



Company Overview & Future Outlook

Shigekazu Takeuchi

President and Group CEO

H.U. Group Holdings, Inc.
(TSE: 4544)

January 14, 2021

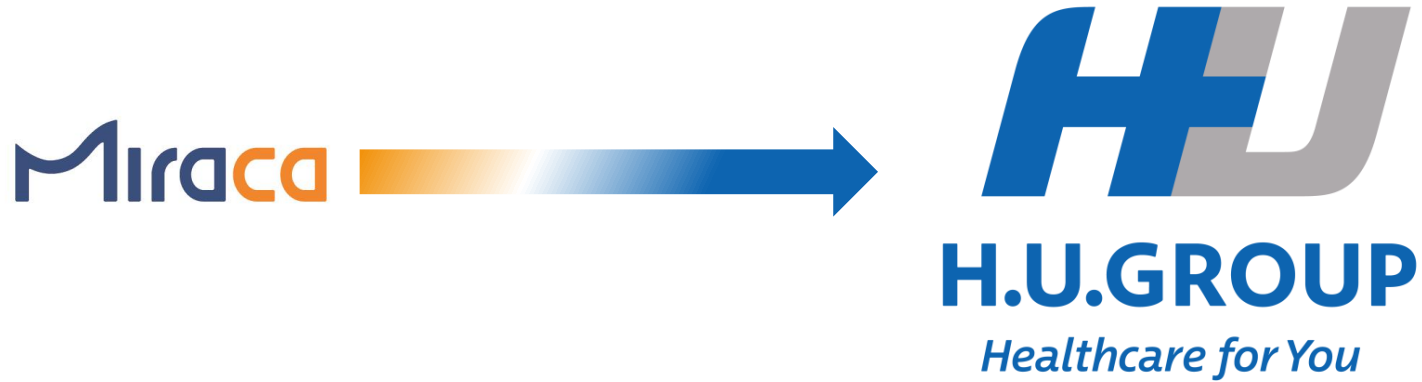
Disclaimer

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)

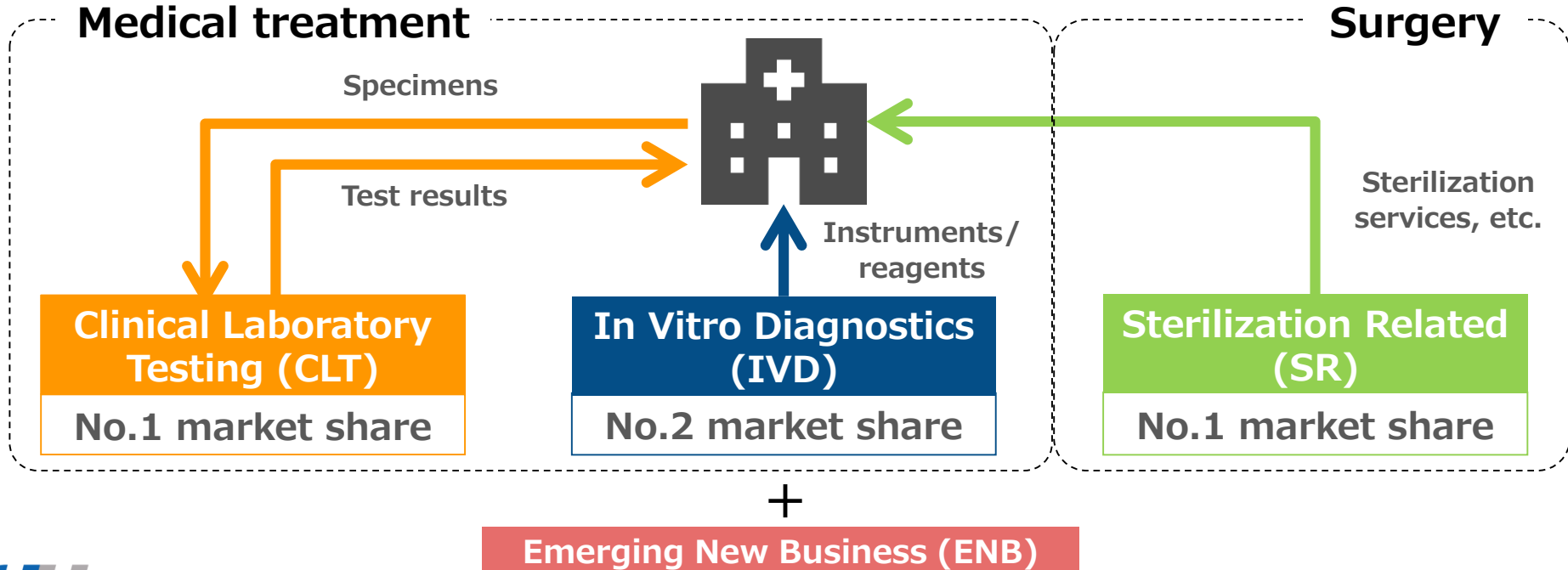


Move forward from “Supporting the medical field by providing clinical tests”
to “Provide the best healthcare to all people”

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

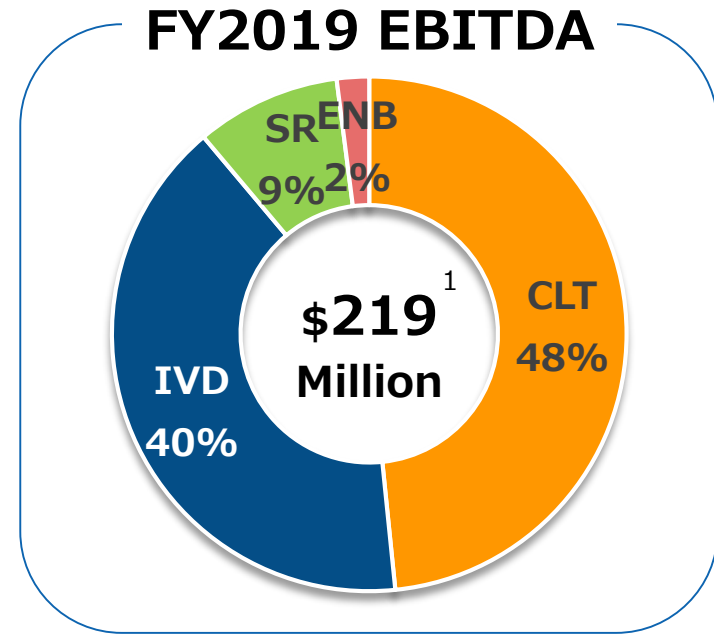
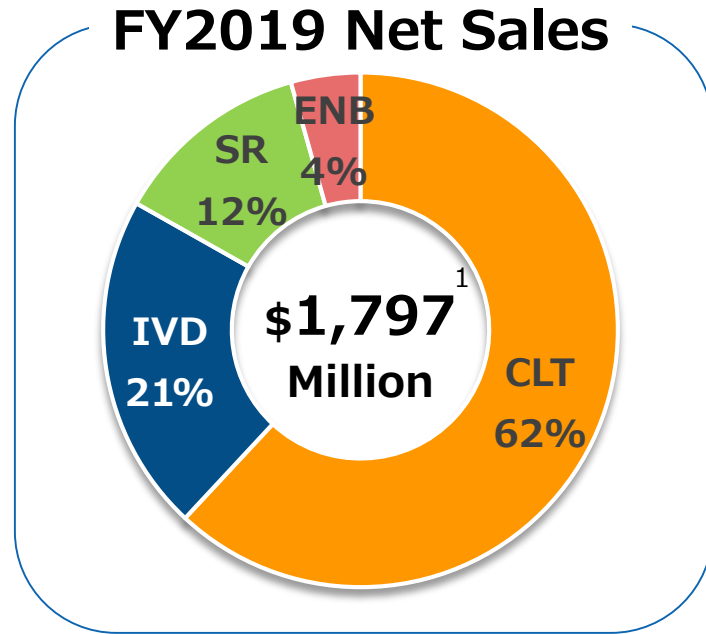
Our Business

- 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



Net Sales/EBITDA by Segment

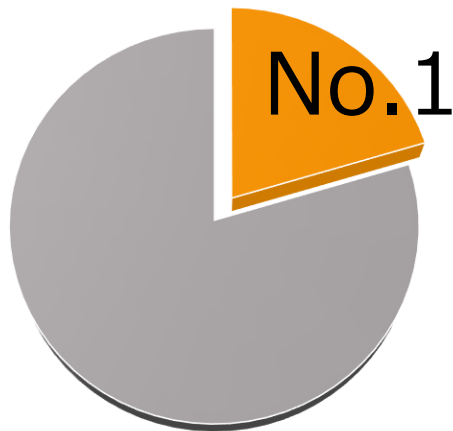
- CLT and IVD are the two main pillars of our business



Our Position and Strengths: CLT Business

Our market share in
Japanese CLT market

20.4%¹



Japanese CLT market¹

\$5.5 billion² (5 years CAGR*: 1.6%)

*from 2014 to 2019

Our strengths

- Coverage of large hospitals in Japan³: over 80%
- Focus on advanced genetic testing
 - ✓ In-house NGS⁴ testing
 - ✓ Exclusive distributor in Japan
 - ◆ BRACAnalysis CDx[®] (Myriad Genetics Inc.)
 - ◆ FoundationOne[®] (Foundation Medicine Inc.)
 - ✓ Clinical trial collaborating with SCRUM Japan⁵

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
instruments¹



Immunoassay reagent market in Japan²

\$1.8 billion³ (5 years CAGR*: 3.7%)

*from 2013 to 2018

Strengths of Lumipulse® series in immunoassay field

- # of installation: over **1,400**
- # of testing items: over **60**
 - ✓ Infectious disease
 - ✓ Tumor marker
 - ✓ Hormoneetc.

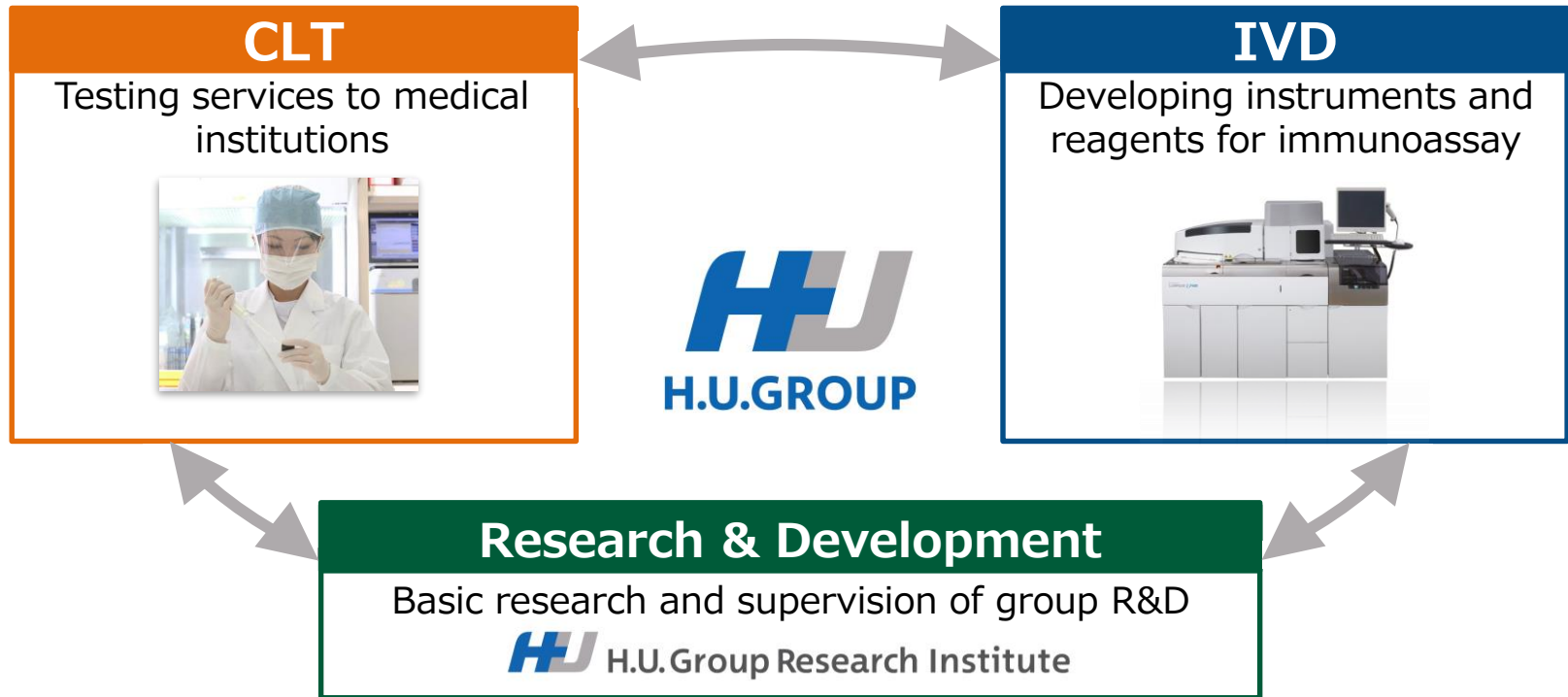
1. An internal investigation based on the survey results conducted by Japan Medical Association

2. An internal investigation based on the materials released by Japan Association of Clinical Reagents Industries

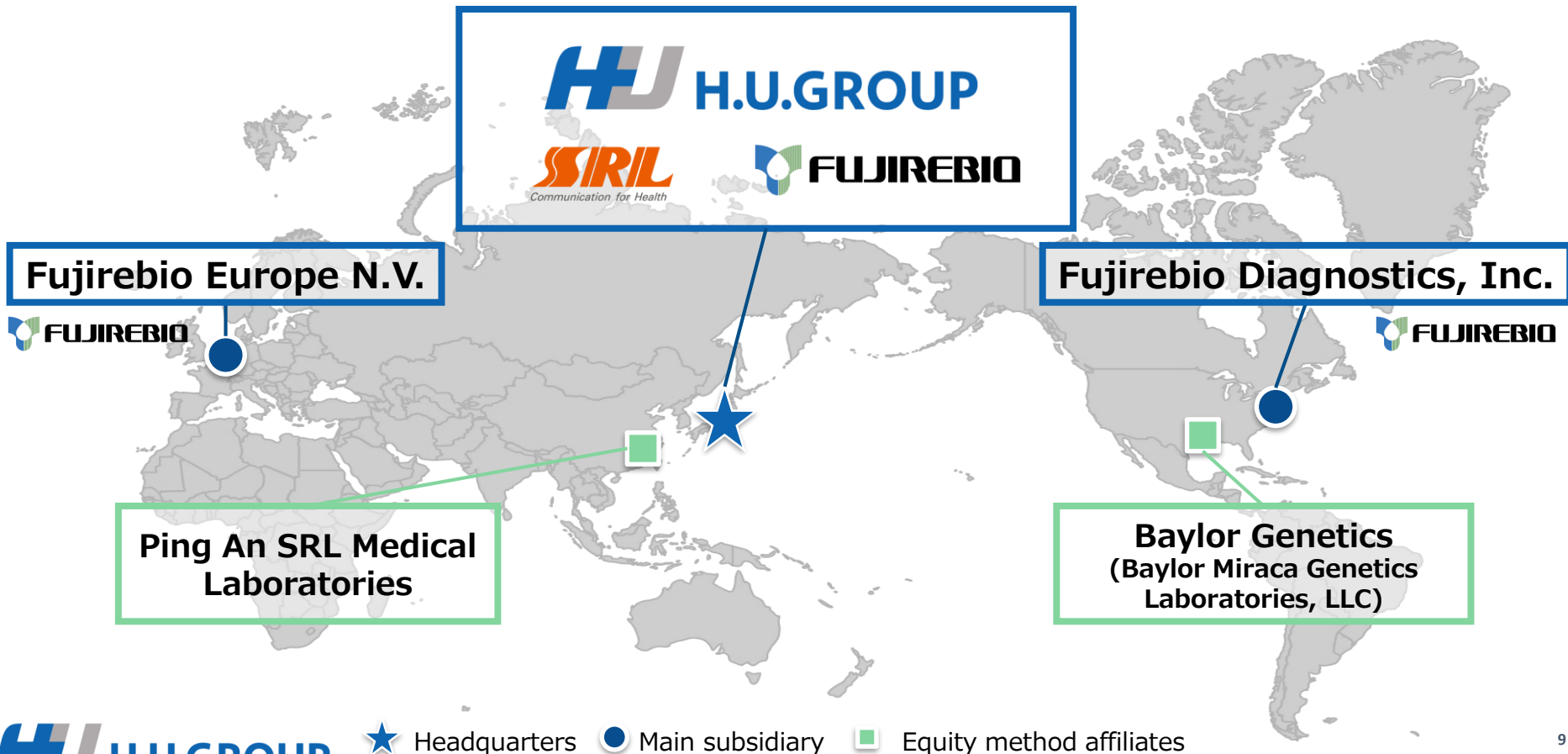
3. Exchange rates: 1 USD=105 JPY

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

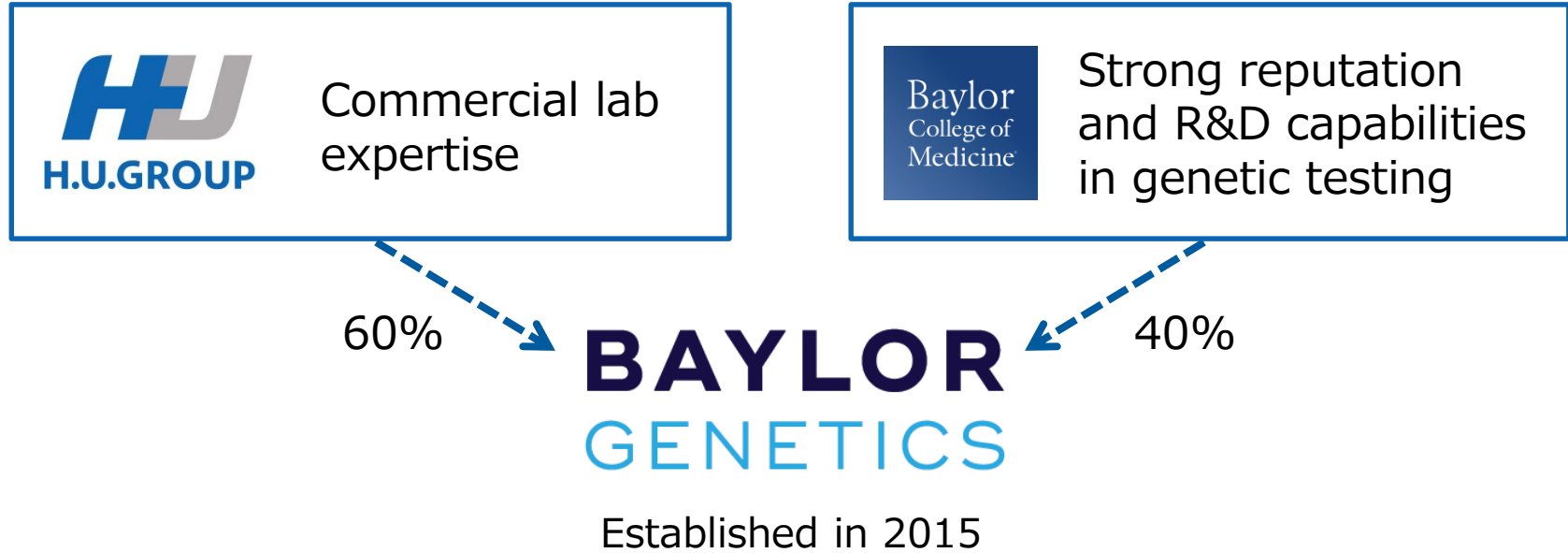


Global Footprint

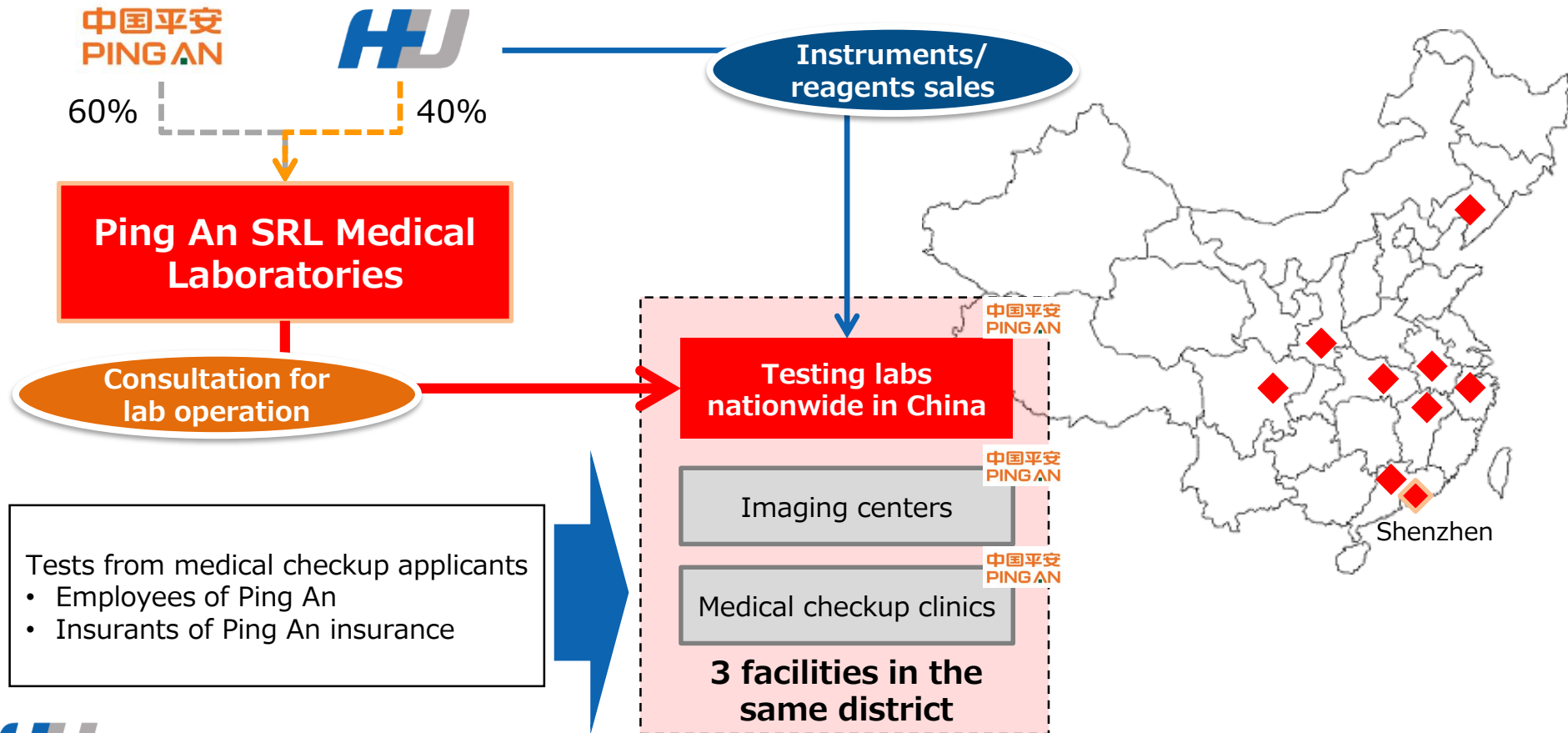


Baylor Genetics

- Uniquely positioned to become the market leader in NICU¹/PICU² and pediatric health by establishing Whole Genome Sequencing



Ping An SRL Medical Laboratories





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



Lumipulse L2400



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



OKA

FUK

KIX

NGO

HND

NRT

CTS

SDJ

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

CENTOGENE
THE RARE DISEASE COMPANY



Lufthansa

Austrian 



- 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 competitors¹ was proven by a third-party evaluation²



Easy

- **No instruments**

Rapid

- **Within 10 to 30 minutes**

Usability

- **POCT³**

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

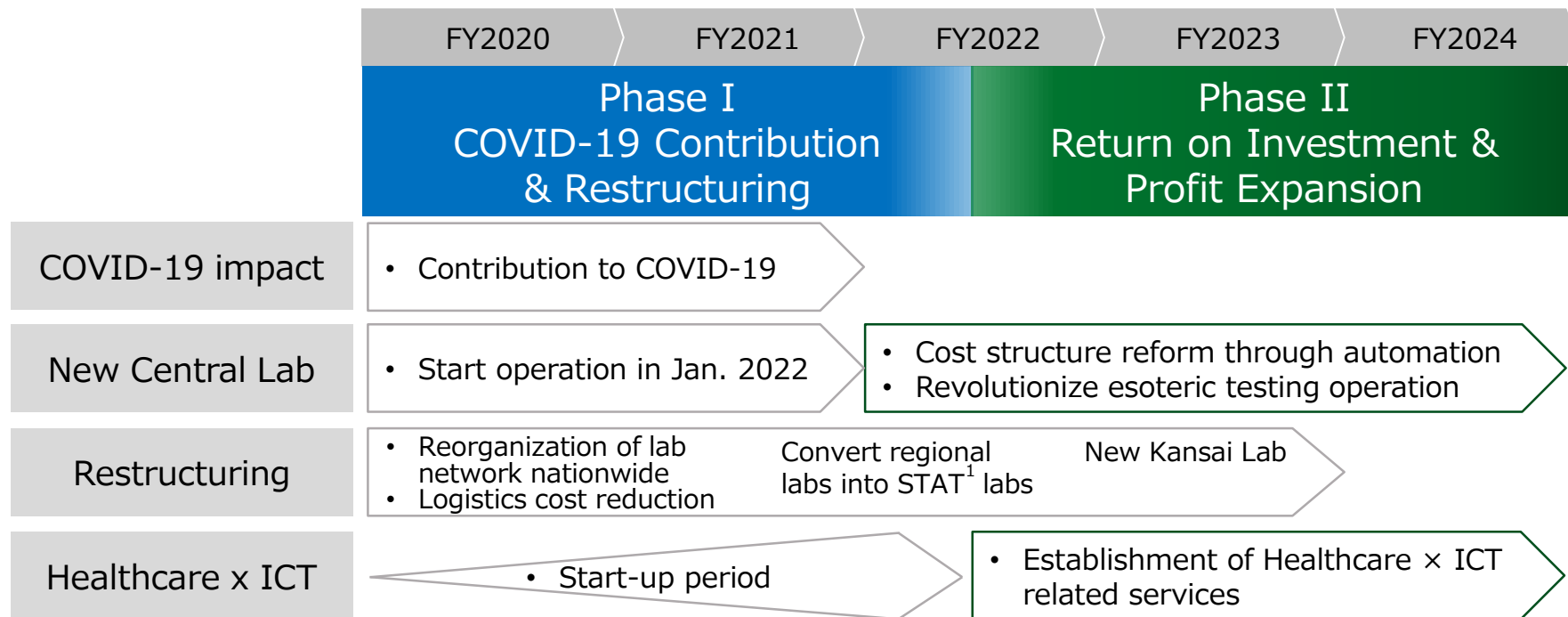




Summary of New Medium-term Plan “H.U. 2025 ~Hiyaku & United~”

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



Key Initiatives of “H.U. 2025”

- 1 Launch of New Central Lab**
- 2 OEM business enhancement**
- 3 Healthcare × ICT**

New Central Lab in Akiruno, Tokyo

Operation start
General test: Jan. 2022
Esoteric test: May 2022

Testing capacity expansion
300,000ID/day (tripled)

- Full automation of lab operation
- Renewal of IT system

Averaged COS¹ 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

▶ Profitability improvement through cost optimization

New Central Lab

- Consolidate general tests in Kanto area
- Consolidate esoteric tests nationwide

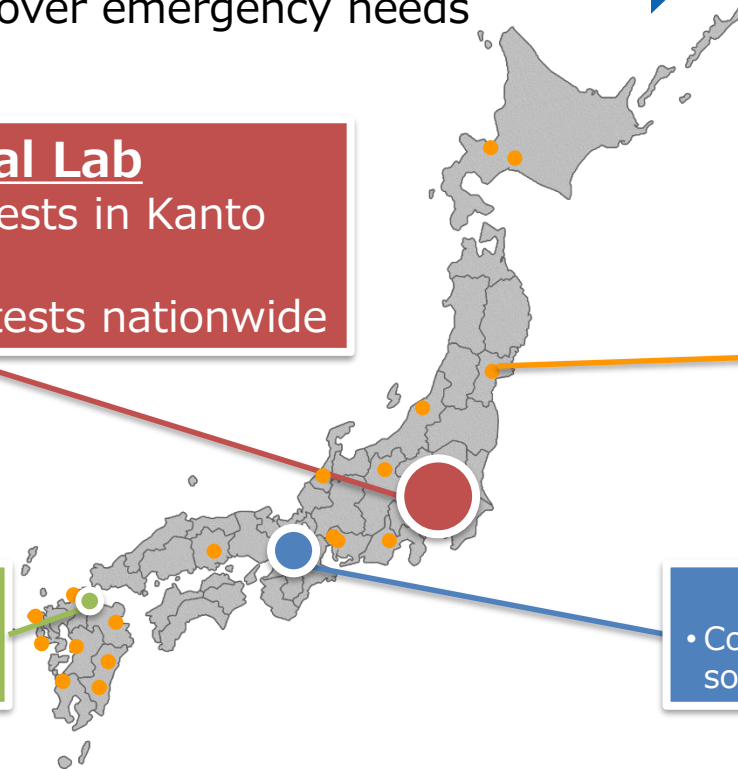
Small regional Lab

New Fukuoka Lab

- Conduct general tests
- Reorganize labs in Fukuoka

New Kansai Lab

- Conduct general tests and some esoteric tests

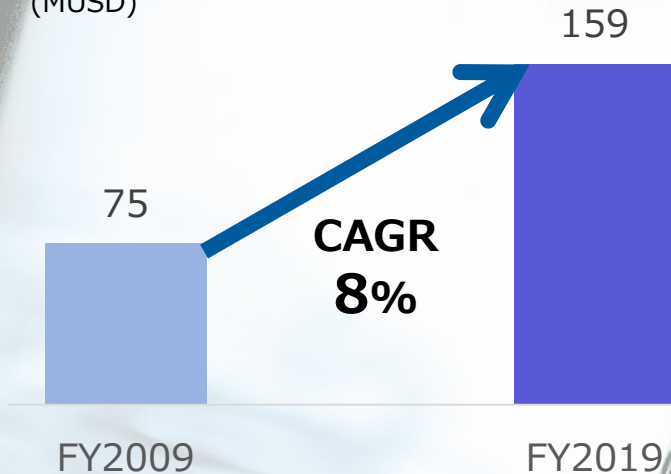


OEM Business Enhancement

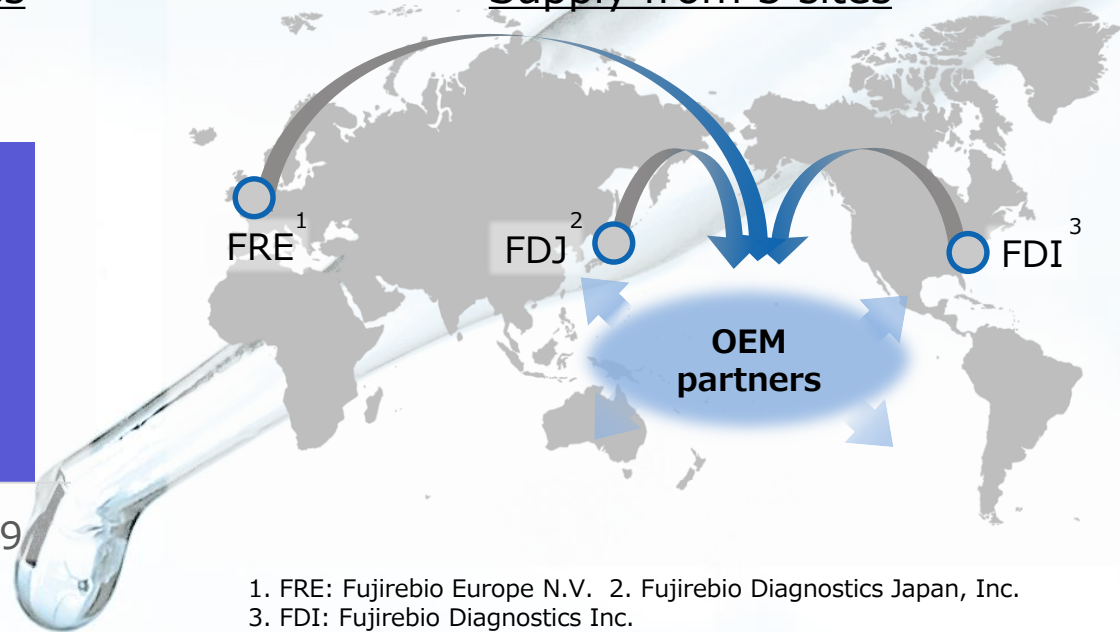
- Making a strategic shift towards growing OEM business
- Strengthening OEM business utilizing our domestic Lumipulse track record and our ability to develop high quality raw material and reagents for immunoassay

Sales growth of OEM business

(MUSD)

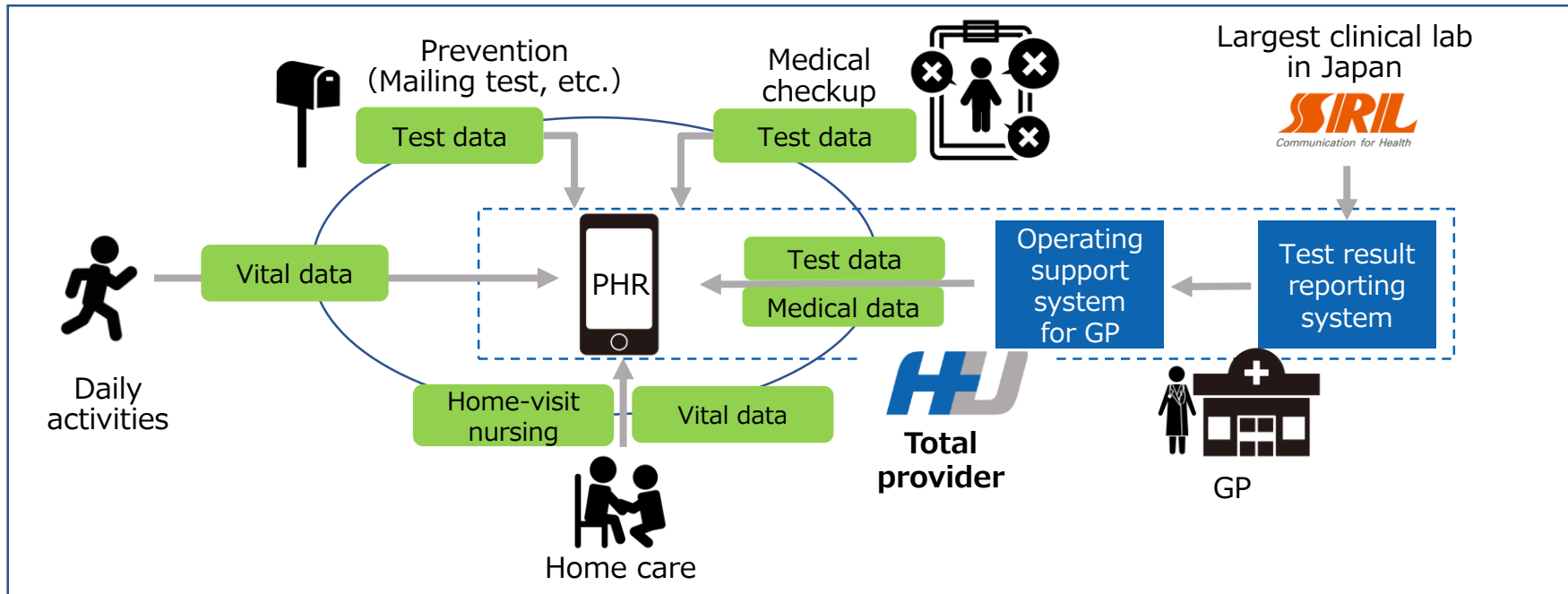


Supply from 3 sites



Healthcare × ICT

- Provide an ICT solution leveraging customer base as Japan's largest clinical lab
- Operate SaaS¹ support system for GP²
- Connect PHR³ with SaaS for GP



Medium-term Consolidated Financial Targets

FY2024

Net sales CAGR ¹	6% or more
EBITDA margin	18% or more
OP margin	10% or more
ROE	12% or more
ROIC	8% or more

For 5 years cumulative

Operating cash flow	¥150 billion or more
Free cash flow ²	¥50 billion or more

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