

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 4544

May 26, 2025

NOTICE OF 75TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholder,

You are hereby notified of the 75th Ordinary General Meeting of Shareholders of H.U. Group Holdings, Inc. (the “Company”) that will be held as set forth below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the website below. Please access the websites by using the Internet addresses shown below to review the information.

The Company’s website:

<https://www.hugp.com/ir/stock/meeting.html> (in Japanese)

(Access the above website to view the information presented in the 75th Annual General Meeting of Shareholders.)

Website of informational materials of General Meeting of Shareholders:

<https://d.sokai.jp/4544/teiji/> (in Japanese)

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(in Japanese)

(Access the TSE website by using the Internet address shown above, enter “H.U.” in “Issue name (company name)” or the Company’s securities code “4544” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet, etc. Please review the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5:30 p.m. on Monday, June 16, 2025.

Yours faithfully,

Shigekazu Takeuchi
Director, Chairman,
President and CEO
H.U. Group Holdings, Inc.
1-8-1, Akasaka
Minato-ku, Tokyo

- 1. Date and Time:** Tuesday, June 17, 2025, at 10:00 a.m. (JST)
(Reception start time: 9:30 a.m.)
- 2. Venue:** “Orchard,” 2nd Floor, The Okura Prestige Tower, The Okura Tokyo
2-10-4 Toranomom, Minato-ku, Tokyo
- 3. Agenda:**
- Items to be reported*
1. Business Report, Consolidated Financial Statements, Results of Audits of Consolidated Financial Statements by Accounting Auditors and the Audit Committee for the 75th term (from April 1, 2024 to March 31, 2025)
 2. Non-consolidated Financial Statements for the 75th term (from April 1, 2024 to March 31, 2025)
- Item to be resolved*
- Item: Election of Nine (9) Directors
- 4. Matters to Be Determined When Convening (Information on the Exercise of Voting Rights):**
- (1) If you exercise your voting rights in writing (by mail) and do not indicate your approval or disapproval of proposals on the voting form, it will be treated as if you indicated approval.
 - (2) If you exercise your voting rights more than once via the Internet, the last vote will be treated as valid.
 - (3) If you exercise your voting rights both via the Internet and in writing (by mail), your vote via the Internet will be treated as valid, regardless of the arrival date and time.
 - (4) If you exercise your voting rights by proxy, one other shareholder with voting rights may attend the General Meeting of Shareholders as your proxy. However, they must submit a document certifying the authority of proxy.
 - (5) If you wish to exercise your voting rights in a non-uniform manner, please notify the Company of your intention to exercise your voting rights in a non-uniform manner and the reason thereof at least three days prior to the date of the General Meeting of Shareholders.

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- * If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the aforementioned websites.
- * For shareholders who have not made a request for the delivery of paper-based documents, the Notice of General Meeting of Shareholders and Reference Material for General Meeting of Shareholders will be delivered. Paper-based documents stating matters for which measures for providing information in electronic format are to be taken will be delivered to shareholders who have made a request for the delivery of paper-based documents. Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation, the “Notes to Consolidated Financial Statements” and “Notes to Non-Consolidated Financial Statements” in the financial statements are not provided in the paper-based documents to be sent.
- * We will conduct a live streaming broadcast of the meeting on the day of the meeting via the Internet, exclusively for shareholders (in Japanese only). In addition, questions regarding the agenda items will be received prior to the meeting on the Company website. For details, please refer to page 3-4.

Live Streaming via the Internet and Submission of Shareholder Questions in Advance

We will conduct a live streaming broadcast of the meeting on the day of the meeting via the Internet, exclusively for shareholders (in Japanese only). Furthermore, we will accept questions regarding agenda items for the General Meeting of Shareholders in advance on the Company website. We will provide details of these measures below.

[Live streaming via the Internet]

1. Date and time

From 10:00 a.m. on Tuesday, June 17, 2025 (JST) to the end of the General Meeting of Shareholders (Can be accessed from 9:30 a.m.)

2. Please access the website portal for viewing the live-stream broadcast either by directly entering the URL shown below or by scanning the QR code®, then enter the ID and password.

URL <https://hugp.kabunushi-soukai.jp/>

ID	: Shareholder number presented on the voting rights exercise form
Password	: Postal code of the address recorded in the shareholder registry (7 numbers excluding the hyphen)



QR code®

* Be sure to make a note of your shareholder number when mailing in your voting rights exercise form.

* Inquiries regarding the shareholder number:

Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency

Tel: 0120-232-711 (toll free within Japan)

Hours: 9:00 a.m. to 5:00 p.m. JST (weekdays excluding weekends and holidays, etc.)

Please note: The inquiry desk can respond only to inquiries regarding shareholder numbers (not inquiries about how to access or view the meeting).

3. Precautions about live streaming

- Viewing is restricted to shareholders only.
- The live stream does not enable participation in resolutions of the General Meeting of Shareholders on the day. Please exercise your voting rights beforehand in writing or by the Internet, etc.
- Live streaming will be in Japanese only.
- We cannot receive statements or questions via the livestream.
- After the live stream has finished it will not be made available for on demand viewing.
- Footage of the live stream will be confined to the chairperson, director and executive officer seating area out of consideration for the privacy of shareholders in attendance.
- You may encounter issues in viewing the live stream due to factors involving your device or Internet connection environment or circumstances involving your network connection.
- Telecommunication fees and other such costs incurred for viewing the live-stream broadcast are to be borne by the shareholder.
- Please refrain from photographing, filming, recording the meeting proceedings, or posting it on social media.

[Submission of shareholder questions in advance]

We will accept questions regarding agenda items of the General Meeting of Shareholders in advance via the Company's website.

1. Form for submitting questions in advance

URL: <https://www.hugp.com/ir/stock/75pre-question.html>



QR code®

2. Period for receiving shareholder questions in advance

From 12:00 a.m. on Monday, May 26, 2025 to 5:00 p.m. on Wednesday, June 11, 2025 (JST)

3. Precautions about submission of questions in advance

- Questions from shareholders will be limited to the purposes related to items on the agenda of 75th Ordinary General Meeting of Shareholders.
- The Company will not answer all questions. Questions that were not answered at the meeting will be used as basis for later reference.

Exercise of Voting Rights in Writing or Via the Internet, etc.

If you exercise your voting rights in duplicate both in writing and via the Internet, etc. the vote exercised online shall prevail. Also, if you exercise your voting rights multiple times via the Internet, etc. the final vote shall prevail.

[Exercise of voting rights in writing]

Please indicate your approval or disapproval to the proposed item in the voting right form and return it so that it arrives no later than 5:30 p.m. on Monday, June 16, 2025 (JST).

[Exercise of voting rights via the Internet, etc.]

Voting must be completed no later than 5:30 p.m. on Monday, June 16, 2025 (JST).

I. Exercise of voting rights via the Internet

Scanning QR code®

You can simply log in to the website for exercise of voting rights without entering your login ID and temporary password presented on the voting instructions form.

1. Please scan the QR code® located on the right side of the voting instructions form.
* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Indicate your approval or disapproval by following the instructions shown on the screen.

Entering login ID and temporary password

Website for exercise of voting rights: <https://evote.tr.mufg.jp/>

1. Please access the website for exercise of voting rights.
2. Log in by entering your “login ID” and “temporary password” presented on the voting instructions form.
3. Indicate your approval or disapproval by following the instructions shown on the screen.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the Internet, please contact:

Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency Help Desk

Tel: 0120-173-027 (Toll-free only from Japan / Hours: 9:00 a.m. to 9:00 p.m. JST)

II. Platform for proxy voting by electronic means

Institutional investors may apply in advance to use the platform for proxy voting by electronic means operated by ICJ. In this case, such shareholders can use the ICJ platform in addition to the proxy voting via the Internet in I. above as a means to exercise their voting right by electromagnetic means at General Meeting of Shareholders of the Company.

Reference Material for General Meeting of Shareholders

Item: Election of Nine (9) Directors

The term of office of all nine (9) of the incumbent Directors expires at the close of this General Meeting of Shareholders. Accordingly, we would like to hereby propose the election of nine (9) Directors based on the decision of the Nominating Committee.

The names and brief personal profiles of the candidates for Director are as follows:

Candidate No.	Name	Attribute	Current position and duties in the Company (◎:Chairperson) (Note)			
				Nominating Committee	Audit Committee	Compensation Committee
1	Shigekazu Takeuchi	Reelection	Director, Chairman, President and Group CEO	-	-	-
2	Naoki Kitamura	Reelection	Director, Managing Executive Officer	-	-	-
3	Shigehiro Aoyama	Reelection Outside	Director	◎	-	-
4	Futomichi Amano	Reelection Outside	Director	-	◎	-
5	Sachiko Awai	Reelection Outside	Director	-	-	○
6	Ryoji Itoh	Reelection Outside	Director	○	-	◎
7	Moegi Shirakawa	Reelection Outside	Director	-	○	-
8	Keiji Miyakawa	Reelection Outside	Director	-	○	○
9	Hitoshi Yoshida	Reelection Outside	Director	○	-	-

Note: The positions and duties of the above listed candidates for Director are as of this General Meeting of Shareholders.

No. **1****Shigekazu Takeuchi**

(Born on October 11, 1953)

Reelection

**Attendance rate at Board of Directors Meetings**

100% (13/13 meetings)

Reason for nominating the candidate for Director:

Mr. Shigekazu Takeuchi was appointed as President and CEO of the Company and Group CEO in 2016. Since then, he has overseen management of the Company and the Group. His leadership based on abundant experience and broad insight as a corporate manager is essential to realizing the growth of the Group. Considering the above, Mr. Takeuchi is appropriately suited to be a director of the Company, and accordingly has been appointed as a candidate for that position.

Number of the Company's shares held
(Number of shares scheduled to be delivered under share-based compensation plan)

84,761 shares

(21,472 shares)

Tenure as Director

9 years

Brief personal profile, and position and duties in the Company

Apr.	1976	Joined CBS Sony Inc. (currently Sony Music Entertainment (Japan) Inc.)	Oct.	2009	Joined Avex Group Holdings Inc. (currently Avex Inc.)
Feb.	1997	President, Sony Music Artists Inc.	Jun.	2010	Representative Director, CFO, Avex Group Holdings Inc. (currently Avex Inc.)
Feb.	2000	Executive Vice President, Corporate Planning Department, Sony Music Entertainment (Japan) Inc.	Jun.	2016	Director, Vice President and CEO of the Company Director, Fujirebio Inc. (incumbent)
Jun.	2000	Managing Director, Corporate Planning Department, Sony Music Entertainment (Japan) Inc.	Oct.	2016	Director, President and CEO of the Company Director, SRL, Inc. (incumbent)
Oct.	2002	President, SME Visual Works Inc. (currently Aniplex Inc.)	Apr.	2017	Director, Fujirebio Holdings, Inc. (incumbent)
Jun.	2006	Chairman, Sony Pictures Entertainment (Japan) Inc.	Sep.	2020	Director, H.U. Frontier, Inc. (incumbent)
Jun.	2007	Chairman, Sony Broadcast Media Co., Ltd.	Jun.	2023	Director, Chairman, President and CEO of the Company (incumbent)

Significant positions held at other companies

Director, SRL, Inc.

Director, Fujirebio Holdings, Inc.

Director, Fujirebio Inc.

Director, H.U. Frontier, Inc.

*The four companies are all consolidated subsidiaries of the Company.

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Mr. Takeuchi and the Company.
2. Directors and officers liability insurance policy
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Mr. Takeuchi will be included as an insured party under the insurance policy upon approval of his election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
3. Of the number of shares of the Company held, the number shown in parentheses represents the shares scheduled to be delivered by July 2027 under the share-based compensation plan for the Company’s directors and officers and is excluded from the above number.

No. **2****Naoki Kitamura**

(Born on November 28, 1970)

Reelection

**Attendance rate at Board of Directors Meetings**

100% (13/13 meetings)

Reason for nominating the candidate for Director:

Mr. Naoki Kitamura joined the Company as General Manager of Strategic Planning Department in 2011, and became an Executive Officer in 2013. He has been involved in finance, corporate planning, and strategic planning for many years and he has abundant knowledge and broad experience from a global perspective. Considering the above, Mr. Kitamura is appropriately suited to be a director of the Company, and accordingly has been appointed as a candidate for that position.

Number of the Company's shares held
 (Number of shares scheduled to be delivered under share-based compensation plan)

28,380 shares

(7,348 shares)

Tenure as Director

7 years

Brief personal profile, and position and duties in the Company

Apr.	1993	Joined Sony Corporation (currently Sony Group Corporation)	Jul.	2016	CEO, Miraca Life Sciences, Inc.
Jun.	1996	Sony International (Singapore) Pte. Ltd. (currently Sony Electronics (Singapore) Pte. Ltd.)	Jun.	2017	Director, SRL, Inc. (incumbent)
Jul.	2004	Seconded to Sony Corporation of America	Oct.	2017	CEO, Miraca America, Inc. (currently H.U. America, Inc.) (incumbent)
Apr.	2008	General Manager, Corporate Planning Department, So-net Entertainment Corporation (currently Sony Network Communications Inc.)	Jun.	2018	Director of the Company (incumbent) Director, SRL International, Inc. (incumbent)
Sep.	2011	Joined the Company General Manager, Strategic Planning Department	Jul.	2020	Director, Fujirebio Holdings, Inc. (incumbent) Director, Fujirebio Inc. (incumbent)
Nov.	2011	Director, SRL, Inc.	Jun.	2021	Managing Executive Officer of the Company (incumbent) Director, Nihon Stery, Inc. (incumbent) Director, Care'x, Inc. (incumbent)
Jun.	2013	Executive Officer of the Company	Jun.	2024	Director, H.U. Frontier, Inc. (incumbent)
Feb.	2015	Chairman and CEO, Baylor Miraca Genetics Laboratories, LLC	Mar.	2025	Director, Baylor Genetics Holdings, Inc. (incumbent)

Significant positions held at other companies

Director, SRL, Inc.

Director, Fujirebio Holdings, Inc.

Director, Fujirebio Inc.

Director, H.U. Frontier, Inc.

Director, Nihon Stery, Inc.

CEO, H.U. America, Inc.

*The six companies are all consolidated subsidiaries of the Company.

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Mr. Kitamura and the Company.
2. Directors and officers liability insurance policy
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Mr. Kitamura will be included as an insured party under the insurance policy upon approval of his election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
3. Of the number of shares of the Company held, the number shown in parentheses represents the shares scheduled to be delivered by July 2027 under the share-based compensation plan for the Company’s directors and officers and is excluded from the above number.

No. **3****Shigehiro Aoyama**

(Born on April 1, 1947)

Reelection

Outside

Independent
DirectorNominating
Committee

**Number of the
Company's shares held**
0 shares

Tenure as Director
7 years

Attendance rate at Board of Directors Meetings
100% (13/13 meetings)

Attendance rate at Meetings of Nominating Committee
100% (10/10 meetings)

Reason for nominating the candidate for Outside Director and overview of expected roles:

Mr. Shigehiro Aoyama has abundant experience and broad insight in the global business encompassing M&A and in the healthcare field, having been involved in the management of Suntory Holdings Limited for many years. On the Board of Directors, he performs his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director. As the Chairman of the Nominating Committee, he furthermore leads deliberations seeking to adequately nominate candidates for director in a manner that ensures membership balance and diversity of the Board of Directors overall. Considering the above, Mr. Aoyama is capable of appropriately performing duties as an outside director, and accordingly has been appointed as a candidate for that position. We are confident that he will also continue performing his role as a member of the Nominating Committee upon election.

Brief personal profile, and position and duties in the Company

Apr. 1969	Joined Suntory Limited	Mar. 2010	Executive Vice President, Chief Operating Officer, Member of the Board, Representative Director
Mar. 1994	Director, Member of the Board, Spirits Division		
Mar. 1999	Managing Director, Member of the Board, Sales Development & Marketing Promotion Division	Oct. 2014	Vice Chairman of the Board, Representative Director
		Apr. 2015	Supreme Advisor
Mar. 2001	Managing Director, Member of the Board, Corporate Planning Division	Jun. 2015	Chairman, the Distribution Economics Institute of Japan (incumbent)
Mar. 2003	Senior Managing Director, Member of the Board, Corporate Planning Division	Jun. 2016	Outside Director, Takamatsu Construction Group Co., Ltd. (incumbent)
Sep. 2005	Senior Managing Director, Member of the Board, President of Spirits, Wine & Beer Company		Outside Director, Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION)
Mar. 2006	Executive Vice President, Chief Operating Officer, Member of the Board, President of Spirits, Wine & Beer Company	Apr. 2018	Special Advisor, Suntory Holdings Limited
Feb. 2009	Executive Vice President, Chief Operating Officer, Member of the Board, Suntory Holdings Limited	Jun. 2018	Outside Director of the Company (incumbent)

Significant positions held at other companies

Outside Director, Takamatsu Construction Group Co., Ltd. Chairman, the Distribution Economics Institute of Japan

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Mr. Aoyama and the Company.
2. Mr. Aoyama is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15 of the Companies Act.
3. Mr. Aoyama satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 26).
4. **Notification of Independent Directors**
The Company has appointed Mr. Aoyama as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
5. **Limited liability agreement with outside directors**
The Company has concluded a limitation of liability agreement with Mr. Aoyama. The Company will continue the said limited liability agreement with him if he is reelected as a director at this General Meeting of Shareholders. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
6. **Directors and officers liability insurance policy**
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Mr. Aoyama will be included as an insured party under the insurance policy upon approval of his election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
7. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Aoyama will be appointed as a member of the Nominating Committee.

No. **4****Futomichi Amano**

(Born on August 31, 1953)

Reelection

Outside

Independent
DirectorAudit
Committee

**Number of the
Company's shares held**
0 shares

Tenure as Director
8 years

Attendance rate at Board of Directors Meetings

**Attendance rate at Board of
Directors Meetings**
100% (13/13 meetings)

Attendance rate at Meetings of Audit Committee

**Attendance rate at Meetings
of Audit Committee**
100% (17/17 meetings)

Reason for nominating the candidate for Outside Director and overview of expected roles:

Mr. Futomichi Amano has broad insight in global business and abundant experience in the field of accounting, having been involved both in audits as a certified public accountant and in the management of Deloitte Touche Tohmatsu LLC for many years. On the Board of Directors, he performs his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director. As the Chairman of the Audit Committee, he furthermore plays an important role in strengthening the supervisory function of the Board of Directors, which entails auditing and supervising Group management's execution of duties through meetings with management of the Company and its major subsidiaries, regular meetings with auditors of the major subsidiaries, etc. Considering the above, Mr. Amano is capable of appropriately performing duties as an outside director, and accordingly has been appointed as a candidate for that position. We are confident that he will also continue performing his role as a member of the Audit Committee upon election.

Brief personal profile, and position and duties in the Company

Nov. 1977	Joined Tohmatsu Awoki & Co. (Currently Deloitte Touche Tohmatsu LLC)	Jun. 2007	Board member, Deloitte Touche Tohmatsu LLC
Jun. 1989	Partner (Audit), Tohmatsu Awoki & Sanwa		Managing Partner of Eastern Japan & Tokyo office, Deloitte Touche Tohmatsu LLC
Nov. 1995	Transferred to Los Angeles office of Deloitte & Touche LLP	Nov. 2010	CEO, Deloitte Touche Tohmatsu LLC (Japan)
Sep. 2002	Partner in charge of corporate planning of Tokyo office, Deloitte Touche Tohmatsu LLC		Global executive committee member, Deloitte Touche Tohmatsu Limited (Global)
Jun. 2004	Managing Partner of corporate planning of Tokyo office, Deloitte Touche Tohmatsu LLC	Jan. 2016	Futomichi Amano CPA office (incumbent)
		Jun. 2017	Outside Director of the Company (incumbent)

Significant positions held at other companies

Futomichi Amano CPA office

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Mr. Amano and the Company.
2. Mr. Amano is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15 of the Companies Act.
3. Mr. Amano satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 26).
4. **Notification of Independent Directors**
The Company has appointed Mr. Amano as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
5. **Limited liability agreement with outside directors**
The Company has concluded a limitation of liability agreement with Mr. Amano. The Company will continue the said limited liability agreement with him if he is reelected as a director at this General Meeting of Shareholders. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
6. **Directors and officers liability insurance policy**
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Mr. Amano will be included as an insured party under the insurance policy upon approval of his election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
7. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Amano will be appointed as a member of the Audit Committee.

No. **5****Sachiko Awai**

(Born on May 21, 1957)

Reelection

Outside

Independent
DirectorAudit
CommitteeCompensation
Committee

**Number of the
Company's shares held**
0 shares

Tenure as Director
2 years

Attendance rate at Board of Directors Meetings
100% (13/13 meetings)

Attendance rate at Meetings of Compensation Committee
100% (10/10 meetings)

Reason for nominating the candidate for Outside Director and overview of expected roles:

Ms. Sachiko Awai has broad insight based on her extensive experience as a business company manager. On the Board of Directors, she performs her role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director. As a member of the Compensation Committee, she furthermore conducts robust deliberations when it comes to the making decisions on the Company's compensation system for its directors and executive officers as well on compensation levels. Considering the above, Ms. Awai is capable of appropriately performing duties as an outside director, and accordingly has been appointed as a candidate for that position. Ms. Awai will be appointed as a member of the Audit Committee and the Compensation Committee upon election. In addition to the aforementioned roles, we are confident that she will audit and supervise Group management's execution of duties.

Brief personal profile, and position and duties in the Company

Jul. 1984	Joined Japan Office of U.S. Meat Export Federation	Jan. 2019	Part Time Adviser, Natural Water Business Department, Harves Co., Ltd.
Jan. 1991	Joined Estée Lauder Companies	Jun. 2019	Outside Director (who is an Audit & Supervisory Committee Member), A.D.Works Co., Ltd.
Mar. 1997	Joined NIHON L'ORÉAL K.K.	Apr. 2020	Outside Director (who is an Audit & Supervisory Committee Member), A.D.Works Group Co., Ltd. (incumbent)
Nov. 2004	Joined GUERLAIN (LVJ Group)	Jun. 2020	Outside Director, INFOCOM CORPORATION
May 2012	Joined fitfit, Inc.	Mar. 2022	Outside Director (who is an Audit & Supervisory Committee Member), BP Castrol K.K. (incumbent)
May 2013	President and Representative Director, La Prairie Japan	Jun. 2023	Outside Director of the Company (incumbent)
Jan. 2019	General Manager, INCOCO Business Department, Newport Ltd.		

Significant positions held at other companies

Outside Director (who is an Audit & Supervisory Committee Member), A.D.Works Group Co., Ltd.

Outside Director (who is an Audit & Supervisory Committee Member), BP Castrol K.K.

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Ms. Awai and the Company.
2. Ms. Awai is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15 of the Companies Act.
3. Ms. Awai satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 26).
4. **Notification of Independent Directors**
The Company has appointed Ms. Awai as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. She is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
5. **Limited liability agreement with outside directors**
The Company has entered into a limited liability agreement with Ms. Awai. The Company will continue the said limited liability agreement with her if she is reelected as a director at this General Meeting of Shareholders. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
6. **Directors and officers liability insurance policy**
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Ms. Awai will be included as an insured party under the insurance policy upon approval of her election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
7. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Ms. Awai will be appointed as a member of the Audit Committee and the Compensation Committee.

No. **6****Ryoji Itoh**

(Born on January 14, 1952)

Reelection

Outside

Independent
DirectorNominating
CommitteeCompensation
Committee

**Number of the
Company's shares held**
700 shares

Tenure as Director
11 years

**Attendance rate at Board of
Directors Meetings**
100% (13/13 meetings)

**Attendance rate at Meetings
of Nominating Committee**
100% (10/10 meetings)

**Attendance rate at Meetings
of Compensation Committee**
100% (10/10 meetings)

Reason for nominating the candidate for Outside Director and overview of expected roles:

Mr. Ryoji Itoh has a wide range of knowledge on corporate management, human resources development, and digital transformation based on his extensive global experience as a management consultant, fund manager, and business company manager. On the Board of Directors, he performs his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director. As the Chairman of the Compensation Committee, he furthermore leads robust deliberations that involve reviewing the Company's compensation system for its directors and executive officers as well as making decisions on compensation levels. As a member of the Nominating Committee, he also conducts robust deliberations regarding the nomination of candidates for director in a manner that ensures membership balance and diversity of the Board of Directors overall. Considering the above, Mr. Itoh is capable of appropriately performing duties as an outside director, and accordingly has been appointed as a candidate for that position. We are confident that he will continue performing his roles as a member of the Nominating Committee and the Compensation Committee upon election.

Brief personal profile, and position and duties in the Company

Jul.	1979	Joined McKinsey & Company	Apr.	2006	Managing Director, Planetplan, Inc. (incumbent)
Jan.	1984	Partner, McKinsey & Company	Apr.	2010	Visiting Professor, Yokohama City University
Jun.	1988	Director, UCC Ueshima Coffee Co., Ltd.	May	2012	Director, Renown Incorporated
Sep.	1990	Representative Director, Schroder Ventures	Oct.	2012	Professor, BBT University
Nov.	1997	Director, Bain & Company	Jun.	2014	Outside Director, SATO HOLDINGS CORPORATION (incumbent)
Sep.	1999	Guest Professor at Faculty of Policy Management, Keio University			Outside Director of the Company (incumbent)
May	2000	Project Professor at Graduate School of Media and Governance, Keio University	Apr.	2020	Part-time Lecturer at Faculty of Policy Management, Keio University
Jan.	2001	Head of Japan Office, Bain & Company	Apr.	2021	Senior Researcher at Keio Research Institute at SFC, Keio University

Significant positions held at other companies

Managing Director, Planetplan, Inc.

Outside Director, SATO HOLDINGS CORPORATION

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Mr. Itoh and the Company.
2. Mr. Itoh is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15 of the Companies Act.
3. Mr. Itoh satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 26).
4. **Notification of Independent Directors**
The Company has appointed Mr. Itoh as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
5. **Limited liability agreement with outside directors**
The Company has concluded a limitation of liability agreement with Mr. Itoh. The Company will continue the said limited liability agreement with him if he is reelected as a director at this General Meeting of Shareholders. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
6. **Directors and officers liability insurance policy**
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Mr. Itoh will be included as an insured party under the insurance policy upon approval of his election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
7. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Itoh will be appointed as a member of the Nominating Committee and Compensation Committee.

No. **7****Moegi Shirakawa**

(Born on January 14, 1979)

Reelection

Outside

Independent
DirectorNominating
CommitteeAudit
Committee

**Number of the
Company's shares held**
0 shares

Tenure as Director
3 years

Attendance rate at Board of Directors Meetings

**Attendance rate at Board of
Directors Meetings**
100% (13/13 meetings)

**Attendance rate at Meetings
of Audit Committee**

100% (17/17 meetings)

Reason for nominating the candidate for Outside Director and overview of expected roles:

Although Ms. Moegi Shirakawa does not have experience in corporate management other than being an outside director, she is an independent expert who can provide advice enlisting differing perspectives as a lawyer and a legal practitioner who is well versed in corporate and business law. At the law firm where Ms. Shirakawa currently serves as a partner, she is also committed to developing lawyers and staff who belong to the law firm. As an outside director on the Board of Directors, she fulfills her role in ensuring the appropriate decision-making by the Board of Directors. In addition, on the Audit Committee, she audits and supervises the execution of duties by management of the Group through meetings with management of the Company and its major subsidiaries and regular meetings with corporate auditors of major subsidiaries, in accordance with the audit policy and audit plan. Considering the above, Ms. Shirakawa is capable of appropriately performing duties as an outside director, and accordingly has been appointed as a candidate for that position. Ms. Shirakawa will be appointed as a member of the Nominating Committee and the Audit Committee upon election. In addition to the aforementioned roles, we are confident that she will contribute to the diversity in discussions at the Nominating Committee to ensure membership balance and diversity of the Board of Directors overall.

Brief personal profile, and position and duties in the Company

Oct. 2003	Admitted to bar Joined Anderson Mori & Tomotsune (former Tomotsune & Kimura)
Sep. 2008	Associated with Sullivan & Cromwell LLP, New York
Aug. 2009	Rejoined Anderson Mori & Tomotsune
Jan. 2013	Partner, Anderson Mori & Tomotsune (incumbent)
Feb. 2021	Member of the Business Accounting Council, Financial Services Agency (incumbent)
Jun. 2022	Outside Director of the Company (incumbent)

Significant positions held at other companies

Partner, Anderson Mori & Tomotsune

Member of the Business Accounting Council, Financial
Services Agency

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Ms. Shirakawa and the Company.
2. Ms. Shirakawa is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15 of the Companies Act.
3. Ms. Shirakawa satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 26).
4. **Notification of Independent Directors**
The Company has appointed Ms. Shirakawa as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. She is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
5. **Limited liability agreement with outside directors**
The Company has entered into a limited liability agreement with Ms. Shirakawa. The Company will continue the said limited liability agreement with her if she is reelected as a director at this General Meeting of Shareholders. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
6. **Directors and officers liability insurance policy**
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Ms. Shirakawa will be included as an insured party under the insurance policy upon approval of her election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
7. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Ms. Shirakawa will be appointed as a member of the Nominating Committee and the Audit Committee.

No. 8

Keiji Miyakawa

(Born on November 5, 1958)

Reelection

Outside

Independent
DirectorAudit
CommitteeCompensation
Committee

**Number of the
Company's shares held**
2,600 shares

Tenure as Director
4 years

Attendance rate at Board of Directors Meetings	Attendance rate at Meetings of Audit Committee	Attendance rate at Meetings of Compensation Committee
100% (13/13 meetings)	100% (17/17 meetings)	100% (10/10 meetings)

Reason for nominating the candidate for Outside Director and overview of expected roles:

Mr. Keiji Miyakawa has abundant experience in the investment banking division of a major global securities firm and in M&A advisory companies, and also has broad insight as a financial service manager. On the Board of Directors, he performs his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director. As a member of the Compensation Committee, he furthermore conducts robust deliberations when it comes to the making decisions on the Company's compensation system for its directors and executive officers as well on compensation levels. On the Audit Committee, he audits and supervises the execution of duties by management of the Group through meetings with management of the Company and its major subsidiaries and regular meetings with corporate auditors of major subsidiaries, in accordance with the audit policy and audit plan. Considering the above, Mr. Miyakawa is capable of appropriately performing duties as an outside director, and accordingly has been appointed as a candidate for that position. We are confident that he will perform his roles as a member of the Audit Committee and the Compensation Committee upon election.

Brief personal profile, and position and duties in the Company

Apr. 1982	Joined Japan External Trade Organization (JETRO)	Apr. 2016	Representative Director, N.I.Partners Ltd. (incumbent)
Jul. 1988	Joined Bankers Trust Company (currently Deutsche Securities Inc.)	Mar. 2018	Outside Director, Member of the Board, GungHo Online Entertainment, Inc. (incumbent)
Jul. 1999	Managing Director, Head of M&A Division, Deutsche Securities Inc.	Jan. 2019	Senior Advisor, Lincoln International Inc. (incumbent)
Oct. 2006	Vice Chairman, Global Banking, Deutsche Securities Inc.	Sep. 2020	Executive Advisor, MASH Holdings Co., Ltd.
Sep. 2009	Chairman-Japan, Lincoln International Inc.	Jun. 2021	Outside Director of the Company (incumbent)
Jun. 2012	Outside Audit & Supervisory Board Member, ASICS Corporation	Dec. 2023	Outside Director, ZENSHO INTERNATIONAL LIMITED
Jun. 2013	Outside Director, ASICS Corporation	Mar. 2024	Outside Auditor, MASH Holdings Co., Ltd. (incumbent)
Mar. 2016	Audit & Supervisory Board Member, ASICS Corporation	May 2024	Outside Director, ZENSHO INTERNATIONAL FOOD SERVICE LIMITED (incumbent)

Significant positions held at other companies

Outside Director, Member of the Board, GungHo Online Entertainment, Inc.
Senior Advisor, Lincoln International Inc.

Outside Auditor, MASH Holdings Co., Ltd.
Outside Director, ZENSHO INTERNATIONAL FOOD SERVICE LIMITED

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Mr. Miyakawa and the Company.
2. Mr. Miyakawa is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15 of the Companies Act.
3. Mr. Miyakawa satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 26).
4. **Notification of Independent Directors**
The Company has appointed Mr. Miyakawa as an independent director stipulated by the Tokyo Stock Exchange has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
5. **Limited liability agreement with outside directors**
The Company has concluded a limitation of liability agreement with Mr. Miyakawa. The Company will continue the said limited liability agreement with him if he is reelected as a director at this General Meeting of Shareholders. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
6. **Directors and officers liability insurance policy**
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Mr. Miyakawa will be included as an insured party under the insurance policy upon approval of his election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
7. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Miyakawa will be appointed as a member of the Audit Committee and the Compensation Committee.

No. **9****Hitoshi Yoshida**

(Born on January 20, 1958)

Reelection

Outside

Independent
DirectorNominating
Committee

**Number of the
Company's shares held**
0 shares

Tenure as Director
2 years

Attendance rate at Board of Directors Meetings
100% (13/13 meetings)

Attendance rate at Meetings of Nominating Committee
100% (10/10 meetings)

Reason for nominating the candidate for Outside Director and overview of expected roles:

Mr. Hitoshi Yoshida has a track record of sustained company growth as a manager at ASKUL Corporation and broad insight related to risk management and digital transformation. On the Board of Directors, he performs his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director. Furthermore, as a member of the Nominating Committee, he also conducts robust deliberations regarding the nomination of candidates for director in a manner that ensures membership balance and diversity of the Board of Directors overall. Considering the above, Mr. Yoshida is capable of appropriately performing duties as an outside director, and accordingly has been appointed as a candidate for that position. We are confident that he will continue performing his role as a member of the Nominating Committee upon election.

Brief personal profile, and position and duties in the Company

Apr. 1980	Joined Victoria Inc.	Jul. 2012	Executive Officer, Chief Operating Officer (COO), B-to-B Company, ASKUL Corporation
Dec. 2000	Joined ASKUL Corporation	Aug. 2012	Director, Chief Operating Officer (COO), B-to-B Company
Mar. 2004	Business Leader, Catalogue Planning Operation, Office Life Creation	Aug. 2017	Director, Chief Operating Officer (COO), B-to-B Company, Director in charge of risk management
Aug. 2006	Manager, Living Supplies Division, Office Life Creation	Mar. 2020	Director and Vice President, Director in charge of risk management
Mar. 2008	Chief General Manager, Office Life Creation	Aug. 2020	Director and Vice President
Aug. 2009	Executive Officer in charge of Products	Jun. 2023	Outside Director of the Company (incumbent)
Aug. 2011	Executive Officer in charge of ECR Representative Director and Chairman, Bizex Corporation (currently ASKUL LOGIST Corporation)		

Significant positions held at other companies

None

Matters regarding independence / Other matters

Notes:

1. There are no conflicts of interests between Mr. Yoshida and the Company.
2. Mr. Yoshida is a candidate for outside director and satisfies the requirements regarding outside directors provided in Article 2, Item 15 of the Companies Act.
3. Mr. Yoshida satisfies the requirements for independence stipulated by the independence standards of the Company (described on page 26).
4. **Notification of Independent Directors**
The Company has appointed Mr. Yoshida as an independent director stipulated by the Tokyo Stock Exchange and has registered with the stock exchange accordingly. He is not deemed to fall into the category specified by the Tokyo Stock Exchange in which a conflict of interest is likely to arise between general shareholders and the person.
5. **Limited liability agreement with outside directors**
The Company has concluded a limitation of liability agreement with Mr. Yoshida. The Company will continue the said limited liability agreement with him if he is reelected as a director at this General Meeting of Shareholders. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
6. **Directors and officers liability insurance policy**
The Company has concluded a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. Mr. Yoshida will be included as an insured party under the insurance policy upon approval of his election. Moreover, the Company intends to leave the content of the insurance policy unchanged upon its forthcoming renewal. Details of the policy are as described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System” of the Business Report.
7. Through the passing of a resolution at the Board of Directors’ Meeting to be held after this General Meeting of Shareholders, Mr. Yoshida will be appointed as a member of the Nominating Committee.

(Reference)

Knowledge, Experience, and Skills Expected of Candidates for Director

The Group aims to realize its mission of “creating new value in healthcare and thereby contributing to human health and the future of medical care” through enhancing corporate value over the medium to long term.

To achieve this, we have identified the following six areas of skills that the Board of Directors are particularly expected to demonstrate.

These key areas will be discussed and reviewed as appropriate by the Nominating Committee taking into account the Company’s management plan and the business environment of the Company.

Name of candidate for Director	Business management and management strategy	Legal affairs and risk management	Finance and accounting	Human resources and human resource development	Life sciences and healthcare	DX
Shigekazu Takeuchi (Male)	●			●	●	
Naoki Kitamura (Male)	●		●		●	
Shigehiro Aoyama (Male)	●			●	●	
Futomichi Amano (Male)		●	●			
Sachiko Awai (Female)	●			●	●	
Ryoji Itoh (Male)	●			●		●
Moegi Shirakawa (Female)		●		●		
Keiji Miyakawa (Male)	●	●	●			
Hitoshi Yoshida (Male)	●	●				●

Note: The above matrix does not indicate all of the skills of the candidates, and only a maximum of the top three skills the candidates are expected to demonstrate are indicated.

(Reference)

Independence standards for independent outside directors

The Company judges the independence of outside directors based on the independence criteria established by the Tokyo Stock Exchange. More specifically, the Company deems there to be potential for conflict of interest with its general shareholders in any case where one of the following applies, such the relationship with the Company is one of:

- (A) A party dealing with the Company as its major business partner, or an executive thereof;
- (B) A major business partner of the Company or an executive thereof;
- (C) A consultant, accounting expert or legal expert who receives a significant amount of money or other assets from the Company, apart from compensation for executive officers and directors (or a party who belongs to a corporation, association or other such body receiving such assets);
- (D) A party to whom either of (A), (B) or (C) has recently applied; or
- (E) A close relative of a party (excluding inconsequential persons) meeting any of the conditions from (a) to (c) below:
 - (a) A party described in aforementioned items (A) through (D);
 - (b) An executive of a subsidiary of the Company; or
 - (c) A party to whom aforementioned item (b) has recently applied, or a party who has recently served as an executive of the Company.

In some cases, we omit “information on outside director affiliations” * such that pertains to the written notification of independent directors that is filed with the Tokyo Stock Exchange. Accordingly, such information is omitted if the immateriality standards below are satisfied with respect to the outside director’s role as a business partner, donation recipient or other affiliation, based on the judgment that the foregoing are unlikely to affect shareholder decisions with respect to exercising their voting rights.

* This includes details of whether an outside director also acts as a business partner, donation recipient or otherwise, whether the outside director has formerly served such entities, and a brief description thereof.

Immateriality standards

- (i) Normal business transactions with the Company or its subsidiaries amount to less than 1% of the Company’s net sales;
- (ii) A consultant, accounting expert or legal expert that has received payment other than compensation for executive officers and directors of less than ¥10 million on average per year over the last three (3) years from the Company or its subsidiaries; and
- (iii) Donations, etc. received from the Company or its subsidiaries have amounted to less than ¥10 million on average per year over the last three (3) years.

(Note) The following sections have been translated from a part of the Japanese Business Report and are provided for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Business Report

(From April 1, 2024 to)
March 31, 2025)

1. Matters Regarding Current Status of Corporate Group

(1) Business progress and results

During the fiscal year under review, the Japanese economy experienced a recovery trend supported by improvements in employment and income conditions. However, uncertainty remained due to rising raw material costs and energy costs amid geopolitical fluctuations, sharp fluctuations in the yen exchange rate, and concerns over the outlook of the Chinese economy.

The business environment of the Company and its subsidiaries (the “Group”) has remained challenging due to the worsening financial position of medical institutions and declining specimen testing fees amid ongoing pressure to lower healthcare costs.

Under such circumstances, the Group has focused on the growth of the Base Business as well as improving profitability based on the H.U. Bioness Complex to optimize the cost structure for a post-COVID-19 society, as well as strengthening the management infrastructure to ensure business stability.

As a result, net sales for the fiscal year under review were 243,025 million yen (up 2.6% from the previous fiscal year). The main reason for higher net sales was the growth in the LTS business.

As for earnings, profit increased mainly due to the gradual effects of profitability enhancement measures in the LTS business taking shape. As a result, operating profit was 2,640 million yen (operating loss was 4,043 million yen the previous fiscal year). In addition to the increase in operating profit, ordinary profit was 4,742 million yen (ordinary loss was 7,241 million yen the previous fiscal year) due to gain on investments in capital and improvements in share of loss of entities accounted for using equity method. In addition to an increase in ordinary profit, the addition of extraordinary gains such as reversal of provision for compensation loss and provision for loss on liquidation of subsidiaries and associates in extraordinary loss, profit attributable to owners of parent was 2,761 million yen (loss attributable to owners of parent was 7,553 million yen the previous fiscal year). An overview of each business segment is as follows.

[Lab Testing and its related Services (LTS)]

Despite lower sales of COVID-19-related testing, sales increased mainly due to growth in the Base Business including cancer genome profiling and other forms of gene-related testing. As a result, net sales amounted to 153,014 million yen (up 4.3% from the previous fiscal year). In terms of earnings, operating loss was 4,638 million yen (operating loss was 12,512 million yen the previous fiscal year) due to the gradual impact of profitability improvement measures, as well as increased earnings from growth in the Base Business.

[In Vitro Diagnostics (IVD)]

Sales decreased due to a decline in sales of COVID-19-related products, despite the growth of overseas Neuro reagent sales and favorable effects of yen depreciation. As a result, net sales amounted to 60,492 million yen (down 2.3% from the previous fiscal year). In terms of earnings, operating profit was 11,345 million yen (down 12.2% from the previous fiscal year) due to decreased profit from lower sales of COVID-19-related products.

[Healthcare-related Services (HS)]

Net sales amounted to 29,518 million yen (up 4.3% from the previous fiscal year) as a result of the growth of the sterilization and related services business. In terms of earnings, operating profit was 1,777 million yen (up 33.0% from the previous fiscal year) mainly due to increased profit and improvements in profitability of the sterilization and related services business.

(2) Status of financing, etc.

i) Financing

The Company has concluded a commitment line contract with a major financial institution amounting to 20.0 billion yen in total, in order to ensure on-hand liquidity in case of emergencies, etc. The Company has no borrowings outstanding based on such contract as of the end of the fiscal year under review.

ii) Capital expenditure

a. Major facilities completed during the consolidated fiscal year under review

None in particular.

b. Ongoing establishment and expansion of major facilities during the fiscal year under review

None in particular.

c. Major facilities removed during the fiscal year under review

None in particular.

iii) Status of succession of rights and obligations regarding the business of other corporations due to absorption type merger or absorption type split

Effective January 31, 2025, the Company's subsidiary SRL, Inc. and its subsidiary SRL Medisearch, Inc. merged in an absorption-type merger with SRL, Inc. as the surviving company and SRL Medisearch, Inc. as the absorbed company.

iv) Status of acquisition or disposal of equity interests (including shares) or share acquisition rights of other companies

On December 20, 2024, Care'x Inc. acquired 33.4% of the shares in StarQ GAIA Inc.

and 66.6% of shares in GAIA medicare Inc., which was previously an equity-method affiliate, through a share exchange. As a result, Care’x Inc. came to hold 66.6% of StarQ GAIA Inc.’s shares, and in turn, StarQ GAIA Inc. became a holding company owning 100% of shares of both StarQ care Inc. and GAIA medicare Inc., making all companies consolidated subsidiaries.

(3) Status of assets and profit/loss for the last three fiscal years

	72 nd Fiscal year (FY 2021)	73 rd Fiscal year (FY 2022)	74 th Fiscal year (FY 2023)	75 th Fiscal year (FY 2024)
Net Sales (million yen)	272,944	260,908	236,950	243,025
Ordinary Profit (Loss) (million yen)	47,422	22,010	(7,241)	4,742
Profit (Loss) Attributable to Owners of Parent (million yen)	29,599	15,676	(7,553)	2,761
Basic Earnings (Loss) per Share (yen)	519.55	275.52	(132.77)	48.60
Total Assets (million yen)	286,587	297,924	290,849	279,582
Net Assets (million yen)	140,178	150,047	142,505	137,295

(4) Issues to be addressed

The business environment, Mission, Vision, medium-term business strategy, and key issues to be addressed are outlined below.

I. Mission, Vision, and Medium-term Business Plan

The Group operates under the mission, “H.U. Group creates new value in healthcare and thereby contributes to human health and the future of medical care,” and has expanded our business beyond the medical field into the broader healthcare domain. In such circumstances, the business environment surrounding the Group has changed dramatically, and we have formulated a new Vision for the next ten years to respond to such changes and achieve sustainable growth: “Solve global social issues through ‘Collaboration,’ ‘Challenge,’ and ‘Innovation’ leveraging H.U. Group assets and resources.” To realize this Vision and Mission, we have developed a new Medium-term Business Plan for the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030 titled “H.U.2030” (the “Current Medium-term Business Plan”) as a five-year growth strategy. The Current Medium-term Business Plan integrates our business strategy and key sustainability initiatives, and the Group aims to drive further growth and enhance corporate value through its implementation.

II. Outline of the Current Medium-term Business Plan

1) Recap of previous Medium-term Business Plan (fiscal year ended March 31, 2021 to fiscal year ended March 31, 2025)

Four priority measures were laid out in the previous Medium-term Business Plan (the “Previous Plan”). The first, the stable operation of the H.U. Bioness Complex, took longer than expected but has been in full operation since April 2025. Under the Current Medium-term Business Plan, the full operation of the H.U. Bioness Complex will

contribute to increased productivity and enhanced profitability in the lab testing and its related services (“LTS”) business. The second initiative, fixed cost reduction and profitability improvement, was initiated but ultimately not achieved and remains a challenge going forward. Details on future fixed cost reductions will be discussed in “(B) Transformation toward a high-profit structure” below, but we will continue to pursue this goal in the Current Medium-term Business Plan. The third, Group integration in core businesses, has progressed smoothly, including the integration of sales forces. Going forward, we aim to deepen the integration of management beyond sales functions, such as the development of proprietary reagents utilizing Group technologies, to further generate Group synergy. Lastly, in the expansion of the CDMO business within the in vitro diagnostics (“IVD”) business, partnerships with global partners and the development and expansion of test items have advanced steadily, and we are now ready for further growth. Under the Current Medium-term Business Plan, we aim to further enhance profits.

2) The Group’s business environment

Demographic aging is advancing not only in developed countries but also in developing countries, making it a global issue. In Japan in particular, medical care costs have increased year after year, leading the government to promote cost-containment measures, resulting in declining specimen testing fees and a continued challenging Japanese clinical testing market. Meanwhile, the reorganization of hospitals and hospital beds has led to growing demand for in-home healthcare services and preventive medicine, and advanced medical technologies such as personalized and regenerative medicine continue to evolve. New businesses are also emerging, driven by government-led promotion of medical digital transformation (DX) and the utilization of healthcare data.

3) Content of the Current Medium-term Business Plan

The Group is one of the few corporate entities that encompasses both LTS and IVD businesses, along with the healthcare-related services (“HS”) business. We will leverage this unique strength to further deepen integrated management. In doing so, we aim to respond flexibly and swiftly to the changing business environment described above, and maximize shareholder value.

Each business will transform into a high-profit structure by utilizing the foundations established through past investments, and we particularly aim to establish a business in the pre-symptomatic and broader healthcare sector within the LTS business. Details of our initiatives to transform each business toward a high-profit structure will be explained in the key initiatives outlined below.

This Current Medium-term Business Plan is positioned as a phase for harvesting the return on past investments. With regard to cash allocation, we will enhance shareholder returns through progressive dividends and flexible share buybacks, while also aiming to improve capital efficiency.

4) The Group's key initiatives in the Current Medium-term Business Plan

A) Further deepening of integrated management

a. Market creation through simultaneous introduction of new items (NEURO, etc.) in LTS/IVD

When introducing new test items, we will maximize the Group's synergies to maximize the value offered to customers. Specifically, in the IVD business, while proceeding with swift development, evaluation, and regulatory approval of new test items, we will begin validation of such test items in the early stages of development in the LTS business. By launching contract testing services in the LTS business simultaneously with the market launch in the IVD business, we aim to establish a system that promptly responds to market needs. Through this approach, we aim to establish new test items as de facto standards and lead the creation of a new market. A recent example of this model includes the SARS-CoV-2 antigen test reagent developed in response to the COVID-19 pandemic, as well as certain LUMIPULSE reagent items, where we demonstrated early practical application through rapid coordination. Going forward, we plan this model into other areas, such as the neurological disease (the "NEURO") domain, further expanding the range of our test items and realizing new market creation.

b. Development, introduction and external sales of proprietary reagents utilizing Group technologies

SRL, Inc. (a consolidated subsidiary of the Company engaged in contract clinical laboratory testing within the LTS business; hereinafter "SRL"), which uses the most testing reagents in Japan and has accumulated knowhow related to testing, and the IVD business, which has a track record of delivering a range of high-quality testing reagents, will maximize their respective strengths to promote the development and introduction of reagents. Specifically, the IVD business will lead reagents development while minimizing development risk by accurately identifying SRL's needs as a major reagent user, and at the same time, SRL will begin evaluating the reagents. This approach enables the reduction of reagent costs at SRL and accelerate market entry. Furthermore, through external sales of developed reagents, we aim to enhance the Group's overall market share.

The technology used in reagent development can be categorized into narrow and broad scopes. Narrowly defined reagent development technologies refers to the use of technology related to antibody extraction and purification using LUMIPULSE reagents. By leveraging the credibility of SRL, which holds the top share in the industry, adopting newly launched LUMIPULSE reagents we can facilitate broader adoption of these reagents. On the other hand, broadly defined reagent development technologies, such as more general technology (magnetic particles, washing, etc.) not limited to LUMIPULSE, can be applied to esoteric testing areas such as genetics. SRL holds a dominant share in these testing areas, so once SRL adopts proprietary reagents developed by the Group, most of the testing conducted in the market will shift to methods using such reagents. Consequently, they will become the de facto standard, compelling other companies

to follow suit and adopt the reagents developed and introduced by the Group, leading us to further expand our market share.

An example of the former includes the replacement of conventional RIA (radioimmunoassay) methods with renin and aldosterone testing (both LUMIPULSE reagent items). For the latter, one such example is the adoption of nucleic acid extraction reagents (MagreNA®) in a portion of genetic testing. These examples have proven the validity of this process. Going forward, we will promote the same process in NEURO, etc., and develop and introduce proprietary reagents based on the Group's unique integrated strategy. We will also actively explore opportunities for external sales.

Furthermore, PCR reagents that were widely used during the COVID-19 pandemic heavily relied on foreign manufacturers, at times leading to supply disruptions and made it difficult to continue testing. Based on this experience, we believe that promoting the development of proprietary reagents will contribute to stabilizing the supply chain.

c. Utilization of the Group's customer base

In September 2020, H.U. Frontier, Inc. ("HUF") was established through the integration of the domestic sales and marketing functions of SRL, Inc., Fujirebio Inc., and Nihon Stery, Inc.

HUF provides comprehensive solutions that meet diverse customer needs, including clinical laboratory testing services, the production and sales of clinical testing reagents, and sterilization services for medical equipment using the Group's customer base. For example, it was made possible to expand transactions through cross-selling and service proposal in the IVD and HS businesses to existing customers who previously only engaged in transactions in the LTS business. Furthermore, a structure has been set up to offer one-stop solutions across the entire Group to new customers. By leveraging this structure and strong price competitiveness against competitors, we aim to expand our customer base, particularly among hospitals.

In these ways, we hope to maximize this unified Group approach to accelerate business development that can only be achieved by the Group and enhance the value provided to our customers.

B) Transformation toward a high-profit structure

a. LTS segment

We will transform the LTS business into a high-profit structure by implementing a laboratory strategy based around the fully operational H.U. Bioness Complex as well as executing our unique product strategy.

As part of the laboratory strategy (our strategy targeting general practitioners), we will complete the reorganization of regional laboratories, including the integration of SRL's subsidiaries, namely Nihon Rinsho, Inc., HOKUSHIN Clinical Laboratory, Inc., and SRL Kitakanto Laboratory, Inc.

At the H.U. Bioness Complex, we aim to improve productivity by extending operating hours (up to 24 hours) and promoting digital transformation (DX) and the implementation of AI in operational processes, among other measures. We will

also clarify our business fields and promote labor saving through automation for generic esoteric testing (immunoassay tests, items mainly using automated machines, etc.), which is more profitable than general testing. Furthermore, in esoteric testing, we will enhance profit by maintaining and expanding our leading market share, and in the area of genetic testing, we will promote differentiation and quality improvement with unique items, and maximize the use of the functions of the H.U. Bioness Complex.

In addition, in terms of our unique product strategy, while we will work to optimize contracts in response to changes in the business environment, we will reduce reagent costs by introducing reagents developed by the Group, which is described as an example of the integrated management. Furthermore, we will introduce high value-added items directly related to diagnosis and treatment and make them a de facto standard to create the market itself.

Through the further advancement of integrated management, we are committed to transforming into a high-profit structure.

b. IVD segment

Continuing from the Previous Plan, in addition to leveraging the strengths of the IVD business, this Current Medium-term Business Plan will continue to reinforce and expand the CDMO business through enhancement of production capacity, reallocation of in-house resources and other measures.

As part of a global strategy, we will develop and commercialize unique testing items that no other company possesses through continuous R&D activities. Next, we will promote the adoption and evaluation of LUMIPULSE by SRL and in both domestic and international markets, and through the accumulation of clinical data, demonstrate the clinical value of new products. Once items and products have proven their value, we will extend them globally through the CDMO business model.

Furthermore, in our domestic LUMIPULSE business, we will strengthen sales expansion targeting SRL business customers, and driving fixed-cost optimization through “select and concentration” of manual product lines.

In our overseas LUMIPULSE business, we will selectively review and focus on target regions and items as well as focus on Alzheimer’s disease-related products, which have already been widely recognized globally for their uniqueness. In particular, by leveraging the broad range of raw materials possessed by ADx NeuroSciences N.V., which has attracted attention in the NEURO field including Alzheimer’s disease, we aim to further expand our portfolio of products related to NEURO and aim to become a global leader in the field.

To further complement and advance the functionality and performance of LUMIPULSE, we will also continue to accelerate the development of the next platform that utilizes the ultra-high sensitivity detection technology currently under development with Fluxus, Inc.

c. HS segment

In the Sterilization and surgery-related business, amid an increasingly challenging business environment for medical institutions and staffing shortages, including

among medical professionals, emerges as a major issue, we will respond to frontline care needs, actively promoting services that contribute to increasing efficiency and reducing costs in the clinical setting, particularly in surgery-related operations.

As key initiatives, we will pursue a transformation of the sterilization business model prompted by the deregulation of primary disinfection rules, and strengthen surgery-related services.

Specifically, in terms of service operations, we will focus on high-value-added and high-difficulty surgery-related tasks, while promoting the standardization and shift to outsourcing of hospital ward sterilization. By managing and optimizing total labor volume, we aim for growth through both improving customer profitability and providing sustainable services.

C) Establishing a business in the pre-symptomatic and healthcare domain

Under the Previous Plan, we leveraged our foundation of relationships with health insurance associations built up through services such as health screening coordination to begin providing WithWellness®, a PHR which focuses on pre-symptomatic disease detection and prevention for insured individuals of health insurance associations as well as their dependents. This PHR is also an app that allows service users to not only access their own health screening and testing results, but also to manage their health. Over 250,000 people are currently using the service as of March 2025. The Group also provides a mail-in testing service, enabling users to collect their own blood, urine, saliva, or other samples at home, send them by post, and receive their test results, expanding our services in the pre-symptomatic and healthcare domain.

Meanwhile, we also deployed E's Assist®, a service that supports greater efficiency in medical settings, streamlining the workflow in clinical operations, particularly for general practitioners.

Under the Current Medium-term Business Plan, we will link the above services and utilize alliances with other companies to increase the number of WithWellness® service users in order to establish and monetize our business in the pre-symptomatic and healthcare domains. Going forward, we will also explore monetization opportunities through the provision of accumulated data to external parties.

D) Optimization of capital allocation and enhancement of capital efficiency

Under the Previous Plan, we made proactive capital investments to establish and enhance the business foundations of existing businesses. These included the H.U. Bioness Complex to establish efficient operations in the LTS business, as well as investments in the CDMO business to realize further growth in the IVD business. Under the Current Medium-term Business Plan, we will enhance returns to our shareholders.

Accordingly, capital allocation under the Current Medium-term Business Plan will involve the use of operating cash flow generated from our businesses as well as proceeds from non-current assets for maintenance investments in each business, progressive dividends, strategic investments including share buybacks (M&A/ investments for future growth), and partial repayment of interest-bearing debt

(including lease obligations).

With regard to shareholder returns, we aim for 6% DOE and implementing progressive dividends. In addition, to further strengthen shareholder returns, we plan to purchase no less than 20.0 billion yen in treasury shares over five years based on a flexible share buyback policy. Meanwhile, investments in growth areas, including M&A, will be executed only after careful evaluation of expected investment returns. We will optimize capital allocation based on our business portfolio strategy and ROIC, while striving to improve capital efficiency. In addition to ROE and consolidated ROIC, we will monitor ROIC by business segment as a KPI. Furthermore, for investment projects, we will apply hurdle rates that consider business risk and country risk (8% to 24%) and strengthen investment management to aim for improvements in ROE and ROIC.

5) Numerical targets for FY 2029

Under the Current Medium-term Business Plan, we aim not only for steady net sales growth and improved profit margin but also for enhanced capital efficiency, and have set key numerical targets as follows:

Targets	FY 2024	FY 2025	FY 2029
ROE	2.0%	4.1%	13% or more
Operating cash flow	22.0 billion yen	22.0 billion yen	150.0 billion yen or more*
Consolidated EBITDA [margins]	23.4 billion yen [9.6%]	30.5 billion yen [12.1%]	16% or more
LTS	7.7 billion yen [5.0%]	14.5 billion yen [9.1%]	13% or more
IVD	16.7 billion yen [27.6%]	17.0 billion yen [28.3%]	30% or more
HS	3.5 billion yen [12.0 %]	3.5 billion yen [10.9 %]	10% or more
Consolidated operating profit [profit margin]	2.6 billion yen [1.1 %]	8.0 billion yen [3.2 %]	11% or more
LTS	(4.6) billion yen [(3.0) %]	0.5 billion yen [0.3 %]	10% or more
IVD	11.3 billion yen [18.8 %]	11.5 billion yen [19.2 %]	25% or more
HS	1.8 billion yen [6.0 %]	1.8 billion yen [5.6 %]	8% or more
ROIC	0.8%	2.5%	10% or more
LTS	(5.0)%	0.6%	17% or more
IVD	9.6%	10.6%	17% or more
HS	14.3%	14.2%	25% or more

* Five-year cumulative management targets

6) Equity method affiliates

(Baylor Genetics Holdings, Inc. and Baylor Miraca Genetics Laboratories, LLC)

Baylor Genetics Holdings, Inc. was established at the end of March 2025 as a company that holds all equity in Baylor Miraca Genetics Laboratories, LLC. Simultaneously, it raised 50 million USD in capital through the issuance of preferred shares to external investors.

In addition, in the fiscal year ended March 31, 2025, sales increased due to factors such as higher numbers of genetic tests for cancer and congenital diseases, mainly due to increased sales from existing partnerships and acquisition of new partnerships. During the fiscal year ending March 31, 2026, we will prepare the business for a future public offering, while aiming to further expand our market share through enhanced sales activities.

(Sapporo Mirai Laboratory Co., Ltd. and Sapporo Medicarry Co., Ltd.)

On June 10, 2021, we established two joint ventures with SAPPORO CLINICAL LABORATORY INC. to collaborate on conducting specimen testing laboratory business operations in Sapporo, Hokkaido, and collection and logistics business operations relating to clinical laboratory testing in the same region. Operations were launched in FY 2021.

(MEDISKET CORPORATION)

As of April 1, 2022, the Company established a logistics joint venture with MEDIPAL HOLDINGS CORPORATION to build a logistics platform in the medical and healthcare field, aiming not only to improve the collection and logistics efficiency of the Company but also to expand provision of collection services to other companies. Specifically, the goal is to reduce the cost of collection and greenhouse gas emissions by employing common routes and vehicles between the two companies.

7) Financial strategy and financial discipline

Under the Previous Plan, we identified generation of stable cash flow and maintenance of financial discipline as key themes and set out the following financial strategies:

1. Maximization of operating cash flow especially through improvement of the cash conversion cycle
2. Finance lease and real estate financing
3. Sale of real estate

(Financial discipline)

	FY 2020 (actual results)	FY 2021 (actual results)	FY 2022 (actual results)	FY 2023 (actual results)	FY 2024 (actual results)	FY 2024 (targets)
Net interest-bearing debt to EBITDA (excl. lease liabilities)	0.6x	0.17x	0.45x	1.79x	1.26x	1.3x or less (2.5x or less during the medium-term plan)
Equity ratio (%) (excl. real estate finance)	45.6%	48.9%	50.3%	49.0%	49.0%	40% or more

The Current Medium-term Business Plan continues to emphasize the generation of stable cash flows and the maintenance of sound financial discipline as key themes, and we will be implementing the following financial strategies:

- 1) Maximization of operating cash flow through improvements in the cash conversion cycle
- 2) Flexible use of financial leases
- 3) Execution of asset sales

	FY 2029 (targets)
Net interest-bearing debt to EBITDA (excl. lease liabilities)	1.3x or less
Equity ratio (%)	40% or more

III. Sustainability approach and initiatives

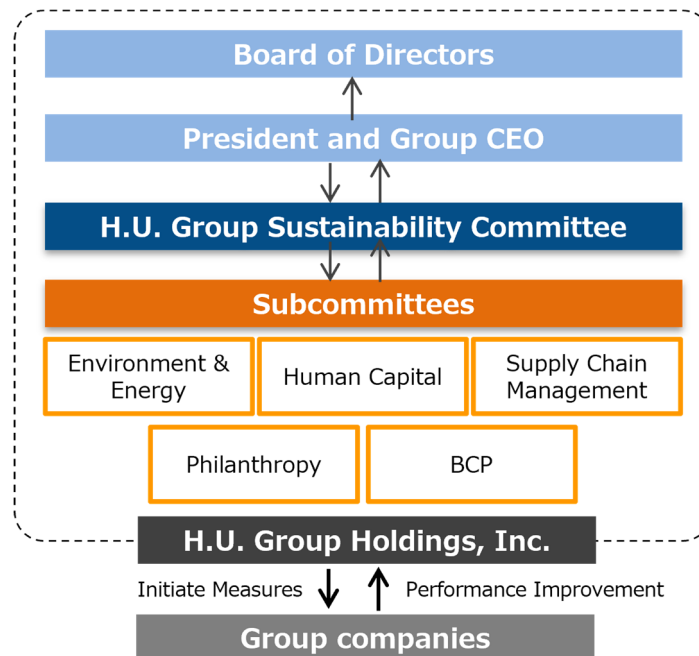
The following is a summary of the Group's approach to sustainability and the status of its initiatives.

(1) Governance and risk management

i) Governance

1) Organizational Structure for Promoting Sustainability

The Group discuss basic policies and plans of action in relation to sustainability at the "H.U. Group Sustainability Committee" (hereinafter the "Committee" or the "Sustainability Committee") chaired by the President, the Group CEO. The Committee monitor activities of each Group company for execution of the plans and play a role in gathering and sharing the latest information outside of the Company relating to sustainability. Under the committee, five subcommittees were established based on each policy chaired by the Division Head of the relevant division, and they implement sustainability activities in turn.



The Group, as a Company with Nominating Committee, etc., achieves clear separation of oversight and executive functions giving executive officers authority to make decisions with greater speed, and implements sustainability activities under the corporate governance structure mentioned above. Matters discussed and resolved at the Sustainability Committee are reported to the Company's Board of Directors.

2) Medium- to Long-term Materiality and Targets in Sustainability

The Group has been working to address materialities (material issues) related to sustainability by setting and disclosing KPIs (key performance indicators) and targets related to sustainability activities under the H.U. Group Sustainability Roadmap, and pursuing initiatives toward their achievement. In the two-year

roadmap starting from FY 2023, although we fell short of our CO₂ emissions reduction targets and percentage of male employees taking paternity leave, the remaining nine targets were achieved.

The Group's Materiality (Until FY 2024)

Foundation	ESG	Item	Materiality
Materiality related to business growth foundation			<ul style="list-style-type: none"> Brand management Intellectual property / Innovation Quality control Customer relations
	Materiality related to foundation for Business and management	E Environment	<ul style="list-style-type: none"> Climate change Recycling-oriented society
		Human capital	<ul style="list-style-type: none"> Human rights Diversity Ideal workplaces Health improvement Human resource development
		S Supply chain	<ul style="list-style-type: none"> Sustainable procurement
		BCP	<ul style="list-style-type: none"> Resilience
		Communication	<ul style="list-style-type: none"> Relationship with all stakeholders
		G Governance	<ul style="list-style-type: none"> Corporate governance Information security Risk management
		Compliance	<ul style="list-style-type: none"> Anti-corruption / Compliance

The Group's Sustainability Roadmap

Two-Year Targets (FY2023–2024)			FY2024 Results
Environmental	<ul style="list-style-type: none"> CO₂ emissions : -12.6% (base: FY2021) Waste plastic recycling rate : 82% 		-11.1%* ¹ 84.9%* ¹
Social	Human Capital	<ul style="list-style-type: none"> Percentage of female managers : 22% Percentage of male employees taking parental leave : 90% Percentage of employees answering "Satisfied with my jobs" to the questionnaire : 55% Maintaining White 500 status Average annual training*² time per employee : Over 30 hours 	23.5% 75.0% 61.3% Acquired 34.0 hours
	Supply Chain	<ul style="list-style-type: none"> Excellent response rate (A) on UNGC Self Assessment tool : 75%*³ Meetings with our suppliers to exchange opinions on sustainability : 30 companies*³ 	77.9% 30 companies
Governance	<ul style="list-style-type: none"> Incorporation of non-financial indicators into compensation for directors and executive officers 		Achieved
	<ul style="list-style-type: none"> Internal directors will not have a dual role on the Nominating Committee 		Achieved

*1 Estimated value *2 Including DX trainings *3 FY2022-FY2024

In accordance with the idea of dynamic materiality, the Group reviews the materialities and determines whether or not to update them while taking into account changes in the external environment, the state of our business, and the progress of our efforts to address each issue.

While our previous materialities were initially identified in 2020 and updated as needed, significant changes in the environment over the past five years have led us to conduct a major revision that was timed with the formulation of the Current Medium-term Business Plan, which begins in April 2025, and aims to fully integrate our management plan, business plan, and sustainability materialities. We considered many different perspectives when identifying our materialities, including the Group's philosophy and discussions held during the formulation of the Current Medium-term Business Plan. After discussions at the management level and taking into account insights gained through dialogue with shareholders and institutional investors, six materialities were identified with the approval of both the Sustainability Committee and the Board of Directors.

Furthermore, through a similar process, we established KPIs for each materiality as non-financial indicators for the realization of our Mission and Vision. The Group will strive to achieve these non-financial targets by the end of FY 2029, with the aim of enhancing corporate value.

The Group's new materialities and non-financial targets (FY 2025 – FY 2029)

Materiality	Components	Non-financial targets	
Resolution of social issues through our businesses	LTS business IVD business HS business Group synergy Resilience Quality control Digital transformation (DX) Brand management Customer relations	LTS	<ul style="list-style-type: none"> Number of newly introduced dementia disease-related test items: Over 8 items Number of cancer gene (cancer genomic profiling) tests directly linked to treatment: 20% increase (compared to FY2024)
		IVD	<ul style="list-style-type: none"> Number of countries where NEURO-related reagents have been launched: 50 countries (Total of in-house and CDMO products) Number of infectious disease items developed for emerging countries: 12 items (Total of in-house and CDMO products)
		HS	<ul style="list-style-type: none"> Number of medical institutions receiving the operating room support service: 205 institutions Number of users of the Group's home business: 6,000 users
Creation of innovation	R&D Innovation Intellectual property		<ul style="list-style-type: none"> Number of patent applications: 40 applications/year Number of academic publications and presentations: 140 items/year R&D expenses to sales ratio <ul style="list-style-type: none"> Consolidated: Maintained at the 5% level IVD: Maintained at the 12% level
Human resource development that creates new value	Human resource development Diversity Ideal workplaces Health improvement Human rights		<ul style="list-style-type: none"> Positive response rate in the Engagement Survey <ul style="list-style-type: none"> Sympathy for the corporate philosophy: 80% Growth opportunity: 60% Percentage of men taking extended leave or leave for childcare: 100%
Mitigation of environmental impacts	Climate change Recycling-oriented society Biodiversity		<ul style="list-style-type: none"> Reduction of total CO₂ emissions: 33.6% (compared to FY2021) Reduction of water consumption per unit at H.U. Bioness Complex: 5% (compared to FY2024)
Establishment of a sustainable value chain	Sustainable procurement		<ul style="list-style-type: none"> Formulation of a policy regarding sustainable procurement and agreement with key suppliers* on the policy UNGC Self-Assessment Tool (SAQ) <ul style="list-style-type: none"> S class: All key suppliers A class or higher: 90% of suppliers subject to the SAQ <p><small>*Suppliers accounting for the top 60% of the consolidated transaction value</small></p>
Strengthening corporate governance	Corporate governance Information security Anti-corruption/Compliance Risk management		<ul style="list-style-type: none"> Diversity ratio on the board of directors (such as women and foreign nationals): 30%

ii) Risk management

The Group has established a Risk Management Committee to promote integrated risk management for the Company and the Group as a whole, encompassing sustainability-related risks, and to ensure that the Group is protected against risk. Furthermore, we have identified “impacts due to the stoppage of or constraints placed

on business activities as a result of natural disasters, climate change, etc.” as one of the significant business risks.

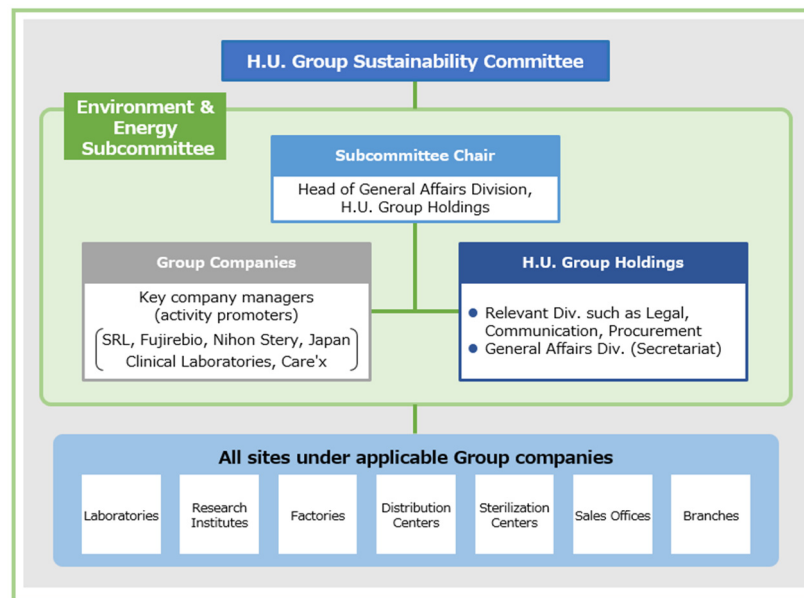
(2) Key strategies, indicators, and targets

i) Strategies

The Group identifies climate change as one of the components of the materiality “Mitigation of environmental impacts” given the various changes that are expected in our group businesses, including the risk of damage to buildings and facilities due to the severity of natural disasters brought about by climate change, supply chain risks such as distribution disruptions, stricter policies and regulations, and information disclosure requirements from investors and other stakeholders.

The Environment and Energy Subcommittee, managed by the Division Head of General Affairs of the Company, formulates and executes plans for environmental activities in climate change. Goal setting and other important matters are discussed by the Sustainability Committee and reported to the Board of Directors as necessary.

System for Environment and Energy Management



As disclosure of climate change-related risk and opportunity is getting more attention, the Group declared support for TCFD recommendation (TCFD: Task Force on Climate-related Financial Disclosures) in November 2021. As information disclosure in accordance with the TCFD recommendations, we take account of the highly unpredictable impact of climate change by carrying out scenario analysis and conducting qualitative evaluation of risks and opportunities. In considering our risk and opportunity responses, we estimated transition risks increase (1.5°C and 2°C) and physical risks increase (4°C) and sorted out events that could take place under each scenario. To prepare for these potential events, we have set timelines of “Short term: 1 year,” “medium term: 5 years” and “long term: 10 years or more,” organized the potential business impact and our response measures and analyzed business risks and opportunities.

Climate Change Scenario Analysis Based on TCFD Recommendations

Scenario	TCFD Framework	Event	Time Horizon	Impact	Response	Risk	Opportunity
4°C scenario	Physical risk	Acute risk	Flooding of business locations	Short-term	<ul style="list-style-type: none"> Damages of equipment Formulates BCPs at the head office and field levels Purchase non-life insurance water damage rider 	Low	–
			Supply chain disruption	Short-term	<ul style="list-style-type: none"> Interruption of sample transportation and distribution network Use multiple modes of transportation Form business alliance for sample transportation 	Low	–
		Chronic risk	Temperature rise	Long-term	<ul style="list-style-type: none"> Increasing demand for products and tests for tropical diseases Consider R&D on relevant diseases and items 	–	○
2°C scenario	Transition risk	Policy and legal risk	Introduction of carbon tax and revision of ordinances	Medium-term	<ul style="list-style-type: none"> Carbon tax to be introduced in 2030 Potential violation of ordinances (emission cap) The H.U. Bioness Complex and company vehicle emissions simulation 	Low	○
		Technology risk	Installation of renewable energy facilities	Medium-term	<ul style="list-style-type: none"> Expanded capital investment in renewable energy Study such facilities for pilot or full-scale adoption to the Group 	Low	–
		Market risk	External pressures specific to the market and industry	Long-term	<ul style="list-style-type: none"> Market pressures to do something about GHG emission reductions Reorganize to use vehicles for logistics jointly with other companies 	–	○
		Reputation risk	ESG brand	Long-term	<ul style="list-style-type: none"> Dismissed as ESG-adverse Relations with long-term investors Improve the ESG ratings 	–	○
1.5°C scenario	(Severe) Transition risk	We will look into information disclosure based on detailed analysis					

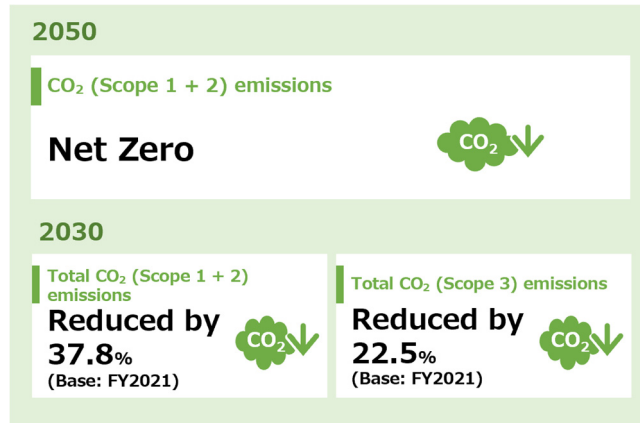
ii) Indicators and targets

In accordance with the Paris Agreement and the Osaka Blue Ocean Vision, the Group

has established medium- to long-term targets for climate change and recycling-oriented society.

In particular, in relation to growing global awareness of the increasing seriousness of the climate change crisis, the Group has announced a goal of achieving net zero in CO₂ (Scope 1, 2) emissions in 2050, and accelerating efforts to achieve this goal.

The Group's Medium- to Long-term Targets of Reduction of CO₂ Emissions



IV. Strategies, indicators, and targets for Human Capital

i) Strategies

To realize the H.U. Group Mission & Vision, we are required to innovate. The people, our employees, are able to become a driver of innovation. Changing their awareness and behavior leads to creating new values in healthcare. To this end, we have identified materialities related to human capital (development of human resources capable of creating new value), and are working to create a diverse, healthy, and energized organizational culture with the key phrase, “Thinking about People, Helping People Improve.”

To ensure that these policies are firmly established in our organization, we have formulated them as our Human Rights Policy, Diversity Policy, Occupational Health and Safety Policy, and Training and Development Policy, thereby promoting these policies in an organized and systematic manner based on a unified recognition thereof.

For more information on these policies, please refer to our website.

<https://www.hugp.com/en/sustainable/humanrights.html>

[Examples of initiatives to enhance the Company's internal environment]

The Group is committed to creating an environment in which each individual in our diverse workforce can work in a healthy and motivated manner.

<Revision and Increasing Awareness of Personnel Systems>

Fundamental reforms to personnel systems were made in April 2024, and expectations for employees were clarified through the establishment of multi-track careers and clarifying job descriptions and expected actions for each job class. In addition, the Group has implemented a system for evaluations and feedback of subordinates by managers and is increasing awareness of the expansion of variable percentage for bonuses to employees.

As a result of such measures, from April 2024 we have managed a personnel system with a high degree of transparency that better rewards the contributions of each individual and can provide a sense of personal growth and assurance.

<Diversity>

The Group's Diversity Policy states that it will generate innovation and create new value by maximizing the capabilities of each of its diverse base of human resources. As part of the promotion of diversity, we have set KPIs for the ratio of female managers at the manager level and above, as well as the ratio of male employees taking parental leave. Led by an organization dedicated to diversity under the direct control of the President, related persons at each of the Group companies are committed to achieving these targets. In FY 2024, we strengthened our education on implicit bias, LGBTQ, and child and nursing care. Through various initiatives such as hosting diversity lectures by prominent figures, we are promoting the establishment of a workplace in which each and every employee can play an active role.

As one of our accomplishments, we were certified as a "Best Workplace," the highest available rank, at the "D&I Award 2024," Japan's largest D&I award ceremony.

For more information, please refer to the Company's press release.

https://www.hugp.com/en/news/202412/E-20241219_news.pdf

<Health Management>

In order to achieve the basis of the Company's name, "Healthcare for You" – providing optimal healthcare services to all by addressing each and every one of our customers individually – the Group has pursued various measures for its employees and their families from both mental and physical health perspectives. We have strengthened our efforts in this area yearly. In 2019, we codified our position as a corporation oriented toward health in our Health Declaration, and in 2020 we established the Health Management Promotion Office. In 2021 we established the Health Management Center and the Women's Subcommittee, and in 2023 we published the Health Management White Papers. As a result, in addition to being recognized as part of the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large enterprise category) for the sixth consecutive year, in 2024 we were selected as a Health and Productivity Stock for the second consecutive year. Currently out of all companies of the Group, ten companies from the Group, including seven companies in the large enterprise category of the Certified Health & Productivity Management Outstanding Organizations Recognition Program (of which four group companies, including our company, have obtained White 500 certification for four consecutive years, and one group company for the first time) and three companies in the small and medium enterprise category (of which one company obtained Bright 500 for the first time), have been recognized as Certified Health & Productivity Management Outstanding Organizations.

For more information, please refer to the Company's press release.

https://www.hugp.com/en/news/202503/E-20250310_news.pdf

ii) Indicators and targets

Regarding human capital, we have set a two-year target for FY 2023 and FY 2024 and

are furthering our efforts. While the rate of male employees taking parental leave remained at a high level, it fell short of the target. On the other hand, all other indicators met the targets set for FY2024.

The Group's Sustainability Roadmap for Human Capital (Main part only)
(FY 2023 to FY 2024)

Main themes	KPI	FY2023 actual result	FY2024 targets	FY2024 actual result
Diversity promotion	Percentage of female managers	22.2%	22% (Domestic and overseas)	23.5%
	Percentage of male employees taking parental leave	82.5%	90% (Domestic)	75.0%
Workplaces	Percentage of employees answering "Satisfied with my job" to the questionnaire	60.7%	55% (Domestic)	61.3%
Health management	White 500	Obtained White 500 status for 3 consecutive years	Maintaining White 500 status	Obtained White 500 status for 4 consecutive years
Promotion of human resources development	Average annual training time per employee (including DX trainings)	31.7 hours	Over 30 hours (Domestic)	34.0 hours

Starting from FY 2025, we will set five-year Group-wide targets based on the revised materiality established alongside the Current Medium-term Business Plan. These targets include the percentage of male employees taking parental leave, as well as two items from the questionnaire ("alignment with corporate philosophy" and "opportunities for growth"). The entire H.U. Group will work together to achieve these goals.

The Group's Non-financial Targets Related to Human Capital (Main part only)
(FY 2025 to FY 2029)

Main themes	KPI	Targets				
		FY2025	FY2026	FY2027	FY2028	FY2029
Diversity promotion	Percentage of men taking extended leave or leave for childcare	90%	90%	95%	95%	100%
Engagement	Positive response rate in the Engagement Survey					
	Sympathy for the corporate philosophy	65%	67%	71%	75%	80%
	Growth opportunity	51%	53%	55%	57%	60%

V. Plan for the fiscal year ending March 31, 2026

In the fiscal year ending March 31, 2026, although the Company expects a decline in demand for tests related to COVID-19, the following is expected due to the growth of the Base Business, enhanced profitability in the LTS business, and expansion of the CDMO

business.

Unit: billions of yen (rounded)	Actual results for the fiscal year ended March 31, 2025	Forecasts for the fiscal year ending March 31, 2026
Net sales	243.0	252.0
EBITDA ^{*1}	23.4	30.5
Operating profit	2.6	8.0
Ordinary profit	4.7	6.0
Profit attributable to owners of parent	2.8	5.5
ROE	2.0%	4.1%
ROIC ^{*2}	0.8%	2.5%

*1 EBITDA = Operating profit + Depreciation + Amortization of goodwill

*2 ROIC = Net operating profit after tax (NOPAT; Operating profit - Estimated effective income tax) / Invested capital (Yearly average of [Net assets + Interest-bearing liabilities (including lease liabilities) + Other non-current liabilities])

The forecasts are based on information available as of the date of the announcement of this document and assumptions as of the same date on many uncertain factors that could affect the future performance of the Company. Actual results may differ substantially from the forecasts due to various factors in the future.

VI. Shareholder returns and investment in growth

We are committed to paying out progressive dividends drawing on profits and funds generated by our respective businesses. We accordingly target a consolidated dividend on equity (DOE) ratio of 6% as our main key performance indicator for dividends, and furthermore make decisions on progressive dividends upon having comprehensively considered factors that include cash flows and the notion of maintaining a sound financial footing over the medium to long term.

In addition, we position the acquisition of treasury shares as a “strategic investment in the Company” and will carry it out proactively and flexibly.

2. Matters Regarding Directors and Executive Officers

(1) Directors (As of March 31, 2025)

Position in the Company	Name	Responsibilities in the Company	Significant Concurrent Positions
Director	Shigekazu Takeuchi	–	Director, SRL, Inc. Director, Fujirebio Holdings, Inc. Director, Fujirebio Inc. Director, H.U. Frontier, Inc.
Director	Naoki Kitamura	–	Director, SRL, Inc. Director, Fujirebio Holdings, Inc. Director, Fujirebio Inc. Director, H.U. Frontier, Inc. Director, Nihon Stery, Inc. CEO, H.U. America, Inc.
Director	Shigehiro Aoyama	Nominating Committee Chairman	Outside Director, Takamatsu Construction Group Co., Ltd. Chairman, the Distribution Economics Institute of Japan
Director	Futomichi Amano	Audit Committee Chairman	Futomichi Amano CPA office
Director	Sachiko Awai	Compensation Committee Member	Outside Director (who is an Audit & Supervisory Committee Member), A.D.Works Group Co., Ltd. Outside Director (who is an Audit & Supervisory Committee Member), BP Castrol K.K.
Director	Ryoji Itoh	Compensation Committee Chairman Nominating Committee Member	Managing Director, Planetplan, Inc. External Director, SATO HOLDINGS CORPORATION
Director	Moegi Shirakawa	Audit Committee Member	Partner, Anderson Mori & Tomotsune Member of the Business Accounting Council, Financial Services Agency
Director	Keiji Miyakawa	Audit Committee Member Compensation Committee Member	Outside Director, Member of the Board, GungHo Online Entertainment, Inc. Senior Advisor, Lincoln International Inc. Outside Director, ZENSHO INTERNATIONAL FOOD SERVICE LIMITED Outside Auditor, MASH Holdings Co., Ltd.
Director	Hitoshi Yoshida	Nominating Committee Member	

- Notes:
1. Mr. Shigehiro Aoyama, Mr. Futomichi Amano, Ms. Sachiko Awai, Mr. Ryoji Itoh, Ms. Moegi Shirakawa, Mr. Keiji Miyakawa, and Mr. Hitoshi Yoshida are outside directors as prescribed in Article 2, Item 15 of the Companies Act.
 2. The Company has designated Mr. Shigehiro Aoyama, Mr. Futomichi Amano, Ms. Sachiko Awai, Mr. Ryoji Itoh, Ms. Moegi Shirakawa, Mr. Keiji Miyakawa, and Mr. Hitoshi Yoshida as independent directors as stipulated by the Tokyo Stock Exchange and has notified the Exchange accordingly.
 3. Mr. Futomichi Amano has a qualification of the certified public accountant and a considerable degree of knowledge on finance and accounting.

4. The Company has the following committees:

Nominating Committee	Chairman	Shigehiro Aoyama
	Members	Ryoji Itoh
		Hitoshi Yoshida
Audit Committee	Chairman	Futomichi Amano
	Members	Moegi Shirakawa
		Keiji Miyakawa
Compensation Committee	Chairman	Ryoji Itoh
	Members	Sachiko Awai
		Keiji Miyakawa

5. All members of the Audit Committee are appointed from among the part-time outside directors, and full-time Audit Committee members are not appointed, given the view that members of the Audit Committee must maintain a high degree of independence.
An employee, who is independent from executive officers, is assigned to support the duties of the Audit Committee in order to provide internal company information to the Audit Committee and in order to coordinate with the Accounting Auditor, and departments in charge of internal control systems.
6. There are no significant business relationships between the Company and any of the major concurrent positions held by outside directors.

(2) Executive Officers (As of March 31, 2025)

Position in the Company	Name	Responsibilities in the Company	Significant Concurrent Positions
Representative Executive Officer	Shigekazu Takeuchi	President and Group CEO	Refer to “(1) Directors” hereinabove
Executive Officer	Naoki Kitamura	Managing Officer and CFO HS	Refer to “(1) Directors” hereinabove
Executive Officer	Goki Ishikawa	IVD	President and CEO, Fujirebio Holdings, Inc. Director, Fujirebio Inc. Director, SRL, Inc.
Executive Officer	Makoto Matsumoto	LTS	President and CEO, SRL, Inc. Director, Fujirebio Inc. Director, H.U. Frontier, Inc.
Executive Officer	Kazuya Omi	CTO	Director, SRL, Inc. Director, Fujirebio Inc. President, H.U. Group Research Institute G.K. Representative Director and President, H.U. Cells, Inc.
Executive Officer	Toshihiko Shimizu	CIO	—
Executive Officer	Tadashi Hasegawa	President’s Special Assignments Officer	Director, SRL, Inc. Director, Fujirebio Inc. Director, H.U. Frontier, Inc.

(3) Compensation for directors and executive officers, etc.

The Company, whose corporate name expresses “Healthcare for you,” aims to make further progress as a corporate group that contributes to the development of healthcare based on our desire to provide optimal healthcare services to all by addressing each and every one of our customers individually. To realize this desire and to promote full-scale global management among other items, we established the following “Basic Principles of Executive Officer Compensation” and decided to operate a compensation program.

<Basic Principles of Executive Officer Compensation>

- Encourage all executive officers to work together to develop and implement measures to sustainably increase the Company’s market capitalization
- Strongly motivate executive officers to aggressively expand business on the premise of global expansion by emphasizing the concept of pay-for-performance in the compensation system, system design, and operation
- Appropriately reflect the assessment of non-financial initiatives in contributing to the realization of a healthy and prosperous society through our business, which is the cornerstone of the Company’s sustainability
- Continually deepen shared interests with all stakeholders and enhance long term trust in the Company by strengthening continued ownership of the Company’s share

a. Policy and determination methods on amounts of compensation for directors and executive officers or calculation method thereof

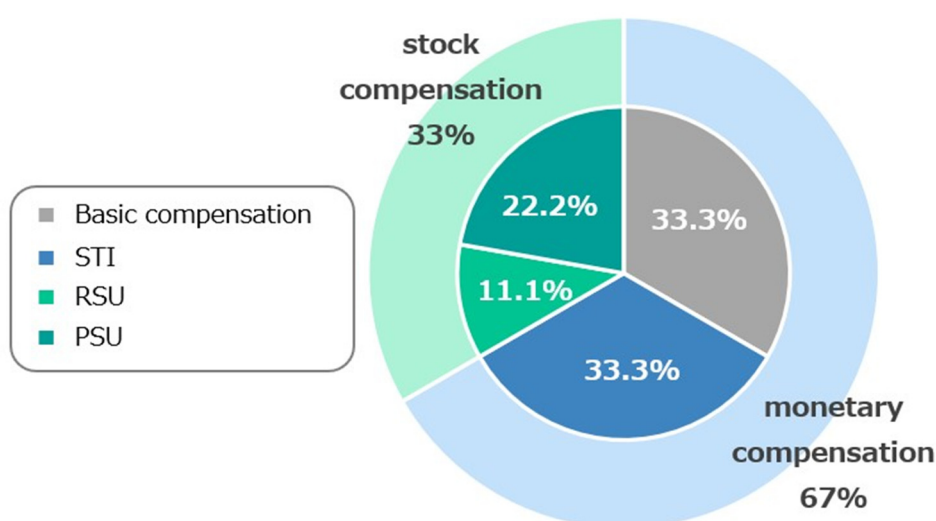
The Company complies with provisions of the Companies Act regarding companies with nominating committees, etc., and the Compensation Committee has established the following policies for determining compensation for respective directors and executive officers of the Company and determines the amounts and other conditions of compensation for respective directors and executive officers in accordance with these policies. In addition, as the Company is a Company with Three Committees (Nomination, Audit and Remuneration) pursuant to the Companies Act, it has established a Compensation Committee fully constituted by outside directors, including the Chairperson, as stipulated by the Companies Act.

i) Method for determining the policy for determining compensation, etc. for directors and executive officers

The Compensation Committee of the Company has built an operational process emphasizing objectivity and transparency based on the premise of promoting a high level of independence in determining the compensation system for directors and executive officers. In establishing a policy for determining the compensation for directors and executive officers, the Compensation Committee of the Company collects information, recommendations, etc. from outside compensation consultants and verifies the appropriateness of compensation for directors and executive officers each fiscal year based on objective and sufficient information including recent developments, trends in discussions, other companies’ systems, etc. regarding compensation for directors and executive officers.

Regarding the involvement and participation of the outside compensation consultants on the Compensation Committee, they attend Compensation Committee meetings as necessary and only provide indirect support for effective deliberations and consensus building, but they do not make any recommendations, etc. on the appropriateness of

- compensation.
- ii) Compensation system
- Compensation for directors and executive officers of the Company will be paid in the form of fixed-amount compensation based on official responsibilities in consideration of the scope and degree of responsibility for group management and other aspects and will not be paid in the form of retirement benefits at the time of retirement. The amount of performance-linked compensation will be changed depending on business results, with net sales, operating profit, net income, relative TSR (TOPIX growth rate, which includes dividends, against the Company's TSR (Total Shareholder Return)), and other figures employed as performance indicators.
- Directors serving concurrently as executive officers will receive compensation as executive officers.
- iii) Directors' compensation
- Directors' compensation will be determined as nil, or as a combination of fixed-amount compensation and share-based compensation in consideration of the duties of the respective directors.
- The Company will pay compensation to outside directors, based on the details of their supervision activities, in addition to the combination of prescribed fixed-amount compensation and share-based compensation.
- iv) Executive officers' compensation
- Compensation received by executive officers of the Company comprises (1) basic compensation as fixed compensation; (2) STI (Short Term Incentive) linked to the consolidated performance of the Group for a single fiscal year and achievement of targets for the segment for which they are responsible; (3) RSUs (Restricted Stock Units), which promote value sharing with shareholders through shareholding; and (4) PSUs (Performance Share Units) linked to achievement of improving medium- to long-term corporate value of the Company. STI, which is cash compensation, and RSUs and PSUs, which are non-monetary compensation (stock compensation), are both organized as variable compensation.
- When determining the compensation ratio by type for compensation for the Company's executive officers, the Company reflects the weight of management responsibilities in the compensation composition by position by increasing the ratio of variable compensation as the position of the executive officer gets higher, while taking into consideration market compensation data for companies that are similar in scale to the Company based on officer compensation surveys carried out by external research institutions. Furthermore, to ensure that compensation is set at a level commensurate with the capabilities and responsibilities, etc. required of the management of the Company, the Compensation Committee conducts a verification of its appropriateness using compensation benchmarks and so forth every year. The composition ratio for compensation in the event that variable compensation is considered a single-year standard amount for Director, Chairman, President and Group CEO of the Company is as follows.



Basic compensation is paid monthly, while STI, RSUs, and PSUs are either paid yearly at a certain period or basic points are granted.

v) Shareholding guidelines

To ensure sustainable value sharing with all stakeholders, the Company has established shareholding guidelines for EG6, its top management. Specifically, including basic points granted through potential RSUs held, the Company's EG6 will aim for a standard holding value equivalent to twice that of annual basic compensation, and after achieving such standard will, at minimum, be obligated to their continued ownership above standard value during their tenure.

vi) Malus clause and clawback clause

To prevent the Company's executive officer compensation from becoming an incentive to encourage excessive risk-taking and to ensure the soundness of executive officer compensation, the Company established a malus clause whereby, when the Company's Board of Directors recognizes that certain reasons such as illegal acts, etc. have occurred, at the discretion of the Compensation Committee, all compensation (base points) related to RSUs prior to delivery of shares or performance in money and PSUs shall be confiscated, and a clawback clause whereby all or part of compensation (shares or money) related to RSUs and PSUs after delivery of shares or performance in money shall be returned or confiscated. This provision shall apply to RSUs and PSUs granted in FY 2023 onwards.

[Details of each type of compensation]

i) Basic compensation

Although the benchmark for compensation is their titles, compensation is paid to executive officers after taking into account how each of them has performed in their duties, etc.

In addition to the prescribed fixed compensation, compensation is paid to directors in accordance with the details of their supervisory activities.

ii) STI

Regarding KPIs (key performance indicators) for STI, KPIs for the consolidated performance of the Group are single-year consolidated net sales and profit attributed to

owners of parent (hereinafter “consolidated profit”). The reason for selecting each of these consolidated Group performance KPIs are that they are respectively the source of corporate activities, and that by clarifying the responsibility of attributing results to our shareholders, makes it easy to explain the rationality of the amount paid. The weight of both KPIs is distributed evenly where consolidated net sales: consolidated profit=50:50. Furthermore, evaluations of certain executive officers will take into account KPIs for segment performance based on their respective areas of responsibility (segment net sales, segment operating profit). The reason for selecting each of these segment performance KPIs is that they are indicators that represent the growth and results of each segment. The consolidated performance of LTS and related businesses (domestic) is applied for the President and CEO of SRL, Inc., and the consolidated performance of IVD and related businesses are applied for the President and CEO of Fujirebio Holdings, Inc. as segment performance.

Regarding performance evaluations, the amount to be paid is determined after deliberation and verification on appropriateness by the Compensation Committee, based on a formula established in advance upon calculation of such amount and evaluation by the Compensation Committee at the end of the period. For STIs, the single-year standard amount determined individually will vary within a range of 0% to 200%. However, in calculating and evaluate the amount to be paid, the Company’s Compensation Committee may deliberate on whether performance numbers were greatly affected by events, etc. that were unforeseeable at the time of establishing the formula and make qualitative adjustments to the amount paid as necessary.

[Percentage of achievement, related to STI]

The percentage of achievement, related to performance-linked compensation for the fiscal year ended March 31, 2025, is as follows.

<STI>

Performance Evaluation Items	Performance Evaluation Indicator	Targets (million yen)	Actual Results (million yen)	Achievement Rate
Consolidated Group Performance	Net sales	241,000	243,025	100.8%
	Profit	7,000	2,761	39.4%
LTS Segment Performance	LTS net sales	151,648	153,014	100.9%
	LTS operating profit	(171)	(4,638)	—
IVD Segment Performance	IVD net sales	60,000	60,492	100.8%
	IVD operating profit	13,000	11,345	87.3%

Notes: 1. For the performance of both LTS and IVD segments, both net sales and operating profit are evaluated against the targets set at the beginning of the fiscal year, and achievement rate is compared to the progress against such initial targets.

2. Operating profit for the LTS segment fell short of the target, therefore the achievement rate is shown as “—”.

<Evaluation Weight>

	Consolidated Group Performance	Segment Performance
President and CEO	100%	-
Executive Officer	60% to 100%	0% to 40%

<Performance Evaluation Items>

Performance Evaluation Items	KPI	Weight	Targets	Range of Variation in Payment
Consolidated Group Performance	Net sales	50%	Predetermined absolute amount	0% to 200%
	Profit	50%	Predetermined absolute amount	0% to 200%
Segment Performance	Net sales	50%	Predetermined absolute amount	0% to 200%
	Operating profit	50%	Predetermined absolute amount	0% to 200%

iii) RSU

RSUs are share-based compensation in which the Company allocates RSU points (1 point = one share of the Company) for the year of service in July each year, then grants money corresponding to the Company's common shares and the tax amount three years after the allocation of points. The number of RSU points allocated is calculated as the standard RSU compensation amount for each individual, as determined by the Company's stock compensation regulations, divided by the average closing price of the Company's stock for the month of May each year (hereinafter the "set stock price"). In granting the shares, shares of the Company's common stock (hereinafter the "Company's shares") corresponding to the allocated RSU points are granted.

* In principle, approximately 50% of the Company's shares that are granted through RSUs are sold on the stock market and paid in cash to secure funds for tax payments.

iv) PSU

PSUs are share-based compensation in which the Company allocates PSU points (1 point = one share of the Company) for the year of service in July each year, then grants money corresponding to the Company's common shares and the tax amount three years after the allocation of points, having multiplied the number of points by a performance-linked coefficient in accordance with the degree of achievement of KPIs. The number of PSU points allocated is calculated as the standard PSU compensation amount for each individual, as determined by the Company's stock compensation regulations, divided by the set stock price. In granting the shares, the Company's shares corresponding to the confirmed PSU points, calculated as the allocated PSU points multiplied by the performance-linked coefficient, are granted.

KPIs for PSUs are relative TSR and ESG indicators. ESG indicators are MSCI ESG Ratings, certification as a "White 500" enterprise in the KENKO Investment for Health Outstanding Organization Recognition Program; and CDP scoring in the Climate category. The reason for selecting both KPIs is that both are consistent with the basic principles of executive officer compensation, including the sustained increase of the Company's market capitalization. The evaluation weight of both KPIs is relative TSR: ESG indicators=90:10. For the calculation method for the portion linked to relative TSR, the share delivery ratio will vary from 0% to 200%. Performance evaluation for ESG indicators will establish standard values for each of the indicators in advance, and the share delivery ratio will vary from 0% to 200% based on status of achievement after every three years. Finally, the share delivery ratio calculated for each KPI will be totaled according to evaluation weight in order to calculate the performance-linked coefficient for the PSU as a whole.

* In principle, approximately 50% of the Company's shares that are granted through PSUs are sold on the stock market and paid in cash to secure funds for tax payments.

b. Details of compensation for directors and executive officers, etc.

Details of compensation for directors and executive officers, etc. for the fiscal year under review are as follows:

Total amount of compensation, total amount of compensation by type, and number of payees by classification

Category	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Type (Millions of yen)					Number of Payees (Persons)
		Non-performance-linked Compensation			Short-term Performance-linked Compensation	Medium- to Long-term Performance-linked Compensation	
		Money	Shares		Money	Shares	
		Basic Compensation	Restricted Stock Compensation	Trust-type Share-based Compensation	Performance-linked Compensation	Trust-type Share-based Compensation	
Executive Officer	361	217	13	32	34	63	7
Director	88	88	—	—	—	—	7
[Outside Director]	[88]	[88]	[—]	[—]	[—]	[—]	[7]

Note: The Company does not pay directors' compensation to directors serving concurrently as executive officers.

c. Persons with decision-making authority in relation to policy for determining the amount of compensation for directors and executive officers or calculation method thereof

Because the Company is a “Company with Nominating Committee, etc.” under the Companies Act, it has set up a Compensation Committee as an organization based on the Companies Act in which outsider directors form the entirety of committee members, including the committee chair.

A. Details of the Compensation Committee's authority and scope of discretion

The Compensation Committee determines the amount of compensation, etc. for executive officers and directors of the Company based on laws and regulations, the Articles of Incorporation and relevant rules of the Company.

B. Details of Compensation Committee activities during the process of determining compensation, etc. for directors and executive officers in the fiscal year under review

The activities of the Compensation Committee in the fiscal year under review are as follows.

The Compensation Committee met ten times during the fiscal year.

	Date of meeting	Details
1st meeting	April 26, 2024	i) Reported on calculation and evaluation of short-term performance-linked compensation for FY 2024
2nd meeting	May 10, 2024	i) Decision on individual short-term performance-linked compensation amount for executive officers in FY 2023 ii) Reported on calculation and evaluation of short-term performance-linked compensation for FY 2024
3rd meeting	May 24, 2024	i) Revision of H.U. Group Officers' Executive Grades (EG) Compensation Rules ii) Confirmation of targets for FY 2024 short-term performance-linked compensation (tentative) iii) Individual fixed-amount compensation pertaining to executive officer candidates for the next fiscal year (tentative)
4th meeting	June 18, 2024	i) Selection of Compensation Committee Chairperson ii) Confirmation of targets for FY 2024 short-term performance-linked compensation iii) Decision on individual fixed-amount compensation for FY 2024 iv) Points determination for individual RSUs for FY 2024
5th meeting	July 26, 2024	i) Compensation Committee's schedule of activities ii) Reported on performance evaluation indicators for short-term performance-linked compensation iii) Reported on granting of stock compensation points

	Date of meeting	Details
6th meeting	August 30, 2024	i) Revised stock compensation regulations for long-term incentive stock compensation trust ii) Postponement of employee RSU plan introduction
7th meeting	September 27, 2024	i) Confirmation of principles for compensation, etc. in preparation for FY 2025
8th meeting	November 29, 2024	i) Developments to governance and manager compensation ii) Benchmark analysis of compensation levels and compensation mix
9th meeting	January 31, 2025	i) Review of compensation for directors and executive officers
10th meeting	March 27, 2025	i) Review of compensation for directors and executive officers

In addition, all resolutions of the Compensation Committee are made after excluding any persons having a relationship of special interest.

(4) Status of main activities of outside directors

i) Attendance rate at meetings of the Board of Directors and Committees (number of times of attendance/number of meetings held during the fiscal year)

Position	Name	Board of Directors Meeting	Meeting of Nominating Committee	Meeting of Audit Committee	Meeting of Compensation Committee
Director	Shigehiro Aoyama	13/13	10/10	–	–
Director	Futomichi Amano	13/13	–	17/17	–
Director	Sachiko Awai	13/13	–	–	10/10
Director	Ryoji Itoh	13/13	10/10	–	10/10
Director	Moegi Shirakawa	13/13	–	17/17	–
Director	Keiji Miyakawa	13/13	–	17/17	10/10
Director	Hitoshi Yoshida	13/13	10/10	–	–

ii) Main activities during the fiscal year

Position	Name	Status of Main Activities
Director	Shigehiro Aoyama	<p>At meetings of the Board of Directors, he has made proactive remarks in connection with proposals and deliberations based on his experience in corporate management at Suntory Holdings Limited for many years, and abundant experience and broad insight in the global business encompassing M&A and in the healthcare field. Through such remarks, he has performed his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director.</p> <p>As the Chairman of the Nominating Committee, he has led deliberations seeking to adequately nominate candidates for director in a manner that ensures membership balance and diversity of the Board of Directors overall.</p>
Director	Futomichi Amano	<p>At meetings of the Board of Directors, he has made proactive remarks in connection with proposals and deliberations based on his experience in audits as a certified public accountant and in the management of Deloitte Touche Tohmatsu LLC for many years, abundant experience in the field of accounting, and broad insight in the global business. Through such remarks, he has performed his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director.</p> <p>At meetings of the Audit Committee, he has audited and supervised the Group management's execution of duties after grasping issues and risks related to management and businesses of the Group through meetings with management of the Company and its major subsidiaries, regular meetings with auditors of the major subsidiaries, etc., based on audit policy and audit plans. As the Chairman of the Audit Committee, he has furthermore played an important role in strengthening the audit and supervisory function, which includes taking initiative in regular meetings with the Internal Audit Department as well as those with the Accounting Auditor.</p>
Director	Sachiko Awai	<p>At meetings of the Board of Directors, she has made proactive remarks in connections with proposals and deliberations based on her broad insight based on her extensive experience as a business company manager. Through such remarks, she has performed her role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director.</p> <p>As a member of the Compensation Committee, she has also conducted robust deliberations that involve making decisions on the Company's compensation system and compensation levels for its directors and executive officers.</p>
Director	Ryoji Itoh	<p>At meetings of the Board of Directors, he has made proactive remarks in connection with proposals and deliberations, enlisting differing perspectives based on his insight related to corporate management, human resources development, digital transformation, etc., based on his abundant experience on the global stage as a management consultant, fund manager and corporate manager. Through such remarks, he has performed his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director.</p> <p>As a member of the Nominating Committee, he has also conducted robust deliberations regarding the nomination of candidates for director in a manner that ensures membership balance and diversity of the Board of Directors overall.</p> <p>As the Chairman of the Compensation Committee, he has led robust deliberations that involve making decisions on the Company's compensation system and compensation levels for its directors and executive officers.</p>

Position	Name	Status of Main Activities
Director	Moegi Shirakawa	<p>At meetings of the Board of Directors, she has made proactive remarks on proposals and deliberations, enlisting differing perspective as a legal practitioner well versed in a wide range of fields and corporate legal affairs as an attorney-at-law. Through such remarks, she has performed her role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director.</p> <p>At meetings of the Audit Committee, she has audited and supervised the Group management's execution of duties after grasping issues and risks related to management and businesses of the Group through meetings with management of the Company and its major subsidiaries, regular meetings with auditors of the major subsidiaries, etc., based on audit policy and audit plans.</p>
Director	Keiji Miyakawa	<p>At meetings of the Board of Directors, he has made proactive remarks in connection with proposals and deliberations based on his abundant experience in the investment banking division of a major global securities firm and in M&A advisory companies, and also has broad insight as a financial service manager. Through such remarks, he has performed his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director.</p> <p>As a member of the Compensation Committee, he has also conducted robust deliberations that involve making decisions on the Company's compensation system and compensation levels for its directors and executive officers.</p> <p>At meetings of the Audit Committee, he has audited and supervised the Group management's execution of duties after grasping issues and risks related to the management and businesses of the Group through meetings with the management of the Company and its major subsidiaries, regular meetings with auditors of the major subsidiaries, etc., based on the audit policy and audit plans.</p>
Director	Hitoshi Yoshida	<p>At meetings of the Board of Directors, he has made proactive remarks in connection with proposals and deliberations based on his track record of sustained company growth as a manager at ASKUL Corporation and broad insight related to risk management and digital transformation. Through such remarks, he has performed his role of seeking to ensure that the Board of Directors appropriately makes decisions serving as an outside director.</p> <p>As a member of the Nominating Committee, he has conducted robust deliberations regarding the nomination of candidates for director in a manner that ensures membership balance and diversity of the Board of Directors overall.</p>

3. Matters Regarding Accounting Auditor

- (1) Name of Accounting Auditor
PricewaterhouseCoopers Japan LLC
- (2) Amount of compensation, etc. of Accounting Auditor
 - i) Total amount of compensation the Company and its subsidiaries paid to Accounting Auditor
151 million yen
 - ii) Of i) above, the total amount of compensation the Company and its subsidiaries paid to Accounting Auditor in exchange for the work (audit certification work) stipulated by Article 2, Paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948)
151 million yen
 - iii) Of ii) above, the amount of compensation the Company paid to Accounting Auditor for the work as an accounting auditor
77 million yen

Notes: 1. The audit agreement between the Company and Accounting Auditor does not and cannot practically distinguish between compensation for audit in accordance with the Companies Act and those in accordance with the Financial Instruments and Exchange Act. Therefore, the figures of iii) above represent total amount.

2. The Company's Audit Committee has checked appropriateness, validity and other aspects of the audit plan, the basis for calculating audit compensation estimates, and details in that regard, taking into account the "Practical Guidelines for Cooperation with Accounting Auditors" released by the Japan Audit & Supervisory Board Members Association ("JASBA"), and upon review the committee has agreed on matters such as the compensation to be paid to the Accounting Auditor pursuant to Article 399, Paragraph 1 of the Companies Act.

- (3) Policies for determination of dismissal or refusal of reelection

When Accounting Auditor is recognized as falling under the category stipulated by each Item of Article 340, Paragraph 1 of the Companies Act, the Audit Committee dismisses the Accounting Auditor based on the consensus of all the committee members. In this case, the committee member appointed by the Audit Committee reports the dismissal of the Accounting Auditor and the reason therefor at the first General Meeting of Shareholders to be held after the dismissal.

With taking the quality, effectiveness and efficiency of audits conducted by Accounting Auditor into consideration, the Audit Committee also discusses reappointment or non-reappointment of Accounting Auditor every year. When details of the item to be resolved at General Meeting of Shareholders on non-reappointment of the Accounting Auditor are determined, the committee member appointed by the Audit Committee provides necessary explanation about the item at General Meeting of Shareholders.

4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System

(1) Basic idea on corporate governance

The Company brings about greater managerial efficiency based on its stated Mission to “Create new value in healthcare and thereby contribute to human health and the future of medical care,” as well as its Vision, Values and Traits. We fully recognize the vital importance of cooperation encompassing a wide range of stakeholders both inside and outside the Group. Accordingly, we are committed to the establishment of a corporate governance structure that encourages greater managerial transparency and accelerates proper decision-making.

(2) Details of corporate organizations, the system to ensure the appropriateness of business activities and the operating status of the system

The Company fully recognizes the importance of strong and thorough corporate governance and is committed to the establishment of a governance structure that encourages greater transparency and accelerates proper decision-making at all levels of oversight, management and operation.

Therefore, the Company adopted the “Company with Committees” corporate governance system (currently the “Company with Nominating Committee, etc.”) under the Companies Act on June 27, 2005, and moved to a holding company structure that controls the Group on July 1, 2005.

i) Corporate organizations

The Company chose to adopt Company with Nominating Committee, etc. with the aim of achieving clear separation of oversight and executive functions giving executive officers the authority to make decisions with greater speed and provide more effective management for the operation of the Group companies. In addition, in accordance with the Companies Act and the committee system, the Company has established three committees: the Nominating, Audit and Compensation Committees.

[Composition and activities of the Board of Directors]

The Board of Directors receives reports from each committee and from the executive officers regarding information on current corporate operations and target management achievements. The Board is thus able to provide timely, comprehensive, and pertinent corporate oversight. Among the nine (9) members of the Board of Directors, the Company appoints seven (7) as outside directors, each of whom is recognized as a leader in their respective field. The Board of Directors met 13 times during the fiscal year under review to discuss key investment proposals, business plans, and other important management matters.

[Activities of the three committees]

· Nominating Committee

As the Company has a Nominating Committee pursuant to the Company Law, it has established a Nominating Committee chaired by an outside director and constituted by all outside directors as stipulated by the Company Act. The Nominating Committee held ten

meetings during the fiscal year under review to facilitate discussions on the management structure for the next fiscal year and the medium-to-long-term management framework, to elect candidates for the Board of Directors of the Company, and to nominate candidates for the executive officers to the Board of Directors.

· Audit Committee

The status of activities of the Audit Committee is described in “4. The System to Ensure the Appropriateness of Business Activities and the Operating Status of the System, (2) Details of corporate organizations, the system to ensure the appropriateness of business activities and the operating status of the system, iii) Outline of operational status of system to ensure appropriate execution of business operations, 1) Matters regarding audits performed by the Audit Committee.”

· Compensation Committee

The activities of the Compensation Committee are described in “2. Matters Regarding Directors and Executive Officers, (3) Compensation for directors and executive officers, etc., c. Persons with decision-making authority in relation to policy for determining the amount of compensation for directors and executive officers or calculation method thereof, B. Details of Compensation Committee activities during the process of determining compensation, etc. for directors and executive officers in the fiscal year under review.”

Furthermore, the activities of the outside directors in each committee are described in “2. Matters regarding Directors and Executive Officers, (4) Status of main activities of outside directors.”

1) Matters regarding limited liability agreements

The Company amended the Articles of Incorporation at the 70th Ordinary General Meeting of Shareholders held on June 23, 2020, establishing provisions regarding limited liability agreements with directors (excluding directors who are an executive director, etc. stipulated in the Companies Act; hereinafter, “non-executive directors”). An outline of the limited liability agreements entered into by the Company with all non-executive directors under the Articles of Incorporation is as follows:

• Limited liability agreements with non-executive directors

After execution of this agreement, the non-executive director shall, in the case of having performed his/her duties in good faith and without gross negligence with respect to the responsibility prescribed in Article 423, Paragraph 1 of the Companies Act, assume liability for damages up to the higher of 2 million yen or the minimum liability amount prescribed by law and regulations.

2) Outline, etc. of details of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The scope of insureds under the insurance policy includes directors, executive officers, auditors, etc. of the Company and its subsidiaries, and the insureds do not bear any of the premiums. The insurance policy covers the legally mandated amount of indemnification, litigation expenses, etc. to be assumed by the insureds.

However, in order that the proper performance of duties of the insureds is not impaired, losses arising from actions by the insureds such as breach of faith, criminal acts and fraudulent acts (including inaction) are not covered by the policy.

3) Number of directors

The Articles of Incorporation stipulate that the Company may have no more than ten (10) directors.

4) Requirement for resolutions to elect directors

The Company stipulates in its Articles of Incorporation that resolutions for election of directors are to be adopted by a majority of the voting rights of the shareholders present at a general meeting of shareholders where the shareholders holding at least one-third (1/3) of the voting rights of the shareholders who are entitled to exercise their voting rights are present, and not by cumulative voting.

5) Decision-making body for dividends of surplus

The Company stipulates in its Articles of Incorporation that matters involving dividends of surplus as prescribed in the items of Article 459, Paragraph 1 of the Companies Act may be determined by resolution of the Board of Directors, and that matters prescribed in the items of Article 459, Paragraph 1 of the Companies Act may not be determined by resolutions made at a general meeting of shareholders. The purpose of this is to ensure flexibility with respect to capital policy and return of profits to shareholders.

6) Exemption from liability as Director and Executive Officer

In accordance with Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation have a provision enabling the Company to exempt Directors (including former Directors) and Executive Officers (including former Executive Officers) from their liability in relation to actions stipulated under Article 423, Paragraph 1 of the same act within the limit provided by laws and regulations, upon a resolution of the Board of Directors. The provision is intended to create an environment in which Directors and Executive Officers can fully exercise their capabilities in performing their duties and fulfill their expected roles.

7) Requirement for a special resolution of the General Meeting of Shareholders

The Company stipulates in its Articles of Incorporation that resolutions of a general meeting of shareholders pursuant to Article 309, Paragraph 2 of the Companies Act are to be adopted by a majority of two-thirds (2/3) or more of the voting rights of the shareholders in attendance where the shareholders holding at least one-third (1/3) of the voting rights of the shareholders who are entitled to exercise their voting rights are present. This provision is intended to enable smooth operation of general meetings of shareholders.

ii) Outline of the system to ensure the appropriateness of business activities

Based on the following basic policy, the Company ensures that business activities are executed appropriately.

1) Mission, Vision, and Values and Traits

<Mission>

H.U. Group creates new value in healthcare and thereby contributes to human health

and the future of medical care.

<Vision>

Solve global social issues through “Collaboration,” “Challenge,” and “Innovation” leveraging H.U. Group assets and resources

<Values and Traits>

[Customer Centricity]

- Respond to medical care and healthcare needs, exceed customer expectations

[Creation of New Value]

- Strive for global value creation first and foremost; take risks to challenge and innovate
- Think and execute with global perspective
- Lead with result-orientation, speed and efficiency

[Sincerity and Trust]

- Be sincere and trustworthy, act with transparency
- Communicate openly and constructively, beyond the boundaries
- Gain and maintain trust from all stakeholders

[Mutual Respect]

- Respect diverse values, experience, expertise and teamwork
- Praise and celebrate challenges and successes
- Grow and help others to grow

2) Code of Conduct

The Company, as a corporate group, has established the H.U. Group Code of Conduct so that all officers and employees of the Group can embody the high ethical standards that they are expected to meet in the performance of their duties, and ensure that the officers and employees practice it in daily corporate activities.

3) Matters regarding directors and employee(s) who is assigned to support duties of the Audit Committee

The Company shall establish the Secretariat of the Audit Committee as an organization under the Audit Committee. Employee(s) who is assigned to support the duties of the Audit Committee belongs to the Secretariat of the Audit Committee.

4) Matters regarding independence of directors and employee(s) in 3) from executive officers

- Employee(s) of the Secretariat of the Audit Committee shall follow instructions of members of the Audit committee.
- For appointment and reassignment of the employee(s) of the Secretariat of the Audit Committee and treatment such as evaluation and transfer of the employee(s), the Company shall give explanations to the Audit Committee in advance and obtain prior approval.

5) System of reporting from executive officers and employees to the Audit Committee and other systems of reporting to the Audit Committee

The Audit Committee may have people other than members participate in a meeting as necessary, and ask them to report on the following items, in addition to items stipulated by laws and regulations.

- a) Overview of activities of departments involved in internal control of the Group
 - b) The Group's significant accounting policy, accounting standards and changes thereof
 - c) Details of important disclosure documents
 - d) Other matters to be reported as stipulated by the Company's internal rules
- 6) Other systems to ensure effective audit by the Audit Committee
- Members of the Audit Committee have authorities stipulated in the following items.
 - a) Authority to request other directors, executive officers, managers and other employees to report matters regarding execution of their duties
 - b) Authority to examine the status of the Company's business operations and assets
 - c) Authority to request the Company's subsidiaries or consolidated subsidiaries to report business operations or to examine the status of business operations and assets of the Company's subsidiaries or consolidated subsidiaries as necessary in order to exercise authorities of the Audit Committee
 - d) Other authorities regarding audit deemed necessary by the Audit Committee within the scope of laws and regulations
 - Directors, executive officers and employees who participate in a meeting of the Audit Committee by a request from the Committee are required to explain matters requested by the Committee.
 - A committee member appointed by the Audit Committee may participate in important meetings of the Company including the Group companies as necessary.
- 7) The system to ensure appropriateness of business activities of the company and the corporate group consisting of its parent company and subsidiaries
- To ensure appropriateness of business activities of the Company's subsidiaries by conducting operation and management of the subsidiaries based on the management rules of the subsidiaries and affiliates as well as the agreement on responsibilities and authorities of the officers of the subsidiaries.
 - To establish a management structure based on the following rules and ensure appropriateness of business activities of the corporate group.
 - a) The company and major business subsidiaries shall be covered.
 - b) The purpose shall be to comply with laws and regulations pertaining to effectiveness and efficiency of business operations, credibility of financial reporting and business activities.
 - c) Based on the Risk Management Rules, risk management of the corporate group shall be promoted.
 - d) A flow chart of major business processes shall be created including those of business subsidiaries to standardize business operations and conduct adequate risk management.
 - e) The Internal Audit Department shall conduct an audit on the system of internal controls.
 - The Internal Audit Departments of the Group companies shall report and exchange

opinions on a regular basis and hold an audit liaison conference regularly in order to enhance cooperation between the Audit Committee and auditors of the Group companies.

8) System for storage and management of information on execution of duties by executive officers

Each executive officer shall appropriately store and manage documents and other relevant information regarding execution of their duties in accordance with the Rules for Management of Documents for Execution of Duties.

9) Rules for management of risk of loss and other systems

Based on the “Risk Management Rules” and “Rules for the Risk Management Committee,” a risk management system shall be established, and the Risk Management Committee shall promote it to manage the risk of loss.

10) System to ensure efficient execution of duties by executive officers

- Each executive officer executes duties based on the Rules of Duties of Executive Officers.
- Each executive officer holds discussions and makes a report as necessary at the Board of Executive Officers’ meeting based on the Rules for the Board of Executive Officers.

11) System to ensure compliance of execution of duties by executive officers and employees with laws and regulations and the Articles of Incorporation

- While the ethical standards that all the members of the Company are expected to meet are codified in the H.U. Group Code of Conduct, the H.U. Group Compliance Committee implements necessary measures based on the Rules for Management of the Compliance Committee to ensure compliance of execution of duties by executive officers and employees with laws and regulations, the Articles of Incorporation and the H.U. Group Code of Conduct.
- The H.U. Group Compliance Committee detects illegal activities of the Company at an early stage and establishes and operates an internal reporting system in order to respond to it.
- The Internal Audit Department conducts internal audits based on the Rules for Internal Audit.

iii) Outline of operational status of system to ensure appropriate execution of business operations

The following subsection provides an overview regarding implementation of the system for ensuring appropriate execution of business operations, with respect to the fiscal year under review.

1) Matters regarding audits performed by the Audit Committee

- The Audit Committee consists of three (3) committee members and one (1) staff member. Each member participates in, or otherwise confirms content of the important meetings including Risk Management Committee. The Audit Committee also holds regular meetings with the Internal Audit Department and with the auditors of the major subsidiaries and directly conducts audits on the

execution of duties as necessary, and the results of such activities are regularly reported to the Board of Directors. The Audit Committee exchanges ideas regularly with Accounting Auditor by requesting them to explain and report the initial audit plan, status of audits during the term and results of the year-end audit.

- 2) Matters regarding ensuring appropriate execution of business operations of the corporate group
 - Management within the Group is conducted in a manner ensuring that business operations are executed appropriately based on the “Rules of Duties of Executive Officers,” “management rules of the subsidiaries and affiliates,” “agreement on responsibilities and authorities of the officers of the subsidiaries” and other internal rules of the Company.
 - The Internal Audit Department reviews internal control system. Moreover, the Internal Audit Departments of respective Group companies report and exchange opinions on a regular basis.
- 3) Matters regarding management of risk of loss
 - Meetings of the Risk Management Committee are held regularly, in accordance with the “Risk Management Rules” and “Rules for the Risk Management Committee.” Moreover, risk assessment results and policies for addressing substantial risks faced by the Company and its major subsidiaries are reported to the Board of Directors.
- 4) Matters regarding compliance
 - The Internal Audit Department (fifteen (15) members) conducts internal audits of the Company and its major subsidiaries and assesses internal control independently on a regular basis in order to ensure the legality, accuracy and efficiency of management and business operations. The Department reports the audit results and status of follow-up to both the Board of Directors and the Audit Committee to ensure the effectiveness of internal audits.
 - Meetings of the H.U. Group Compliance Committee are held regularly, in accordance with “H.U. Group Code of Conduct.”
 - As part of its efforts to develop an internal reporting system, the Company has established the “H.U. Group Hotline” to report ethics and compliance concerns, and shares information regarding its operations with the Audit Committee. In addition, the Company also raises awareness of its rules for ensuring confidentiality of those reporting concerns and furthermore prohibiting disadvantageous treatment of such individuals.

5. Basic Policy Regarding Control of the Company

- I. Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company (Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company as stipulated by Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act (Ordinance of the Ministry of Justice No. 12 of 2006))

The Board of Directors of the Company believes that the shareholders of the Company should make final decisions as to whether an offer to purchase shares is acceptable. In the event that the purchase of the shares of the Company is proposed, in order for the shareholders of the Company to make proper decisions, it is necessary for sufficient information to be provided to the shareholders of the Company through the Board of Directors of the Company.

In particular, the shareholders of the Company should be given information regarding the terms and conditions of the purchase (including fairness of price), the influence the purchase has on the management of the Company and its group, the management policy and business plan that the purchaser intends to adopt, etc.

However, in the event that the purchase of the shares of the Company is proposed, the shareholder or the Company may not be given sufficient time or information necessary to consider the terms and conditions of the proposal or any alternative plan. The proposed structure may coerce the shareholders to accept the proposal of the purchase. The proposed purchase price may be inadequate or inappropriate in light of the Company's intrinsic corporate value and the common interests of the shareholders. In such case, there will be a threat of severe damage to the Company's corporate value and the common interests of the shareholders.

The Company believes that a person who conducts or proposes an inappropriate Large-scale Purchase which will raise a threat of severe damage to the Company's corporate value and the common interest of the shareholders is not appropriate as a person in control of decisions on the financial and operational policy of the Company.

The Company decided, at a meeting of the Board of Directors held on May 23, 2007, to establish the above as our Basic Policy concerning Persons Controlling the Decision on the Financial and Operational Policy of the Company.

II. Efforts supporting achievement of the basic policy

We are making efforts to enhance the Company's corporate value and to serve the common interests of shareholders through the sound execution of the Medium-term Business Plan by ensuring stable and continuous returns to shareholders and further strengthening the Company's corporate governance structure. We believe that the measures explained below will support the achievement of our basic policy described in Section I above. We believe it is obvious that the following initiatives, considering the details, do not undermine common interests of our shareholders and are not intended to maintain the status of company directors and officers.

1. Efforts to enhance the Company's corporate value and to serve the common interests of shareholders through execution of the Medium-term Business Plan

In the business environment where the Group operates, demographic aging and the introduction of advanced medical treatments are among the factors driving a projected increase in medical care costs. On the other hand, the worsening financial position of medical institutions and declining specimen testing fees, together with pressure to limit medical care costs, are expected to lead to continued difficult conditions for the Japanese clinical testing market. Nevertheless, new opportunities for growth have also arisen despite the policy of restricting medical costs. Reorganization resulting in a reduction in the number of hospitals and hospital beds has led to growing demand for in-home healthcare services and preventive medicine, and medical and IT technologies continue to advance. Given these trends, the business environment is in a state of constant evolution.

We are also faced with fast-developing short-term changes—including the altered patterns of consumer behavior and slow recovery due to a falling trend in outpatient consultations since the COVID-19 pandemic—to which we need to find an appropriate response.

The overseas clinical testing market is experiencing growth, mainly in emerging countries, but in developed countries the effort to limit social security costs continues to result in stagnant growth. Moreover, regulatory changes in individual countries have led to increased registration costs, contributing to a continuing challenging environment for business.

In response to these trends in the business environment, the Company has formulated its Medium-term Business Plan, with its final fiscal year being the fiscal year ending March 31, 2030, in May 2025. An overview of the plan is described in “1. Matters regarding current status of corporate group, (4) Issues to be addressed, I. Mission, Vision, and Medium-term Business Plan.”

2. Efforts to enhance the Company's corporate value and to serve the common interests of shareholders by providing stable and continuous returns to shareholders

The Company remains committed to the goal of providing stable and continuous return of profits to our shareholders, mainly through dividends, while striving to attain the level of retained earnings needed for the Company to adequately address upcoming changes in the business environment and also to invest in M&A, R&D, and other future growth opportunities.

3. Efforts to enhance the Company's corporate value and to serve the common interests of shareholders through the further strengthening of the corporate governance structure

The Company has adopted a “Company with Committees” (currently “Company with Nominating Committee, etc.”) corporate governance system in June 2005, leading to clear separation of the monitoring and execution functions as well as the establishment of an execution structure which allows for speedy operational implementation. From a corporate governance perspective, seven (7) of the nine (9) board members are outside directors with high independency. Furthermore, we have established three committees: the Nominating, Audit and Compensation Committees in accordance with laws and regulations, and continued efforts aimed at promoting fairness and transparency are being implemented.

With respect to incentives and compensation, we have positioned the enhancement of corporate value and the common interests of our shareholders as our top priorities and have adopted a performance-linked compensation plan for executive officers, while eliminating the retirement benefits system which was not highly correlated with performance and introducing a share-based compensation plan aimed to align interest between our shareholders and the officers and employees of the Company. Compensation provided to such officers and directors are disclosed in our annual securities reports, and business reports. We have further implemented various measures to stimulate activity at shareholders' meetings and to facilitate the exercise of voting rights, such as sending notice of shareholders' meetings at least 3 weeks in advance to secure sufficient time for our shareholders to appropriately exercise their voting rights, implementing an electronic voting system for the electronic exercise of voting rights, and introducing a platform for the electronic exercise of voting rights. The shareholders' meeting schedule is set to avoid so-called "concentrated days" for shareholders' meetings. For shareholders who are unable to attend the meeting, we accept questions in advance and provide a live streaming broadcast via the Internet. Realizing the importance of maintaining and strengthening an appropriate governance structure, we have also established a basic policy for our internal control system and have established an infrastructure to ensure proper business operations as a corporate group by reinforcing the framework for audits by the Audit Committee and by creating control guidelines for the entire group, including subsidiaries and affiliates.

- III. Efforts above being in line with the basic policy of I above and not undermining the common interests of shareholders, nor being intended to maintain the status of the company directors and officers and reasons thereof

The abovementioned efforts are for making maximum use of the Company's assets, making appropriate allocations of profits for securing retained earnings required to maintain and improve revenue and providing returns to our shareholders and maintaining and enhancing the adequate corporate governance system, thus contributing to enhancement of the Company's corporate value, and serving the common interests of shareholders of the Company. Therefore, the efforts above are in line with the basic policy and do not undermine the common interests of shareholders, nor are they intended to maintain the status of the Company's directors and officers.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2025)

(Unit: Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	119,143	Current liabilities	69,438
Cash and deposits	40,885	Notes and accounts payable - trade	18,908
Notes and accounts receivable - trade, and contract assets	46,619	Electronically recorded obligations - operating	301
Investments in leases	209	Short-term borrowings	10,000
Merchandise and finished goods	5,580	Current portion of long-term borrowings	10,045
Work in process	8,509	Lease liabilities	4,470
Raw materials and supplies	7,183	Accounts payable - other	9,876
Other	11,018	Income taxes payable	1,232
Allowance for doubtful accounts	(863)	Provision for bonuses	6,266
Non-current assets	160,367	Other	8,337
Property, plant and equipment	73,549	Non-current liabilities	72,848
Buildings and structures	26,246	Bonds payable	31,100
Machinery, equipment and vehicles	7,101	Long-term borrowings	19,182
Tools, furniture and fixtures	13,977	Lease liabilities	11,855
Land	9,700	Retirement benefit liability	6,935
Leased assets	15,370	Asset retirement obligations	1,561
Construction in progress	1,152	Provision for share awards	277
Intangible assets	44,283	Provision for compensation loss	279
Goodwill	7,682	Other	1,657
Customer-related intangible assets	1,724	Total liabilities	142,287
Software	17,304	NET ASSETS	
Leased assets	196	Shareholders' equity	125,425
Software in progress	9,953	Share capital	9,279
Other	7,422	Capital surplus	25,094
Investments and other assets	42,534	Retained earnings	93,309
Investment securities	1,801	Treasury shares	(2,258)
Long-term loans receivable	4,860	Accumulated other comprehensive income	11,586
Guarantee deposits	17,835	Valuation difference on available-for-sale securities	(9)
Deferred tax assets	13,881	Foreign currency translation adjustment	12,942
Other	4,157	Remeasurements of defined benefit plans	(1,347)
Allowance for doubtful accounts	(2)	Share acquisition rights	102
Deferred assets	70	Non-controlling interests	180
Bond issuance costs	70	Total net assets	137,295
Total assets	279,582	Total liabilities and net assets	279,582

CONSOLIDATED STATEMENT OF INCOME

From: April 1, 2024
To: March 31, 2025

(Unit: Millions of yen)

Net sales		243,025
Cost of sales		175,827
Gross profit		67,198
Selling, general and administrative expenses		64,557
Operating profit		2,640
Non-operating income		
Interest income	508	
Dividend income	88	
Dividend income of insurance	21	
Rental income	95	
Outsourcing service income	9	
Gain on investments in capital	3,070	
Other	488	4,283
Non-operating expenses		
Interest expenses	591	
Share of loss of entities accounted for using equity method	735	
Provision of allowance for doubtful accounts	295	
Other	559	2,181
Ordinary profit		4,742
Extraordinary income		
Gain on step acquisitions	150	
Reversal of provision for compensation loss	392	
Other	52	594
Extraordinary losses		
Loss on retirement of non-current assets	244	
Loss on liquidation of subsidiaries and associates	922	
Loss on termination of retirement benefit plan	333	
Other	621	2,122
Profit before income taxes		3,215
Income taxes - current	3,723	
Income taxes - deferred	(3,240)	483
Profit		2,731
Loss attributable to non-controlling interests		(29)
Profit attributable to owners of parent		2,761

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From: April 1, 2024
To: March 31, 2025

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,279	25,001	97,700	(2,256)	129,724
Changes during period					
Dividends of surplus			(7,151)		(7,151)
Profit attributable to owners of parent			2,761		2,761
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				0	0
Change in scope of consolidation		93			93
Net changes in items other than shareholders' equity					
Total changes during period	—	93	(4,390)	(1)	(4,298)
Balance at end of period	9,279	25,094	93,309	(2,258)	125,425

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,498	13,209	(2,014)	12,692	88	—	142,505
Changes during period							
Dividends of surplus							(7,151)
Profit attributable to owners of parent							2,761
Purchase of treasury shares							(1)
Disposal of treasury shares							0
Change in scope of consolidation						210	303
Net changes in items other than shareholders' equity	(1,507)	(266)	667	(1,106)	14	(29)	(1,121)
Total changes during period	(1,507)	(266)	667	(1,106)	14	180	(5,209)
Balance at end of period	(9)	12,942	(1,347)	11,586	102	180	137,295

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2025)

(Unit: Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	59,918	Current liabilities	39,411
Cash and deposits	36,325	Short-term borrowings	10,000
Accounts receivable - trade	412	Current portion of long-term borrowings	10,000
Prepaid expenses	550	Accounts payable - other	2,042
Short-term loans receivable from subsidiaries and associates	24,037	Accrued expenses	276
Accounts receivable - other	3,282	Income taxes payable	38
Other	546	Deposits received	16,175
Allowance for doubtful accounts	(5,236)	Provision for bonuses	700
		Other	177
Non-current assets	111,424		
Property, plant and equipment	3,564	Non-current liabilities	51,836
Buildings	914	Bonds payable	31,100
Tools, furniture and fixtures	741	Long-term borrowings	19,000
Land	1,662	Provision for share awards	277
Leased assets	245	Provision for retirement benefits	945
Intangible assets	765	Provision for compensation loss	279
Software	448	Other	233
Leased assets	15		
Other	301	Total liabilities	91,247
Investments and other assets	107,094	NET ASSETS	
Investment securities	143	Shareholders' equity	80,052
Shares of subsidiaries and associates	48,197	Share capital	9,279
Bonds of subsidiaries and associates	33,650	Capital surplus	25,001
Investments in capital	2,410	Legal capital surplus	25,001
Investments in capital of subsidiaries and associates	1,702	Other capital surplus	0
Long-term loans receivable from subsidiaries and associates	5,795	Retained earnings	48,030
Guarantee deposits	16,483	Legal retained earnings	928
Deferred tax assets	1,906	Other retained earnings	47,102
Other	580	Retained earnings brought forward	47,102
Allowance for doubtful accounts	(3,775)	Treasury shares	(2,258)
Deferred assets	70	Valuation and translation adjustments	10
Bond issuance costs	70	Valuation difference on available-for-sale securities	10
		Share acquisition rights	102
Total assets	171,413	Total net assets	80,166
		Total liabilities and net assets	171,413

NON-CONSOLIDATED STATEMENT OF INCOME

From: April 1, 2024
To: March 31, 2025

(Unit: Millions of yen)

Operating revenue		
Dividend income	25,154	
Service revenue	4,956	30,110
Operating expenses		11,385
Operating profit		18,724
Non-operating income		
Interest income	1,291	
Foreign exchange gains	205	
Gain on investments in capital	3,070	
Other	49	4,616
Non-operating expenses		
Interest expenses	712	
Interest on bonds	153	
Provision of allowance for doubtful accounts	2,129	
Provision for loss on guarantees	369	
Other	65	3,431
Ordinary profit		19,910
Extraordinary profit		
Gain on sales of investment securities	4	
Reversal of provision for compensation loss	392	
Other	2	399
Extraordinary loss		
Loss on retirement of non-current assets	59	
Loss on termination of retirement benefit plan	180	239
Profit before income taxes		20,069
Income taxes - current	(1,263)	
Income taxes - deferred	(735)	(1,999)
Profit		22,069

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

From: April 1, 2024
To: March 31, 2025

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total share-holders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	9,279	25,001	0	25,001	928	32,185	33,113	(2,257)	65,136
Changes during period									
Dividends of surplus						(7,151)	(7,151)		(7,151)
Profit						22,069	22,069		22,069
Purchase of treasury shares								(1)	(1)
Disposal of treasury shares								0	0
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	14,917	14,917	(1)	14,916
Balance at end of period	9,279	25,001	0	25,001	928	47,102	48,030	(2,258)	80,052

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	1,500	1,500	88	66,724
Changes during period				
Dividends of surplus				(7,151)
Profit				22,069
Purchase of treasury shares				(1)
Disposal of treasury shares				0
Net changes in items other than shareholders' equity	(1,489)	(1,489)	14	(1,474)
Total changes during period	(1,489)	(1,489)	14	13,441
Balance at end of period	10	10	102	80,166