

## Q&A Highlights: FY2024 Q1 Financial Results

Date: August 8, 2024

Q-1

- When looking at the trend of test numbers on slide 10, there is a noticeable increase, particularly in May and June, that goes beyond typical seasonal fluctuations. What caused this significant rise in May and June? Also, has this upward trend in the number of tests continued after July?

A- 1

- Since the end of dedicated hospital bed allocations in April, the overall number of tests has increased, with health checkups also seeing a rise during this period.
- This trend has continued into July, and we believe the increase in tests is not temporary, but rather a reflection of the overall market growth.

Q- 2

- Slide 2 indicates that the profit in Q1 was in line with the plan, however, it also notes that the reduction of fixed costs in the LTS business wasn't fully achieved. Could you clarify what specifically has not been achieved and to what extent? Additionally, what steps will be taken to catch up in the second quarter and beyond?

A- 2

- The cost reduction measures for fixed costs are wide-ranging, and individual progress differs.
- Although there was some delay in the first quarter overall, we are confident that we can catch up in the remaining three quarters.

Q-3

- The LTS business seems to be progressing smoothly according to the plan. Is it correct to assume that the growth of the base business is offsetting the

underachievement in fixed cost reduction?

A-3

- Yes, that understanding is correct.

Q-4

- Does the profitability improvement in AkirunoCube on slide 7 reflect the reduction of the one-time cost of 500 million yen mentioned in the appendix?

A-4

- The profitability improvement in AkirunoCube in FY2024 Q1 is mainly due to the reduction of one-time costs, but it also includes the efficiency effects realized by transferring all operations, which were previously conducted in Hachioji, to Akiruno, such as specimens transport between the two locations.

Q-5

- The one-time costs in FY2024 Q1 was 500 million yen, but it is expected to rise to 2.6 billion yen for the full year. What is the reason for the increase in full year forecast compared to the first quarter?

A-5

- Costs will increase due to the system transfer related to esoteric tests starting in Q2. Although there could be fluctuations on a quarterly basis, we estimate this amount as the full-year forecast.

Q-6

- Regarding the profitability improvement shown on slide 7, what specific actions were taken to achieve this? The number of general practitioner customers decreased by 218, was this related to the previously mentioned

review of the general practitioner strategy, including the closure of regional labs?

A-6

- Due to recruitment challenges and rising labor costs, we have been continuously reviewing our general practitioner strategy. Along with the profitability improvement among general practitioner customers, cost reductions from reviewing testing operations have also contributed to this improvement.

Q-7

- In FY2023, sales of Neuro items in the IVD business were 2 billion yen. How do you expect these sales to grow moving forward? Additionally, what impact will the growth of Neuro items overseas have on profits?

A-7

- The increase in overseas Lumipulse sales is largely driven by the growth of Neuro items. Sales have nearly doubled compared to the previous year, and strong demand is expected to continue.
- Our Neuro items have a competitive edge in performance, and their relatively high profit margins will positively impact overall profits.