

Business Results for The First Quarter of FY2021

August 10, 2021

H.U. Group Holdings, Inc.

(TSE: 4544)

Notes & references:

- * The financial information provided on this material has been prepared in accordance with Japanese GAAP except for EBITDA which is a non-GAAP measure.
- * Profit/loss attributable to owners of parent may be mentioned as net profit/loss.
- * Figures and ratio in this material are rounded to the appropriate unit in principle, and the sums of the individual figures in each table do not always correspond to the total, because of rounding.
- * Abbreviations:
 - LTS: Lab Testing and its related Services IVD: In Vitro Diagnostics
 - HS: Healthcare-related Services HUHD: H.U. Group Holdings, Inc.
 - FMS: Facility Management Service OP: Operating profit
 - Or. profit: Ordinary profit BMGL: Baylor Miraca Genetics Laboratories, LLC
 - FY2021: Fiscal year ending March 31, 2022
- * Business segments have been changed from 1Q FY21. Past figures have been retroactively adjusted in accordance with the current segmentation.

Exchange rates used in this presentation material:

FY2020 1Q : 1USD = 107.62 JPY 1EURO = 118.45 JPY

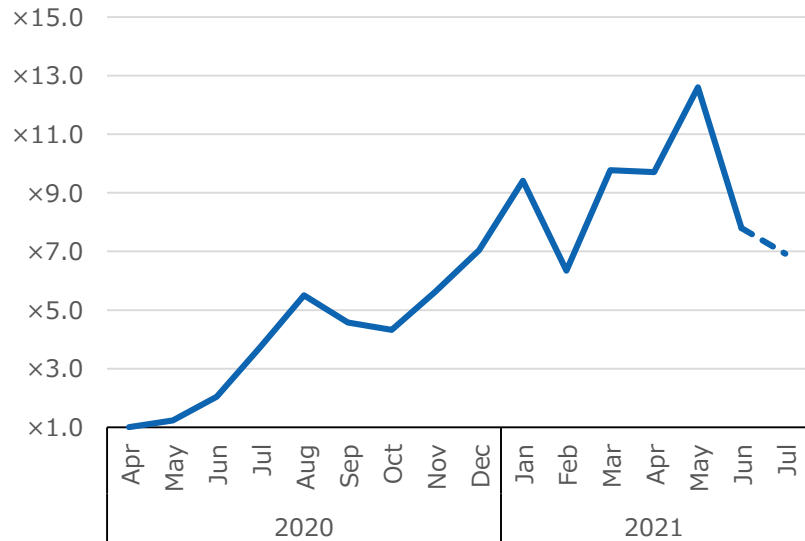
FY2021 1Q : 1USD = 109.49 JPY 1EURO = 131.96 JPY

Key Topics for the First Quarter of FY2021

Testing Trends for PCR & Esoteric Tests

Number of COVID-19 PCR tests conducted

Index: No. of tests conducted by H.U. Group in April 2020 = 1¹

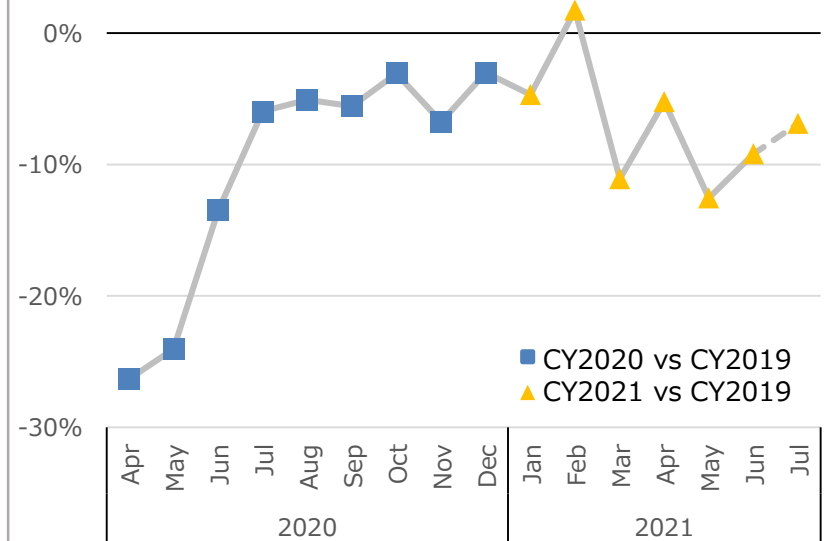


- Number of PCR tests fluctuated along with the spread of COVID-19 infections

1. PCR tests conducted in labs nationwide

Number of esoteric testing IDs excluding COVID-19 related tests

No. of esoteric testing IDs² compared to CY2019

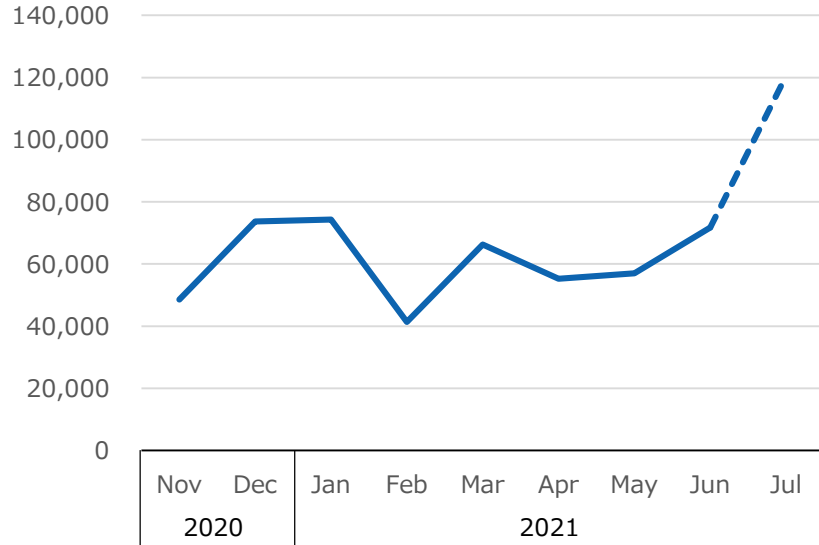


- Continued to trend below Pre-COVID-19 pandemic level

2. Test IDs conducted at Hachioji after working day adjustment

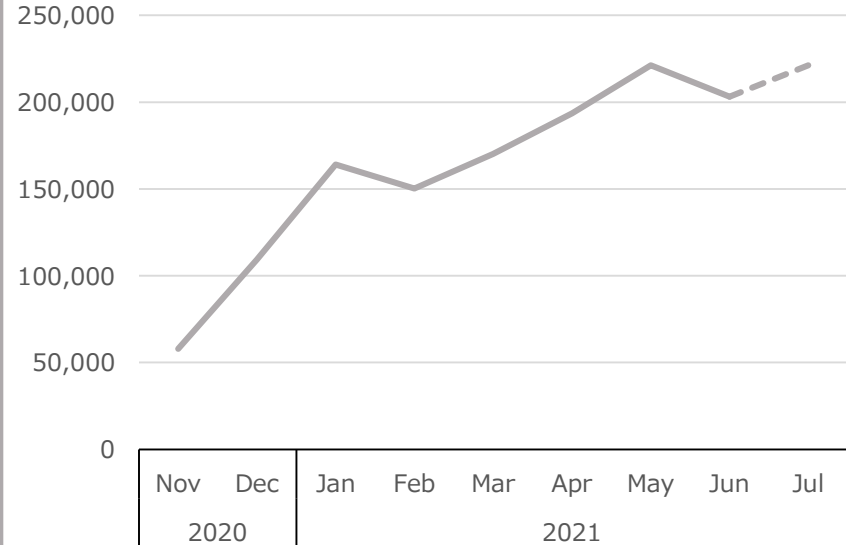
Testing Trends for High-sensitivity Quantitative Antigen Tests

No. of quantitative antigen tests at airport quarantines for entrants*



- 1Q: 2,000 tests/day on average
- Number of tests increased in July

No. of high-sensitivity quantitative antigen tests at hospitals*



- Antigen testing demand is increasing

Revision of FY2021 Forecast

(¥ billion)

	Initial forecast			Revised forecast		
	1H	2H	Full-year (margin)	1H	2H	Full-year (margin)
Net sales	121.0	121.0	242.0	128.0	121.0	249.0
EBITDA	23.5	17.0	40.5 (16.7%)	28.0	17.0	45.0 (18.1%)
OP	17.0	8.5	25.5 (10.5%)	21.5	8.5	30.0 (12.0%)
Or. profit	18.5	7.0	25.5 (10.5%)	21.0	7.0	28.0 (11.2%)
Net profit	12.5	4.0	16.5 (6.8%)	13.5	4.0	17.5 (7.0%)
ROE	13.8%			14.6%		
ROIC	7.8%			9.2%		

【Main factors for the revision】

- Number of COVID-19 PCR tests and high-sensitivity quantitative antigen tests are exceeding the initial forecast
- Expect testing demand increase due to large-scale events

Reorganization of Nationwide Lab Network and details regarding New Kansai Lab

Determined the facility outline of New Kansai Lab, consisting nationwide lab network along with AkirunoCube and SRL Advanced Lab. FMA*

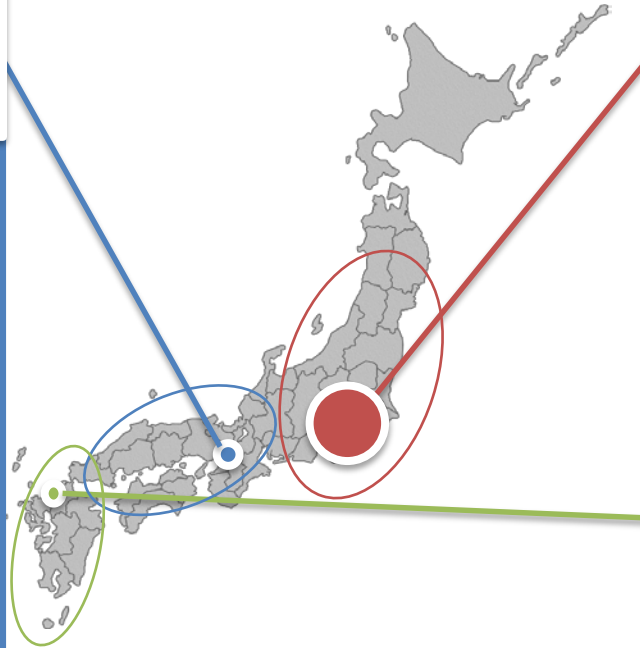
New Kansai Lab Commence operation in the second half of FY2023

【Purpose】

- Update of the current aged lab
- Capacity expansion
- Accelerate GP client acquisition in Western Japan region
- Cost optimization through lab reorganization

【Outline】

- Kyoto prefecture
- Site area: approx. 36,000m²
- Total floor space: approx. 18,500m³
- Testing capacity: 107,000ID/day



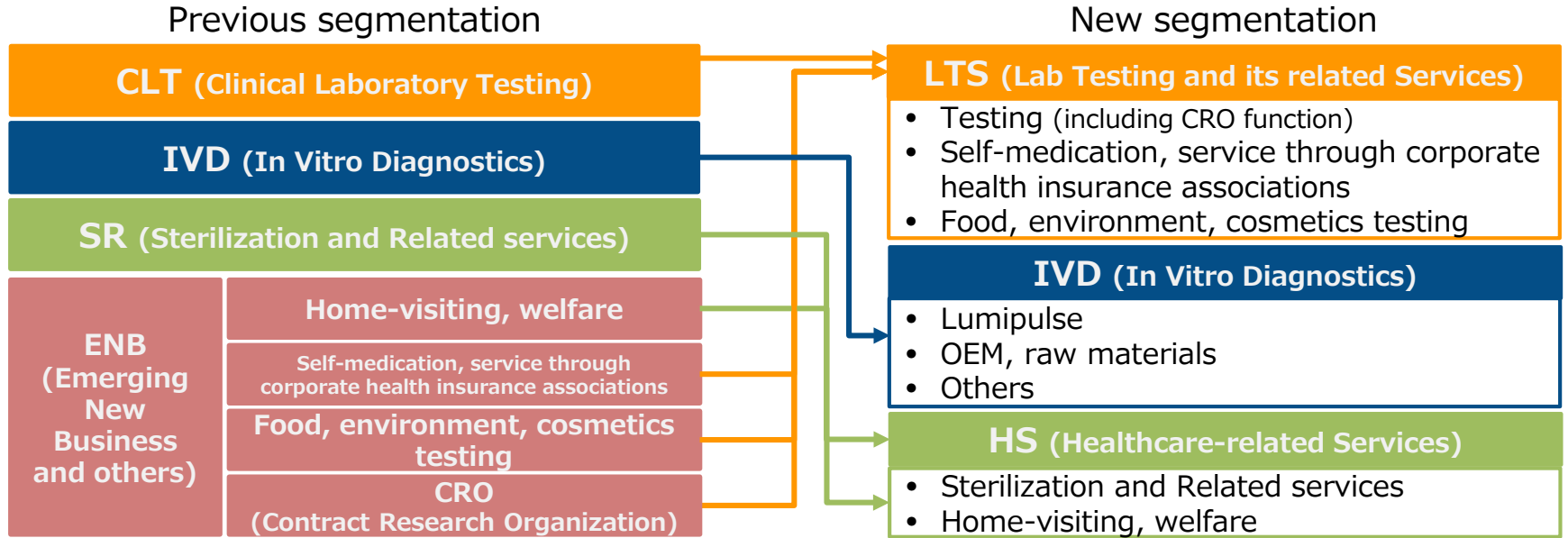
AkirunoCube Jan. 2022: 1st phase operation May 2022: Full operation



SRL Advanced Lab. FMA Mar. 2021: Full operation



Reorganization of the Business Segments



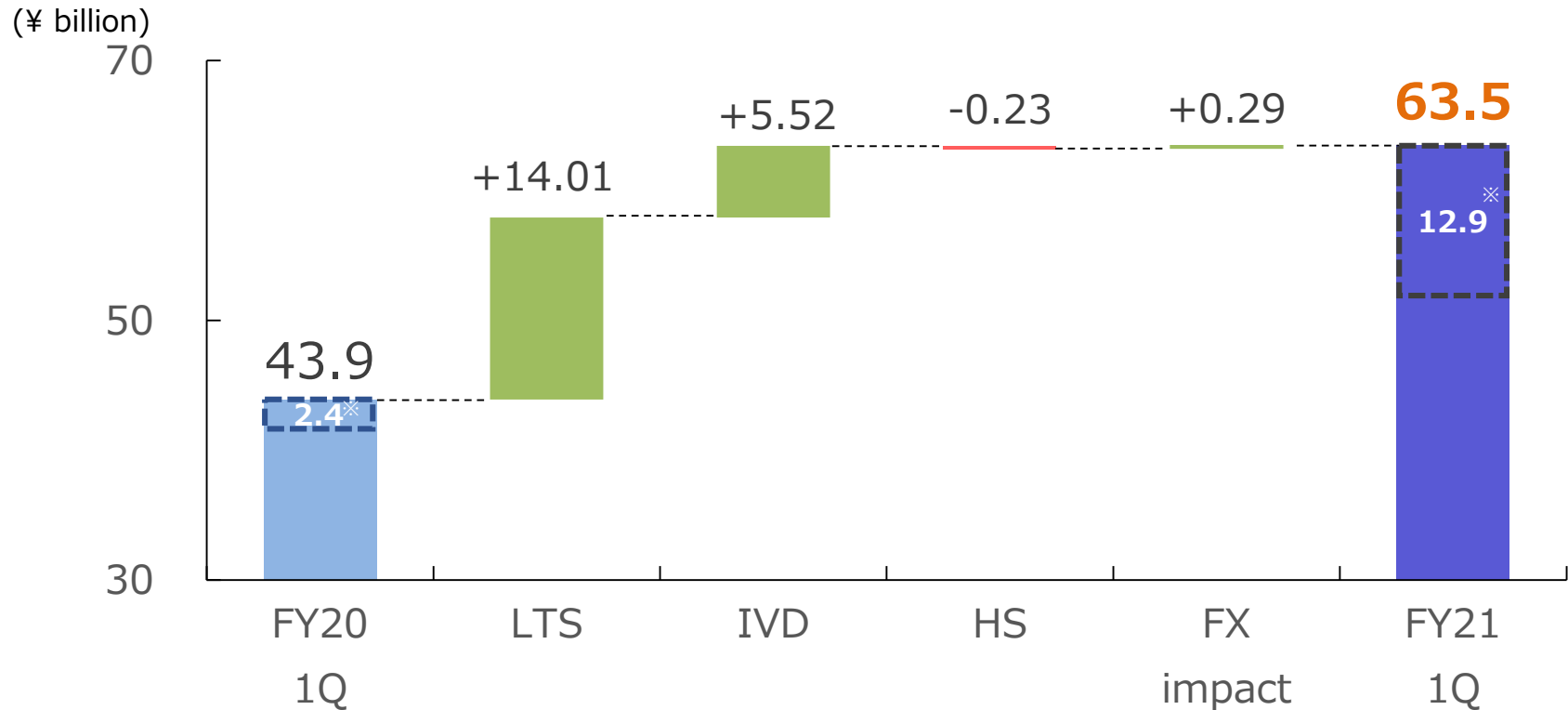
Clarified the Executive Officers in charge of each business

- LTS : Shunichi Higashi
- IVD : Goki Ishikawa
- HS : Naoki Kitamura

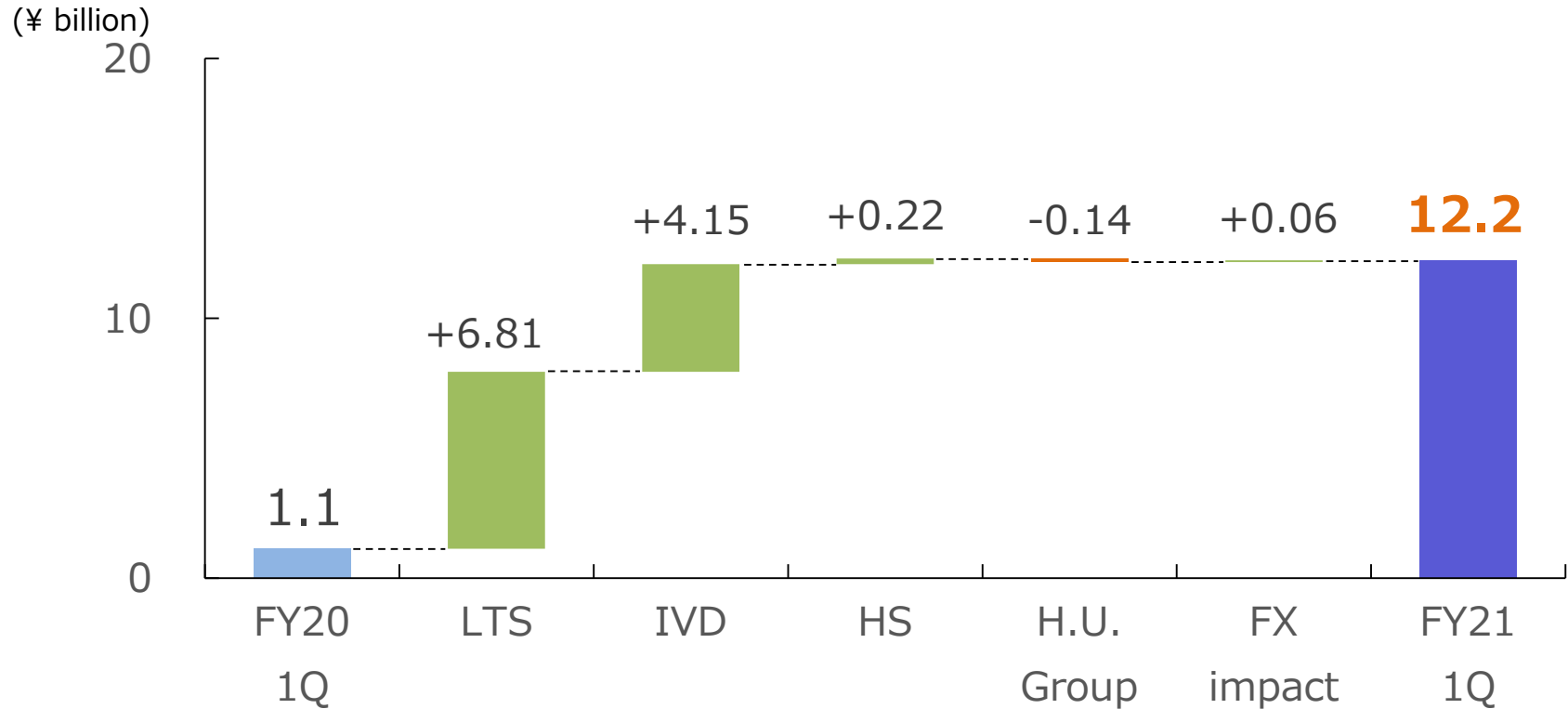
Planning a new business segment presentation at “H.U. Group IR Day 2021(tentative)” planned to be held in CY 2021

Business Results for The First Quarter of FY2021

Consolidated Net Sales Waterfall



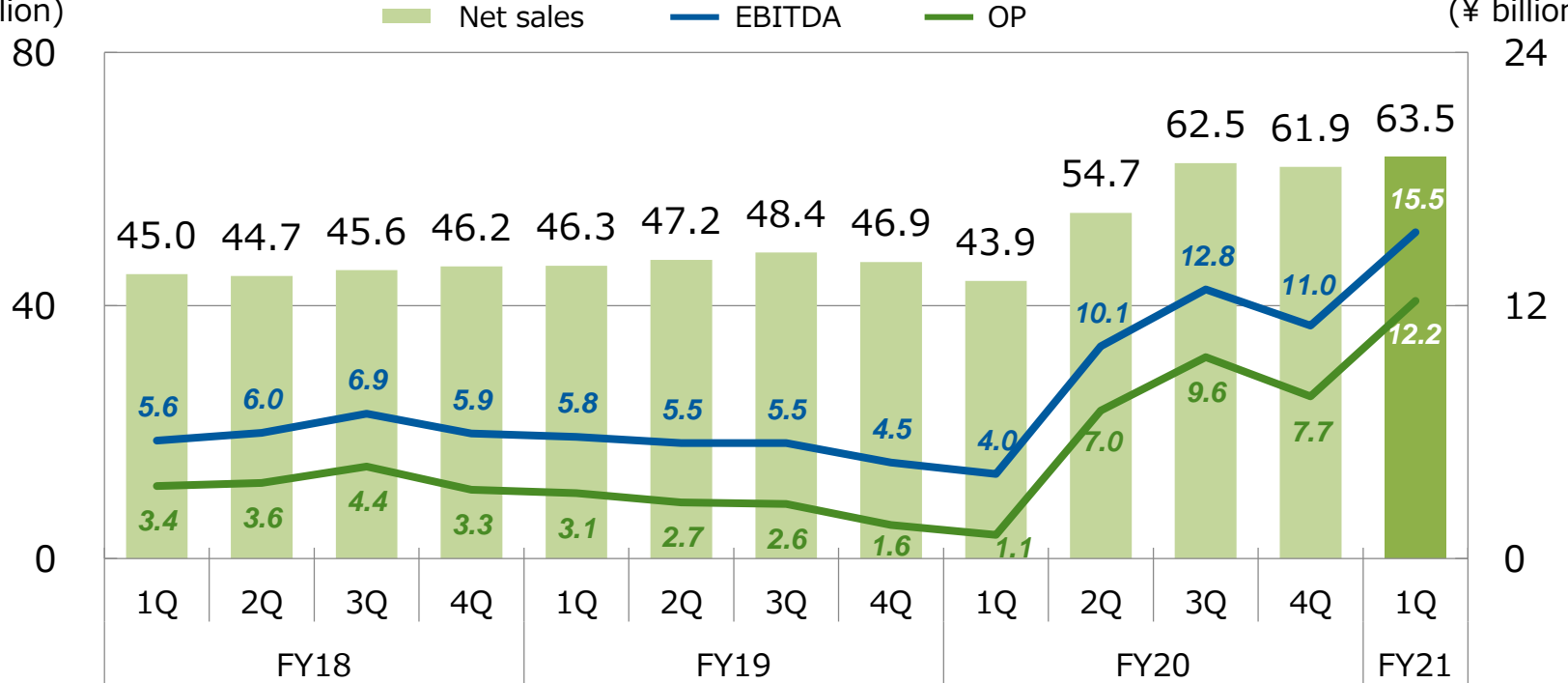
Consolidated Operating Profit Waterfall



Quarterly Performance

Net sales
(¥ billion)

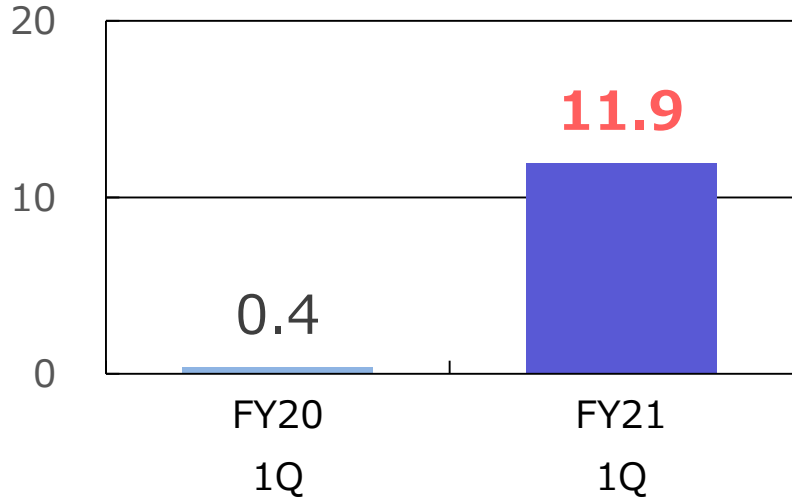
EBITDA, OP
(¥ billion)



Consolidated Ordinary Profit & Net Profit/Loss

Ordinary profit

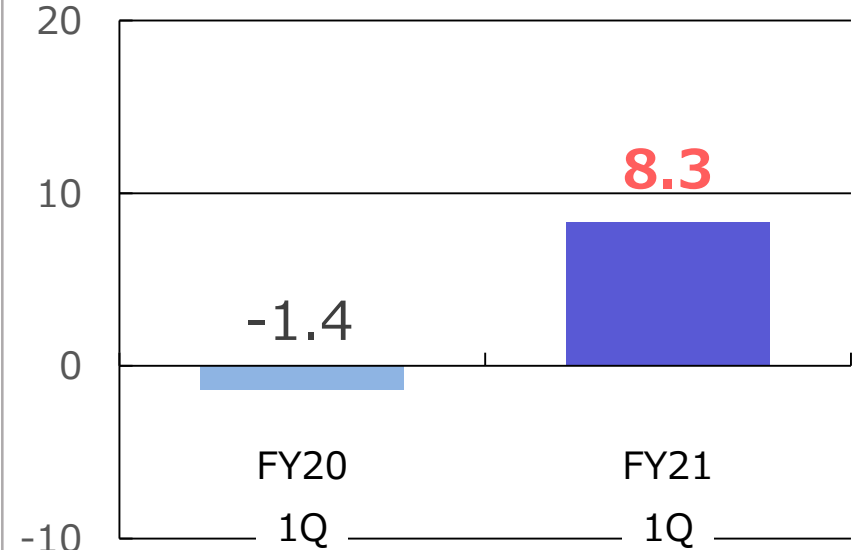
(¥ billion)



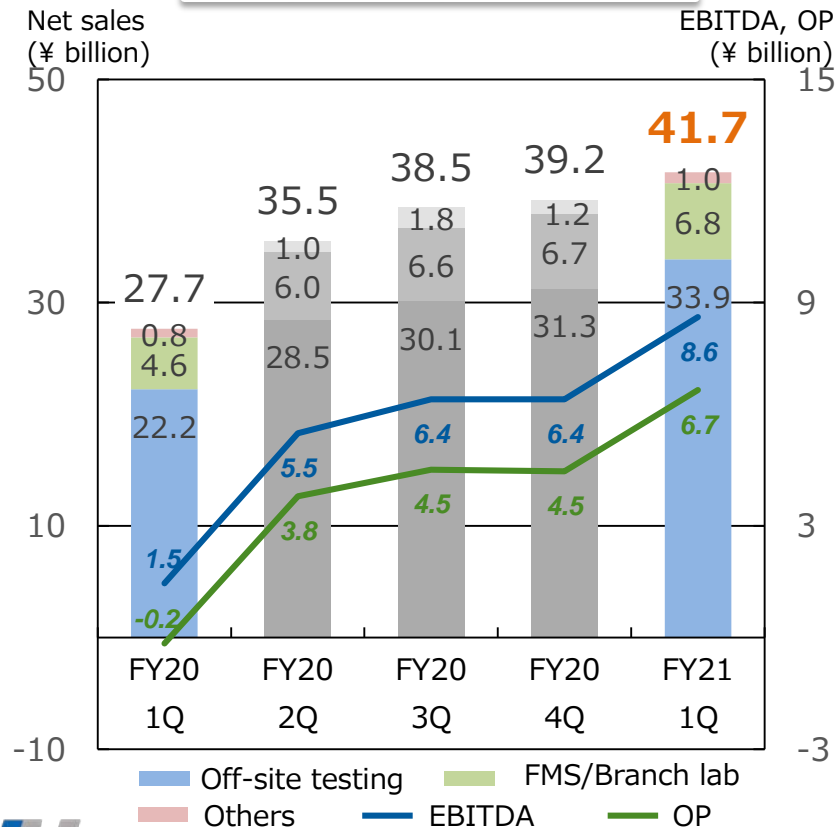
- Gain on investments in venture capital +¥0.52 bn
- Share of loss of entities accounted for using equity method -¥0.70 bn
 - ✓ Impact from BMGL -¥0.31 bn
 - ✓ Impact from JV with Ping An Insurance Group -¥0.39 bn

Net profit/loss

(¥ billion)



Quarterly Results



YoY Comparison

(¥ billion)

	FY20 1Q	FY21 1Q	Variance	
Net sales	27.7	41.7	+14.01	+50.6%
Off-site	22.2	33.9	+11.64	+52.3%
FMS/Branch	4.6	6.8	+2.18	+47.0%
Others	0.8	1.0	+0.19	+24.0%
EBITDA	1.5	8.6	+7.16	+491.1%
OP	-0.2	6.7	+6.81	-

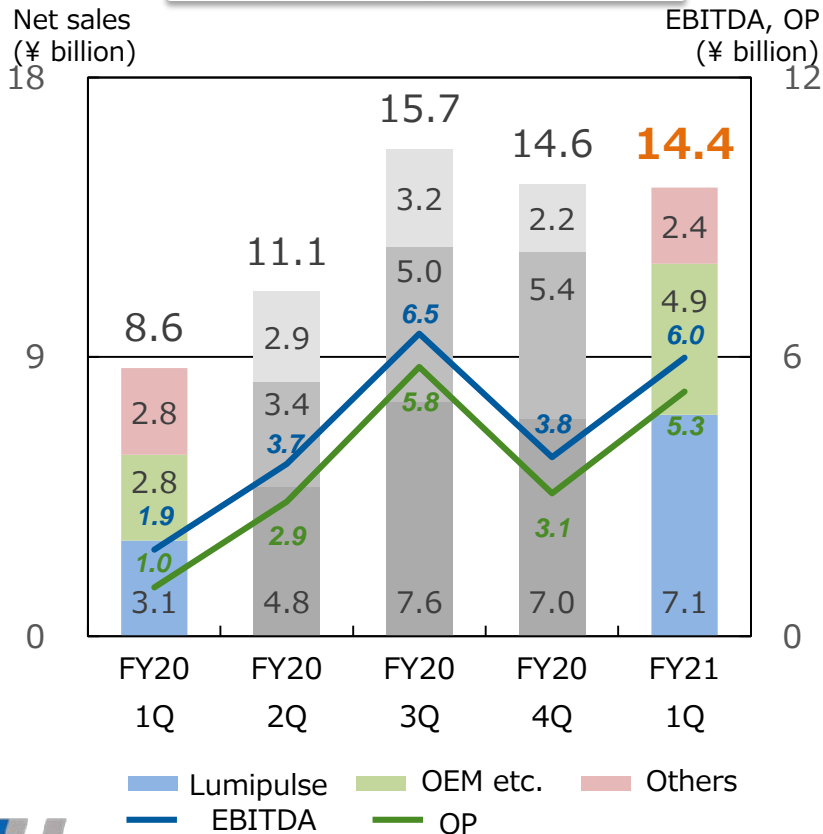
Net sales

- Increased COVID-19 related tests mainly PCR
- Growth of test items related to genetic testing
- Comprehensive testing support including high-sensitivity quantitative antigen tests at airport quarantines
- Recovery of the number of tests

Operating profit

- Profit increased due to COVID-19 related sales increase, comprehensive testing support at airport quarantines, and recovery of the number of tests

Quarterly Results



YoY Comparison

(¥ billion)

	FY20 1Q	FY21 1Q	Variance	
Net sales	8.6	14.4	+5.81	+67.3%
Lumipulse	3.1	7.1	+4.05	+131.2%
Japan	2.7	6.0	+3.28	+121.8%
Overseas	0.4	1.2	+0.77	+195.8%
OEM etc.	2.8	4.9	+2.11	+76.5%
Others	2.8	2.4	-0.35	-12.4%
EBITDA	1.9	6.0	+4.12	+222.0%
OP	1.0	5.3	+4.21	+402.3%

Lumipulse inter-segment transaction	0.6	1.7 *	+1.06	+171.4%
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* Inter-segment transaction increase mainly driven by COVID-19 related reagents

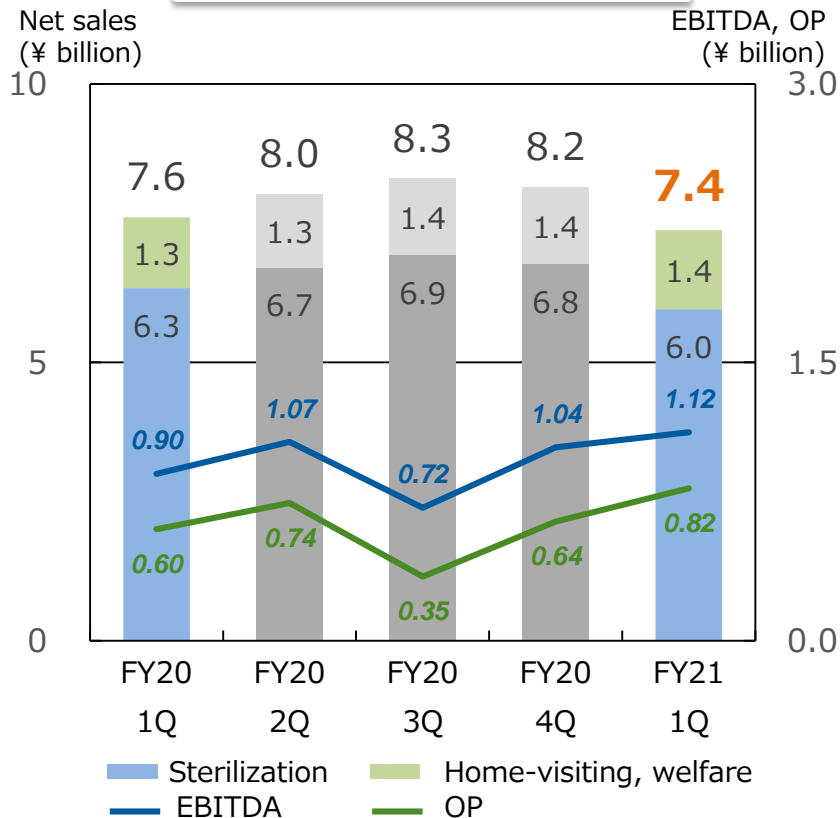
Net sales

- Sales contribution from COVID-19 related products (Lumipulse SARS-CoV-2 Ag)
- Recovery of testing demand

Operating profit

- Sales increase and inter-segment transaction drove OP growth

Quarterly Results



YoY Comparison

(¥ billion)

	FY20 1Q	FY21 1Q	Variance	
Net sales	7.6	7.4	-0.23	-3.1%
Sterilization	6.3	6.0	-0.38	-6.0%
Home-visiting, welfare	1.3	1.4	+0.15	+11.6%
EBITDA	0.90	1.12	+0.22	+25.0%
OP	0.60	0.82	+0.22	+36.5%

Net sales

- Impact from the adapt of revenue recognition criteria to deposit inventory business for medical items (-¥1.0 bn)
- Off-site sterilization sales recovery along with group medical exams resume
- Sales growth in home-visiting, welfare business

Operating profit

- Profit increase in accordance with the off-site sterilization sales recovery

Consolidated Results for FY2021 1Q

(¥ billion)

	FY20 1Q		FY21 1Q		Variance	
Net sales	43.9		63.5		+19.59	+44.6%
LTS	27.7		41.7		+14.01	+50.6%
IVD	8.6		14.4		+5.81	+67.3%
HS	7.6		7.4		-0.23	-3.1%
OP¹	1.1	2.6%	12.2	19.3%	+11.10	+987.5%
LTS	-0.2	-0.6%	6.7	16.0%	+6.81	-
IVD	1.0	12.1%	5.3	36.4%	+4.21	+402.3%
HS	0.6	7.9%	0.8	11.1%	+0.22	+36.5%
Or. profit	0.4	0.8%	11.9	18.8%	+11.56	-
Profit/loss attributable to owners of parent	-1.4	-3.2%	8.3	13.1%	+9.73	-
EBITDA²	4.0	9.1%	15.5	24.4%	+11.46	+285.7%

Note: Small blue figures shown in the upper right corners are the individual profit margins

1. OP includes H.U. Group Holdings and H.U. Group Research Institute etc., as well as segmentation adjustments (FY2020 1Q: -¥0.37 bn, FY2021 1Q: -¥0.50 bn)
2. EBITDA = Operating profit + Depreciation + Amortization of goodwill

【Contact information】

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Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors.

Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.