Q&A Highlights: FY2024 Q2 Financial Results

Date: November 8,2024

Q-1

- We had anticipated an increase in yen-based sales for the CDMO and raw materials business of the IVD business in the first half of the year due to the weaker yen. However, the financial results indicated sales were slightly down compared to the previous year. Could you clarify the reasons for the decline in sales on a local currency basis?

A- 1

- The CDMO business provides materials and products according to partner's requirements, which naturally causes time lags between quarters. As you mentioned, this impact is visible on a quarterly basis. However, overall, the business is performing as expected, and we anticipate steady growth for the full year.

Q- 2

- Regarding the withdrawal from the CRO business and the Korea Lumipulse business, could you provide a quantitative estimate of how much the loss will decrease in the next fiscal year and beyond?

A-2

- While the impact of current fiscal year will be minor, we expect these losses to be eliminated in the next fiscal year and beyond, reducing the loss by approximately 100 million yen in operating profit.

Q-3

- Could you please explain how the operating profit results for the first half compare to the initial plan?

A-3

- As mentioned earlier, we expect the results for this fiscal year to be weighted toward the second half, with the full-scale operation of AkirunoCube and the contribution from CDMO business primarily occurring then.
- Operating profit for the first half fell slightly below the initial plan but not significantly. Our current focus is on how much we can recover in the second half.

Q-4

- ■ The Company's target of 9 billion yen in operating profit for the second half appears ambitious. What are the key contributing factors supporting this plan? Could you provide more details on the level of certainty regarding achieving this target?

A-4

- Our initial forecast anticipates that this fiscal year will be weighted towards the second half, with second-half operating profit expected to reach 9 billion yen based on first-half results. One challenge is the delay in fixed cost reductions.
- However, the first half saw a gradual increase in testing volume following the end of dedicated hospital bed allocations in April, and we expect this trend to continue.
- Additionally, efficiency measures across the group are anticipated to contribute significantly to growth. While the full system transfer at Akiruno is set for completion by the end of March next year, some testing units have already begun operating under the new system, which has improved efficiency.
- Given these factors, we have not revised our operating profit forecast and believe there is sufficient potential to achieve this target.