

Financial Results for The First Quarter of FY2024 (Ended June 30, 2024)

Aug. 8, 2024

H.U. Group Holdings, Inc.

(TSE: 4544)

Notes & references:

- * The financial information in this document follows Japanese GAAP, with the exception for EBITDA (Operating Profit + Depreciation + Goodwill Impairment), which is a non-GAAP measure.
- * In some cases, “Net Profit attributable to shareholders of the parent company” may be abbreviated as “Net Profit”.
- * Figures are generally rounded to the nearest whole number. As a result of rounding, there may be instances where the totals do not exactly match the sum of the individual 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

FY2024: Fiscal year ending March 31, 2025

CDMO : Contract Development and Manufacturing Organization

Exchange rates in this report:

FY2023 Q1 : 1USD = 137.37 JPY 1EURO = 149.46 JPY

FY2024 Q1 : 1USD = 155.89 JPY 1EURO = 167.89 JPY

Executive Summary

The Group

- Operating profit was 600 million yen, in line with the plan
 - Increased by 2.3 billion yen year-on-year and 3.5 billion yen quarter-on-quarter
- Free cash flow increased by 5.4 billion yen year-on-year

LTS

- The recovery of base business¹ resulted in a 7% year-on-year growth in base business sales
- Progress in profitability improvement:
 - Marginal profit is improving as planned
 - Fixed cost reduction was behind the initial plan, but it is expected to catch up with the plan from the second quarter onwards
- The system transfer of AkirunoCube is proceeding smoothly

IVD

- The CDMO business is pursuing growth strategies
- The demand for neurology-related items is growing steadily

Consolidated Results for FY2024 Q1

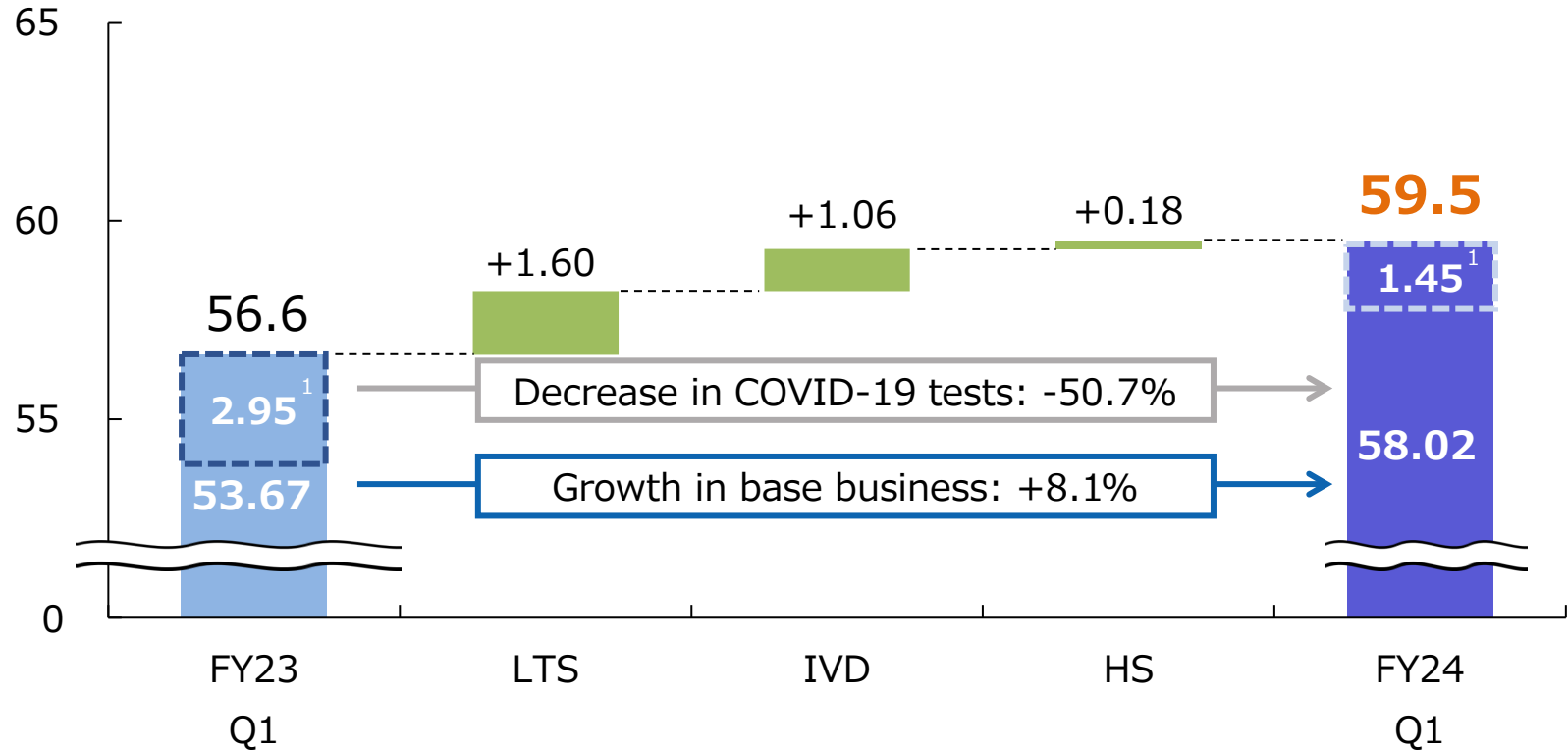
(¥ billion)

	FY2023 Q1		FY2024 Q1		Variance	
	Results	Profit ratio	Results	Profit ratio		
Net sales	56.62		59.47		+2.85	+5.0%
LTS	36.10		37.70		+1.60	+4.4%
IVD	13.36		14.42		+1.06	+8.0%
HS	7.16		7.34		+0.18	+2.5%
Operating profit/loss¹	-1.71	-3.0%	0.62	1.0%	+2.33	-
LTS	-2.81	-7.8%	-1.64	-4.3%	+1.17	-
IVD	2.33	17.5%	2.93	20.3%	+0.60	+25.6%
HS	0.36	5.0%	0.53	7.2%	+0.17	+47.9%
Or. profit/loss	-1.47	-2.6%	0.64	1.1%	+2.11	-
Net profit/loss	-1.12	-2.0%	0.18	0.3%	+1.30	-
EBITDA	3.42	6.0%	5.68	9.6%	+2.26	+66.0%

1. Operating profit or loss includes H.U. Group Holdings, H.U. Group Research Institute and others, as well as inter-segment eliminations (FY2023 Q1: -¥1.59 B, FY2024 Q1: -¥1.20 B)

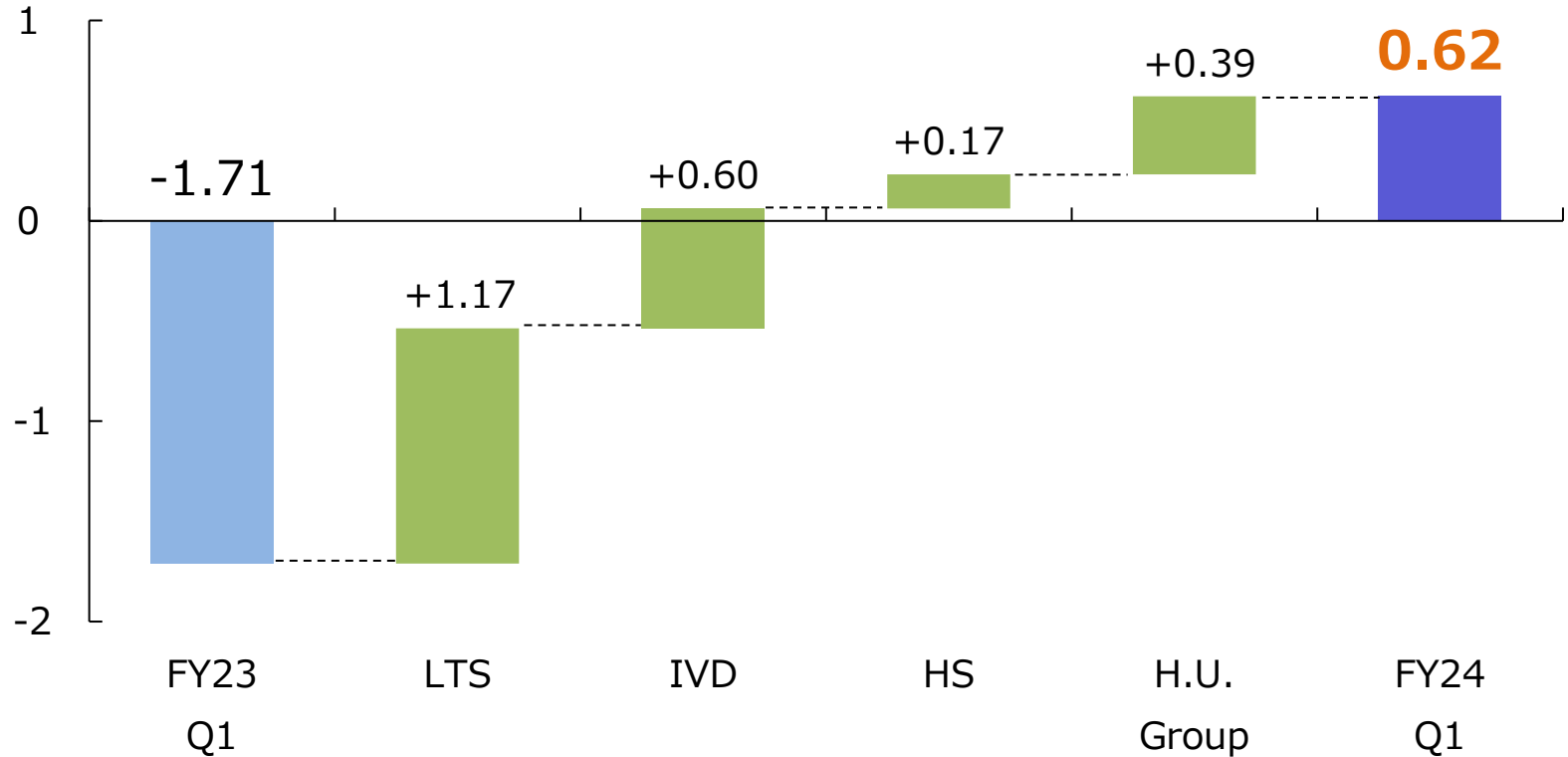
Consolidated Net Sales Changes

(¥ billion)

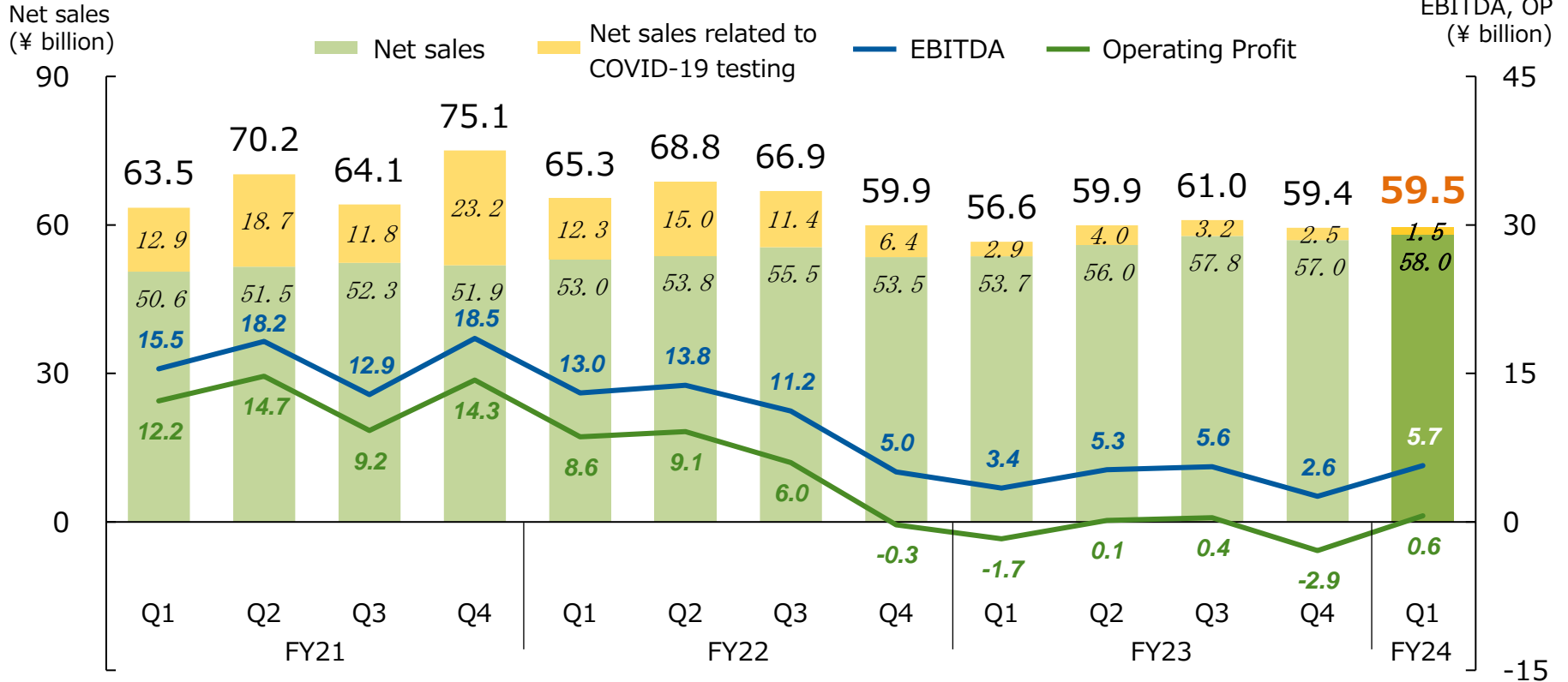


Consolidated Operating Profit Changes

(¥ billion)

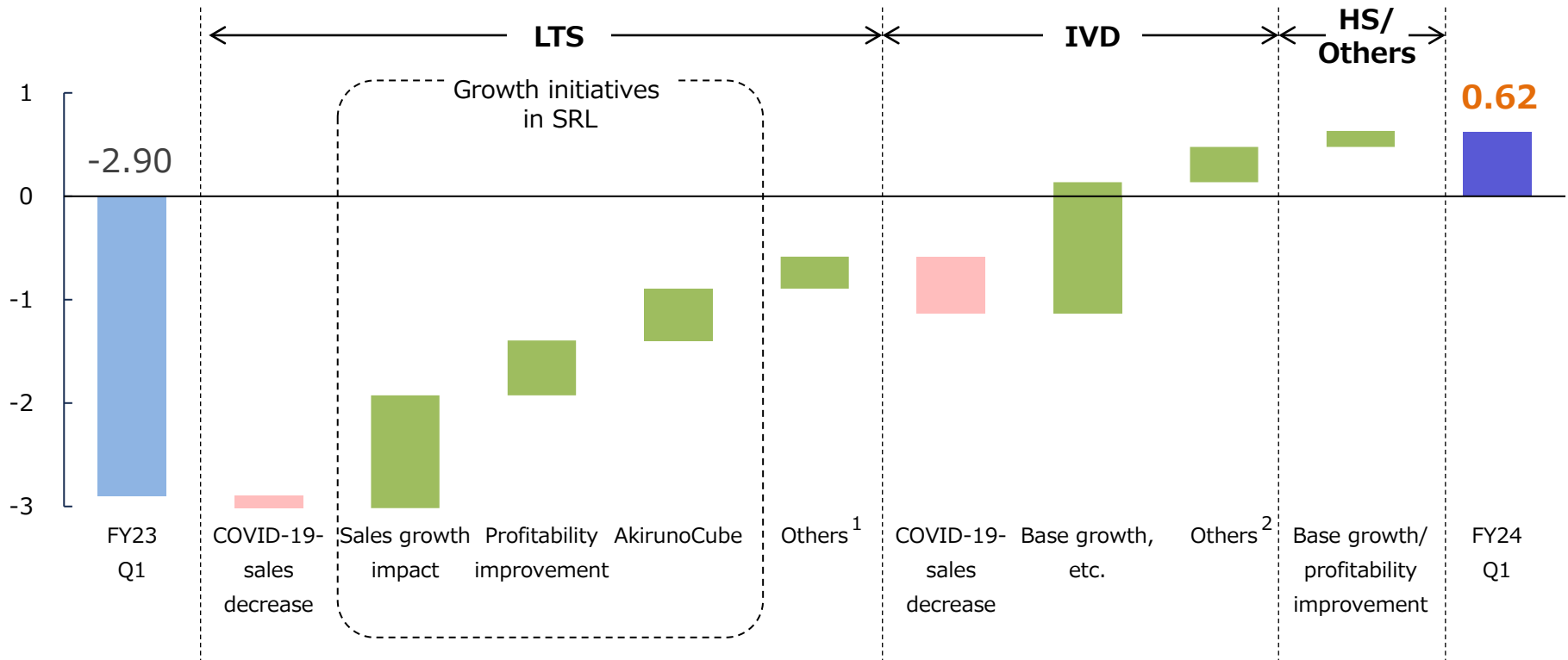


Quarterly Performance Trend



Changes in Consolidated Operating Profit: FY23 Q4 vs. FY24 Q1

(¥ billion)

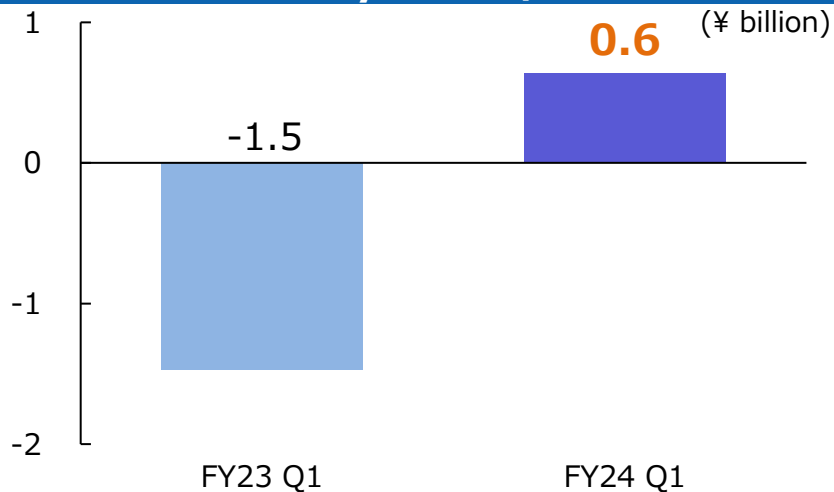


1. Subsidiaries except SRL

2. FX tailwind and lower impairment loss on goodwill for Fluxus (earn-out payment processed in FY2023 Q4)

Consolidated Ordinary Profit/Loss & Net Profit/Loss

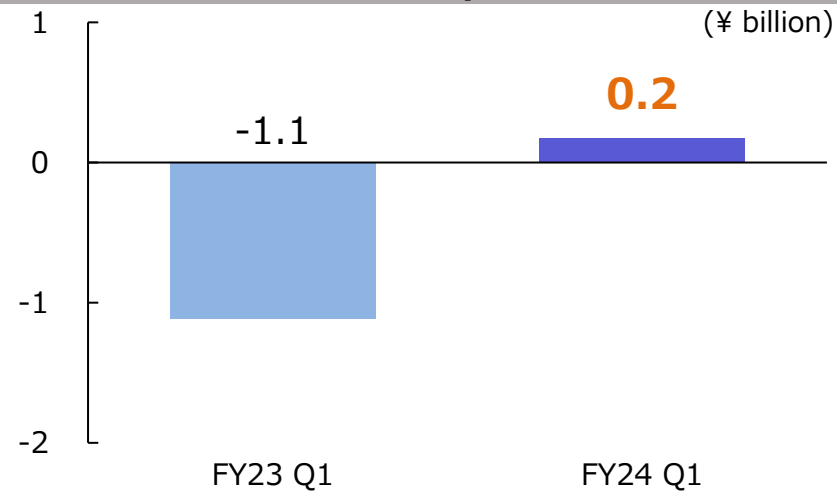
Ordinary Profit/Loss



Major non-operating factors

- Foreign exchange gain ¥0.87 B
(FY23 Q1: ¥0.74 B)
- Equity in losses of affiliates ¥0.52 B
[BMGL: ¥0.17 B, JV with Ping An: ¥0.34 B]
(FY23 Q1: ¥0.25 B [BMGL: ¥0.14 B, JV with Ping An: ¥0.12 B])

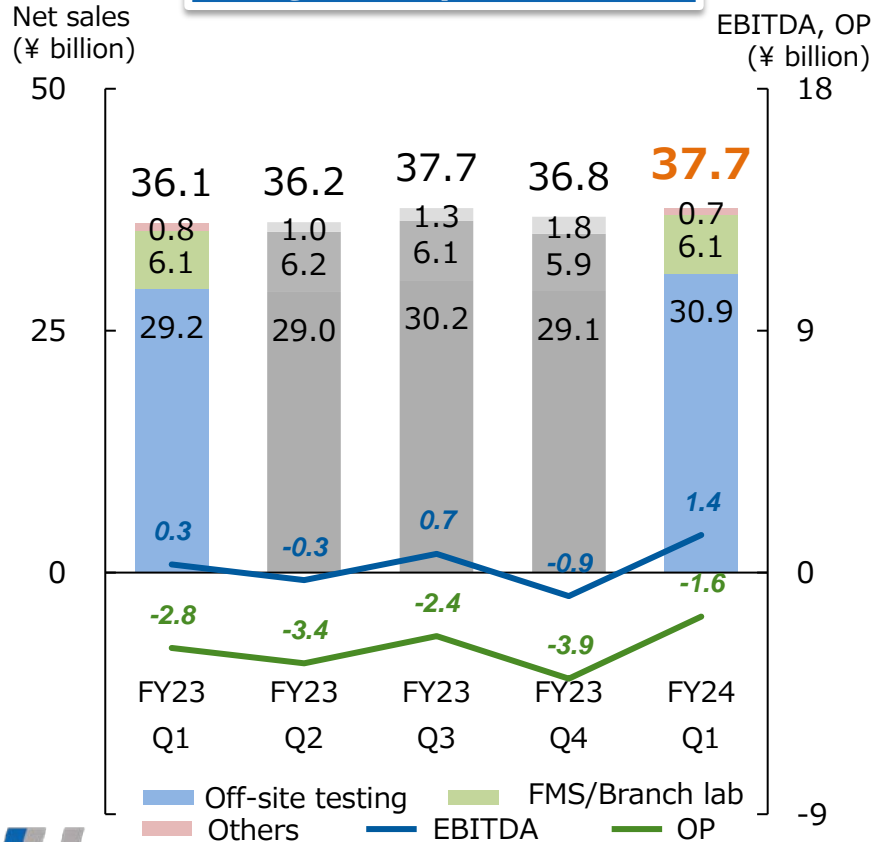
Net Profit/Loss



Major factors affected to net profit

- Reversal of compensation loss ¥0.67 B
- Total income taxes¹ -¥1.14 B
(FY23 Q1: +¥0.05 B)

Quarterly Results



YoY Comparison

(¥ billion)

	FY23 Q1	FY24 Q1	Variance	
Net sales	36.10	37.70	+1.60	+4.4%
Off-site	29.24	30.89	+1.65	+5.6%
FMS/Branch	6.09	6.09	+0.00	+0.1%
Others	0.77	0.72	-0.05	-6.6%
EBITDA Ratio	0.30	1.39	+1.09	+365.9%
OP Ratio	-2.81	-1.64	+1.17	-

Key points

Net sales

- COVID-19-related sales: ¥0.3 B (FY23_Q1: ¥1.2 B)
- Increase in genetic testing
- Base business (excl. COVID-19) sales grew by 7%
- Number of tests increased by 7%

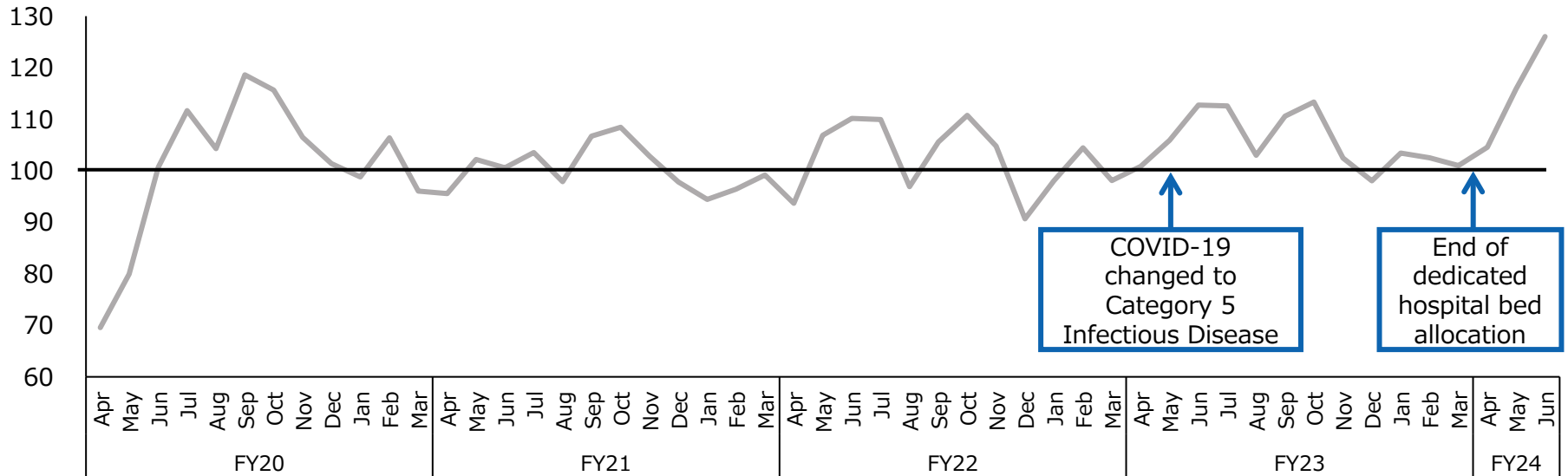
Operating Profit

- Profit increase associated with sales growth
- Profit improvement measures had a positive effect

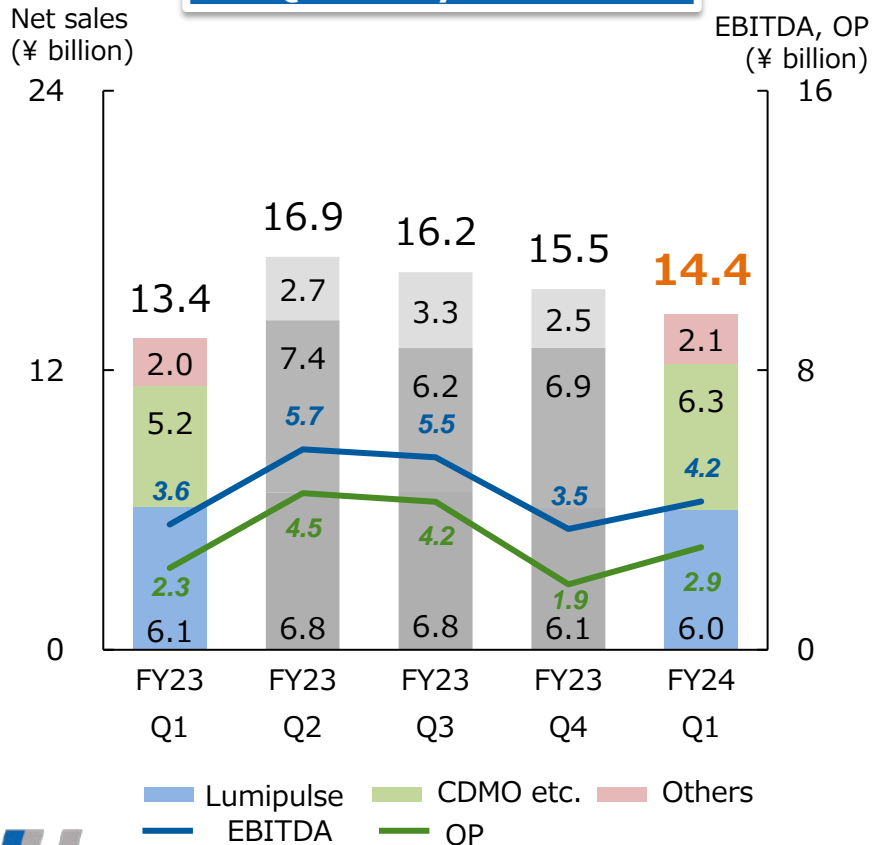
LTS: Trend in the Number of Tests (since April 2020)

- With environment changes, such as the COVID-19 being changed to Category 5 Infectious Diseases and the end of dedicated hospital bed allocation, the number of tests has been increasing
- We are starting to see baseline growth in the post-COVID era

The trend assumes the tests-per-day at SRL in FY2019 to be 100



Quarterly Results



YoY Comparison

(¥ billion)

	FY23 Q1	FY24 Q1	Variance	
Net sales	13.36	14.42	+1.06	+8.0%
Lumipulse	6.12	5.99	-0.14	-2.2%
Japan	5.34	4.73	-0.61	-11.5%
Overseas	0.78	1.26	+0.48	+61.5%
CDMO etc.	5.22	6.30	+1.08	+20.8%
Others	2.02	2.14	+0.12	+5.8%
EBITDA Ratio	3.58	4.24	+0.67	+18.6%
OP Ratio	2.33	2.93	+0.60	+25.6%
Lumipulse inter-segment transaction	1.11	0.96	-0.15	-13.7%

Key points

Net sales

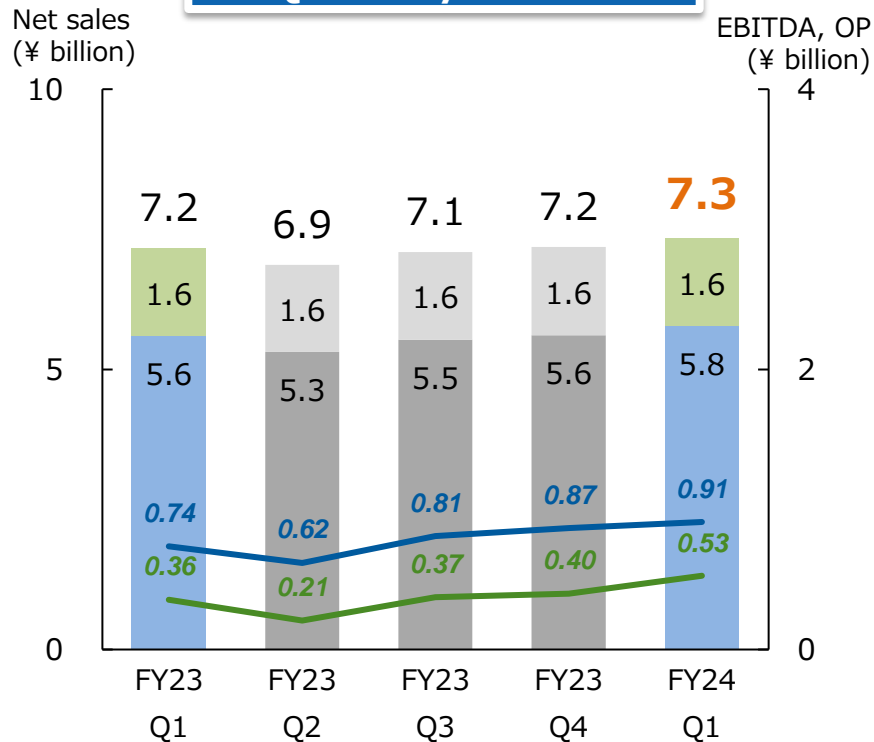
- COVID-19-related sales: ¥1.1 B (FY23_Q1: ¥1.8 B)
 ✓ The decrease came mainly from Lumipulse reagent in Japan
- CDMO continues its steady growth (including FX tailwind)
- Neurology reagents of Lumipulse Overseas showed growth

Operating profit

- COVID-19-related profit decreased along with sales
- Profit increased due to changes in product mix, with growth from CDMO and Lumipulse Overseas

FX impact (net sales: +¥1.0 B, OP: +¥0.2 B)

Quarterly Results



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

YoY Comparison

(¥ billion)

	FY23 Q1	FY24 Q1	Variance	
Net sales	7.16	7.34	+0.18	+2.5%
Sterilization	5.59	5.77	+0.18	+3.2%
Home-visiting, welfare	1.57	1.57	-0.00	-0.1%
EBITDA Ratio	0.74 10.3%	0.91 12.4%	+0.17	+23.5%
OP Ratio	0.36 5.0%	0.53 7.2%	+0.17	+47.9%

Key points

Net sales

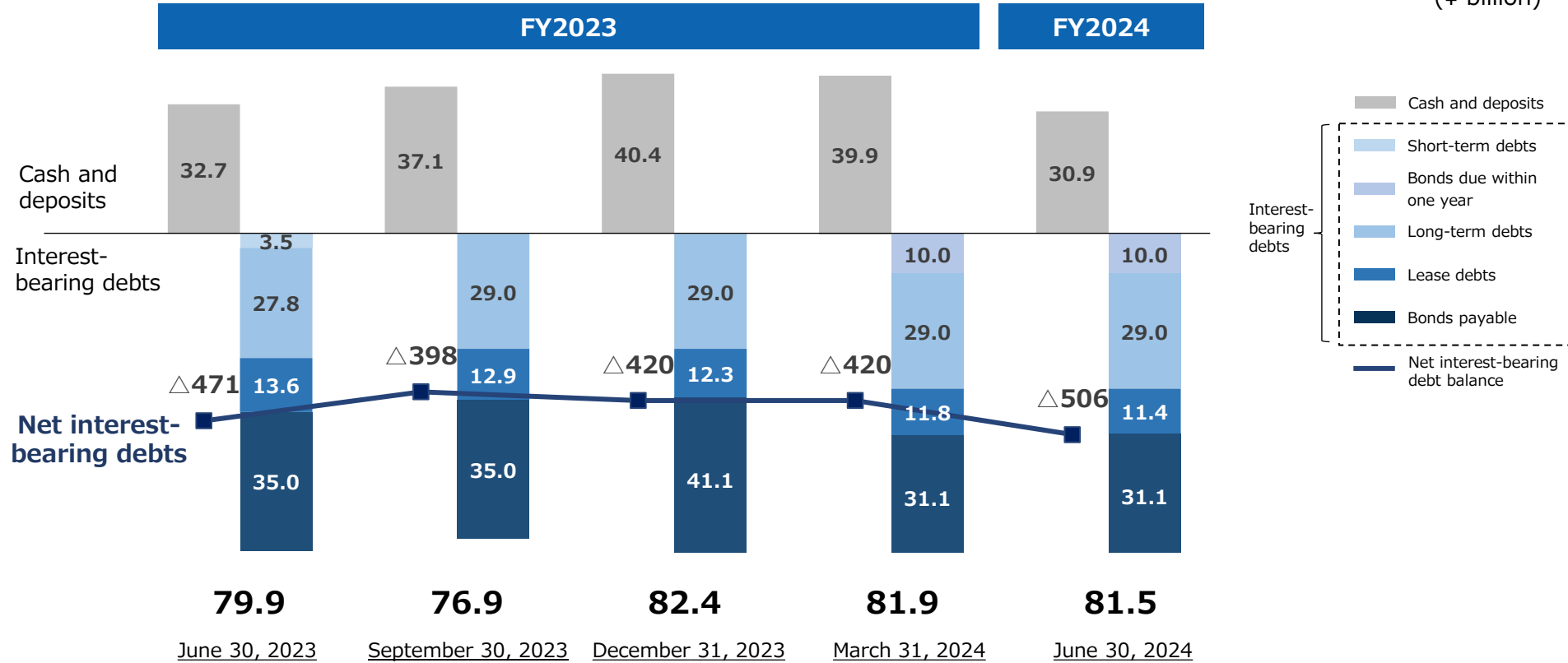
- Sterilization-related business remains stable

Operating profit

- The Sterilization-related business made improvement in profitability

Cash and Deposits / Interest-bearing Debts

(¥ billion)



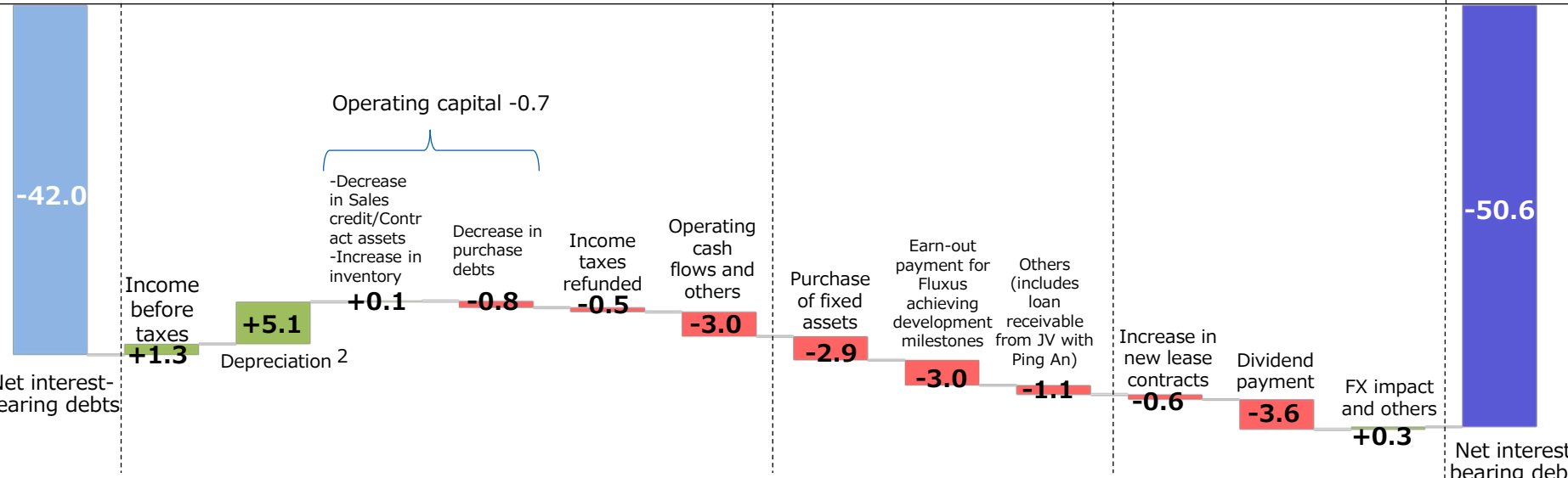
Analysis of Consolidated Cash Flows (FY2024 Q1)

As of March 31, 2024

As of June 30, 2024



(¥ billion)



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

Appendix

AkirunoCube Costs and Effects

Starting from Q1 of FY2024, the AkirunoCube-related figures will include system-related costs and other impacts associated with AkirunoCube

(¥ billion)

	FY2023					FY2024	
	Q1	Q2	Q3	Q4	Full-year	Q1	Full-year forecast
One-time costs	0.9	0.8	0.9	1.0	3.7	0.5	2.6
Depreciation expenses	1.4	1.4	1.4	1.5	5.8	1.5	7.5
Running costs ¹	1.5	1.6	1.5	1.6	6.3	1.5	6.4
Total costs	3.9	3.8	3.9	4.1	15.7	3.4	16.5
Efficiency effects ²	+0.2	+0.3	+0.3	+0.3	+1.1	+0.3	+1.4

1. Include the rent
2. Compared to FY2022

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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.