

## Q&A Highlights: FY2025 Q3 Financial Results

Date: February 9, 2026

1. [Question]

- Could you share your thoughts on initiatives to further improve profitability?  
[Answer]
- Regarding LTS, we expect to achieve full-year breakeven, although we are currently about JPY 500 million short. As explained in the Q3 YoY breakdown (slide 10), we are gradually reducing fixed costs. Addition to this, March has slightly more operating days, which should help us reach this target.
- For IVD, NEURO sales were around JPY 6 billion, doubling last year's level, so ensuring sufficient supply is crucial. We plan to produce and supply CDMO products in line with the forecasts received from partners and will proceed in a manner that ensures stable supply.

2. [Question]

- Is it reasonable to expect CDMO performance in Q4 to be stronger than in Q3?  
[Answer]
- Our projections are based on forecasts from multiple partners covering short-term periods (3-6 months) as well as longer-term outlooks (12 months).
- Overall, we believe the trend is moving in a positive direction, and we will continue ensuring stable supply in Q4.

3. [Question]

- Will Q4 have more business days YoY?  
[Answer]
- 
- Yes, March should have more operating days this year. This period typically sees increased allergy testing demand, and combined with the higher number of business days, we expect this to support full-year breakeven through stronger March sales and profit.

4. [Question]

- You've made steady progress improving profitability this fiscal year despite some shortfalls. What is your outlook for cost reductions next year?
- Also, what are your expectations regarding improvements in hospital financial performance under the reimbursement revision, and what initiatives do you plan to implement in response?

[Answer]

- We are currently reviewing next fiscal year's budget and assumptions. We plan to announce full details together with our full-year results in May.

5. [Question]

- Cumulative NEURO sales from Q1–Q3 increased significantly, but Q3 alone declined versus Q2. Why did Q3 sales fall?

[Answer]

- Overall demand has not changed materially. Quarterly fluctuations mainly reflect shipment timing differences. While Q3 figures may appear lower, underlying demand remains and continues to grow.

6. [Question]

- What tailwinds or headwinds do you foresee from reimbursement revisions and macro healthcare trends toward FY ending March 2027?

[Answer]

- The reimbursement revision is currently being discussed at around +3% overall, but this figure will not be applied directly to us.
- Hospital outpatient volumes are currently not increasing, but we see this as temporary and expect gradual recovery next fiscal year. As outpatient visits increase, LTS performance should remain steady in FY2026.
- The healthcare industry remains challenging overall, so we will secure profits through measures such as price adjustments, as achieved this year.

7. [Question]

- Does that imply a volume tailwind for LTS?
- Will reimbursement revisions make pricing initiatives easier?

[Answer]

- It is not that straightforward. Hospital financial conditions remain difficult, and we do not expect dramatic improvement in the near term.
- However, recovering outpatient volumes are an encouraging sign.

8. [Question]

- CDMO performance declined in FY2025. Are partner forecasts becoming less reliable, possibly due to major policy changes in China?

[Answer]

- Many companies are indeed facing challenges related to the Chinese market. Since last year, we have built our plans based on forecasts from several partners and held extensive discussions to understand market conditions and local demand.
- Although forecast revisions occurred last year, based on the latest available information, we believe the overall direction is improving. While some uncertainties remain, we consider current forecasts the most reliable information available.

9. [Question]

- Is it fair to say October–December marked the bottom for CDMO?

[Answer]

- Yes. We recognize that conditions are now moving in a positive direction.

10. [Question]

- Fixed cost reductions in LTS have not progressed as smoothly as expected. What specific measures will you implement?

- And did inflation offset your cost-reduction efforts in Q3?

[Answer]

- We are implementing multiple initiatives to reduce fixed costs. Another reason progress has been slower is that equipment repair and maintenance expenses did not decline as much as anticipated.
- Since April, AkirunoCube started fully operational, including IT-related expenses, which has made cost reductions challenging. However, we are making gradual progress, including reducing costs for external IT vendors.
- We expect larger reductions in Q4 than Q3 and will continue implementing measures methodically to achieve sustained cost improvements.

11. [Question]

- Given the difficulty of passing on price increases, achieving a 10% operating margin in the medium-term plan seems challenging unless fixed costs continue to fall. Is there still room for further reductions?

[Answer]

- Yes, we believe there is still room.
- Until FY2024, price increases were largely offset by price reductions, so they did not contribute to operating profit. In FY2025, for the first time, we achieved meaningful price increases for both hospitals and general practitioners.

12. [Question]

- What caused delays in fixed-cost reductions?
- And are you becoming more independent from external IT vendors after last year's system issues?

[Answer]

- We experienced temporary system issues last year. Some systems launched this fiscal year, such as invoicing, still have problems until Q3. To ensure operational stability, we maintained vendor support for a certain period, which increased IT costs.
- These issues have gradually declined through Q2 and Q3, allowing us to reduce reliance on vendors and lower operating costs.
- Some outsourcing expenses also relate to collection services handled jointly with MEDIPAL. However, personnel and logistics costs remain difficult to control, which slowed cost reductions versus plan.
- We will continue these efforts next fiscal year, combining sales growth, price adjustments, and ongoing cost-reduction initiatives.

13. [Question]

- How does NEURO's margin compare with general reagents and CDMO raw materials?

[Answer]

- NEURO is a proprietary reagent, so its gross margin is relatively high.

- However, margins are lower than those for certain raw materials supply. Our strategy is to maintain a broad R&D pipeline with multiple new markers rather than relying on a few products. High-volume reagents tend to have higher margins, while low-volume products generate lower margins.
- Overall, margins remain strong but are below those of raw materials supply.

14. [Question]

- Supplementary materials show a large YoY increase in overseas equipment installation. What is driving this?

[Answer]

- NEURO reagents sold in Europe and the U.S. are primarily used on existing platforms. While some new equipment installations are occurring, most testing is being conducted using existing installed systems.