Last Update: July 8, 2025

BML, Inc.
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https://www.bml.co.jp/eng/

The corporate governance of BML, Inc. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views(Updated)

BML, Inc. (hereinafter, "the Company") is striving to achieve sustainable growth and improve the value of the Company with the aim of "becoming the most trusted choice in the medical world."

In order to achieve this goal, the Company has positioned the strengthening of corporate governance as an important management issue, and is increasing the transparency and speed of decision-making, strengthening management functions, and responding quickly to changes in the business environment.

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The Company transitioned to a Company with an Audit and Supervisory Committee by resolution of the 70th Annual General Meeting of Shareholders held on June 27, 2025. The purpose of this transition was to further enhance the corporate governance of the Company by strengthening the audit and supervisory functions of the Board of Directors and by enhancing the framework for monitoring operations. This is to be achieved by making the members of the Audit and Supervisory Committee, who are responsible for performing audits of the execution of duties by the Board of Directors, into constituent members of the Board of Directors.

The Company has introduced an executive officer structure to increase the speed of business execution, and the Board of Directors and the Audit and Supervisory Committee supervise and audit the execution of duties by executive officers. In addition, the Company has elected multiple outside directors to strengthen the supervisory functions of the Board of Directors and the audit and supervisory functions of the Audit and Supervisory Committee.

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company is implementing each principle set forth in the revised Corporate Governance Code (revised June 2021) (including content for Prime Market-listed companies).

Disclosure Based on each Principle of the Corporate Governance Code(Updated)

[Target code]

The Company practices disclosure based on the revised Corporate Governance Code (revised June 2021) (including content for Prime Market-listed companies).

[Supplementary Principle 1-2-4]

The Company allows voting rights to be exercised via the Internet or through an electronic voting platform in consideration of the exercise of voting rights by institutional investors and overseas investors. In addition, the English version of the Notice of the General Meeting of Shareholders is also published on the Company's website at the same time as the Japanese version.

Website: https://www.bml.co.jp/eng/

[Principle 1-4]

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

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

[Principle 1-7]

Although the Company does not have any transactions with its officers, if a conflict-of-interest transaction occurs in the future, it will be approved and confirmed, etc. by the Board of Directors, etc. in accordance with laws and regulations. In addition, decisions on transactions with major shareholders, etc. are made in the same manner as decisions on transactions with third parties.

[Supplementary Principle 2-3-1]

The Company has established the Sustainability Committee to implement initiatives addressing ESG (environmental, social, and governance issues) and the 13 material issues (materiality) it has identified concerning its business, as part of its effort to realize a sustainable society.

The committee gathers a wide variety of information and views from each division and the Board of Directors engages in even more in-depth discussions to address these issues, based on the content of discussions and consultations at regular committee meetings. The Company perceives this as a way to enhance corporate value in the medium and long term by linking its initiatives to profit opportunities, in addition to reducing risk.

[Supplementary Principle 2-4-1]

(i) Principle of ensuring diversity

The Company's ninth Medium-Term Management Plan sets the framework of "achieve a workplace where employees can work comfortably and are rewarded for their effort" and "achieve vibrant human resources and a vibrant organization," and the Company is working to ensure the diversity of human resources from the perspective of "reforming corporate culture," which is a key theme supporting the Company's human resource strategy. In particular, the Company is promoting a change in mindset with regard to the promotion of female human resources and is proactively improving the workplace environment. The Company strives to enhance motivation for female employees and reform career awareness. In addition to reflecting the

feedback obtained from the Women's Working Group, established in fiscal year 2021, in internal systems, the Company launched the BML Women's Workshop in fiscal year 2024.

Mid-career hires already account for around half (57%) of managerial positions, and the Company will continue to make no distinction between new graduate hires and mid-career hires when determining promotions.

As the Company's business is primarily focused on the domestic market, the Company is not currently utilizing foreign national human resources; however, the Company will continue to examine the recruitment of foreign national human resources as necessary while keeping an eye on future changes in the medical industry.

[Target]

Ratio of women among managerial positions

Actual results				Target
March 31, 2023	March 31, 2024	March 31, 2025	April 1, 2025	March 31, 2029
11.2%	12.8%	14.5%	16.4%	18.0%

(ii) Human resource development policy and internal environment improvement policy

The Company provides rank-based training to employees based on a role/rank system so that they can acquire the knowledge and skills necessary to fulfill the roles required at each rank. By having all employees share a common understanding of the roles required of each rank and learn the knowledge and skills necessary to fulfill their respective roles and responsibilities, the Company can drastically raise the level of its human resources, which in turn contributes to the sustainable development of the organization.

With regard to the diversity of core human resources, the Company is proactively selecting female human resources and increasing the number of women in managerial positions by implementing systematic and intensive training programs.

At the same time, the Company is working to create a corporate environment that allows all employees to be conscious of work as a part of life and choose their own way of living and working.

The Company will continue to ensure the diversity of its core human resources by reviewing both its systems and environment as necessary, and by promoting the "creation of a workplace that is easy to work in" and the "creation of rewarding workplace," in line with diversifying values and social trends.

[Principle 2-6]

The Company's officer in charge of human resources, Financial Officer, and Secretariat examine future operational policies based on quarterly reports from pension asset management companies such as life insurance companies regarding investment performance during the relevant period as well as future prospects. In addition, all the Company's pension assets are managed through management companies such as life insurance companies, and there are no conflicts of interest between beneficiaries and the company.

[Principle 3-1]

(i) The Company's management philosophy and management strategies are disclosed on the Company's website, integrated report, financial results presentation, etc.

Website: https://www.bml.co.jp/eng/

Integrated report:

https://contents.xj-storage.jp/xcontents/AS07074/05fb72e0/1abf/43a6/9c98/12d2b99c79ba/20250117154808358s.pdf

Financial results presentation:

https://contents.xj-storage.jp/xcontents/AS07074/8799e8a8/1858/42c8/ae64/d5ecdcf4dbfb/20250527110328714s.pdf

(ii) The Company's basic policy on corporate governance is disclosed in the Corporate Governance Report.

(iii) Remuneration for directors (excluding directors who are Audit and Supervisory Committee members) and executive officers is set based on the deliberation of the Nomination and Compensation Committee, and the Company's policy and procedures for determining remuneration are disclosed in the securities report.

Securities Report (Japanese only):

https://www.bml.co.jp/news/assets/pdf/20250624_IR.pdf

(iv) The Company's Board of Directors determines proposals for the election, dismissal, and nomination of directors (excluding directors who are Audit and Supervisory Committee members) after deliberation by the Nomination and Compensation Committee, and proposals for the election, dismissal, and nomination of directors who are Audit and Supervisory Committee members after deliberation by the Audit and Supervisory Committee. These proposals are then submitted to the General Meeting of Shareholders.

(v) Director nominees, as well as their background and reason for nomination, etc., are stated in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 3-1-2]

The Company discloses information such as Notice of the General Meeting of Shareholders, earnings reports, financial results presentations, etc. in English to foreign investors on the Company's website in light of the ratio of foreign investors in the Company.

Website: https://www.bml.co.jp/eng/

[Supplementary Principle 3-1-3]

The Company discloses its sustainability initiatives, investments in human capital, and response to climate change on the Company's website and in the integrated report below.

Website: https://www.bml.co.jp/eng/corporate/sustainability.html

Integrated report:

https://contents.xj-storage.jp/xcontents/AS07074/05fb72e0/1abf/43a6/9c98/12d2b99c79ba/20250117154808358s.pdf

[Supplementary Principle 4-1-1]

Detailed and specific standards for the discussion and reporting of matters to be decided by the Board of Directors, the Management Committee, or Ringi approval are established in accordance with the degree of importance, and matters other than those to be resolved by the Board of Directors are approved by officers through Ringi approval. In addition, the authority and division of duties, etc. of operating officers and internal department managers are clarified in internal regulations, and a system is in place to regularly conduct reviews in response to organizational changes.

[Supplementary Principle 4-2-2]

The Company has formulated a basic policy on sustainability that is disclosed on the Company's website and in the integrated report.

Website: https://www.bml.co.jp/eng/corporate/sustainability.html

Integrated report:

https://contents.xj-storage.jp/xcontents/AS07074/05fb72e0/1abf/43a6/9c98/12d2b99c79ba/20250117154808358s.pdf

[Principle 4-4]

Two of the Company's three directors who are Audit and Supervisory Committee members are elected as outside directors. In addition, outside directors who are Audit and Supervisory Committee members include a lawyer with specialized knowledge and extensive experience and a director with extensive experience and high-level insight in the fields of finance and human resources, enabling them to express their opinions to the Board of Directors as appropriate.

[Principle 4-8]

The Company has elected five independent outside directors. Independent outside directors account for more than one-third of the Company's directors. They express objective opinions from a neutral standpoint and fully fulfill their responsibilities based on their extensive experience, knowledge, and broad insights in specialized fields.

[Supplementary Principle 4-8-3]

As of April 7, 2025, the Company has no controlling shareholder.

[Principle 4-9]

The Company elects outside directors in compliance with the provisions stipulated in the Company's "independence criteria for outside directors" after determining that there is no risk of conflict of interest with general shareholders from an objective and neutral standpoint independent from the Company.

[Supplementary Principle 4-10-1]

In March 2019, the Company established the Nomination and Compensation Committee with the aim of strengthening the independence, objectivity, and accountability of the Board of Directors' functions regarding the nomination, remuneration, etc. of directors. (The name of the Committee was changed from the Nomination and Compensation Advisory Committee in June 2021.)

(Role of the Nomination and Compensation Committee)

The Nomination and Compensation Committee deliberates on the following matters, compiles opinions, and reports to the Board of Directors in response to inquiries from the Board of Directors or the President and Representative Director:

(i) Draft proposals for the General Meeting of Shareholders regarding the election and dismissal of directors;

(ii) Draft proposals for the appointment and removal of Representative Directors and titled directors;

(iii) Draft proposals for the division of duties of executive directors;
(iv) Other matters regarding the election and dismissal of directors and the appointment and removal of Representative Directors and titled directors, etc., that are deemed necessary by the Board of Directors;
(v) Draft proposals for the General Meeting of Shareholders regarding the remuneration, etc. of directors;
(vi) Draft policy regarding decisions on the remuneration, etc. of individual directors (excluding directors who are Audit and Supervisory Committee members);
(vii) Other matters regarding the remuneration, etc. of directors that are deemed necessary by the Board of Directors.

(Composition of the Nomination and Compensation Committee)
The Nomination and Compensation Committee is made up of three or more directors appointed by resolution of the Board of Directors, the majority of whom are independent outside directors. In addition, the Committee chairperson is appointed from among the independent outside directors who are members of the Committee from the perspective of ensuring the transparency and objectivity of deliberations, thereby strengthening independence.

[Principle 4-11]
(i) The Company's Articles of Incorporation stipulate that there shall be no more than 16 directors (excluding directors who are Audit and Supervisory Committee members) and no more than four directors who are Audit and Supervisory Committee members. As of June 27, 2025, the Board of Directors consists of 12 members (ten men and two women), including five outside directors.
(ii) The Company elects people with appropriate experience and ability, as well as necessary knowledge of finance, accounting, human resources, labor, risks, and legal affairs, as Audit and Supervisory Committee members.
(iii) The Company evaluates the effectiveness of the Board of Directors every year to ensure its effectiveness and to continually improve its functionality.

[Supplementary Principle 4-11-1]
The Company's basic policy is to have the Board of Directors made up of personnel, within the limits stipulated in the Articles of Incorporation (16 directors (excluding directors who are Audit and Supervisory Committee members) and four directors who are Audit and Supervisory Committee members), whom the Company deems appropriate in light of the balance of knowledge, experience, ability, etc. associated with each business.
When electing directors, the Company appoints the candidates upon comprehensive evaluation and judgment of their experience, insight, expertise, etc. based on its management philosophy and management strategy, and discloses their skill matrix as a reference material in the Notice of Annual General Meeting of Shareholders.
In addition, the Company elects outside directors based on its criteria for determining that they meet the qualifications of an independent officer and that there is no risk of creating a conflict of interest with general shareholders in addition to the externality requirements under the Companies Act, so the Company plans to continue to follow its traditional approach when electing directors.
The skill matrix is provided in the Notice of General Meeting of Shareholders.
Notice of the General Meeting of Shareholders:

https://contents.xj-storage.jp/xcontents/AS07074/5ba6f23c/ef49/4d59/966a/f603e2324310/140120250604581177.pdf

[Supplementary Principle 4-11-2]

The Company's directors, including outside directors, allocate the time and effort necessary to appropriately fulfill their roles and responsibilities to their operations as directors, and keep concurrent positions to within a reasonable range. The concurrent positions held by directors are disclosed in the Notice of General Meeting of Shareholders and in the securities report.

Notice of General Meeting of Shareholders:

https://contents.xj-storage.jp/xcontents/AS07074/5ba6f23c/ef49/4d59/966a/f603e2324310/140120250604581177.pdf

Securities report:

https://www.bml.co.jp/news/assets/pdf/20250624_IR.pdf (Japanese only)

[Supplementary Principle 4-11-3]

The Company analyzes and evaluates the effectiveness of the Board of Directors as a whole based on the evaluation and opinions of each director regarding the Board of Directors' composition, management, agenda, support system, etc. The Company conducted a self-assessment survey to analyze and evaluate the effectiveness of the Board of Directors and found that it was generally properly maintained and secured; however, the Company will strive to further enhance the Board of Directors' deliberations and improve its effectiveness based on the content of other opinions.

[Supplementary Principle 4-14-2]

The Company strives to ensure that its directors acquire the necessary knowledge, and understand their roles and responsibilities, such as by holding training sessions on expected roles and responsibilities, and providing opportunities to participate in external training sessions and seminars, etc.

The Company also provides opportunities for information provision to outside directors on an ongoing basis, such as by holding training sessions similar to the ones attended by directors, and by holding briefing sessions and office tours to allow for an understanding of the Company's business, etc.

[Principle 5-1]

For shareholders and investors, the Company holds financial results presentations attended by top management once every 6 months, and also regularly holds small meetings using a web conferencing system.

In addition, the Company holds online briefing sessions for individual investors to deepen their understanding of the Company.

Furthermore, the Company takes every precaution to prevent leaks of insider information when communicating with shareholders.

[Supplementary Principle 5-1-1]

With regard to dialogue with shareholders, the President and other inside directors and outside directors attend financial results presentations, investor meetings, etc. to the extent reasonable.

[Principle 5-2]

The Company has formulated its ninth Medium-Term Management Plan for the 5-year period from fiscal year 2024 through 2028. In this Medium-Term Management Plan, the Company continues to pursue its goal of contributing to people's health and becoming the most trusted choice for people in the medical world as well as the other industries in which the Company is engaged in business. The Medium-Term Management Plan positions the upcoming 5-year period as a period to "firmly establish business expansion for the next 10 years" based on this Corporate Philosophy and Group Vision, and the Company will substantially expand its business base through concentrated investment while maintaining business growth.
Medium-Term Management Plan: https://www.bml.co.jp/news/assets/pdf/20240510_IR_3.pdf (Japanese only)

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]
Please refer to the integrated report and financial results presentation posted on the Company's website for measures to realize management that is conscious of capital costs and stock prices.
Integrated report (p. 38):
https://contents.xj-storage.jp/xcontents/AS07074/05fb72e0/1abf/43a6/9c98/12d2b99c79ba/20250117154808358s.pdf
Financial results presentation (pp. 52–54):
https://contents.xj-storage.jp/xcontents/AS07074/39b166d9/d362/4b15/a602/84f5761120ec/20240527112223670s.pdf

[Supplementary Principle 5-2-1]
The Company has formulated and disclosed its ninth Medium-Term Management Plan for the 5-year period from fiscal years 2024 through 2028 by resolution of the Board of Directors. The Medium-Term Management Plan is the BML Group's business policy, including its business portfolio, and the Plan and its progress are disclosed as appropriate.
Medium-Term Management Plan: https://www.bml.co.jp/news/assets/pdf/20240510_IR_3.pdf (Japanese only)

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure (Updated)	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update (Updated)	July 7, 2025

Explanation of Actions

Please refer to the integrated report and financial results presentation posted on the Company's website for measures to realize management that is conscious of capital costs and stock prices.
Integrated report (p.38):
https://contents.xj-storage.jp/xcontents/AS07074/05fb72e0/1abf/43a6/9c98/12d2b99c79ba/20250117154808358s.pdf
Financial results presentation (pp.52-54):
https://contents.xj-storage.jp/xcontents/AS07074/39b166d9/d362/4b15/a602/84f5761120ec/20240527112223670s.pdf

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders(Updated)

Name or Company Name	Number of Shares Owned	Percentage (%)
BML Planning, Inc.	10,154,256	26.03
Kensuke Kondo	3,532,796	9.05
The Master Trust Bank of Japan, Ltd. (trust account)	3,105,000	7.96
STATE STREET BANK AND TRUST COMPANY 505001	1,141,257	2.92
JP MORGAN CHASE BANK 385632	884,800	2.26
The Dai-ichi Life Insurance Company, Limited	878,000	2.25
Estate Kogyo, Ltd.	779,920	1.99
Mayumi Fukuda	768,540	1.97
Matoba Lease, Y.K.	762,060	1.95
Rumi Shimano	755,572	1.93

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Exchange and Market Segment	TSE Prime Market
Fiscal Year-End	March
Business Sector	Services
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

Not applicable.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation(Updated)	20
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors(Updated)	12
Election of Outside Directors	Elected
Number of Outside Directors(Updated)	5
Number of Independent Directors(Updated)	5

Outside Directors' Relationship with the Company (1)(Updated)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tatsuharu Arai	From another company											
Shigeru Osawa	From another company											
Reiko Matsuzawa	Tax accountant											
Masato Denawa	Lawyer											
Noriko Miyagi	From another company								△			

*Categories for "Relationship with the Company".
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)(Updated)

Name	Audit and Supervisory Committee member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Tatsuharu Arai		○	—	Mr. Arai can provide objective and accurate supervision and advice on the Company's management from a higher perspective based on his experience of being directly involved in corporate management as a business manager. He also meets the standards for independence set by the TSE, and as there is no risk of a conflict of interest with general shareholders, the Company has deemed him eligible to serve as an independent officer.
Shigeru Osawa		○	—	Mr. Osawa has experience working in the financial sector in addition to his expertise and experience in construction, so he is able to provide objective and accurate supervision and advice on the Company's management. He also meets the standards for independence set by the TSE, and as there is no risk of a conflict of interest with general shareholders, the Company has deemed him eligible to serve as an independent officer.
Reiko Matsuzawa		○	—	Based on her professional knowledge and experience as a tax accountant, we expect Ms. Matsuzawa to provide accurate monitoring and effective advice on the Company's overall management. She also meets the standards for independence set by the TSE, and as there is no risk of a conflict of interest with general shareholders, the Company has deemed her eligible to serve as an independent officer.
Masato Denawa	○	○	—	Mr. Denawa has specialized knowledge and extensive experience as a lawyer. He also meets the standards for independence set by the TSE, and as there is no risk of a conflict of interest with general shareholders, the Company has deemed him eligible to serve as an independent officer.
Noriko Miyagi	○	○	The Company has a business relationship with Resona Bank, Limited, where Noriko Miyagi previously served as an executive officer; however, in light of the scale and nature of the transactions, the Company has deemed there to be no risk of Ms. Miyagi influencing the	Ms. Miyagi has extensive experience and deep insight in the fields of financial and human resources. She also meets the standards for independence set by the TSE, and as there is no risk of a conflict of interest with general shareholders, the Company has deemed her eligible to serve as an independent

			judgment of shareholders and investors, so a summary has been omitted.	officer.

Audit and Supervisory Committee(Updated)

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee(Updated)	Not Appointed

Reasons for Adopting Current System(Updated)

The Company does not have any employees who assist the Audit and Supervisory Committee in its duties. However, if the Audit and Supervisory Committee requests that employees be appointed to assist it in its duties, the Board of Directors shall appoint such employees in consultation with the Audit and Supervisory Committee.

Decisions regarding the appointment, transfer, and other personnel matters of the aforementioned employees shall be made with the prior consent of the Audit and Supervisory Committee to ensure independence from directors (excluding directors who are Audit and Supervisory Committee members).

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department(Updated)

The Audit and Supervisory Committee exchanges opinions with the Company's accounting auditors approximately four times a year, with the main topics of discussion including the adjustment of audit policies and audit plans, and the content of accounting audit reports.

The Audit and Supervisory Committee exchanges opinions with the Internal Audit Department at least six times a year (twice with the Internal Audit Office and four times with the Reliability Assurance Department), with the main topics of discussion including the survey of the status of the Company's operations and assets, and improving operations related to quality.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson

Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation(Updated)

In February 2019, the Company established the Nomination and Compensation Advisory Committee as an advisory body under the Board of Directors with the aim of strengthening the independence, objectivity, and accountability of the Board of Directors' functions regarding the nomination, remuneration, etc. of directors and Audit and Supervisory Board Members (or directors, following the Company's transition to a company with an Audit and Supervisory Committee in June 2025).

An outside director was appointed as the chairperson of the Committee in June 2020.

The name of the Committee was changed to the Nomination and Compensation Committee in June 2021.

The Nomination and Compensation Committee perform the functions of both the Nomination Committee and the Compensation Committee.

Matters Concerning Independent Directors

Number of Independent Directors(Updated)	5

Other Matters Concerning Independent Directors

The Company has appointed all outside officers eligible to serve as independent officers as independent officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme, Other

Supplementary Explanation for Applicable Items

In addition to fixed remuneration, the Company has introduced performance-linked remuneration as an incentive for efforts to improve performance and corporate value.

In addition, the Company has introduced a stock compensation system (restricted stock compensation system) with the aim of promoting further value sharing between directors and shareholders.

The amount of performance-linked remuneration and stock compensation (compensation for granting restricted stock) is calculated based on the pay rate according to the degree of achievement of sales and operating income plans.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items

The amount of remuneration paid to the Company's directors for the fiscal year ended March 2025 is as follows.

Total annual remuneration for 9 directors: 231 million yen

Policy on Determining Remuneration Amounts and Calculation Methods(Updated)	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has established a policy regarding decisions on the remuneration, etc. of individual directors (excluding directors who are Audit and Supervisory Committee members) after deliberation by the Nomination and Compensation Committee, where independent outside directors constitute a majority, and resolution of the Board of Directors. The aforementioned remuneration determination policy and procedures are disclosed in the securities report.

Securities report:

https://www.bml.co.jp/news/assets/pdf/20250624_IR.pdf (Japanese only)

Support System for Outside Directors

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)(Updated)

The Company's Board of Directors is made up of 12 members (five Board members are outside directors, and the six inside directors concurrently serve as executive officers): President and Representative Director Kensuke Kondo, who serves as the chairperson of the Board; Representative Director Nobuki Arai, Representative Director Norihisa Takebe, Director Kenji Shibata, Director Hideaki Osawa, Director Yuji Yamashita, Outside Director Tatsuharu Arai, Outside Director Shigeru Osawa, Outside Director Reiko Matsuzawa, Director (Audit and Supervisory Committee member) Kenichi Morishita, Outside Director (Audit and Supervisory Committee member) Masato Denawa, and Outside Director (Audit and Supervisory Committee member) Noriko Miyagi. Regular Board of Directors meetings are held at least once every three months in principle, and extraordinary Board of Directors meetings are held as necessary. The Board of Directors resolves important matters based on the Board of Directors Regulations in addition to matters stipulated by laws and regulations and the Articles of Incorporation, and supervises the execution of duties by each director.

The Company has introduced an executive officer structure. In order to establish an executive structure that facilitates accurate and quick business operations, executive officers with delegated authority carry out business operations, and directors supervise management by attending executive officers meetings and receiving reports on the execution of duties from each executive officer as well as determine and report important management policies at Board of Directors meetings.

The Company's Audit and Supervisory Committee is made up of three members (one full-time Audit and Supervisory Committee member, and two outside Audit and Supervisory Committee members): Full-time Audit and Supervisory Committee member Kenichi Morishita, who serves as the chairperson; Audit and Supervisory Committee member Masato Denawa, and Audit and Supervisory Committee member Noriko Miyagi. Masato Denawa and Noriko Miyagi are outside directors. The Audit and Supervisory Committee holds regular Audit and Supervisory Committee meetings every month, and extraordinary Audit and Supervisory Committee meetings are held as necessary. The full-time Audit and Supervisory Committee member attends important meetings such as the Board of Directors and Management Committee, and states their opinions as necessary, thereby ensuring that each director's execution of duties is always monitored. In addition, the Audit and Supervisory Committee maintains close cooperation with the Internal Audit Office and accounting auditors by exchanging information and opinions on an ongoing basis, and through regular meetings held between the three parties, with the aim of improving the Committee's auditing functions.

The Nomination and Compensation Committee is made up of representative directors and independent outside directors, with independent outside directors constituting a majority. The Nomination and Compensation Committee drafts proposals for the General Meeting of Shareholders regarding the election and dismissal of directors, drafts proposals for the General Meeting of Shareholders regarding the remuneration, etc. of directors; and deliberates on matters referred to it by the Board of Directors, compiles opinions, and reports back to the Board of Directors.

The Compliance Committee is made up of one chairperson, one head of the secretariat, and several members. The chairperson is appointed by the President and Representative Director, and the Manager of Risk Management Department t serves as the head of the secretariat. Compliance Committee meetings are held once every three months in principle, and extraordinary Compliance Committee are held as necessary. The Compliance Committee is responsible for overseeing company compliance, ensuring thorough compliance awareness, conducting compliance training, etc.

The Company has also established an Audit Office (with five full-time staff members) under the direct control of the President to conduct internal audits of all departments, including group companies, and to audit the effectiveness of internal controls and the status of business execution.

The Company has concluded agreements with its directors (excluding executive directors, etc.) to limit their liability for damages resulting from negligence in the performance of their duties, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The limit of liability for damages under these agreements is the legally prescribed amount.

3. Reasons for Adoption of Current Corporate Governance System(Updated)

The Company transitioned to a Company with an Audit and Supervisory Committee by resolution of the 70th Annual General Meeting of Shareholders held on June 27, 2025. The purpose of this transition was to further enhance the corporate governance of the Company by strengthening the audit and supervisory functions of the Board of Directors and by enhancing the framework for monitoring operations. This is to be achieved by making the members of the Audit and Supervisory Committee, who are responsible for performing audits of the execution of duties by the Board of Directors, into constituent members of the Board of Directors.

Outside directors are elected for the purpose of supervising management from a position independent of the executive team. Specifically, they are expected to leverage their extensive experience, expertise, and management insight to provide opinions and make decisions from an objective standpoint as part of management decision-making, and to perform the role of monitoring and supervising the execution of duties by directors. Outside directors who are Audit and Supervisory Committee members are elected for the purpose of further enhancing the neutrality and independence of the audit and supervisory framework. Specifically, they are expected to express objective audit opinions from a neutral standpoint based on attributes such as their independence and human influence.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights(Updated)

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Company strives to send notice of the General Meeting of Shareholders prior to the statutory deadline. Notice of the 70th Annual General Meeting of Shareholders (held on June 27, 2025) was issued on June 6, 2025.
Electronic Exercise of Voting Rights	Electronic exercise of voting rights commenced from the 64th Annual General Meeting of Shareholders.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company adopted a platform for the electronic exercise of voting rights from the 64th Annual General Meeting of Shareholders.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Notice of the General Meeting of Shareholders has been provided in English from the 62nd Annual General Meeting of Shareholders.
Other	Visuals are used at the General Meeting of Shareholders to provide easy-to-understand explanations.

2. Status of IR-related Activities(Updated)

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Individual Investors	The Company held a briefing for individual investors in March 2025.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds semiannual briefings after the announcement of full-year financial results and financial results for the second quarter of the fiscal year.	Held
Online Disclosure of IR Information	In addition to press releases, the Company publishes earnings reports as well as reports to shareholders.	

Establishment of Department and/or Placement of a Manager in Charge of IR	The Public and Investor Relations Section, Group Planning Dept. is in charge of IR.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company's corporate mission is "dedication to creating a healthy and cultured society," and it aims to widely contribute to the advancement of medical care and the health of people, regardless of whether they are customers or shareholders, etc. of the Company. This philosophy is incorporated into the "BML Corporate Policy" and is a commitment for all Group officers and employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company has established an "Environmental Policy" with the basic philosophy of proactively contributing to people's health and preserving the global environment, and the Company is also actively working toward goals such as reducing greenhouse gas emissions.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The above content is posted on the Company's website.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The basis of the BML Group internal control system is that each officer and employee fulfills the Company's social mission by engaging in fair and transparent corporate activities with high ethical standards in compliance with laws and regulations and based on the Corporate Commitments set forth in the Company's Corporate Policy and "Compliance Manual," etc.

(1) The Board of Directors is positioned as an organization that determines management policies and supervises business execution, and the Company has introduced an executive officer structure and is responding flexibly in order to clarify the responsibilities of directors. The Board of Directors formulates the Medium-Term Management Plan and annual business plans as company-wide goals shared by employees, etc., and President and executive officers execute their duties to achieve such goals.

(2) The Company has established "Compliance Regulations" that apply to all officers and employees, including those of Group companies.

The Company has also established the "BML Group Compliance Manual" that outlines its Corporate Commitments, and is striving to ensure thorough awareness by conducting training as appropriate.

In addition, the Compliance Committee oversees the cross-sectional compliance structure including the Group companies and operates the "Compliance Post" whistleblowing system.

(3) Regarding the risk management structure, the BML Group has established a basic policy on risk management, and a risk management system has been built to implement the basic policy in accordance with the Basic Rules on Risk Management.

Through the effective functioning of the risk management system and the continuous monitoring of individual risks, the Company has established a system capable of swiftly and appropriately dealing with emergencies in the unlikely event that they occur.

In addition, the Risk Management Dept. (within which the Intellectual Property and Legal Affairs Office has been established) has been established as a department that centrally manages all risks and engages in the prevention and analysis of risks.

(4) The Company has established the "Regulations on the Management of Affiliated Companies" to facilitate proper operations for smooth business management, and is developing compliance and risk management systems as a unified corporate group, in accordance with internal regulations.

(5) The Company has no relationship with anti-social forces or organizations, and takes a firm stance against such forces. In addition, the Company will strengthen its system to eliminate anti-social forces through cooperation with police stations and related organizations.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The BML Group has established the following in the "Compliance Manual," and strives to make this content known throughout the Company through appropriate training and other means:

<Eliminating relationships with anti-social forces>

1. We will not provide money or goods to organized crime groups, corporate extortionists, etc. under any pretext.
2. We will take a firm stance against organized crime groups, corporate extortionists, etc. without fear.
3. We will not use organized crime groups, corporate extortionists, etc. as a means of solving problems.
4. If we are contacted by an individual or group engaging in anti-social activities, we will not respond individually, but will report to our superiors and take action as a company organization.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

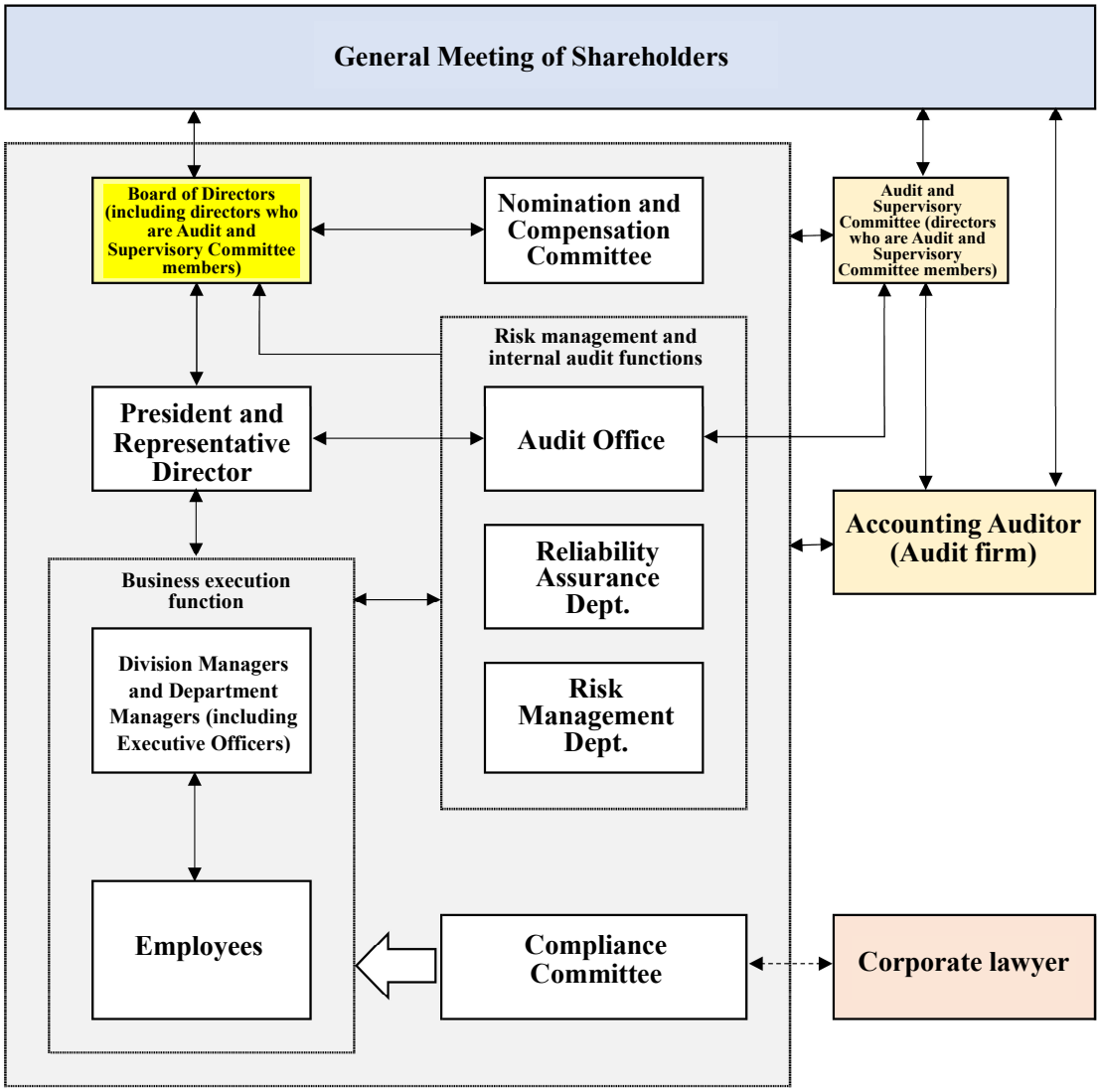
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2. Other Matters Concerning the Corporate Governance System

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END

[Corporate Governance Structure Chart]



[Timely Disclosure Structure Chart]

