Company Overview & Future Outlook

Shigekazu Takeuchi
President and Group CEO
H.U. Group Holdings, Inc.
(TSE: 4544)
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Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors. Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.
Rebranding (as of July 2020)

Move forward from “Supporting the medical field by providing clinical tests” to “Provide the best healthcare to all people”

- “Healthcare”: Expand business domain from “Medical” to “Healthcare”
- “for You”: Provide healthcare to individual (B2C)
Our Business

- A unique business model: CLT and SR offer services, and IVD develops instruments and reagents
- Contribute to healthcare by expanding businesses related to the medical field

Medical treatment

- Clinical Laboratory Testing (CLT)
  - No.1 market share
- In Vitro Diagnostics (IVD)
  - No.2 market share

Surgery

- Sterilization Related (SR)
  - No.1 market share

Emerging New Business (ENB)

Specimens → Test results → Instruments/reagents → Sterilization services, etc.
Net Sales/EBITDA by Segment

- CLT and IVD are the two main pillars of our business

**FY2019 Net Sales**
- $1,797\(^1\) Million
- IVD 21%
- CLT 62%
- SR 12%
- ENB 4%

**FY2019 EBITDA**
- $219\(^1\) Million
- IVD 40%
- CLT 48%
- SR 9%
- ENB 2%

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1. Exchange rates: 1 USD=105 JPY
Our Position and Strengths: CLT Business

Our market share in Japanese CLT market

- **20.4%**

Japanese CLT market

- $5.5 billion (5 years CAGR*: 1.6%)

Our strengths

- Coverage of large hospitals in Japan: over 80%
- Focus on advanced genetic testing
  - In-house NGS\(^4\) testing
  - Exclusive distributor in Japan
  - BRACAnalysis CDx\(^\circledR\) (Myriad Genetics Inc.)
  - FoundationOne\(^\circledR\) (Foundation Medicine Inc.)
  - Clinical trial collaborating with SCRUM Japan\(^5\)

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1. An internal investigation based on the material published by Yano Research Institute Ltd.
2. Exchange rates: 1 USD=105 JPY
3. Hospitals with 500 beds or more
4. NGS: Next-Generation Sequencing
5. Cancer Genome Screening Project for Individualized Medicine in Japan
Our Position and Strengths: IVD Business

Established 23.3% market share in Japanese immunoassay market based on installed instruments

Immunoassay reagent market in Japan

$1.8 billion (5 years CAGR*: 3.7%)

Strengths of Lumipulse® series in immunoassay field

- # of installation: over 1,400
- # of testing items: over 60
  - Infectious disease
  - Tumor marker
  - Hormone etc.

1. An internal investigation based on the survey results conducted by Japan Medical Association
2. An internal investigation based on the materials released by Japan Association of Clinical Reagents Industries
3. Exchange rates: 1 USD=105 JPY
Our Unique Strengths in the Clinical Testing Field

- Having two strongly positioned businesses within one group
- Accelerating group unification centered around H.U. Group Research Institute

CLT
Testing services to medical institutions

Research & Development
Basic research and supervision of group R&D
H.U. Group Research Institute

IVD
Developing instruments and reagents for immunoassay

H.U.GROUP
Global Footprint

- Fujirebio Europe N.V.
- Fujirebio Diagnostics, Inc.
- Ping An SRL Medical Laboratories
- Baylor Genetics (Baylor Miraca Genetics Laboratories, LLC)

- Headquarters
- Main subsidiary
- Equity method affiliates
Baylor Genetics

- Uniquely positioned to become the market leader in NICU\(^1\)/PICU\(^2\) and pediatric health by establishing Whole Genome Sequencing

1. NICU: Neonatal Intensive Care Unit
2. PICU: Pediatric Intensive Care Unit
Ping An SRL Medical Laboratories

- Instruments/reagents sales
- Testing labs nationwide in China
- Imaging centers
- Medical checkup clinics
- 3 facilities in the same district

Tests from medical checkup applicants:
- Employees of Ping An
- Insurants of Ping An insurance

Consultation for lab operation

Ping An SRL Medical Laboratories

60%  40%
Our initiatives for fighting against COVID-19
Our Services and Products for Detecting SARS-CoV-2

We provide a comprehensive testing service and products for SARS-CoV-2 detection.

**CLT**
- PCR

**IVD**
- High-sensitive antigen test
  - Lumipulse SARS-CoV-2 Ag
- Rapid antigen test
  - ESPLINE SARS-CoV-2
Advantage of Automated High-Sensitive Antigen Test over PCR

**PCR**
- Batch processing
- Inefficient for mass-screening tests

**High-sensitive antigen test**
- High-throughput flow testing
  - Up to 240 test/hour
  - Within 30 min/test

Ideal for mass-screening tests
High-Sensitive Antigen Testing Service at Major Airport Quarantines

- 8 major Japanese international airport quarantines chose Lumipulse for mass-screening tests for entrants

3 strengths

- Flow testing
- Saliva
- Equivalent to PCR

Detects SARS-CoV-2 variants

Airport quarantines

- 40 units
- 8 airports

Airports:
- CTS
- SDJ
- FUK
- KIX
- NGO
- HND
- NRT
- OKA
Global Expansion of High-sensitive Antigen Test

- Approved as CE Marked product in Aug 2020 which made EMEA an addressable market
- Aiming to expand business in the US upon FDA approval

- Initial demand kicked off in Italy (over 300 Lumipulse have been installed in EU)
- Partnership with Centogene
  - Antigen test offered in Hamburg (HAM), Frankfurt (FRA)
  - Adopted for “COVID-19 Tested Flight” screening for Lufthansa & Austrian Airlines

- Applied to the U.S. FDA for EUA approval on Dec 22, 2020
Rapid Antigen Test (ESPLINE SARS-CoV-2)

- Steady sales in Japan, emerging sales opportunity outside Japan
- Superiority of ESPLINE’s sensitivity over domestic competitors\(^1\) was proven by a third-party evaluation\(^2\)

<table>
<thead>
<tr>
<th>Easy</th>
<th>• No instruments</th>
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<tbody>
<tr>
<td>Rapid</td>
<td>• Within 10 to 30 minutes</td>
</tr>
<tr>
<td>Usability</td>
<td>• POCT(^3)</td>
</tr>
</tbody>
</table>

1. QuickNavi-COVID19 Ag (Denka Seiken), ImmunoAce SARS-CoV-2 (Tauns Laboratories), Standard Q COVID-19 Ag (SD Biosensor)
2. Yoshihiro Kawaoka; et al. Comparison of Rapid Antigen Tests for COVID-19; Viruses 2020, 12, 1420
3. POCT: Point of Care Testing
Future of COVID-19 Testing

When vaccines/treatments become widely available, cost benefit, ease of use, and speed will become important in testing.

**Today**
(vaccine/medicine in development)

- PCR

**Future**
(vaccine/medicine have penetrated)

- High-sensitive/rapid antigen test
Summary of
New Medium-term Plan
“H.U. 2025 ~Hiyaku & United~”
5 Year Medium-term Plan “H.U. 2025”

- Key milestone will be the launch of the New Central Lab in CY2022
- With the coming startup of the New Central Lab, the medium-term plan will be divided into two phases

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>COVID-19 Contribution &amp; Restructuring</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase II</td>
<td>Return on Investment &amp; Profit Expansion</td>
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- **COVID-19 impact**
  - Contribution to COVID-19

- **New Central Lab**
  - Start operation in Jan. 2022
  - Cost structure reform through automation
  - Revolutionize esoteric testing operation

- **Restructuring**
  - Reorganization of lab network nationwide
  - Logistics cost reduction
  - Convert regional labs into STAT¹ labs
  - New Kansai Lab

- **Healthcare x ICT**
  - Start-up period
  - Establishment of Healthcare × ICT related services

1. STAT: Short Turn Around
Key Initiatives of “H.U. 2025”

1. Launch of New Central Lab
2. OEM business enhancement
3. Healthcare × ICT
1. Impact from New Central Lab, compared to FY2019

- Full automation of lab operation
- Renewal of IT system
- Testing capacity expansion
  - 300,000ID/day (tripled)
- Operation start
  - General test: Jan. 2022
  - Esoteric test: May 2022
- Averaged COS reduction/ID in FY2024
  - General test: -15%
  - Esoteric test: -7%
Fixed Cost Reduction and Profitability Improvement

- Establish 3-site operation centered around the New Central Lab
- Small regional labs cover emergency needs

**New Central Lab**
- Consolidate general tests in Kanto area
- Consolidate esoteric tests nationwide

**New Fukuoka Lab**
- Conduct general tests
- Reorganize labs in Fukuoka

**New Kansai Lab**
- Conduct general tests and some esoteric tests

Profitability improvement through cost optimization
OEM Business Enhancement

- Making a strategic shift towards growing OEM business
- Strengthening OEM business utilizing our domestic Lumipulse track record and our ability to develop high quality raw material and reagents for immunoassay

Sales growth of OEM business

<table>
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<tr>
<th>Year</th>
<th>Sales (MUSD)</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>FY2019</td>
<td>159</td>
<td>8%</td>
</tr>
</tbody>
</table>

Supply from 3 sites

1. FRE: Fujirebio Europe N.V.
2. FDJ: Fujirebio Diagnostics Japan, Inc.
3. FDI: Fujirebio Diagnostics Inc.
Healthcare × ICT

- Provide an ICT solution leveraging customer base as Japan’s largest clinical lab
- Operate SaaS\(^1\) support system for GP\(^2\)
- Connect PHR\(^3\) with SaaS for GP

1. SaaS: Software as a service
2. GP: General Practitioner
3. PHR: Personal Health Record
Medium-term Consolidated Financial Targets

<table>
<thead>
<tr>
<th>FY2024</th>
<th>For 5 years cumulative</th>
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<tbody>
<tr>
<td>Net sales CAGR(^1)</td>
<td>6% or more</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>18% or more</td>
</tr>
<tr>
<td>OP margin</td>
<td>10% or more</td>
</tr>
<tr>
<td>ROE</td>
<td>12% or more</td>
</tr>
<tr>
<td>ROIC</td>
<td>8% or more</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>¥150 billion or more</td>
</tr>
<tr>
<td>Free cash flow(^2)</td>
<td>¥50 billion or more</td>
</tr>
</tbody>
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1. 5 years CAGR during FY2019-FY2024  
2. Lease is not included in investing cash flow

Annual free cash flow to turn positive in FY2022
Key Takeaways

Maximizing synergy between CLT and IVD to drive growth

Providing comprehensive services & products to fight against COVID-19

Creating value through the execution of “H.U. 2025”

Expand into the healthcare arena