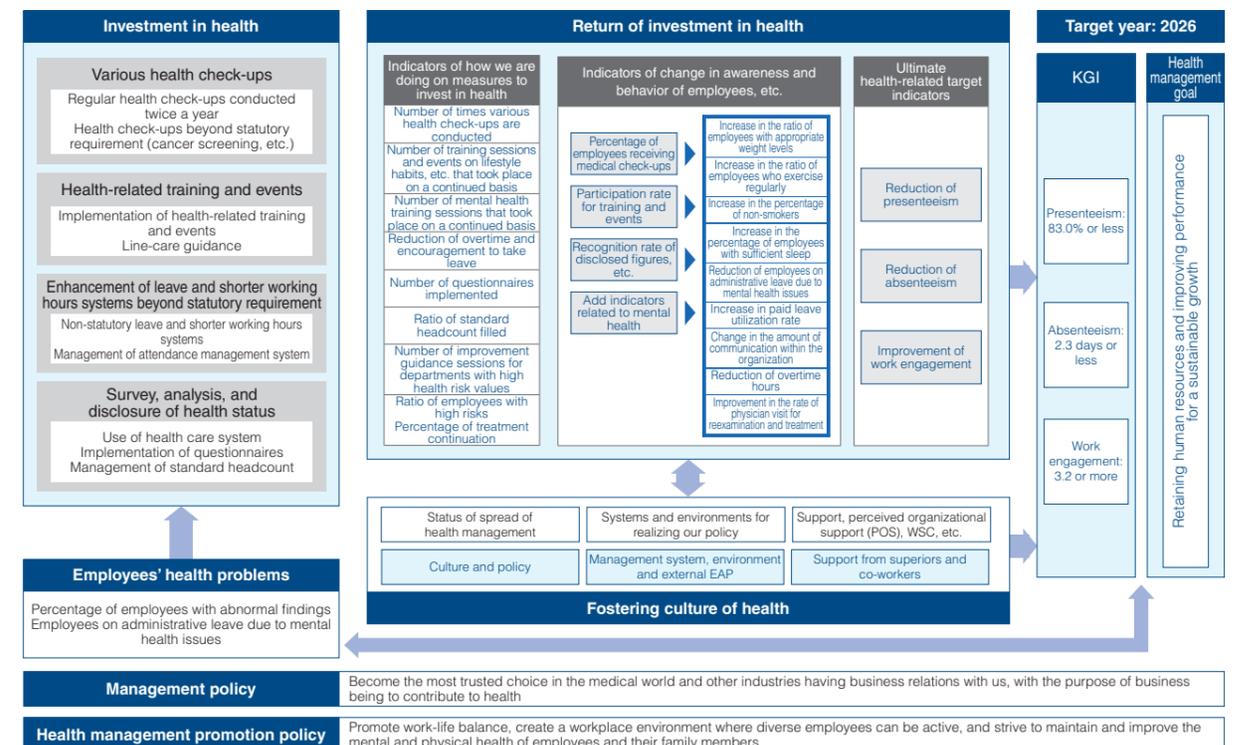
management meeting, etc. to apply opinions at the meeting to the promotion of health management.



Formulation of a strategy map

BML considers retaining human resources and improving performance for a sustainable growth as a management issue which we hope to resolve by

promoting health management. We have formulated a strategy map as shown below to work on the issue.



Social

Indicators and targets

Under the supervision of our occupational physicians, we have set KPIs and target values for them, and have been working to achieve the targets.

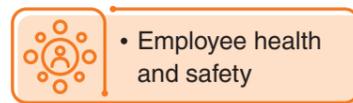
Assessment indicators		FY2021	FY2022	FY2023	FY2024	Target for FY2025
Percentage of employees receiving regular health check-ups		100%	100%	100%	100%	100%
Ratio of employees with appropriate weight levels (BMI 18.5 to less than 25.0)	Men	61.2%	64.7%	63.1%	61.4%	63.0%
	Women	64.9%	69.2%	65.1%	65.9%	67.0%
Percentage of non-smokers		78.1%	78.8%	79.6%	80.0%	82.0%
Employees who exercise regularly		15.4%	16.2%	14.7%	18.1%	19.0%
Percentage of employees receiving stress checks		71.7%	86.6%	87.4%	92.3%	95.0%
Monthly overtime hours		16.5 hours	15.8 hours	14.7 hours	16.6 hours	14.3 hours
Days of annual paid leave utilization		10.9 days	12.1 days	12.3 days	12.4 days	12.5 days
Participation rate for health promotion training		98.2%	99.5%	98.9%	98.8%	100%
Mental health training		97.0%	100%	100%	99.9%	100%
Presenteeism*1		—	80.8%	80.2%	79.0%	83.0%
Absenteeism*2		—	2.4 days	2.6 days	2.9 days	2.3 days
Work engagement*3 (Utrecht Work Engagement Scale)		—	3.02	3.01	2.92	3.20

*1 Presenteeism: A state where an employee is at work but cannot demonstrate full work performance due to health issues
 *2 Absenteeism: Absence from work due to injury or sickness *3 Work engagement: Vitality, passion, and devotion toward work

Main initiatives

- ① We have been carrying on a "Movement of +1H (plus one hour) to sleeping hours" aiming at improving issues related to sleep, which were identified through questionnaire about health we conduct every year. Under the movement, we take measures such as the dispatch of information useful for improving the quality and the amount of sleep.
- ② We have introduced a new health service using an app to improve employees' eating habits and raise their awareness of health. By linking points awarded for the health service to employee welfare system, we are making efforts to enhance employees' participation rate for the service.
- ③ We are working on the improvement of employees' regular exercise habits through measures including the addition of a room for THP (Total Health promotion Plan) and supporting the Koedo Marathon taken place in Kawagoe City.

Relevant materiality



Occupational Health and Safety

(1) Initiatives to improve work-life balance

We are working on the improvement of work-life balance as an important theme that will lead to productivity improvement, securing of human resources, and reduction of corporate risks through protecting the mental and physical health of employees.

More specifically, company-wide promotion and continued efforts are required. First, we grasp the present state of each workplace, then set the target of overtime hours by team, and then hold regular meetings to identify the causes of overtime work. After that, we implement improvement measures for achieving the target.

(2) Addressing mental health issues

Addressing mental health issues among employees has become more important under the circumstance where diverse human resources play active roles. We require all employees, including executives, to take training such as e-learning. In addition, we provide stress checks across the Company regardless of the size of workplace. Following group analysis, the results of analysis are fed

back to departments whose health risk values are found to be exceeding a certain level. We promote such departments to take reform measures in the department as a whole. In this way, under the leadership of managers, we are making efforts to develop and implement action plans with working the whole organization as one team, to make our organization more vibrant.

Respect for Human Rights

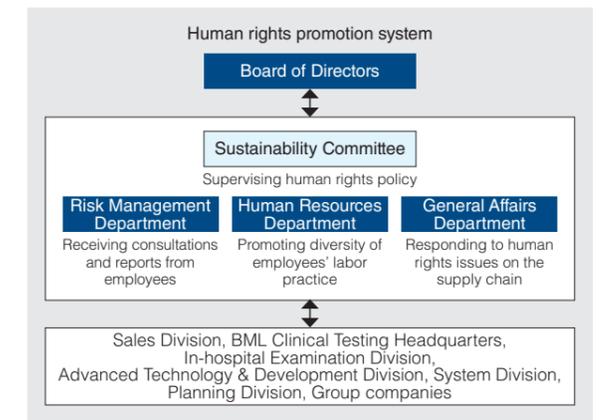
Relevant materiality



The BML Group has set two goals of "realization of a workplace where people can work comfortably and are rewarded for their efforts" and "realization of vibrant human resources and organization." Recognizing that respect for human rights serves as a foundation for realizing the goals, we set the human rights policy in 2023 and have stepped up efforts to prevent and mitigate adverse effects related to human rights through human rights due diligence, one of the materiality items. Going forward, we will respect the human rights of all people involved in our business, fulfill social responsibilities and pursue sustainable growth and development.

Promotion system

The human rights promotion system consists of the Sustainability Committee and relevant departments. The Human Resources Department is in charge of developing work environments for employees, the Risk Management Department serves as a contact to receive reports from employees, and the General Affairs Department is responsible for responding to human rights issues on the supply chain, which has become increasingly important in recent years. The Sustainability Committee meets quarterly to discuss approaches and plans for human rights issues, evaluate activities and report to the Board of Directors.

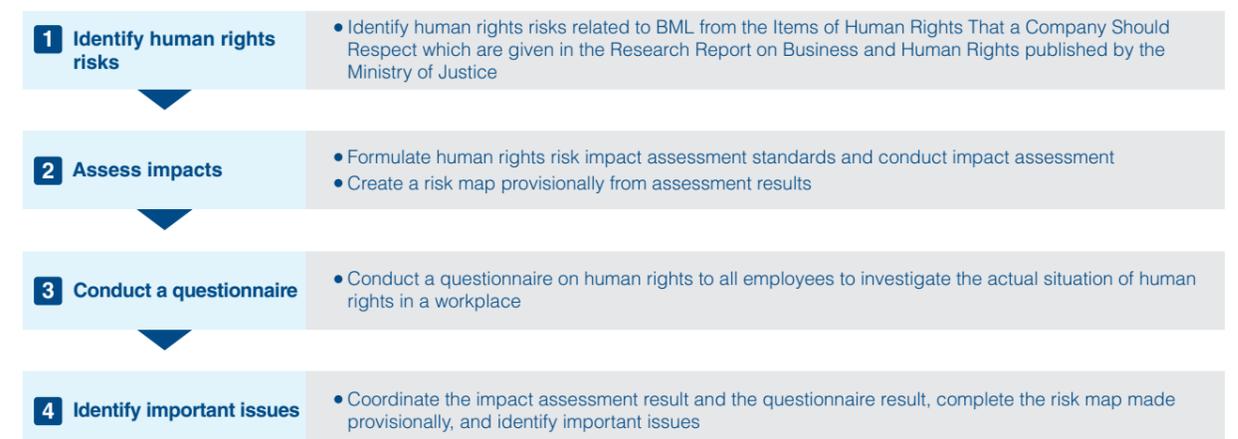


Human rights due diligence

We have started human rights due diligence in order to identify adverse effects related to human rights and both prevent and correct them again and again to mitigate risks of human rights violations. In implementing it, we consider the business environment surrounding BML and the business characteristics and place importance on reflecting employees' opinions.

In the fiscal year under review, we focused on building a system where human rights due diligence is performed properly, and proceeded with the creation of a mechanism for implementing due diligence continuously.

Process of human rights due diligence (impact assessment)



Social/Sustainable Procurement

Impact assessment and identification of important issues

In order to “identify human rights risks,” which is the first step of human rights due diligence, the Items of Human Rights That a Company Should Respect which are given in the Research Report on Business and Human Rights published by the Ministry of Justice were checked against the risk management items of BML to identify human rights risks that may occur in BML.

To grasp the impact of these human rights risks, we assessed each risk from severity and frequency on the basis of the human rights risk impact assessment standards.

At the same time, we conducted an employee questionnaire on human rights to grasp the actual situation of human rights in a workplace and then reflected the questionnaire results in the assessment. After that, we visualized the impact of human rights risks and identified important issues that should be assigned higher priority.

From now on, we will arrange the existing measures mainly for important issues and take additional preventive and corrective measures for the items for which measures are determined to be insufficient.

Approach to remedies

As human rights remedies, a contact for consultation and complaints is set up inside and outside the Company.

Internally, we respond to reports from employees through the Compliance Post, a whistleblowing system,

and the Human Resources Department Consultation Desk, a HR-related consultation desk.

For consultation and complaints from outside suppliers, we also set up a system by which they can report via the BML website.

Human rights initiatives in the supply chain

In recent years, the scope of human rights initiatives is not limited to within a company, and importance is also placed on the supply chain related to the company.

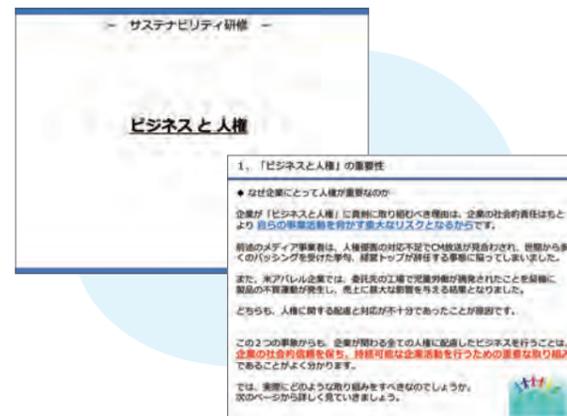
BML presents its thinking on human rights in the Sustainable Procurement Policy and asks suppliers to observe it.

For main suppliers, we also conduct a questionnaire regularly to check the state of their observance.

Human rights education

We provide human rights training for employees to develop knowledge on human rights that are becoming more diversified.

This training provides ideas and approaches under the theme of the importance for a company to work on respect for human rights in its business, and encourages employees to change their mind-set so that employees themselves create a work environment where all people who work together respect each other's human rights.



Sustainable Procurement

The BML Group promotes sustainable procurement that considers environmental, social, and economic factors based on the BML Group Sustainable Procurement Policy. Recognizing that collaboration with suppliers is crucial for progress, we have established the BML Group Sustainable Procurement Guidelines and requested our business partners to comply with them. The BML Group will contribute to mitigating corporate risks and developing sustainable society through sustainable procurement in harmony with our business partners.

BML Group Sustainable Procurement Policy

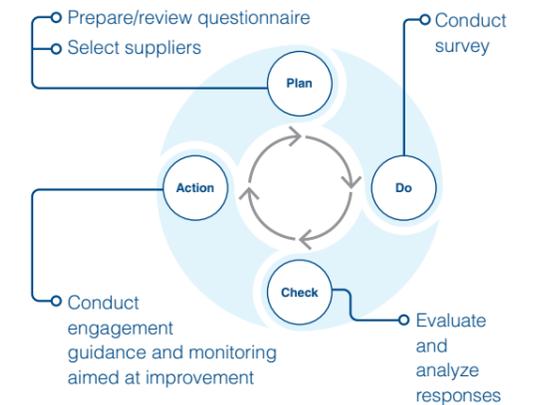
I	Compliance with laws and regulations and social norms	We comply with the laws, regulations and rules of each country and region, and respect ethics, international codes of conduct, and social norms as we conduct our transactions.
II	Human rights	We respect fundamental human rights, and thoroughly eliminate forced labor, child labor, harassment, and discrimination, as well as ensure that we do not engage in any form of human rights violation.
III	Labor practice / health and safety	We create a working environment that ensures the safety and health of our employees. We also respect the freedom of association and collective bargaining as workers' rights, and ensure that the legal minimum wage and legal working hours are strictly observed.
IV	Environment	We strive to preserve the global environment in the course of our procurement activities, with efforts to prevent pollution and reduce the environmental impact, prevent global warming, and build a circular society.
V	Fair business environment	We ensure fair and transparent supplier selection and transactions, and thoroughly prevent corruption and avoid relationships with antisocial forces. Additionally, we will appropriately manage intellectual property.
VI	Safety and quality	We maintain the quality of goods we procure and ensure their effectiveness, safety and stable supply. To this end, we will collect the necessary information on a timely basis and make appropriate disclosures.

Note: For details on the guidelines, please see the Supply Chain Management page on our website.

Main initiatives

We require our business partners to understand BML's Sustainable Procurement Policy and Sustainable Procurement Guidelines when engaging in transactions with us. In addition, to promote sustainable procurement, we conduct fact-finding surveys of suppliers that together account for 75% of BML's annual procurement value.

In this survey, suppliers respond to a questionnaire regarding their adherence to the Sustainable Procurement Guidelines. Their responses are then evaluated and analyzed based on BML's own assessment criteria. Depending on the evaluation results, we engage in ongoing dialogue with each supplier and work together to implement appropriate measures, thereby fostering collaborative efforts toward sustainable procurement.



Fair and appropriate transactions with business partners

BML strives to conduct fair and appropriate transactions to build sustainable relationships with our business partners. Specifically, we have established the policy described below for appropriate price negotiations and

labor cost pass-through, along with “Compliance with laws and regulations and social norms” as stipulated in the BML Group Sustainable Procurement Policy, and are undertaking initiatives accordingly.

Policy for appropriate price negotiations and labor cost pass-through

- 1 Maintain regular communication with business partners regarding pricing.
- 2 Engage in thorough discussions when a business partner makes a request, giving consideration to the business partner's reasonable profit and other relevant factors.
- 3 Strive to conduct price negotiations, focusing always on ensuring appropriate pricing across the entire supply chain.
- 4 Respect the publicly available materials presented by our business partners in price negotiations.
- 5 Create negotiation records, which shall be stored by both parties.
- 6 Receive any requests or inquiries regarding the above via the BML website inquiry form.

Quality Control and Quality Improvement

Quality Control

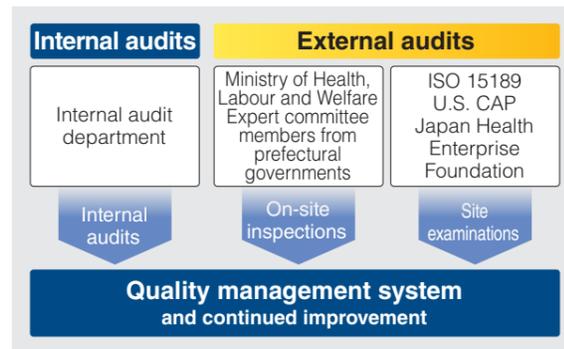
BML's unique quality assurance system, which utilizes an internal audit department and external accreditation organizations, strictly audits and supervises all departments.



Quality assurance system

Precision control is the most important challenge for us, who receive specimens and carry out testing. We have therefore established the Testing Quality Section, an in-house precision control department, to implement strict checks. To ensure thorough quality control, we have also established the Credit Guarantee Department as a quality control auditing department, which is independent of each laboratory department and gives instructions from an objective standpoint for improvement.

In addition, we undergo on-site inspections by expert committee members from prefectural governments and site examinations by external accreditation organizations, creating a thorough quality assurance system.



Major accreditations and registrations that indicate trust in our quality control

- ISO 15189 is an international standard for quality management systems in clinical laboratories. Accreditation to this standard is proof of the capability to provide accurate and precise test results. In Japan, pilot accreditation reviews started from October 2004, and BML obtained the accreditation in September 2005 for the BML General Laboratory.



- CAP accreditation is a system that certifies the quality and performance of clinical testing. The BML General Laboratory obtained the U.S. CAP accreditation in 1991, and guarantees precision by conducting surveys for a wide range of testing items



① Japan Health Enterprise Foundation sets necessary requirements for high-quality health-related services, and through on-site inspections, accredits services, products, and businesses that meet the criteria.



③ ISO 27001 is an international standard for information security management systems.



② The PrivacyMark certifies that a system to handle personal information appropriately is in place.



④ ISO 27017 is an international standard for cloud security.



Quality Improvement

BML strives to strengthen and improve quality control so that customers and patients find our services safe and reliable.

Major measures for quality improvement

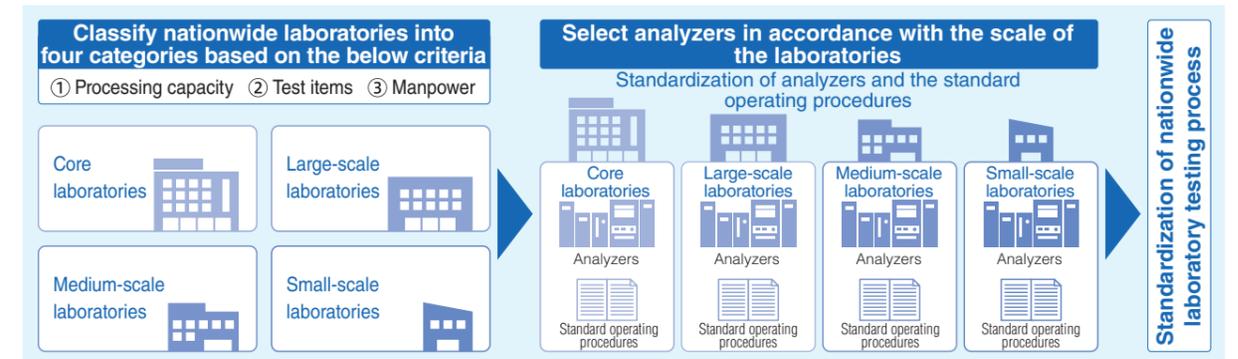
1. Standardization of analyzers
2. Encouragement to obtain external qualifications

We set KPIs (key performance indicators) for each of the above measures and advance toward the achievement of targets.

1. Standardization of analyzers

As part of major measures for quality improvement, we are standardizing analyzers.

We will strengthen and improve quality control at our nationwide laboratories by standardizing analyzers and the standard operating procedures and standardizing testing processes in accordance with the scale of the laboratories.



We have selected manufacturers for each field and formulated a five-year introduction plan, covering the entire BML Group.

We will update equipment based on the introduction plan. As KPIs, we aim to achieve the plan execution rates shown below.

KPIs (key performance indicators)

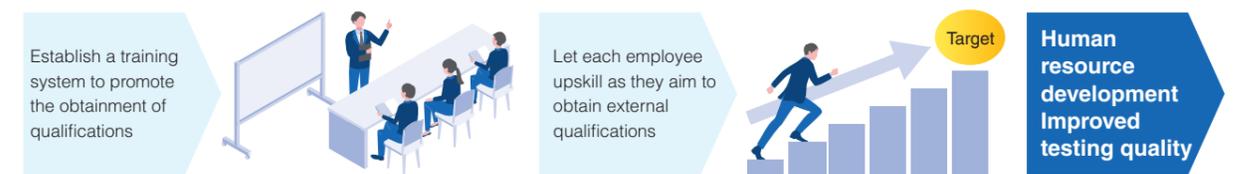
- 2026: Plan execution rate of 50% or more
- 2028: Plan execution rate of 90% or more



2. Encouragement to obtain external qualifications

As part of quality improvement and human resource development measures, we encourage our laboratory personnel to obtain after-graduation qualifications.

By letting each of them upskill as they aim to obtain external qualifications, we will improve testing quality.



We encourage BML, Inc.'s laboratory personnel, especially those who have been with the Company for not more than three years, to obtain after-graduation qualifications.

To promote the obtaining of qualifications, we have established a training system. As KPIs, we aim to achieve the below figures for the ratio of laboratory personnel who have obtained after-graduation qualifications.

KPIs (key performance indicators)

- 2026: 20% or more have obtained after-graduation qualifications
 - 2028: 30% or more have obtained after-graduation qualifications
- Eligible qualifications
- Technologist
 - Technologist in Emergency Laboratory
 - Operator in POCT, etc.

Corporate Governance

Basic approach toward corporate governance

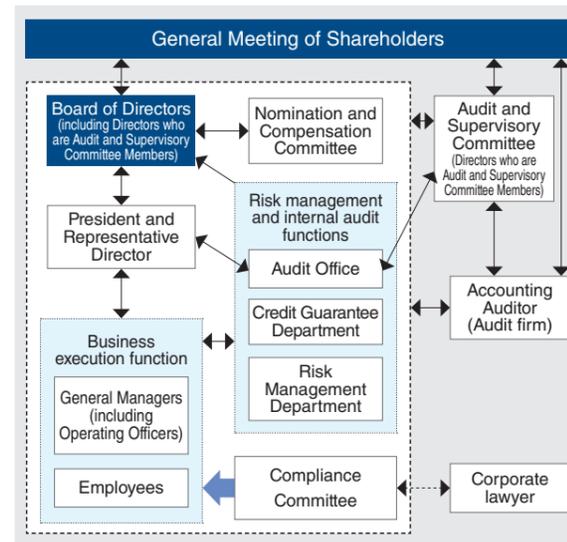
The Company promotes initiatives to fully comply with each of the principles of Japan's Corporate Governance Code of the Tokyo Stock Exchange. The Company has disclosed its Corporate Governance Report, which includes the table on the implementation status of 83 items submitted to the Tokyo Stock Exchange,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

Based on the resolution at the 70th Annual General Meeting of Shareholders held on June 27, 2025, the Company transitioned to a company with an Audit and Supervisory Committee. Under this structure, Audit and Supervisory Committee Members—who are responsible for auditing and supervising the execution of duties by Directors—serve as members of the Board of Directors. This transition is intended to strengthen the supervisory function of the Board and to further reinforce the Company's monitoring framework, thereby enhancing corporate governance. Outside Directors are appointed for the purpose of supervising management from a standpoint independent of executive officers. They are particularly expected to play a role of monitoring and supervising Directors' execution of duties by providing objective opinions and judgments on managerial decision-making, drawing on their extensive experience, expertise, and management insight. Outside Directors who are Audit and Supervisory Committee Members are appointed to further enhance the neutrality and independence of the Company's audit structure. They are especially expected to express audit opinions from a neutral and objective standpoint, based on their independence and personal influence within the governance framework.

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 BML's rules. The Internal Control Committee (hereinafter, the "Committee") comprising BML Group companies conducts the establishment, operation, and assessment of internal controls. The Committee is chaired by the President of BML and the Group Planning Department serves as its secretariat. The members of the Committee

include the General Managers of each division of BML and the presidents of the subject companies of the BML 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 BML and the subject companies of the BML Group.

The affiliated companies of the Group, mentioned above, are audited by the internal audit department of BML.

The role of each committee

Committee	Role	Number of meetings held in FY2024
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.	16
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.	6
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.	13
Compliance Committee	The Compliance Committee oversees the cross-sectional compliance structure including the Group companies and operates the whistleblowing system, Compliance Post.	4
Sustainability Committee	The Sustainability Committee aims to promote sustainability of the entire BML Group, and discusses and decides on the approach and plans for sustainability. It regularly discusses the approaches and evaluates activities and other matters, and reports the results to the Board of Directors. In addition, it establishes systems and updates promotion plans as needed.	4

Major agenda of the Board of Directors

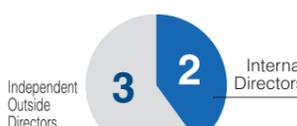
Proposals to be resolved:	
Matters related to shareholder returns	Interim dividends Approval of the outline of convocation of the Annual General Meeting of Shareholders
Matters related to financial statements and business performance	Approval of budget Approval of financial statements
Matters related to corporate governance	Compliance with Japan's Corporate Governance Code
Matters related to investments in and the disposal of important assets	Reconfiguration plan for the existing wing of BML General Laboratory Development of next-generation laboratories at BML General Laboratory Relocation of BML General Laboratory Renewal of testing equipment maintenance contracts Renewal of testing equipment Regular repair System development Sale of real estate
Matters related to reorganization	Organizational restructuring and change Change to test laboratory systems Standards for Approval Authority for Transaction Pricing
Matters related to changes to regulations	Retirement Allowance Regulations Regulations related to Childcare and Caregiver Leave Act IT Asset Management Regulations Stock Handling Regulations

Matters related to Directors, Operating Officers, and the Board of Directors	Appointment of duties to officers Transition to the company with an Audit and Supervisory Committee Renewal of the directors and officers liability insurance contract Payment of monetary compensation receivables related to restricted stock Disposal of treasury shares as restricted stock compensation Changes to appointment of officers Policy on the payment of officers' compensation Payment of officers' bonuses
Other matters	Financial plans and limits of short-term borrowings Alert prices Donations Changes to the Ethics Committee members FMS contract

Matters to be reported:	
Matters related to sustainability	Reports from the Sustainability Committee
Matters related to risk	Ransomware countermeasures Core system renewal for the electronic patient chart systems business PCL Japan New Tokyo Laboratory Construction of a new building of BML Food Science Solutions Progress of the Medium-Term Management Plan
Matters related to investments in and the disposal of important assets	Current situation of sales of electronic patient chart systems, etc. Personnel matters related to officers of affiliated companies Proposals to be submitted to the annual general meeting of shareholders of affiliated companies Reports on the results and plans of internal control assessments

Corporate Governance

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 · Enhancement of quality and service · Strengthening sales infrastructure, rebuilding system infrastructure, and expanding testing infrastructure · Enhancing human resource 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" · "No. 1 in the test lineups" · "No. 1 in contributions to the medical care industry" · "No. 1 in quality" · "Business management"	Establishment and announcement of the independence criteria for Outside Directors Establishment and announcement of the basic policy on cross-shareholdings 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
2019		
2020		Appointment of the (first) female Director
2021	Eighth Medium-Term Management Plan (FY2021–FY2023) Mission Customer satisfaction, synergies, and social responsibility Internal Code of Conduct Consensus of employees, soundness of all operations, and pursuit of standardization Basic Strategic Framework Aim to enhance competitiveness based on "Standardization" x "Digital transformation (DX)"	Announcement of the Action Plan for the Advancement of Women (April 1, 2021–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, Equity & Inclusion by the President
2022		Establishment of the Sustainability Committee Identification of 13 material issues
2023		Formulation of human rights policy
2025	Ninth Medium-Term Management Plan (FY2024–FY2028) Key Concept · Enhanced quality · Solutions · Mutual development Framework Centered on "development of next-generation laboratories," we aim to: · Expand sales and market share · Promote standardization · Optimize the business portfolio · Improve profitability · Develop high-performance tests · Enhance the level of service	Transition to a company with an Audit and Supervisory Committee Composition of the Board of Directors (as of June 2025) → One-third of the Board of Directors consists of Independent Outside Directors  Composition of the Audit and Supervisory Committee (as of June 2025) → Two-thirds of the Audit and Supervisory Committee consist of Outside Audit and Supervisory Committee Members  Composition of the Nomination and Compensation Committee (as of June 2025) → More than half of the committee members comprise Independent Outside Directors 
2028		

Assessment of the effectiveness of the Board of Directors

BML 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. In light of the other opinions voiced in the questionnaire, we will strive to further improve the deliberations by the Board of Directors and enhance its effectiveness.

Assessment results and measures taken for FY2023	Assessment results and measures taken for FY2024
Assessment results ① Composition of the Board of Directors The Board of Directors has mostly been developed and maintained appropriately. (6 out of 6 items) ② Operation of the Board of Directors The Board of Directors mostly operates appropriately. (9 out of 9 items) ③ Agenda of the Board of Directors meetings The composition of the agenda is mostly appropriate. (16 out of 16 items) ④ System to support the Board of Directors The system has been mostly developed appropriately. (6 out of 6 items) Measures taken · To increase opportunities for dialogue with shareholders, briefings for individual shareholders and investors should be held, and directors and officers should be encouraged to proactively participate in meetings with stakeholders. · To achieve sustainable growth, initiatives should be promoted such as investment in human capital and capital investment, while being fully aware of the cost of capital and capital profitability. · Discussions about successors of Directors should be enhanced.	Assessment results ① Composition of the Board of Directors The Board of Directors has mostly been developed and maintained appropriately. (6 out of 6 items) ② Operation of the Board of Directors The Board of Directors mostly operates appropriately. (10 out of 10 items) ③ Agenda of the Board of Directors meetings The composition of the agenda is mostly appropriate. (19 out of 19 items) ④ System to support the Board of Directors The system has been mostly developed appropriately. (8 out of 8 items) Measures taken · The progress of human resource development based on the human capital strategies should be reported to the Board of Directors, then analyzing and improving the medium-to-long-term effectiveness of human resource strategies. · To vitalize discussions at the Board of Directors meetings and enhance the effectiveness of governance, a system that enables high-quality discussions that focus on important topics should be developed. · The plan to develop successors of Directors should be discussed deeply and concretely.

Cross-shareholdings

Basic approach

BML holds a limited quantity of cross-shareholdings and exercises voting rights based on its Basic Policy regarding Cross-shareholdings.

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 BML 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, BML 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, BML'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 BML Group's profits in the medium to long term.

Succession planning

BML's plan for developing the next generation of executive-rank employees is regularly discussed at the Nomination and Compensation Committee, the majority of which comprises Outside Directors. The Committee reviews the qualifications of candidates for directors, arranges interview opportunities, and also works to improve effectiveness of the planning.

By formulating selection criteria, education programs, and transfer strategies for employees to enhance their leadership skills, we achieve sustainable growth and stable governance.

Corporate Governance

Compensation and other benefits of Directors and Corporate Auditors

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

1. Determination of policy on compensation and other benefits

BML has established a policy on the details of compensation of Directors and Operating Officers ("Directors, etc.") by a resolution of the Board of Directors, after deliberation by the Nomination and Compensation Committee, the majority of which comprises Outside Directors. The Nomination and Compensation Committee comprises five members: two Representative Directors and three Outside Directors of BML.

2. Details of the policy on compensation and other benefits

To ensure the fairness and objectivity of compensation for Directors, etc., the Nomination and Compensation Committee, while considering and comparing officer compensation of domestic listed companies that are comparable in size with BML, considers and constitutes the officer compensation system with following three components.

- i) Monthly compensation
 - ii) Officer's bonus (short-term incentive)
 - iii) Restricted stock compensation (long-term incentive)
- Of i) to iii), ii) is determined by comprehensively considering the key performance indicators (KPIs) for each fiscal year and the results of the execution of duties in the area of responsibility. Reflecting the responsibilities for roles and performance at each position, compensation is more closely linked to performance at higher-level positions.

Outside Directors, who are independent of the execution of business operations, are excluded from the eligibility for long-term and short-term incentives, in respect of their independence.

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 the Board of Corporate Auditors.

Monetary compensation		Stock compensation
Base	STI	LTI
(Base compensation)	(Short-term incentive)	(Long-term incentive)
● Monthly compensation	● Officer's bonus	● Stock compensation

3. Specific details of the policy on compensation and other benefits for Internal Directors and Operating Officers

- i) Ratio of monthly compensation and officer's bonus
Reflecting the responsibilities for roles and performance at each position, compensation is more closely linked to performance at higher-level positions, and the ratio of monthly compensation to officer's bonus is varied for each position. The ratio is as follows.

Monthly compensation : Bonus = 5.8:4.2 to 8.5:1.5

- ii) Proportion of stock compensation

The proportion to total compensation depending on each position is capped at 20%.

Position	Fixed			Variable	
	Monthly compensation	Stock compensation	Bonus	Payment range	
High	60%	55%	5%	40%	0.20 - 5.00
Low	88%	68%	20%	12%	0.64 - 1.44

The range is determined based on the following: ① KPI ② Appraisal by the management

iii) Calculation method for officer's bonus
Beginning with this fiscal year, we have newly added ESG-related items to the evaluation criteria and assigned individual weightings for three components—performance-linked evaluation, management evaluation, and ESG evaluation—within the base bonus amount. In addition to the base bonus amount based on these three evaluation items, we take into account the following (d) and (e) to determine the total bonus amount.

Past		This fiscal year	
Base bonus	Evaluation calculation method	Base bonus	Evaluation calculation method
No category	100 % Base bonus amount × KPI evaluation × MBO evaluation	Company-wide performance (KPIs) 50 %	① Base bonus amount × Weight × KPI evaluation
		Individual performance (MBO) 40 %	① × MBO evaluation
		ESG 10 %	(1) × ESG evaluation

(a) Performance-linked: By indexing the achievement rate of net sales and operating profit against the annual plan, the base bonus amount set for each position is adjusted within a range of 5.0x (max.) to 0.2x (min.), with the higher the position, the greater the performance-linkage.

(b) Management evaluation: The President and Representative Director evaluates the achievement level of targets set for each fiscal year for Internal Directors and Operating Officers (excluding the President and Representative Director), and makes adjustments to the base bonus amount.

(c) ESG evaluation: For this fiscal year, we set four short-term incentive evaluation items as part of company-wide evaluation, and make adjustments to the base bonus amount based on the target achievement rate.

(d) Achievements: Additional amount is granted for Directors, etc. who have made outstanding achievements during the fiscal year.

(e) Significant incidents: A deduction is made for Directors, etc. who significantly have affected the management of the fiscal year.

- iv) Determination of compensation policy for Directors, etc.
The Board of Directors makes resolutions on officers' bonuses for the current fiscal year and policy on officers' compensations for the following fiscal year, after checking the officer compensation system, etc., deliberated by the Nomination and Compensation Committee.

Matters regarding performance-linked compensation

To provide incentives to Directors to strive for the improvement of business performance and the enhancement of corporate value, BML has introduced performance-linked compensation in addition to the monthly fixed compensation. As the basis for calculating performance-linked compensation, amount of compensation is calculated according to a payment ratio corresponding to the degree of achievement of the business plan such as the amount of net sales. 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.

List and Skill Matrix of Officers

Directors						
Name	Kensuke Kondo	Nobuki Arai	Noriyoshi Takebe	Kenji Shibata	Hideaki Osawa	Yuji Yamashita
Position	President and Representative Director	Representative Director and Vice President General Manager, Advanced Technology & Development Division	Representative Director Senior Executive Officer General Manager, Planning Division	Director Executive Officer General Manager, BML Clinical Testing Headquarters	Director, Operating Officer General Manager, Sales Division	Director, Operating Officer General Manager, System Division
Attendance at meetings of the Board of Directors	16/16(100%)	16/16(100%)	16/16(100%)	16/16(100%)	16/16(100%)	16/16(100%)
Areas they are particularly expected to cover	Management Experience	●	●	●		
	Medical Experience	●	●			
	Inspection/Engineering	●	●		●	●
	Information Technology					●
	Strategy Planning	●	●	●	●	●
	Finance/Accounting			●		
	Personnel/Labor		●			
	Risk/Legal Affairs	●		●		

Directors			Directors (Audit and Supervisory Committee Members)			
Name	Tatsuharu Arai	Shigeru Osawa	Reiko Matsuzawa	Kenichi Morishita	Masato Denawa	Noriko Miyagi
Position	Outside Director (Independent Director)	Outside Director (Independent Director)	Outside Director (Independent Director)	Director	Outside Director (Independent Director)	Outside Director (Independent Director)
Attendance at meetings of the Board of Directors	15/16(94%)	15/16(94%)		16/16(100%)	15/16(94%)	
Areas they are particularly expected to cover	Management Experience	●	●			
	Medical Experience					
	Inspection/Engineering	●	●			
	Information Technology					
	Strategy Planning		●			
	Finance/Accounting		●	●	●	●
	Personnel/Labor			●	●	●
	Risk/Legal Affairs				●	●

Operating Officers					
Name	Position	Responsibilities	Name	Position	Responsibilities
Hiroyuki Kigoshi	Senior Executive Officer	General Manager, Management Division	Toshihiro Yanoma	Operating Officer	General Manager, Medical Informatics Sales Department
Masami Kondo	Executive Officer	General Manager, In-hospital Examination Division	Hiroshi Nakahara	Operating Officer	General Manager, Risk Management Department
Satoshi Enomoto	Operating Officer	In charge of Establishment of Next-generation BML General Laboratories	Yutaka Sakamaki	Operating Officer	General Manager, General Affairs Department
Katsuaki Takei	Operating Officer	Deputy General Manager, BML Clinical Testing Headquarters	Kazuhiro Yamashita	Operating Officer	General Manager, Electronic Patient Chart Department
Michihiro Aono	Operating Officer	General Manager, Credit Guarantee Department	Koji Uno	Operating Officer	Deputy General Manager, Planning Division

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.

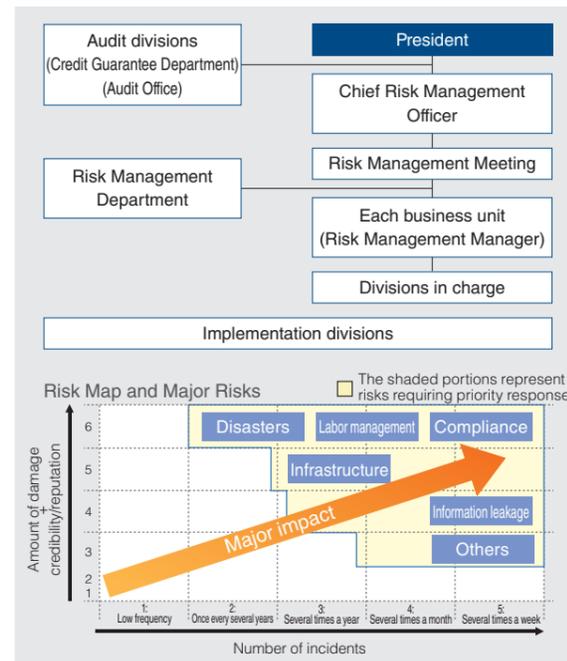
The basic policy consists of the basic objective and the code of conduct. The basic objective is to prevent risks before they materialize, as well as swiftly and

appropriately deal with crises in the unlikely event that they occur. It also includes keeping the impact of risks on management resources to a minimum by swift recovery measures and maintaining the functions of the organization. Matters set forth in the code of conduct include the preservation of the safety and health of employees, 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, BML 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	Risks	Countermeasures for risks
Labor management	Overwork	To prevent overwork, the Company conducts training for managers, carries out early detection and countermeasures by strengthening the labor management system, and conducts appropriate labor management based on laws and regulations.
Compliance	Violation of relevant laws and regulations Fraud and scandals of employees	To spread a 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 implements measures to prevent the flooding of important facilities. In addition, the new building, completed in August 2024, employs an earthquake-absorbing structure.
Infrastructure	Disruption 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 supply. Additionally, in the new building, the Company has installed 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.

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

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:

- 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

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 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	
	· Harassments
	· Importance of the Compliance Post
	· Trade secrets, 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 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. 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

Information Security

Cyber attacks via the internet have become more sophisticated across the world, posing growing threats of system shutdowns and information leakage caused by unauthorized access.

As a company that handles medical data, personal information that requires a higher level of security, BML strives to strengthen its information security.

Basic Policy on Information Security

Guided by its Policy of "Dedication to creating a healthy and cultured society," BML operates as a medical information company capitalizing on its system service network.

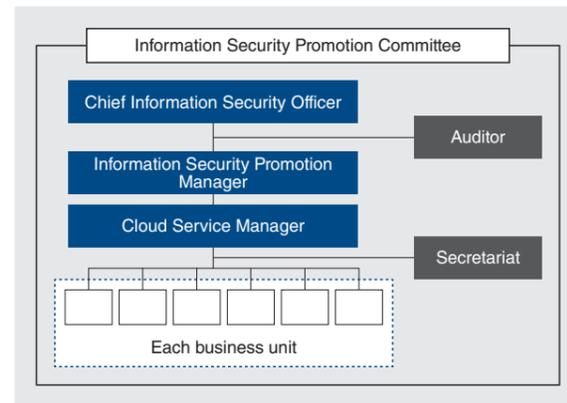
As the internet becomes ubiquitous in our lives, companies are increasingly required to ensure

information security. As a company that handles a large amount of personal information, BML deems ensuring information security to be one of its important social responsibilities. As such, we declare the following as our Basic Policy on Information Security.

1. We establish internal regulations on information security based on the policy, and properly manage the necessary information.
2. We build an information security system to protect information assets from any form of threat and to ensure and maintain their confidentiality, integrity and availability.
3. Employees must observe and act in accordance with relevant laws, regulations and industry norms. To promote awareness of their own responsibilities in ensuring information security, we will provide employees with thorough education and training.
4. We continuously improve our information security activities to keep up with changes in the social environment, legal regulations and information technology, and to respond to emerging risks.

Information security promotion structure

Under the Chief Information Security Officer, BML has established the following information security promotion structure (Information Security Promotion Committee) and is working on information security activities.



Information security measures

Organizational measures

We are ISO 27001 and PrivacyMark certified. By following the PDCA cycle, we are working to control and maintain an appropriate level of security. As part of these activities, we periodically conduct security assessment by third-party organizations.

Technical measures

All access via the internet is monitored, and only authorized terminals are allowed to access our information assets. Additionally, we have a third-party security specialist organization providing 24/7 monitoring against cyber attacks.

Physical measures

To safeguard confidential information, we have specified the controlled areas in and control systems for the information security area. By restricting access by unauthorized persons, we aim to prevent information leakage. In addition, we inspect the records of entries/exits to restricted areas.

Information security education

It is critical to have a strong awareness of information security in order to protect information assets. Therefore, we provide the following two types of educational training to all employees.

Relevant materiality



Regular training on information security and the protection of personal information

In order to prevent incidents and violations related to the handling of personal information, we believe it is important for each and every employee to have the correct knowledge and a keen awareness when handling personal information in their day-to-day operations. For this reason, we provide all employees with e-learning training every year on information security and personal information protection.



Drills and training on targeted email attack

When applying to use email for the first time, employees are required to complete training on targeted email attacks as a way of raising awareness of the risks involved in using email. In addition, we conduct cyber-attack simulation training for email users 12 times a year, and restrict the use of email for those who open the test emails.



Information security certifications

ISO 27017

In December 2022, BML acquired ISO 27017, an international standard for information security management systems (ISMS), for its electronic patient chart service (Qualis Cloud, a cloud-based electronic patient chart system). Cloud services have been spreading rapidly in recent years because of their convenience, scalability, cost benefits, and other advantages. As BML handles highly confidential medical data in such operating environment, we have acquired this certification aiming to improve and strengthen our security management system. We also acquired this certification for B-Report, our test result inquiry service.



ISO 27001

ISO 27001 is an international standard for information security management. (In computer system center operations for the clinical testing business, development of electronic patient chart system, and development, operation, and maintenance of cloud services)



Financial and Non-financial Data

11-Year Summary of Financial Data

Financial data	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Results (millions of yen)											
Net sales	104,404	109,024	111,243	113,502	117,129	120,732	138,571	186,067	159,462	137,964	143,191
Gross profit	37,038	38,855	39,799	40,463	42,227	42,250	54,768	86,951	61,446	45,628	45,861
Selling, general and administrative expenses	30,063	30,426	30,470	31,126	31,777	32,487	34,831	38,061	37,509	36,461	36,497
Operating profit	6,974	8,429	9,329	9,337	10,450	9,763	19,936	48,889	23,936	9,167	9,364
Ordinary profit	7,527	8,830	9,711	9,811	10,880	10,211	20,803	51,077	24,182	9,605	9,970
Profit attributable to owners of parent	3,874	5,424	5,948	5,988	6,646	6,375	13,711	33,741	15,578	6,034	6,263
EBITDA	12,887	14,069	14,337	14,528	15,633	14,743	25,245	54,620	30,115	15,745	16,892
Financial Position (millions of yen)											
Net assets	61,968	65,206	70,647	76,222	81,127	80,422	93,123	121,684	126,751	130,140	133,772
Total assets	93,595	99,394	104,244	109,438	115,972	116,273	139,174	179,200	168,943	170,991	177,507
Equity	59,213	62,123	67,199	72,520	77,072	76,099	88,377	116,163	122,467	125,843	129,378
Cash Flow Position (millions of yen)											
Cash flows from operating activities	11,495	11,978	11,307	12,079	12,507	12,771	19,574	45,603	11,742	14,446	15,809
Cash flows from investing activities	(4,586)	(3,234)	(5,239)	(3,538)	(3,940)	(5,213)	(4,584)	(7,297)	(7,627)	(21,137)	(16,793)
Cash flows from financing activities	(2,806)	(2,916)	(2,856)	(2,983)	(3,041)	(8,784)	(3,382)	(9,828)	(9,715)	(5,733)	(5,426)
Cash and cash equivalents at end of period	29,061	34,910	38,122	43,679	49,204	48,246	59,853	88,360	82,760	70,338	63,928
Per Share Information (yen)											
Net assets per share	2,787.90	2,924.69	1,581.60*	1,703.27	1,809.34	1,873.36	2,174.27	2,909.29	3,138.63	3,228.06	3,316.84
Profit attributable to owners of parent per share	182.45	255.40	140.03*	140.83	156.07	151.27	337.44	833.24	395.84	154.81	160.62
Annual dividends per share	60.00	60.00	35.00*	35.00	38.00	45.00	70.00	120.00	100.00	80.00	120.00
Financial Indicators (%)											
Gross profit ratio	35.5	35.6	35.8	35.6	36.1	35.0	39.5	46.7	38.5	33.1	32.0
Operating profit ratio	6.7	7.7	8.4	8.2	8.9	8.1	14.4	26.3	15.0	6.6	6.5
Ordinary profit ratio	7.2	8.1	8.7	8.6	9.3	8.5	15.0	27.5	15.2	7.0	7.0
EBITDA margin	12.3	12.9	12.9	12.8	13.3	12.2	18.2	29.4	18.9	11.4	11.8
ROE	6.8	8.9	9.2	8.6	8.9	8.3	16.7	33.0	13.1	4.9	4.9
ROA	4.3	5.6	5.9	5.6	5.9	5.5	10.7	21.2	8.9	3.5	3.6
Equity ratio	63.3	62.5	64.5	66.3	66.5	65.4	63.5	64.8	72.5	73.6	72.9
Dividend payout ratio	32.9	23.5	25.0	24.9	24.3	29.7	20.7	14.4	25.3	51.7	74.7

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

Corporate Profile and Stock Information

Corporate Profile (as of March 31, 2025)

Corporate Information

Trade name	BML, INC.
Head Office	5-21-3 Sendagaya, Shibuya-ku, Tokyo, Japan Tel. +81-3-3350-0111 (main) https://www.bml.co.jp/eng/
BML General Laboratory	1361-1 Matoba, Kawagoe City, Saitama, Japan Tel. +81-49-232-3131 (main)
Date founded	July 1955
Share capital	¥6,045 million
Number of employees	4,558 (consolidated basis)
Business description	Laboratory testing services and related services



Stock Information (as of March 31, 2025)

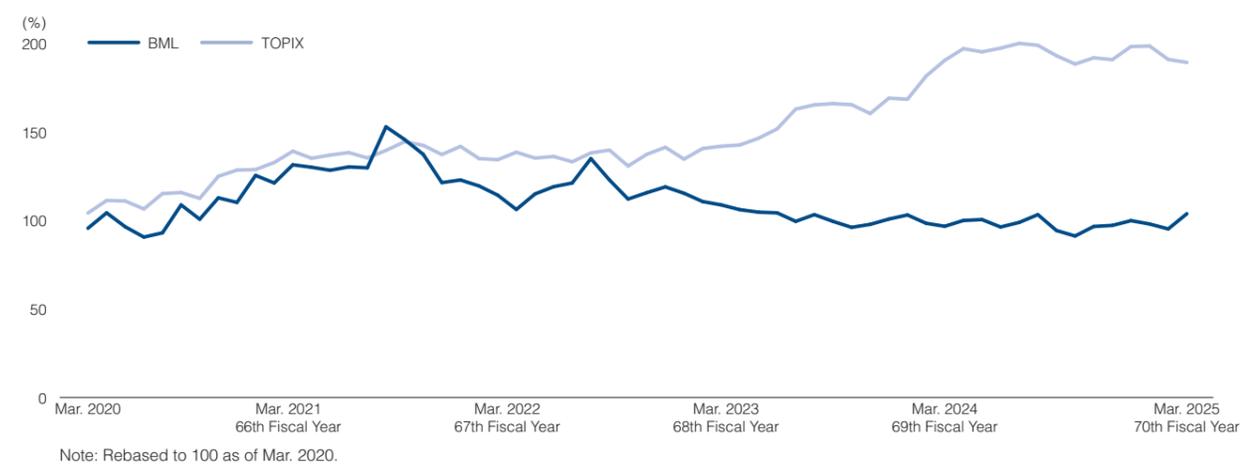
Major Shareholders

Shareholder name	Number of shares held (1,000 shares)	Shareholding ratio (%)
BML Planning, Inc.	10,154	26.0
Kensuke Kondo	3,532	9.0
The Master Trust Bank of Japan, Ltd. (trust account)	3,105	7.9
STATE STREET BANK AND TRUST COMPANY 505001	1,141	2.9
JP MORGAN CHASE BANK 385632	884	2.2

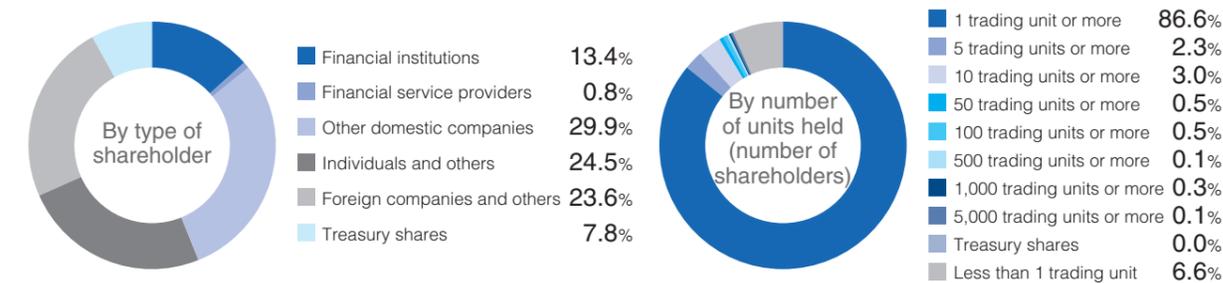


*1. Although the Company holds 3,287 thousand shares of treasury shares, it has been excluded from the above list of major shareholders.
*2. The shares held by The Master Trust Bank of Japan, Ltd. are all related to trust operations.

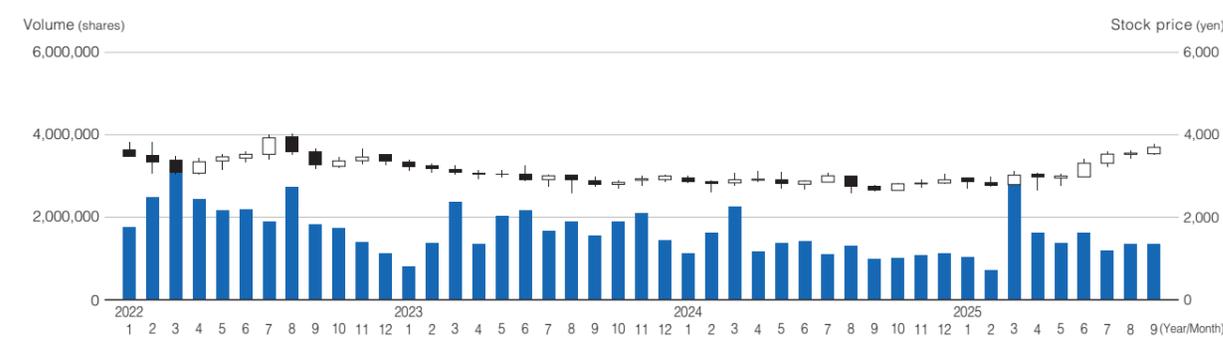
Stock Price Information



Shareholder Distribution



Stock Price Chart





BML

BML, INC.

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5-21-3 Sendagaya, Shibuya-ku, Tokyo 151-0051, Japan
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BML General Laboratory

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