

Q&A Highlights: First Half FY2021 Business Results

Date and Time: 16:00-17:00, Tuesday, November 9, 2021

Q-1

- Under the current situation in which the number of newly infected patients continues to decline, please describe again your assumptions for the second half forecast related to COVID-19.

A-1

- 2,000-3,000 PCR tests are being conducted daily now. We expect that this level will be maintained, since the number of newly infected patients has not fallen to zero.
- To resume overseas travel, the number of tests conducted at airport quarantine stations may increase. At this stage, however, we have not assumed significant testing number increase for this revised forecast.

Q-2

- This is a question about the revision of the FY2021 forecast. While the IVD is on an upward trend, do you see any negative factors in terms of sales or profits due to the staged launching of H.U. Bioness Complex? Also, how do you think it will affect FY2021?

A-2

- With the staged launch from January 4, we will incur costs such as personnel expenses due to parallel operations with Hachioji.
- On the other hand, a part of the costs to be incurred will be carried over to FY2022, since the full operation of the 1st phase will start in March.
- After considering the upside of IVD in addition to the above factors, the second half forecast has been sustained.

Q-3

- At the beginning of FY2021, expenses related to H.U. Bioness Complex was assumed to be 2 billion yen for the first half and 6 billion yen for the second half. Are there any changes to the progress and projection? Is there any change in the forecast of a 3.0 billion yen increase in costs for FY2022 due to the carry-over of part of the costs into the next fiscal year?

A-3

- It has mostly progressed in line with the plan, and our initial projection has not changed significantly.
- As there will be no major impact on FY2022, we don't intend to change the overall forecast.

Q-4

- Even though the number of PCR tests conducted has not significantly changed QonQ, the sales in LTS have increased. Is this due to anything other than COVID-19-related tests?

A-4

- This is due to an increase in the number of general tests compared to FY2019, in addition to tests conducted at large-scale events.

Q-5

- How have large-scale events contributed to sales? And what about sales of cancer genomic tests?

A-5

- We cannot comment on large-scale events, as we are under a strict non-disclosure agreement with the contractee.
- Sales related to cancer genomic tests are rising steadily, as these are required even under the COVID-19 epidemic.

Q-6

- How has the number of tests other than those related to COVID-19 been recovering?

A-6

- While esoteric testing is still suffering, general testing is growing compared to FY2019.

Q-7

- Why have sales of FMS/Branch tests in LTS largely increased QonQ?

A-7

- The major contributing factor is the increase in the number of tests conducted at airport quarantine stations.
- Another factor is the increase in sales from the existing customers.

Q-8

- While the sales of Lumipulse in Japan seem not to have grown significantly, sales of Espline have grown significantly. Please tell us about the background.

A-8

- The high-sensitivity quantitative antigen test using Lumipulse is seeing stable growth.
- The recent large growth of Espline is due to demand from local governments.

Q-9

- Rapid antigen test kits have started to be sold as OTC products. Do you think the demand for Espline will continue?

A-9

- It is difficult to foresee demand from local governments and other public institutions.
- The number of orders for Espline as OTC products has been gradually increasing and we expect sales to expand toward the second half. We estimate that a certain level of demand will continue.

Q-10

- What are your expectations for Alzheimer's disease-related test reagents?

A-10

- At this stage, the impact of such reagents is limited.
- As new drugs and reagents get approved and penetrates, sales may expand.

Q-11

- The most recent press reports cover the exemption of testing for people with vaccine passports at airport quarantine stations, as well as PCR testing conducted at public expense for asymptomatic individuals. Do you have any comments on these topics?

A-11

- Regarding vaccine passports, the government has not yet issued clear guidelines. In addition, it is considered risky to immediately eliminate the need for testing. For these reasons, we believe that the current testing system will continue for the time being.
- As for the implementation of the PCR test for asymptomatic individuals, we cannot make any predictions because the system has not yet been determined. If we are entrusted with testing, however, it will definitely have a positive impact.

Q-12

- How will you be affected by the global shortage of materials such as semiconductors?

A-12

- We use semiconductors and other materials for Lumipulse. But the impact will be modest in the short term, because we have inventory.
- If this situation continues, however, we may be affected.

Q-13

- When do you expect the joint demonstration for the realization of a new digital health certification, which you announced on October 21, to start contributing to your business results?

A-13

- It is still in the demonstration stage, and we don't expect that there will be a short-term impact.