

Financial Results for The First Quarter of FY2022 (Ended June 30, 2022)

August 9, 2022

H.U. Group Holdings, Inc.

(TSE: 4544)

Notes & references:

- * The financial information provided on this material has been prepared in accordance with Japanese GAAP except for EBITDA which is a non-GAAP measure.
- * “Net Profit attributable to shareholders of the parent company” may be abbreviated as “Net Profit” in some cases.
- * In principle, figures are rounded to the nearest whole. Due to rounding, some totals may not correspond with the sum of the separate figures.
- * Abbreviations:
 - LTS: Lab Testing and its related Services IVD: In Vitro Diagnostics
 - HS: Healthcare-related Services HUHD: H.U. Group Holdings, Inc.
 - FMS: Facility Management Service OP: Operating profit
 - Or. profit: Ordinary profit BMGL: Baylor Miraca Genetics Laboratories, LLC
 - FY2022: Fiscal year ending March 31, 2023

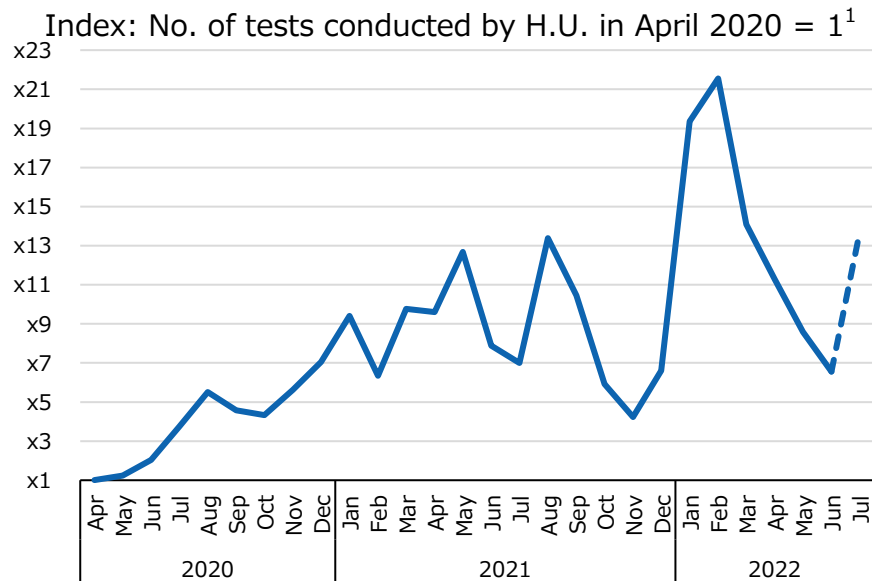
Exchange rates in this report:

FY2021 Q1	: 1USD = 109.49 JPY	1EURO = 131.96 JPY
FY2022 Q1	: 1USD = 129.56 JPY	1EURO = 138.08 JPY

Key Topics for the First Quarter of FY2022

Testing Trends of COVID-19 PCR & High-sensitivity Quantitative Antigen Tests at Airport Quarantines

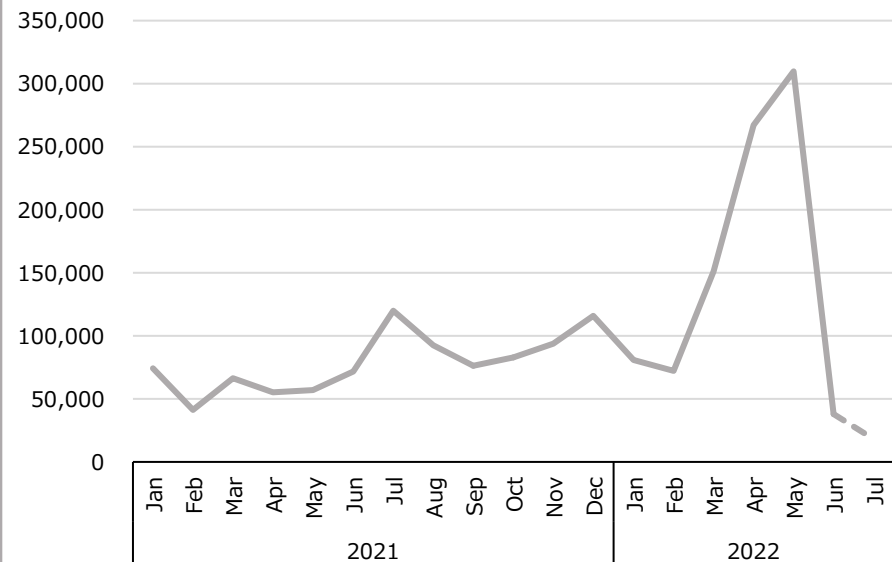
Number of COVID-19 PCR tests conducted



Decreasing after peaking in February
(signs of increase appear from July)

1. PCR tests conducted by SRL and Nihon Rinsho nationwide

No. of high-sensitivity quantitative antigen tests at airport quarantines for entrants²



Although April and May were much higher than expected, the number of tests declined sharply from June due to the easing of immigration restrictions (and remained at a low level in July)

Current Status and Outlook of COVID-19-Related Testing

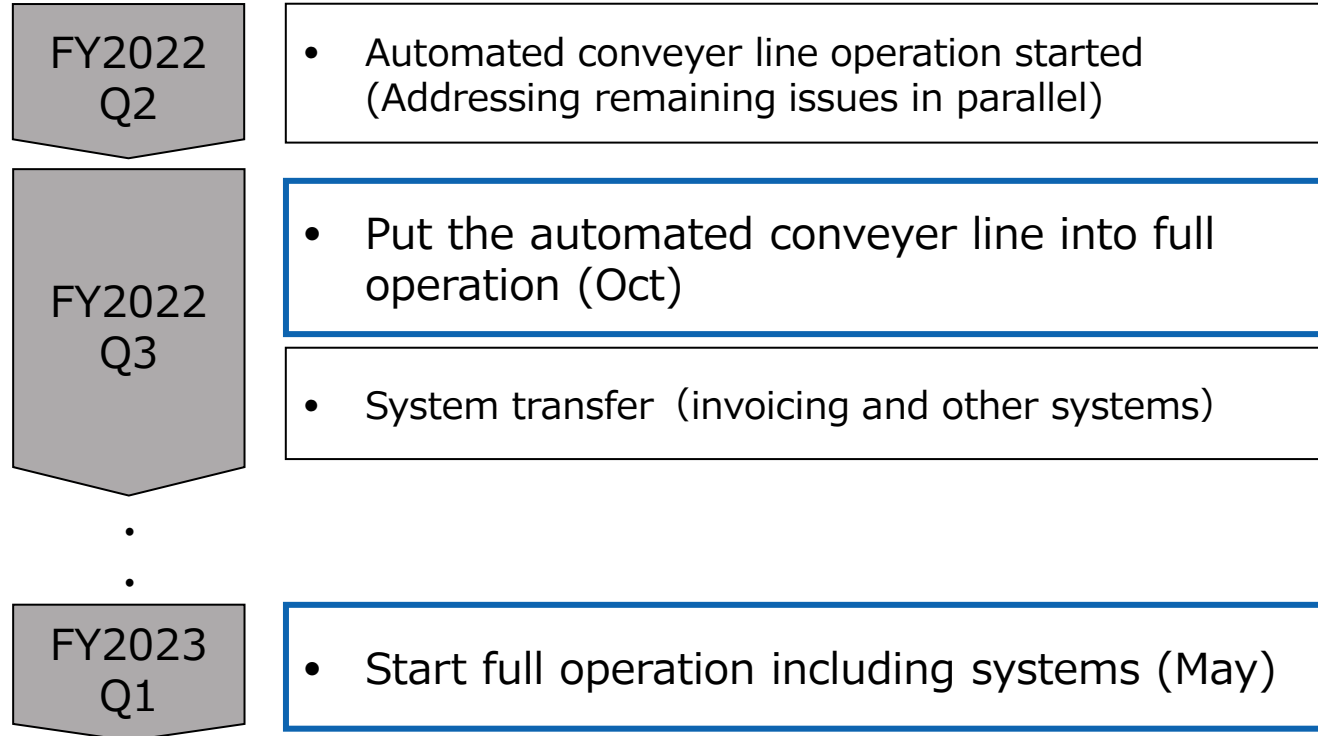
- COVID-19-related sales for Q1 exceeded the initial forecast, since high level of infection continued
 - ✓ Initial forecast: ¥10.7 bn → Actual results: ¥12.3 bn (+15%)
- Future outlook after Q2 is still unclear

Major differences from **initial forecast** in sales of COVID-19-related tests

	Initial forecast (¥ billion)	PCR	Airport quarantines	Lumipulse Japan	ESPLINE	Consolidated (¥ billion)
Q1 Actual results	10.7	↓	↑	↑	↑	12.3 ↑
Q2~Q4 Forecast	21.0	<u>Unclear future outlook</u>				

Current Status and Outlook of AkirunoCube

The project is progressing toward full operation at the beginning of FY2023



Full-Year Guidance for FY2022

Risk factors after Q2 relative to initial plan

- The spread of COVID-19 pandemic (page 3,4)
- Operational status of AkirunoCube (page 5)
- Impact of Foreign Exchange

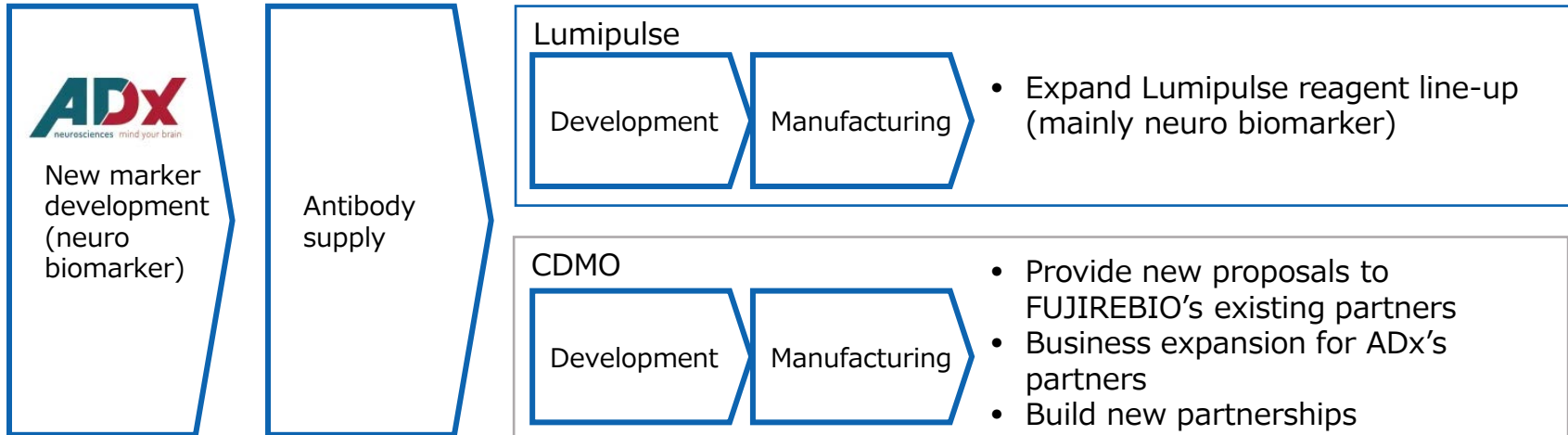
There will be no revision of full-year guidance at present

Acquisition of ADx NeuroSciences



Aim to enhance our strength in the Alzheimer's disease field and CDMO business

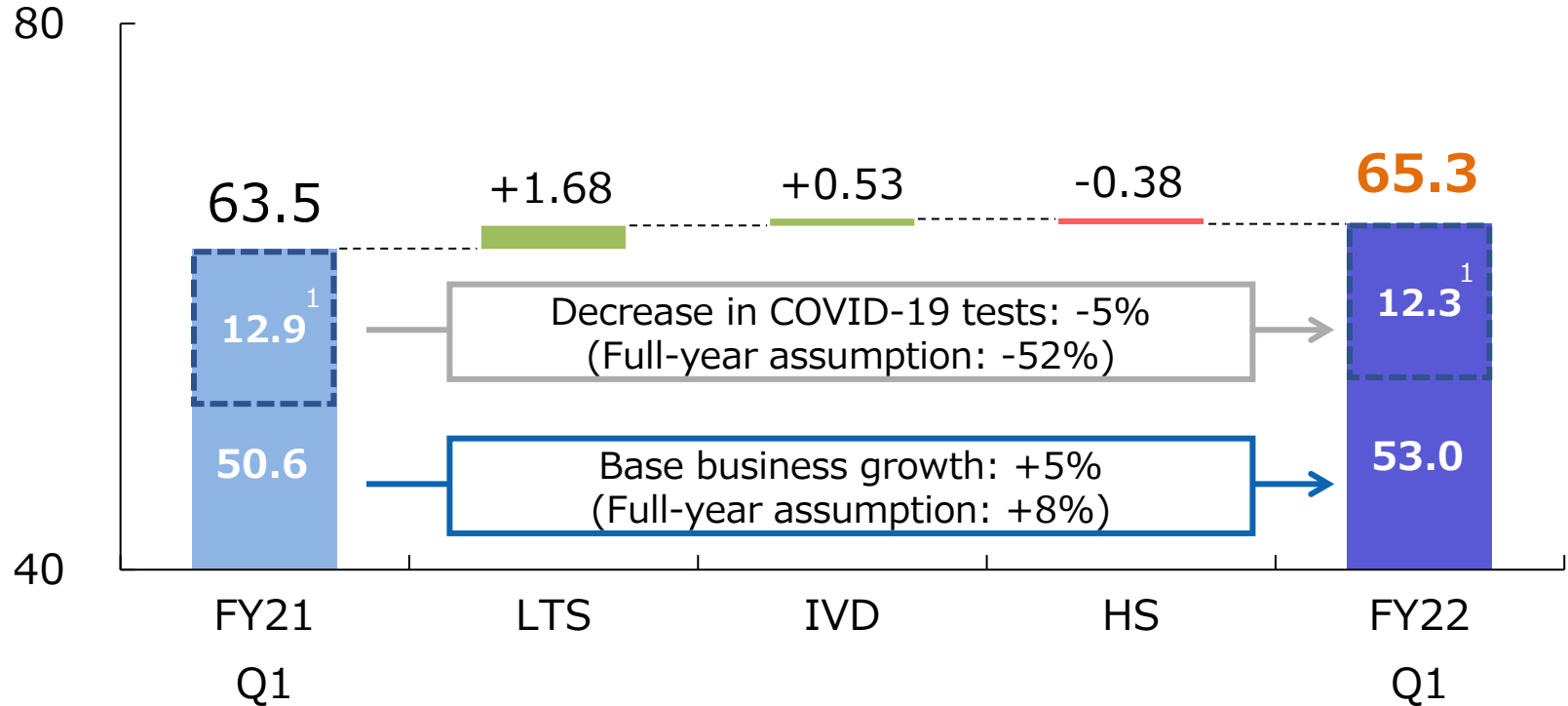
- Acquisition closing completed in July (consolidation starts from FY2022 Q2)
- Acquisition value: approx. 40M€



Financial Results for The First Quarter of FY2022

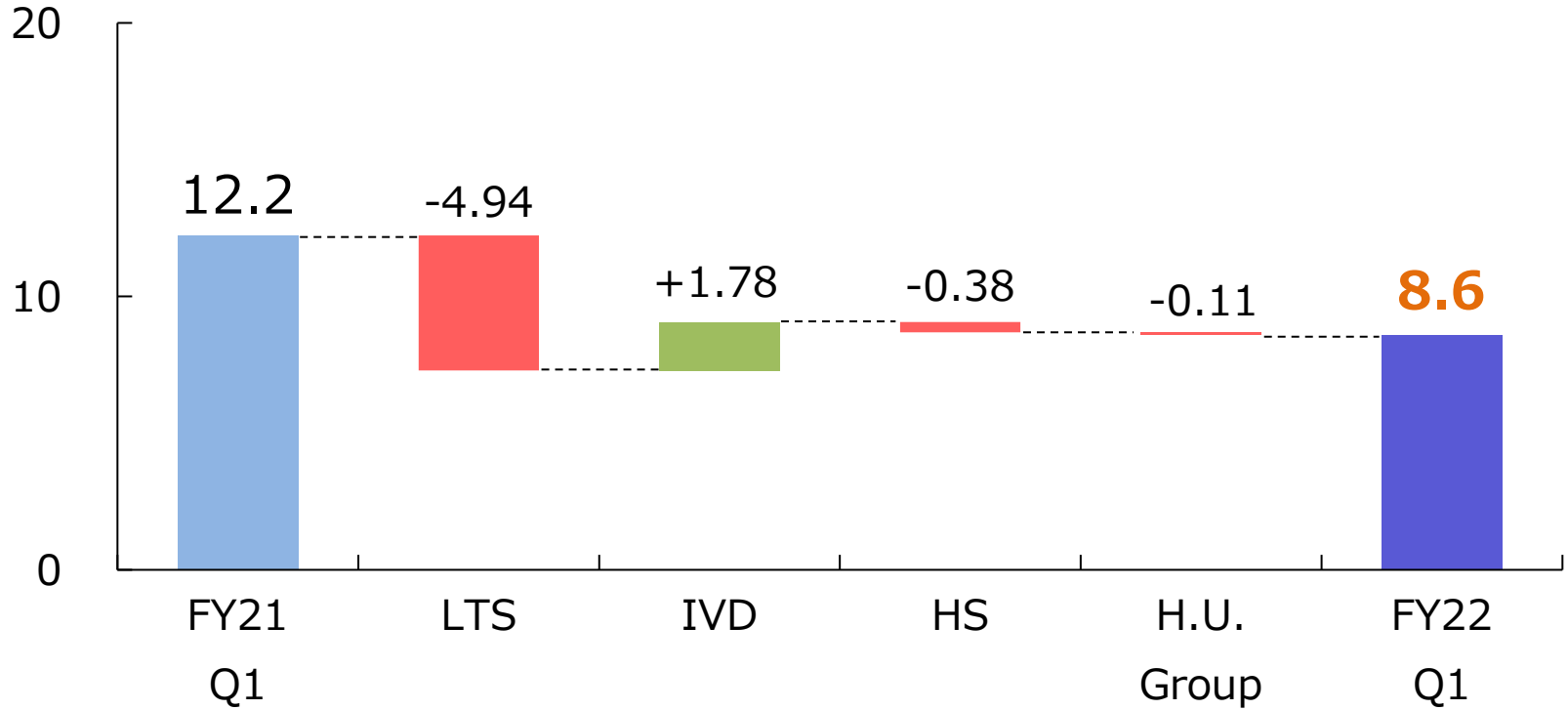
Consolidated Net Sales Waterfall Chart

(¥ billion)

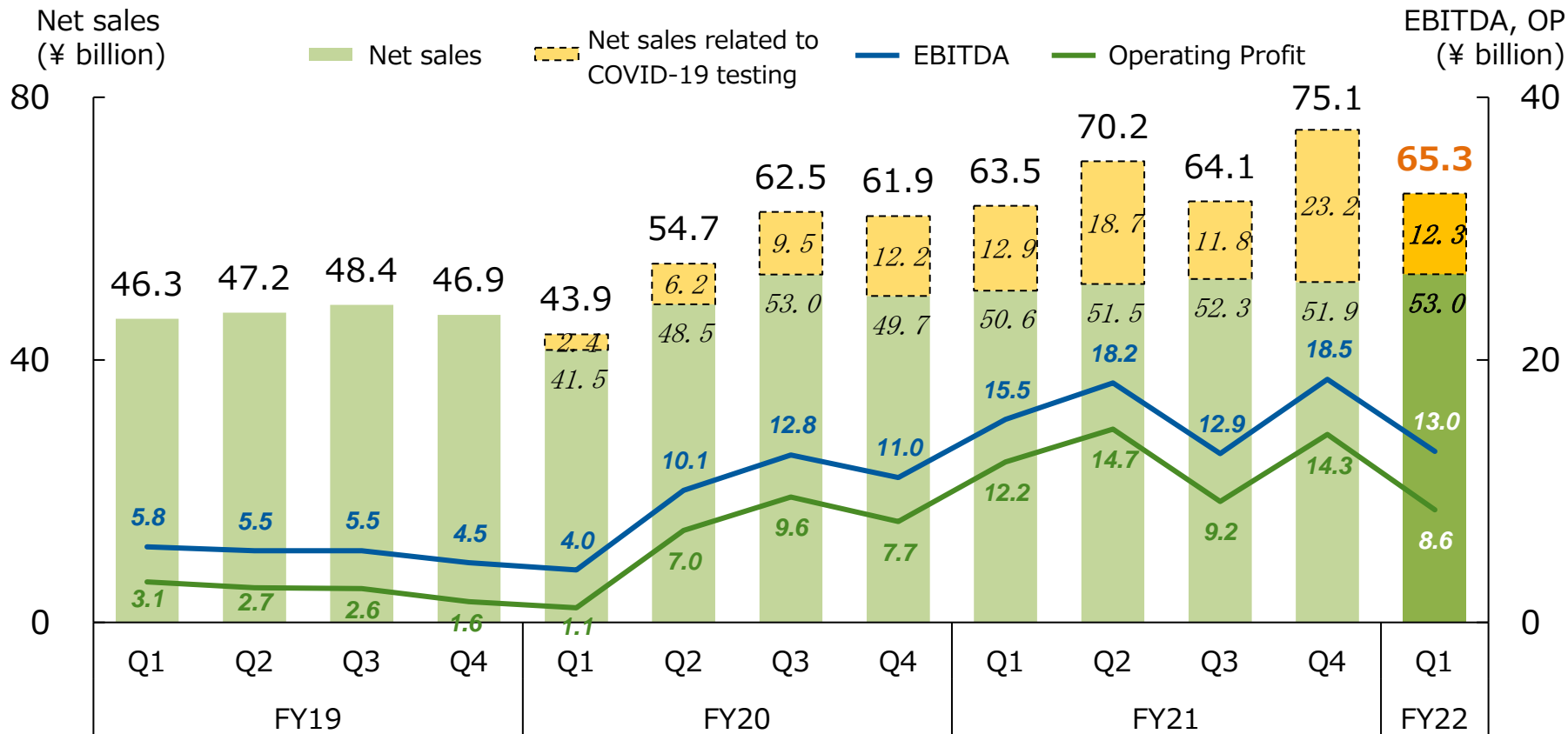


Consolidated Operating Profit Waterfall Chart

(¥ billion)



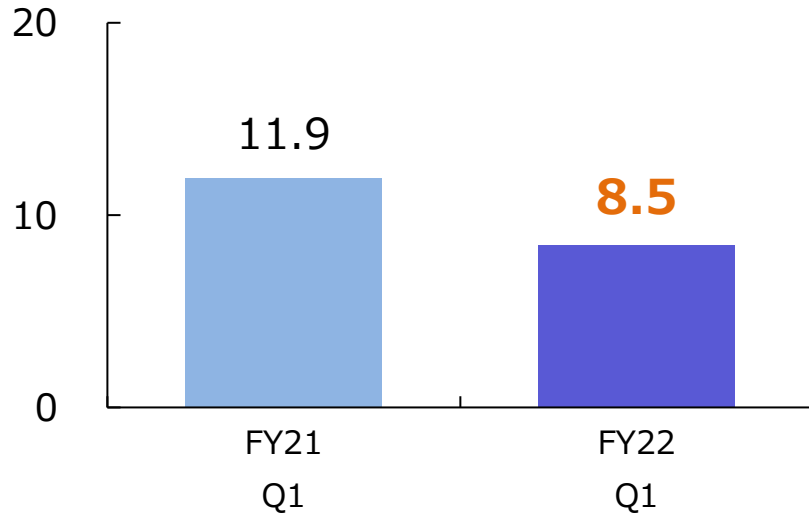
Quarterly Performance



Consolidated Ordinary Profit & Net Profit

Ordinary Profit

(¥ billion)

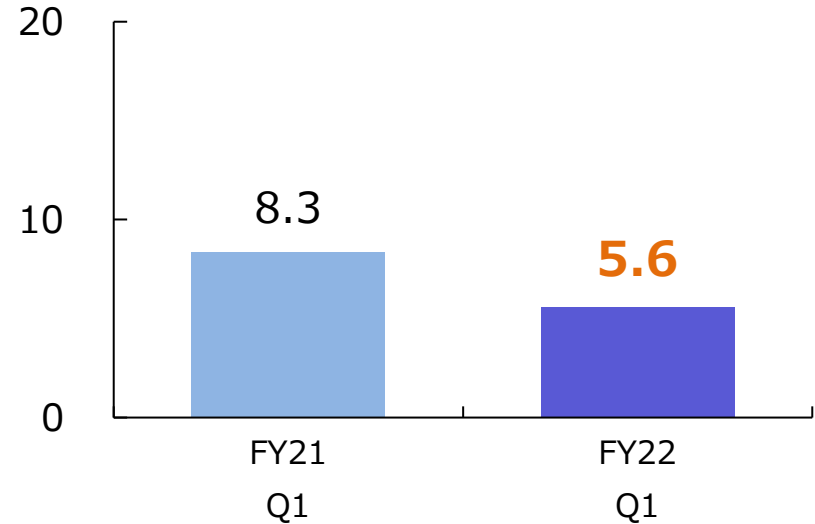


Major factors

- Equity in losses of affiliates -¥0.77 bn
 - ✓ Impact from BMGL -¥0.47 bn
 - ✓ Impact from JV with Ping An Insurance Group -¥0.35 bn

Net Profit

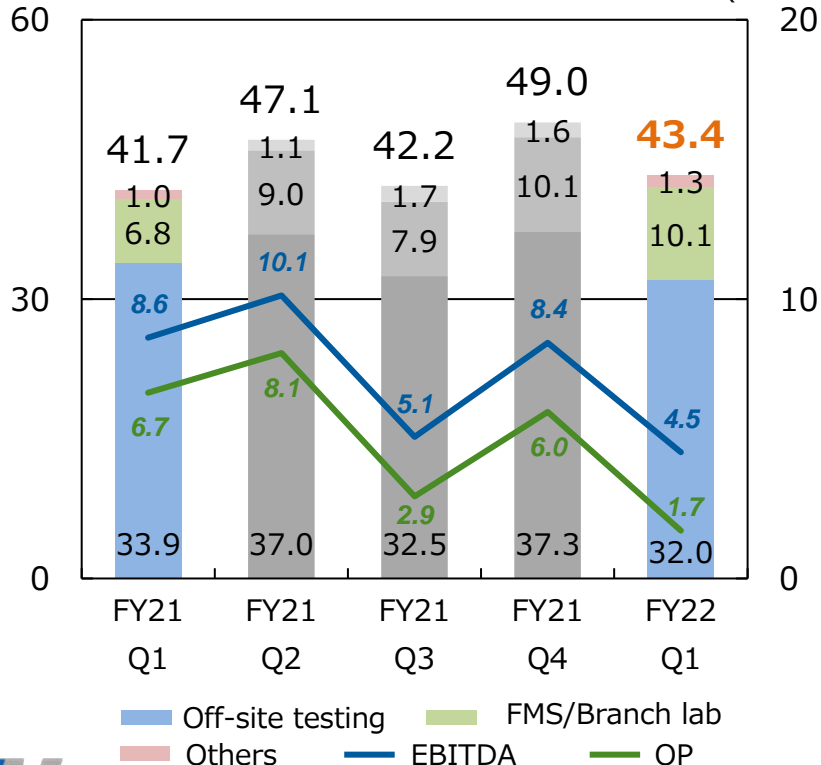
(¥ billion)



Quarterly Results

Net sales
(¥ billion)

EBITDA, OP
(¥ billion)



YoY Comparison

(¥ billion)

	FY21 Q1	FY22 Q1	Variance	
Net sales	41.7	43.4	+1.68	+4.0%
Off-site	33.9	32.0	-1.86	-5.5%
FMS/Branch	6.8	10.1	+3.23	+47.3%
Others	1.0	1.3	+0.31	+32.0%
EBITDA	8.6	4.5	-4.10	-47.5%
OP	6.7	1.7	-4.94	-74.3%

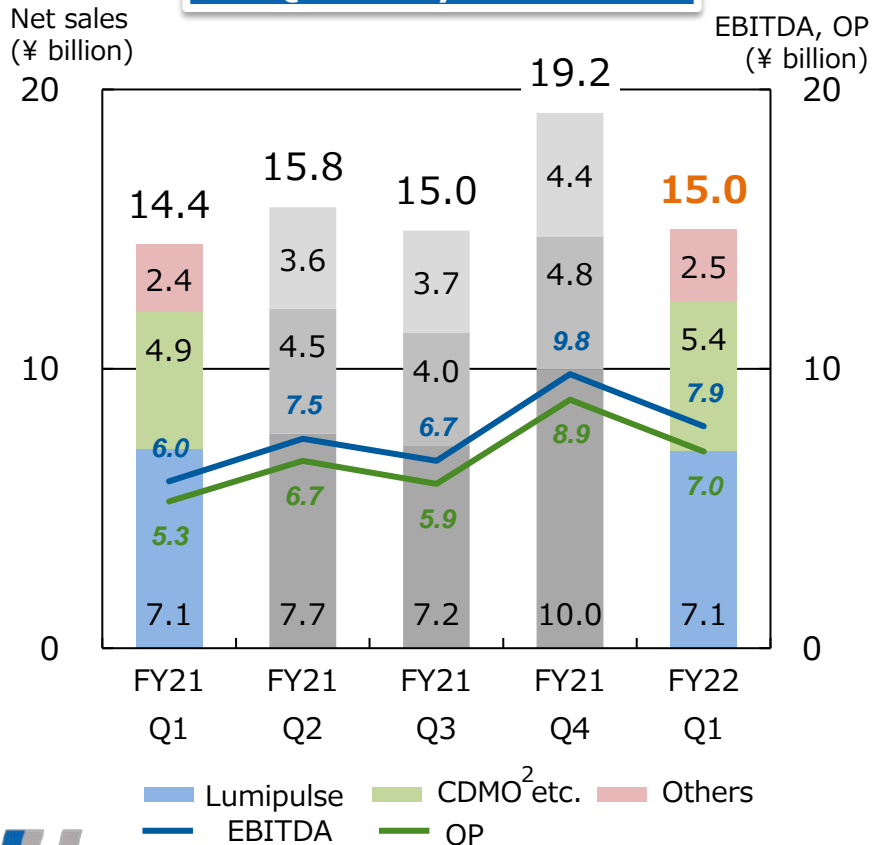
Net sales

- COVID-19-related sales: ¥8.8 bn (remains flat YoY)
 - ✓ PCR and high-sensitivity quantitative antigen tests decreased
 - ✓ Comprehensive testing support at airport quarantines and sales of ESPLINE SARS-CoV-2 increased
- Increase in test items related to genetic testing
- Number of tests conducted increased

Operating Profit

- Reimbursement revision impact mainly for COVID-19 PCR tests
- Costs related to AkirunoCube (FY21_Q1: ¥0.8 bn)
 - ✓ Expenses incl. one-time costs: ¥2.5 bn
 - ✓ Depreciation and amortization: ¥0.9 bn

Quarterly Results



YoY Comparison

(¥ billion)

	FY21 Q1	FY22 Q1	Variance	
Net sales	14.4	15.0	+0.53	+3.7%
Lumipulse	7.1	7.1	-0.05	-0.7%
Japan	6.0	6.1	+0.14	+2.4%
Overseas	1.2	1.0	-0.19	-16.4%
CDMO etc.	4.9	5.4	+0.47	+9.5%
Others	2.4	2.5	+0.11	+4.7%
EBITDA	6.0	7.9	+1.96	+32.8%
OP	5.3	7.0	+1.78	+33.8%
Lumipulse inter-segment transaction	1.7	2.5	+0.87 ¹	+52.1%

1. Inter-segment transaction increase mainly driven by COVID-19-related reagents

Net sales

- COVID-19-related sales: ¥3.5 bn (FY21_Q1: ¥4.1 bn)
 - ✓ Lumipulse: decreased mainly in Europe
 - ✓ Others: ESPLINE SARS-CoV-2 sales increased

Operating profit

- OP growth in line with sales growth and inter-segment transaction increase

FX impact (net sales: +¥0.8 bn, OP: +¥0.2 bn)

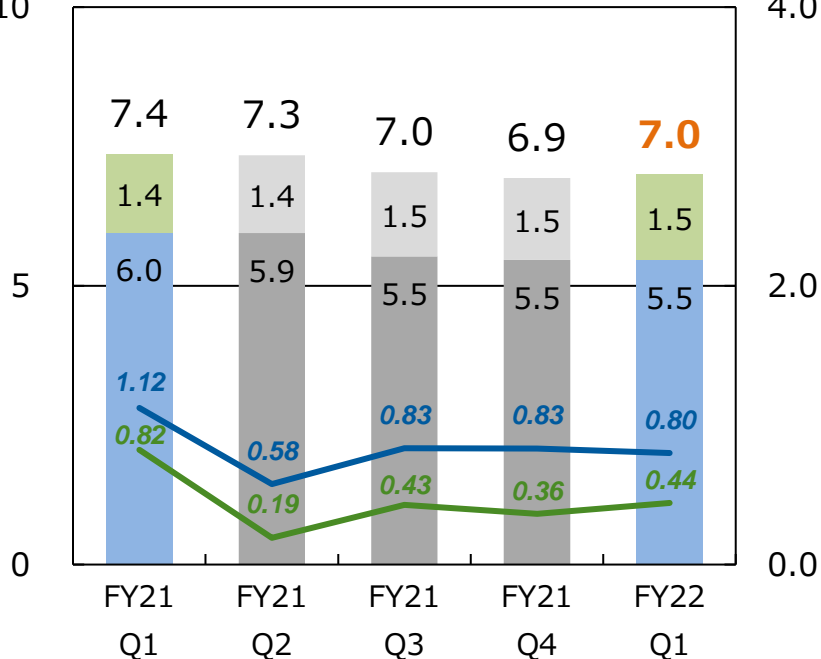
Quarterly Results

Net sales
(¥ billion)

EBITDA, OP
(¥ billion)

10

4.0



■ Sterilization ■ Home-visiting, welfare
— EBITDA — OP

YoY Comparison

(¥ billion)

	FY21 Q1	FY22 Q1	Variance	
Net sales	7.4	7.0	-0.38	-5.1%
Sterilization	6.0	5.5	-0.50	-8.3%
Home-visiting, welfare	1.4	1.5	+0.12	+8.5%
EBITDA	1.12	0.80	-0.32	-28.9%
OP	0.82	0.44	-0.38	-46.3%

Net sales

Sterilization related business

- Contract termination with a major client related to deposit business for medical supplies
- Sales increase in product/consumable supplies

Home-visiting and welfare business

- Solid growth

Operating profit

- Increase in labor costs
- Upfront costs for future growth

Consolidated Results for FY2022 Q1

(¥ billion)

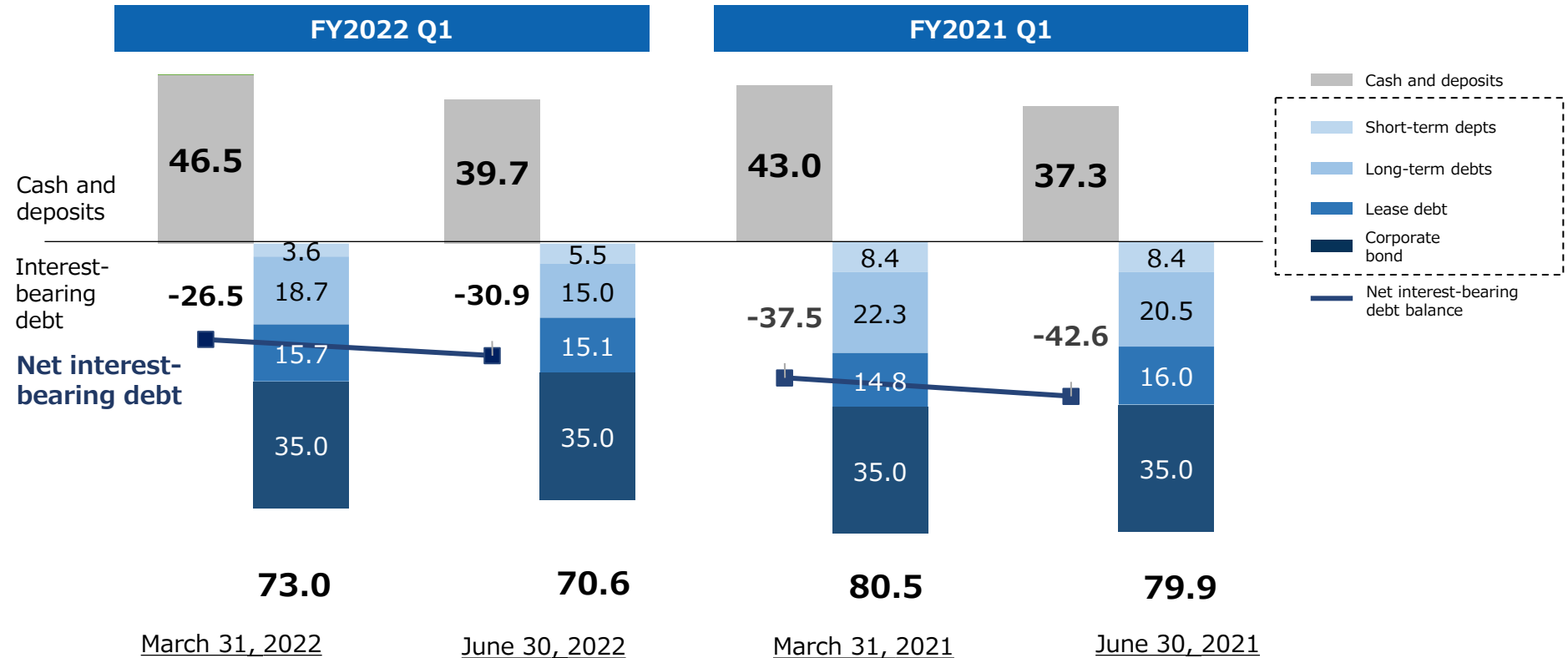
	FY2021 Q1	FY2022 Q1	Variance	
Net sales	63.5	65.3	+1.84	+2.9%
LTS	41.7	43.4	+1.68	+4.0%
IVD	14.4	15.0	+0.53	+3.7%
HS	7.4	7.0	-0.38	-5.1%
OP¹	12.2 19.3%	8.6 13.1%	-3.65	-29.8%
LTS	6.7 16.0%	1.7 3.9%	-4.94	-74.3%
IVD	5.3 36.4%	7.0 47.0%	+1.78	+33.8%
HS	0.8 11.1%	0.4 6.3%	-0.38	-46.3%
Or. profit	11.9 18.8%	8.5 12.9%	-3.47	-29.1%
Net profit	8.3 13.1%	5.6 8.6%	-2.76	-33.0%
EBITDA²	15.5 24.4%	13.0 19.9%	-2.44	-15.8%

Note: Figures in color blue are the profit ratio to each revenue

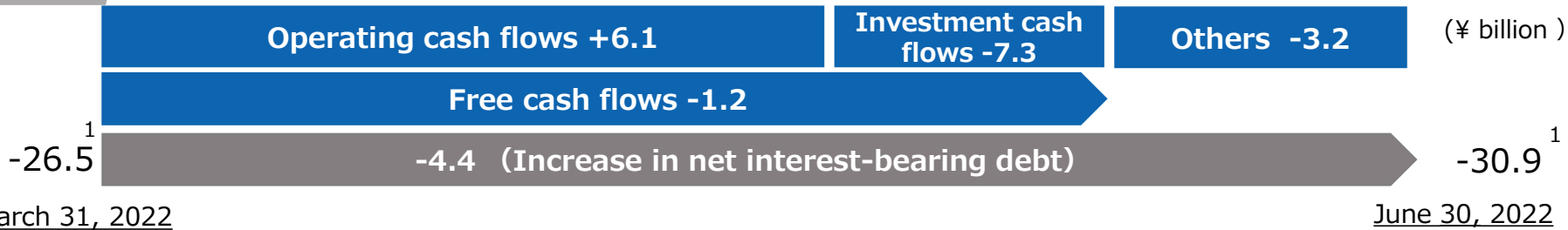
1. OP includes H.U. Group Holdings and H.U. Group Research Institute etc., as well as intersegment eliminations (FY2021 Q1: -¥0.50 bn, FY2022 Q1: -¥0.61 bn)
2. EBITDA = Operating profit + Depreciation + Amortization of goodwill

Cash and Deposits / Interest-bearing Debt

(¥ billion)

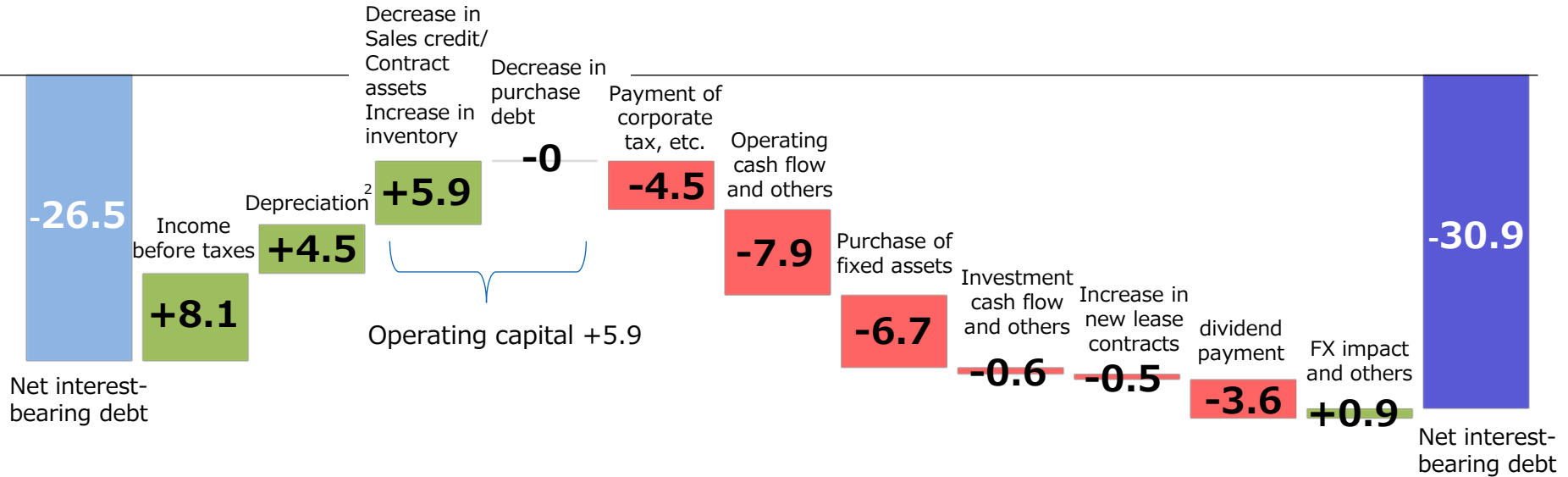


FY2022 Q1 Analysis of Consolidated Cash Flows



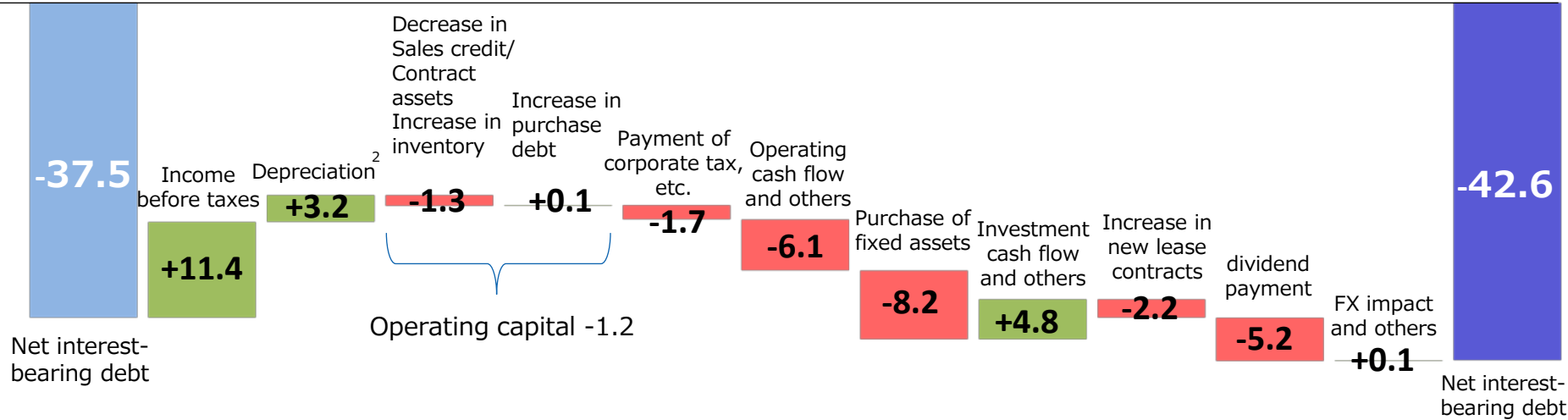
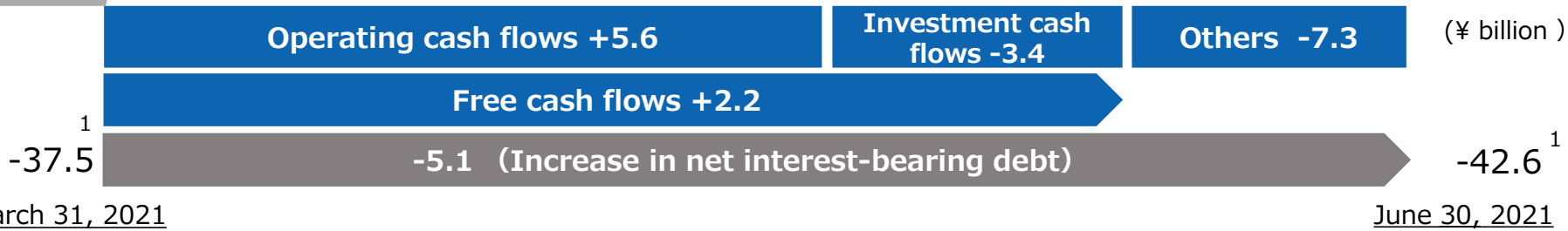
March 31, 2022

June 30, 2022



1. Net interest-bearing debt
2. Depreciation + Goodwill amortization

FY2021 Q1 Analysis of Consolidated Cash Flows



1. Net interest-bearing debt
2. Depreciation + Goodwill amortization

【Contact information】

IR/SR Department

Email : ir@hugp.com

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.