

# *Healthcare for You*



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### Editorial Policy

This report is designed to communicate to a wide range of H.U. Group stakeholders the Group's initiatives to increase its corporate value over the medium to long term and to promote dialogue. The production process has involved coordinated efforts from all divisions, including the Group CEO and the CFO, who is in charge of the report's publication. We have gathered important annual information regarding management strategy and sustainability and focused on ensuring the information is connected and concise. Please visit our website for more detailed information.

 **Corporate Website**  
<https://www.hugp.com/en/>

 **Investor Relations**  
<https://www.hugp.com/en/ir/>

 **Sustainability**  
<https://www.hugp.com/en/sustainable/>

### Scope of Report

The business performance data in this report includes consolidated Group companies. The information on sustainability includes some data from outside the scope of the rest of the report. All data are presented with an indication of the scope covered.

### Time Period Covered by Disclosed Information

As this report is issued in December 2024, it contains mainly information on fiscal 2023 (ended March 31, 2024) and the first half of fiscal 2024 (ending March 31, 2025).

### Forward-looking Statements

The predicted performance figures found within this integrated report are based on determinations made by our management team using information available at present. They were prepared on the basis of numerous assumptions and opinions obtained based on information that includes enormous risks and uncertainty. Please note that our actual performance results may differ from these performance predictions due to a variety of different factors. Factors that could foreseeably impact our performance include, but are not limited to, a deterioration of the economic climate, exchange rate fluctuations, changes in legal or governance systems, delays in bringing new products to market, pressure resulting from the product strategies of our competitors, decreased selling power for our existing products, and sales discontinuation.

## Group Mission and Vision



The H.U. Group's Mission and Vision guide us as we expand the scope of the value we create and contribute to the future of medicine and the development of healthcare.

By ensuring that all our employees understand our Values and Traits and practice them in their day-to-day operations, we aim to provide optimal healthcare solutions for everyone.

### Mission

Create new value in healthcare and thereby contribute to human health and the future of medical care

### Vision

With our deep involvement in human health, we aim to be a group that contributes to the development of healthcare through trust and innovation

### 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 a global perspective
- Lead with result-orientation, speed and efficiency

#### Sincerity and Trust

- Be sincere and trustworthy, act with transparency
- Communicate openly and constructively, beyond 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

# Value We Aim to Create

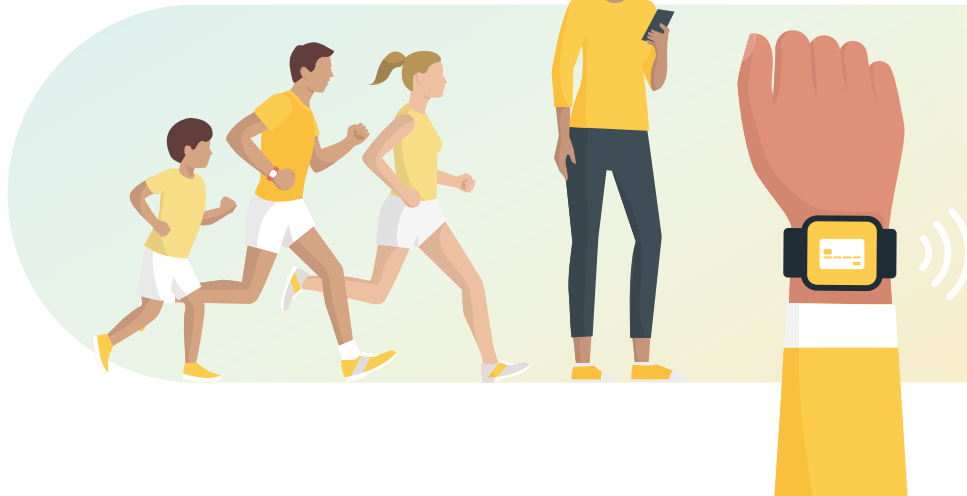
The H.U. Group is committed to engaging in the health of each individual and delivering optimal healthcare for everyone. This commitment is expressed in our company name, which stands for “Healthcare for You.”

From disease prevention to treatment and prognosis, we aim to provide solutions for each phase of people’s health and contribute to the future of human health and medicine.



Japan is ahead of the rest of the world in the trend of population aging and birth rate decline. By 2040, approximately 35%\* of the population is projected to be aged 65 or above. The medical and healthcare industry will also be obliged to change in order to meet the needs of society in the future. The Group aims to help realize a society that contributes to longer healthy lifespans by providing a combination of products and services that support the prevention, early detection, and early treatment of disease. We intend to fulfill our responsibility as a leading company while responding to changes in the structure of society.

We are a corporate group possessing intangible assets that support the development of personalized medicine and advanced medical care, and we play a social role through our activities in the clinical testing and healthcare domain. In the LTS business, we respond rapidly to demand for esoteric testing for examining the cause and progression of disease, as well as advanced testing services required by medical institutions, such as genomic medicine in the fields of cancer and rare diseases. In the IVD business, we provide unique value in a wide range of fields, such as development of innovative products targeting diseases for which there are not yet effective testing methods in the field of neurological diseases, including Alzheimer’s disease.



We will evolve our role from an “entry point to medicine” to an “entry point to healthcare,” aiming to become a corporate group that creates social value. We will do this by employing a business model that combines the LTS business, which provides highly reliable testing services, and the IVD business, which supplies testing reagents to the global market. In this way, we are striving to achieve early development and provision of new products and services that will drive medical care and clinical diagnosis to higher levels. Furthermore, we have added the HS business, which provides home-visit nursing services, looking ahead to the future of at-home end-of-life care. With this addition, the Group is able to create unique new value, and aims to achieve further business growth as an innovator capable of comprehensively responding to social issues.

\* Source: National Institute of Population and Social Security Research “Population Projections for Japan (2023 Revision)” (medium-fertility (medium-mortality) projections)

## The H.U. Group's Businesses

### LTS Business

#### Lab Testing and its related Services

##### Main Products and Services

- Testing business
- Health check-up support business
- Food, environment, cosmetics testing business

The H.U. Group leads Japan's clinical testing market with a share of 23.5%\*1 and provides comprehensive testing services to medical institutions and others through its nationwide network of laboratories, including the H.U. Bioness Complex, one of the world's largest lab facilities. We have particular strengths in esoteric testing for examining the cause and progression of disease, and we receive upwards of 200,000 orders for tests daily, mainly from major hospitals. We are also focusing on the introduction of testing services to support advanced treatments, such as genomic medicine in the fields of cancer and rare diseases.

\*1 Source: Yano Research Institute "2024 Clinical Laboratory Center Management Overview"



### IVD Business

#### In-Vitro Diagnostics

##### Main Products and Services

- Lumipulse®\*2 business
- CDMO and raw material supply business
- Other products

\*2 Fully automated chemiluminescence enzyme immunoassay system

We are a leading company in immunoassay reagents, providing products to over 100 countries worldwide. We promote R&D through a three-hub structure in Japan, Europe and the United States, working to create innovative test reagents for diseases for which there are not yet effective testing methods anywhere in the world. Recently, we have been developing our contract development and manufacturing organization (CDMO) business model globally through partnerships with overseas diagnostic reagent companies. Using our high-quality raw materials and advanced technological capabilities, we are also striving to create new testing markets, such as for Alzheimer's disease.



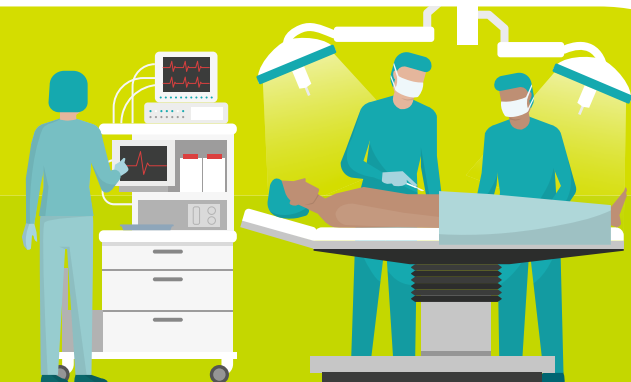
### HS Business

#### Healthcare-related Services

##### Main Products and Services

- Sterilization and related services business
- Home-visiting and nursing care supplies business

Paving the way to a future where end-of-life care shifts to the home, the Group is expanding the scope of its contributions by developing an outsourcing service business in the medical and nursing care fields. In the sterilization and related services business, we provide comprehensive solutions to medical institutions, from sterilization services inside and outside hospitals to surgical operation support services. In the home-visiting and nursing care supplies business, we provide home-visit services centered on nursing care equipment rental and home-visit nursing. Other areas of business include the sale and lease of medical equipment and medical supplies.





## Message from the CEO

**With flexible thinking and attention to the future of medicine and healthcare, we will integrate and develop the strengths of each business to create new business opportunities and enhance corporate value.**

### Shigekazu Takeuchi

Director, Chairman,  
President and Group CEO



**We will explore new markets and create growth opportunities by seeking the best response to advancements in medical technology and changes in people's awareness and behaviors related to healthcare.**

It has been eight years since I assumed the position of president of the H.U. Group. In 2017, my second year as president, I announced the “second founding” of the Group, implementing a program of bold structural reforms for sustainable growth. By fundamentally shifting away from operating our businesses based on past practices, we have created synergies by operating as an integrated group. This can be seen in how we unified the domestic sales structure, consolidated the Group's basic research functions, and responded to the pandemic as a unified group.

These management reforms have changed employee mindsets, from inclining toward the status quo to challengers who flexibly exercise new ideas without fear of failure. This is becoming a strong foundation to support business growth. Going forward, it will remain important for us to create new business opportunities in healthcare without complacency and achieve profit growth over the medium to long term.

It's difficult to accurately project the future of the healthcare industry, but as society goes through structural reform along with relentless technological change, we cannot doubt that innovation will lead to repeated waves of new services rising to supplant older models. Our Group will be no exception, requiring continuous fundamental reform of management strategy and business models. In clinical testing, for example, if the current standard of testing by drawing blood is replaced with a less invasive method, we will be able to easily understand our own physical conditions through daily monitoring, and as a result, diagnosis and treatment will change substantially. As whole-genome sequencing becomes more widely available, individualized preventive measures will be available to every person according to their specific health risks. Hope is rising for genomic medicine in oncology, an example of treatment personalized for the patient's physical and hereditary characteristics, based on detailed testing to

clarify the changes in specific genes that can cause cancer. At the moment, only 10-20% of test results lead to administering the most suitable drugs, but if this probability nears 100% in the future, it would not be an exaggeration to say that an era in which humanity has conquered cancer has arrived.

Although much remains unknown in the fields related to neurological disorders, many noteworthy research findings are being published. For instance, while Alzheimer's disease is considered incurable with no established treatment, research into amyloid  $\beta$  and other chemicals thought to be the origin of the disease is being carried out worldwide, and as a result, shedding a light on the mechanisms causing dementia.

With progress in medical technology and new research findings as background, the methods for clinical testing and policies for treating health conditions will advance. When these advancements become established as the next generation of medicine, people's awareness of healthcare and their behaviors will undoubtedly change. By grasping these major changes correctly, the H.U. Group will explore new markets and create growth opportunities. Extending healthy lifespans is a top priority in Japan and other places where the working population is shrinking due to declining birth rates and the aging population. To help address this challenge, we will anticipate structural changes in society and develop and offer products and services to meet new social needs in a timely manner.

The era of the 100-year lifespan is not the distant future. We have to prepare to provide realistic solutions to address not just the increasing needs of medical and nursing care but the

broad impact of the aging population on society as a whole. Our Group Mission is to "Create new value in healthcare and thereby contribute to human health and the future of medical care." To fulfill this Mission, we will work to maximize the value we offer by correctly understanding customer needs and proposing ways to best meet those needs through the Group companies' diverse products and services. In addition, we will continue to break convention and expand the areas where we contribute to society, in turn creating new business opportunities and increasing our corporate value.

**To accelerate our growth, we will reinforce our business foundation for the post-pandemic era, secure profitability through work process reform, and build an optimal cost structure.**

This year, we will complete our current five-year medium-term plan, which started in fiscal 2020. With the launch of full operation of the H.U. Bioness Complex, a high priority in the plan, and the major transformation achieved by our existing businesses, including the acceleration of our IVD business's CDMO business, I believe a firm foundation for further growth has been laid.

For the three years up to fiscal 2022, we had to respond to the spread of COVID-19 and its long aftermath. We sped up development of COVID testing reagents, offered comprehensive testing support in airport quarantines across

Japan, and took Group-wide action quickly and steadfastly to deal with the issues in front of us, such as border control and systematic testing of a rapidly growing number of entrants to Japan during intermittent government declarations of emergency. Ultimately, these were opportunities to refresh our understanding of our Mission and the great social responsibility we assume. I think we succeeded in showing society why the H.U. Group exists. Although we were unable to adequately allocate resources to parts of our base business due to impacts from external conditions such as these, our efforts resulted in steady progress toward high-priority goals under the current medium-term plan.

At the same time, it took us longer than we projected to start up the H.U. Bioness Complex and see its intended effects in boosting efficiency. We have come only halfway in terms of improving profitability, mainly because we fell short of our fixed-cost reduction targets stemming from structural reform. As demand for COVID testing plummeted following the official reclassification of COVID-19 as a Category V infectious disease, the same as a seasonal flu, business results for fiscal 2023 were quite severe. In the final year of the current medium-term plan, we are working to boost profitability by aggressively implementing work process reforms. In addition, we will put the Group back on a growth path by reinforcing our business foundation for the post-pandemic era and realizing an optimal cost structure.



Ceremony to welcome new graduates as employees (April 2024)



Kickoff meeting (June 2024)



After objectively evaluating work processes that we'd long taken for granted and redefining all jobs from scratch, we're now working to rebuild our processes to include only those elements we truly need. We have reconsidered old practices that emphasized following convention and promoted a transformation of our way of thinking to take us far above the usual level of *kaizen* (continuous improvement). During the June 2024 kickoff meeting for general managers and above, I declared a "slash-and-burn" reform and clearly explained its objectives and underlying concepts.

At the same time, major structural reforms like this must move in tandem with human resource strategy. In fiscal 2024, we fully implemented a new personnel system\* designed to help employees enhance their respective individual abilities, encouraging them to build self-reliance, self-direction, and self-responsibility. Reinforcing the organization's strengths is one of the main pillars of this new human resources system. To ensure that the structural reforms take root, it's important for all managers to fully understand the Group's managerial direction, strategies, and measures and apply them in their respective divisions. Clarifying and sharing their significance and purposes with the team members will lead to organizational success. To this end, the new system emphasizes the required roles of managers, clearly defined by their respective job descriptions, and demands that they assume strong leadership.

In our organizational reform, we are implementing a personnel system that prioritizes smooth communication. Managers are obliged to provide rank-and-file employees with the results of personnel evaluations with a clear rationale. This is meant to encourage managers to regularly familiarize themselves with how employees think. When communication is active between managers and those they manage and among employees, and solid relationships of trust are built, it will be easier to express points for improvement and report negative findings to managers when needed. This active communication will enable us to maintain a high level of psychological safety within the organization. I believe that this kind of corporate culture will be highly advantageous in Group human capital management. In May 2023, we moved our head office to Akasaka, where over 700 employees work on a single floor without divisional walls or fixed cubicles. This has created a loose, boisterous environment in a positive sense. Every time I hear an active conversation between employees, I feel we have made steady progress in our effort over the past few years to cultivate mindsets and organizational systems that can flexibly adapt to external changes.

\* See Human Capital (p.42) for details.

**By integrating the Group's intellectual and human capital, we will co-create value within the Group, create new businesses beyond the extension of existing businesses, and increase corporate value.**

For the H.U. Group to continue increasing corporate value in uncertain times, we must ascertain leading healthcare trends and create new businesses with a consistently flexible attitude.

As medical technologies progress, our social responsibility is broadening, shifting from being an entry point to healthcare to engaging in solving a broader range of health-related issues. Because of this, we envision creating new businesses that are not just extensions of existing ones by combining the technologies, expertise, and materials that have sustained our businesses up to now (see Human Capital on p.42 for details).

Our action in response to COVID-19 is one example of creating new value. How we offered a new solution to an issue we had never previously encountered illustrates the meaning of the Group's existence. In 2022, we established H.U.POCKeT, Inc. with a business model targeting the B2C market, designated as an in-house venture to meet ever-diversifying customer needs. This is another example that demonstrates our challenger spirit.

Success with these initiatives depends on whether we can draw maximum potential value from the Group's intellectual and human capital. Intellectual capital is the source of our competitive strength. By applying the unique technologies and materials produced in the process of creating the products and services of our existing businesses, I believe we can offer valuable solutions even in fields that are little known to us. To maximize the value of our human capital, we are aggressively carrying out reforms to be a more professional Group, where high ambition and specialties meet a broad range of systems and programs, exemplified by the aforementioned new personnel system and other programs to support self-motivated career development for employees and energize the organization. At the same time, we will make appropriate returns to our shareholders by maximizing yield on the large-scale investments we've made during our current medium-term plan.

We expect to build our next medium-term plan on the premise that we will shift from a phase of enhancing our management foundation, which we've accomplished, to a phase in which we succeed in elevating quality. In the process, we will draw a big picture of an ideal future and the goals our Group will work to achieve, with the progress of medical science and healthcare in mind. From that, we will backcast to determine the milestones ahead.

We will continue working to fulfill our motto, "Healthcare for You," to help build a more sustainable society through our businesses, making the most of the competitive advantages our Group has built. Committing fully to our responsibilities to shareholders and other stakeholders, we will create value for society and continue to grow as an integral part of people's health and the future of healthcare.



# Healthcare for You

Special  
Feature

## Towards Group Value Co-creation



# Our Value Creation Story

The H.U. Group's founding company was Fujizoki Pharmaceutical (currently Fujirebio), which was founded in 1950. In 1970, we established a contract clinical testing company with the aim of diversifying our business based on reagent development technologies. Subsequently, the Group was reintegrated under a holding company and expanded its business from medicine into healthcare. We are continuing to transform into a corporate group dedicated to supporting a healthy society for the next generation.

**2000** Sold the pharmaceutical business

**1998** Acquired the diagnostic reagent business unit of U.S. company Centocor Diagnostics and changed the company name to Fujirebio Diagnostics, Inc. (foothold to entry into the raw material supply and CDMO businesses)

**1997** Developed and started sales of test reagent ESPLINE® HBsAg/Ab

**1992** Developed and started sales of fully automated chemiluminescence enzyme immunoassay system LUMIPULSE® 1200 (pivot from manual procedures to automation)

**1966** Entered the diagnostic reagent sector  
Developed and started sales of the world's first clinical reagent for syphilis

**2022** Acquired all of the stock of Fluxus, Inc. (U.S.) and ADx NeuroSciences N.V. (Belgium)

**2020** Launched Japan's first rapid antigen test kit for COVID-19  
Launched the world's first fully automated high-sensitivity quantitative antigen test reagent for COVID-19  
Established integrated sales company H.U. Frontier, Inc.

**2019** Established Fujirebio Diagnostics Japan, Inc. specializing in the CDMO business

**1950**

Fujizoki Pharmaceutical founded to manufacture and sell pharmaceutical products (name changed to Fujirebio in 1983)



**2005**

Miraca Holdings founded through business integration of Fujirebio and SRL

**2020**

Company name changed to H.U. Group Holdings



**1970**

Tokyo Special Reference Laboratories founded as part of a drive to diversify the business of Fujizoki Pharmaceutical (name changed to SRL in 1989)

**1974**

Started commissioned chromosome testing

**1982**

Entered the clinical testing market

**1987**

Established Japan's first genetic testing laboratory  
First in Japan to acquire CAP (College of American Pathologists) accreditation

**1997**

Established SRL Medisearch, Inc.

**1999**

Established joint nursing care equipment rental business (Care'x) with Mitsui & Co., Ltd. (made a wholly owned subsidiary in 2009)

**2000**

Participated in management of sterilization service (Nihon Stery) (made a wholly owned subsidiary)

**2017**

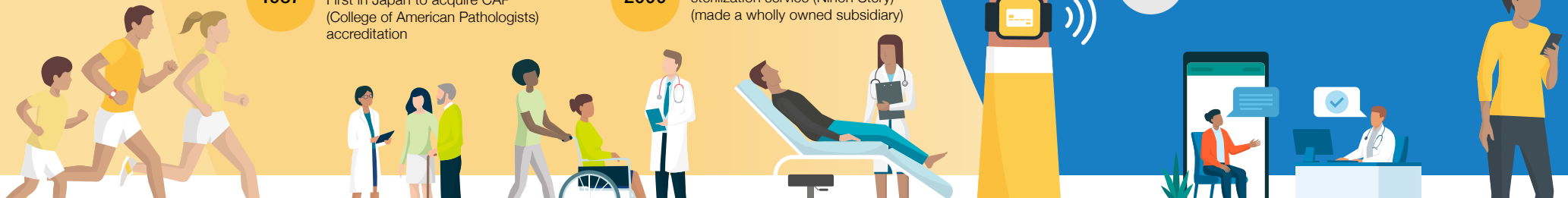
Started integration strategy, positioned as a second founding  
Established Miraca Research Institute G.K. (currently H.U. Group Research Institute G.K.)

**2021**

Reorganized segments (three-business structure of LTS, IVD, and HS businesses)

**2023**

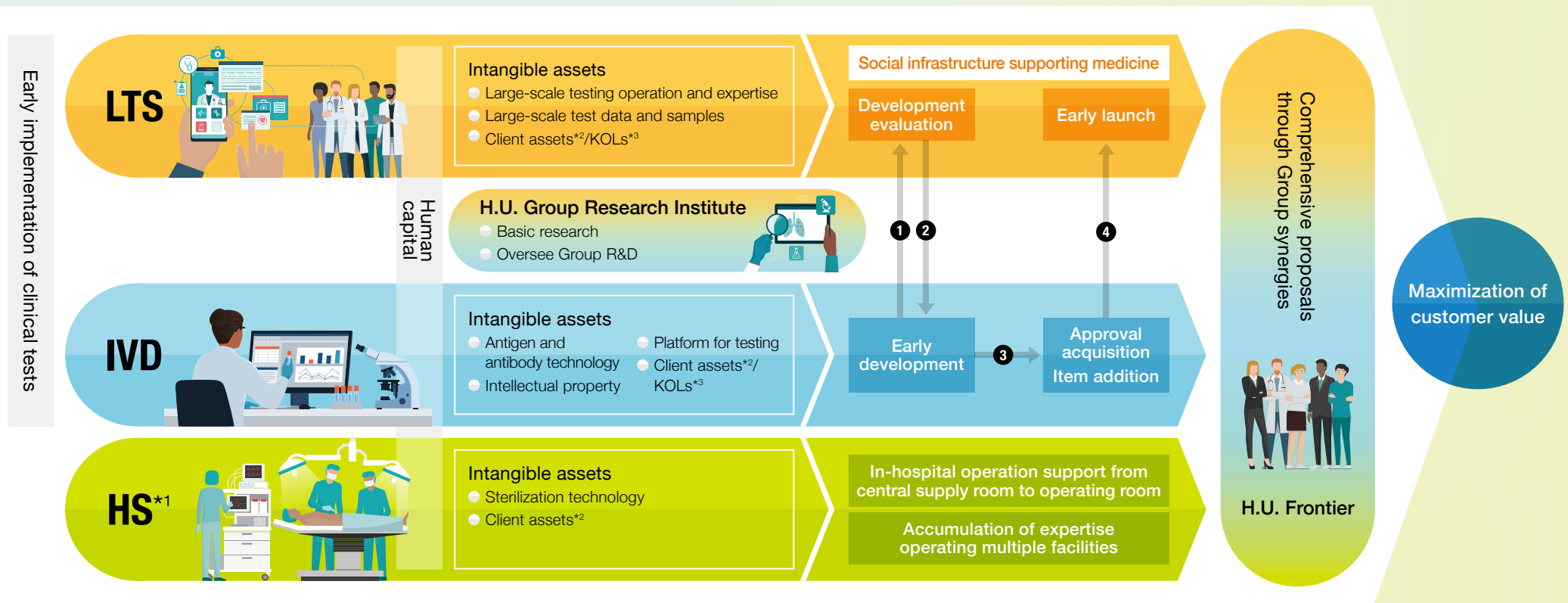
Started full operation of the H.U. Bioness Complex



# Value Creation Story

The H.U. Group is one of a few corporate groups in the world to combine the LTS business, which has SRL, holder of the leading share of the Japanese commissioned clinical testing market, and the IVD business, which has Fujirebio, a leading company in immunoassay reagents. Recently, the HS business, which provides healthcare-related services, was included in the Group, strengthening its structure for responding comprehensively to customer needs. In addition, guided by the concept that the power of the Company is the sum total of the power of its individual members, we are striving to enhance our personnel systems and training systems to enhance the skills and knowledge of all employees. Furthermore, we harness synergy effects between the human capital and intellectual capital of our Group companies, aiming to maximize customer value.

In the LTS business and IVD business, we conduct “early development (1)” of test reagents, then demonstrate their value to realize “development evaluation (2)” and “approval acquisition and item addition (3)” within the Group. We maintain close links, including with H.U. Group Research Institute G.K., which is responsible for corporate R&D functions, to enable “early launch (4)” of high-value-added products and services. During the COVID-19 pandemic, this value creation model was used to rapidly introduce PCR tests and quickly develop and commercialize antigen test reagents, contributing significantly to solutions for social issues. In addition, integrated sales company H.U. Frontier, Inc. is providing total solutions combining the products and services of the LTS business, IVD business, and HS business, aiming to increase the corporate value of the Group.



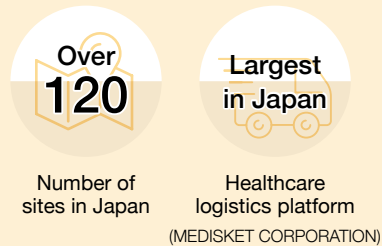
\*1 Sterilization and related services in the HS business \*2 Connections with a diverse customer base and associated customer relationships \*3 Key opinion leaders

# Strengths of the LTS Business

## Business Characteristics

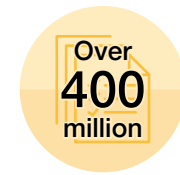
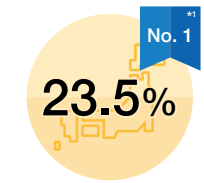
The LTS business comprises several operating companies, centered on SRL, with strengths in esoteric testing such as cancer and genetic testing, which requires advanced technology. We aim to differentiate ourselves from other companies by enhancing our offering of test items that provide high patient value, such as testing services that support genomic medicine and advanced medicine.

Currently, we receive over 200,000 commissioned tests per day from medical institutions throughout Japan, mainly major hospitals. We have the largest share of Japan's clinical testing market. We will realize the optimal cost structure by improving operating efficiency, primarily at the H.U. Bioness Complex, and focus on growing our base businesses in the post-COVID era.



## General Testing

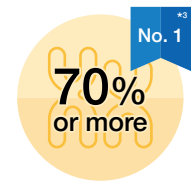
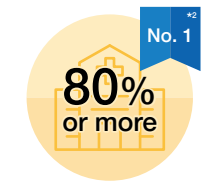
General testing primarily handles screening testing. Once the test specimens arrive at the H.U. Bioness Complex, the process through to testing and storage is automated, realizing low-cost, 24-hour laboratory operations. We have also established testing systems optimized for each region, centered on the Tokyo metropolitan area, Kansai, and Kyushu. Each laboratory has quality assurance systems based on international standards to ensure a high level of quality control.



\*1 Source: Yano Research Institute "2024 Clinical Laboratory Center Management Overview"

## Esoteric Testing

Esoteric testing is used mainly to investigate the causes of disease, and the degree of progression. In the LTS business, we receive samples from medical institutions throughout Japan, and we have prepared the facilities and environment to provide advanced testing. We are engaged in independent development to automate the preprocessing equipment for tests, aiming to increase our productivity and accuracy. We also respond swiftly to new test items.

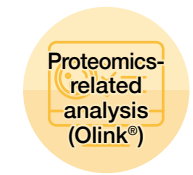


\*2 Research by H.U. Group Holdings (Hospitals with 500 or more beds)

\*3 Research by H.U. Group Holdings

## Advanced Testing

We are focused on introducing advanced testing to support next-generation medicine, such as genome analysis and regenerative medicine-related testing, which contribute to treatment for cancer and intractable diseases. Furthermore, we are responding to personalized medicine by promoting the development and implementation of an omics<sup>\*4</sup> analysis platform. We are leveraging our years of accumulated expertise and our networks with medical institutions throughout Japan to help raise the overall level of advanced healthcare in Japan.



\*4 A technology for comprehensive, large-scale analysis of the various molecular-level information that makes up an organism



## Strengths in Esoteric Testing

### 1 Pursuit of “specialty”

The core company of the LTS business is SRL, which started business as Tokyo Special Reference Laboratories in 1970, aiming to leverage the specialist knowledge and advanced technologies accumulated by its founding company, Fujizoki Pharmaceutical (currently Fujirebio). As the company name indicates, at the time of its establishment, SRL mainly handled special test items in fields such as immunology, that existing testing centers could not handle.

Subsequently, the company targeted major hospitals, expanding its esoteric test items, publishing an academic journal, and actively presenting at academic conferences to expand its commissions. There was also an increase in requests for the introduction of new test items from university hospitals striving to establish innovative treatment methods. SRL responded by further expanding the range of advanced esoteric test items using cutting-edge technology, becoming the first in Japan to receive CAP\*5 certification in 1987. Through these initiatives, SRL developed the ability to provide value in

terms of highly reliable test data and a wide range of options for treatment methods and testing methods to all customers, including medical institutions.

In the 1990s, the attention of the academic world was focused increasingly on genetic and chromosome analysis. SRL developed its expertise in both fields through the introduction of new testing technologies, enhancing its diverse test items. In addition, to differentiate from other companies and establish a competitive advantage, in 1995 SRL established the Genetic and Chromosome Analysis Center, the first of its kind in Japan. As a result of these efforts, the number of commissioned tests steadily climbed, and today the center conducts approximately 70%\*6 of the chromosome testing in Japan.

\*5 An international standard for quality control in clinical testing facilities by the College of American Pathologists

\*6 Research by SRL (calculated as the ratio of the number of tests conducted by the company based on a survey result of the Japan Registered Clinical Laboratories Association)

### 2 Contribution to genetic analysis medicine

It is recognized that genetic analysis technology is set to play an important role in medicine going

forward. For example, in the cancer genome field, treatment methods that can be expected to show remarkable efficacy have been realized based on information about genetic abnormalities obtained through comprehensive genome profiling tests.\*7 The technology is currently only used on a limited number of cancer types, but it is certain to be applicable to a much larger range of cancers going forward.

In the field of intractable and rare diseases, also, we are preparing a structure to carry out commissioned whole exome sequencing\*8 as a clinical test, having previously received commissions for clinical research. By identifying the genes that cause intractable disease, we believe we can help increase the potential for new drug discovery.

Furthermore, given the amazing recent advances in digital technologies, such as AI and big data analysis, we expect to be able to provide testing at a much higher level of accuracy than in the past. For this reason, the H.U. Group is encouraging the advance of personalized medicine through the use of preventative and preemptive medicine, which focuses on early detection of disease and pre-symptomatic diagnosis and prediction of potential future

disease. We believe this will lead to longer healthy lifespans, the spread of effective, low-waste personalized treatments, and the reduction of treatment costs.

In the field of genetic analysis medicine, there is a need to strengthen collaboration between industry, government, and academia, and to rapidly implement research results at research institutions and universities and utilize them on the front lines of clinical testing. This is an important point in responding to the trend of new regulations and standardization that is expected in the near future. Furthermore, the evolution of testing technologies has the potential to positively impact society through medicine. The Group’s LTS business will also play an important role in resolving social issues such as declining birth rates, population aging, and health discrepancies between regions.

\*7 A test that simultaneously investigates multiple cancer-related genes in a single test, using mainly tumor tissue or blood from the patient

\*8 An analysis method for investigating the base sequence of the sections of the human genome known as the exon regions, which correspond to the blueprint for proteins

## Progress of Genetic and Chromosome Testing

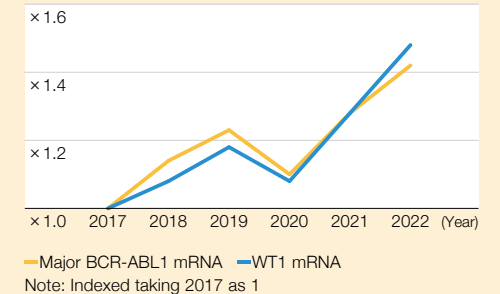
### Introduction Period

- 1982** Started commissioned chromosome testing (G-banding method, etc.)
- 1984** Started commissioned blood testing to detect the DNA gene (HBV-DNA) for hepatitis B virus (HBV) (forerunner of genetic testing)
- 1987** PCR method introduced to Japan for the first time
- 1992** Introduced the FISH technique for chromosome testing
- 1995** Established the Genetic and Chromosome Analysis Center

### Growth Period

- 2015** Accredited as a U.S. Clinical Laboratory Improvement Amendments (CLIA) laboratory
- 2018** Introduced AI analysis in G-banding chromosome testing
- 2019** Started commissioned testing with the FoundationOne® CDx cancer genome profile and OncoGuide™ NCC Oncopanel System for comprehensive genome profiling
- 2021** Started commissioned testing with the FoundationOne® Liquid CDx cancer genome profile, a comprehensive genome profiling test using blood specimens  
Started commissioned whole genome analysis

## Rate of Increase in Major Genetic Tests Performed in Japan



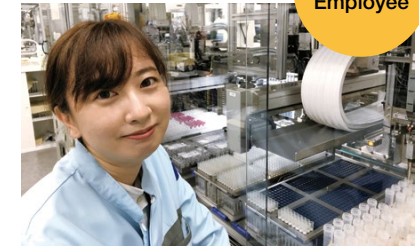
**3 Working to accelerate testing and increase accuracy**

SRL's commissioned esoteric testing covers a wide range of items. Taking genetic testing for leukemia as an example, we handle tests in fields such as chromosome analysis, cellular immunity, and genetics, and hospitals use our test results to perform comprehensive evaluations. Test results in each field are shared internally to accumulate

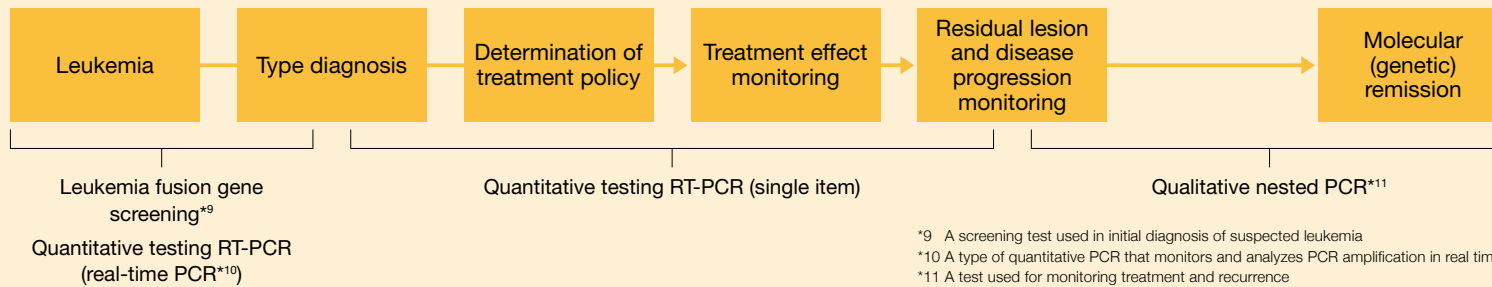
knowledge regarding mutations that cause disease, which can be used to deal with rare cases. We cover a broad scope of testing with multiple PCR tests, offering proposals for differentiating the use of test methods for each process in diagnosis, treatment, and prognosis. As an example, the following table shows the flow of testing for leukemia diagnosis and treatment.

In addition, we are the first in the industry to automate and centrally manage the entire genetic testing process from reception to reporting and specimen storage. By introducing automatic equipment, we have halved processing time and eliminated individualization of tasks, which has also led to improved test accuracy.

**Voice of an Employee**

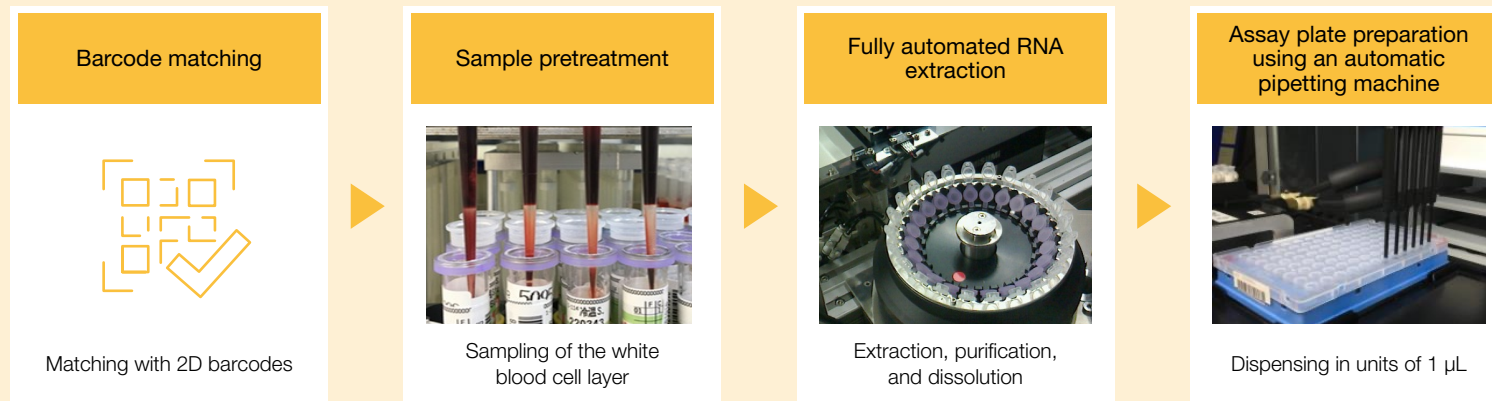


**Flow of Diagnosis and Treatment and Timing of Tests**



\*9 A screening test used in initial diagnosis of suspected leukemia  
 \*10 A type of quantitative PCR that monitors and analyzes PCR amplification in real time  
 \*11 A test used for monitoring treatment and recurrence

**Automation of Leukemia Genetic Testing**



**Realization of an Automated RNA Extraction Device**

At SRL, we have been responding to a rapid increase in the number of commissioned genetic tests by automating complex test processes and creating a system for their central management. As part of this effort, we have built our own equipment in-house for fully automating the RNA extraction process in genetic testing for leukemia. In developing the equipment, we aimed to replicate the fine manual techniques of clinical testing technicians and to increase the efficiency and speed of the processing, while also increasing test accuracy. To achieve both of these objectives, we examined the ability to detect only the white blood cell layer in a specimen, and made numerous improvements to the equipment. We worked in close coordination with medical institutions, listened to the muttering of colleagues, and improved business operations through small observations, which led to high-quality testing results. I find it extremely rewarding to work in this kind of environment.

**Saki Okubo**

Genetics Expert,  
 RNA Analysis Section,  
 Genetic and Genome Analysis Department,  
 Genetics and Pathology Division, SRL, Inc.

### Automation of the Esoteric Testing Process

SRL is actively promoting the automation of general testing and also esoteric testing, leveraging original machinery and equipment and AI technology.

For example, in genetic testing for leukemia, we have developed our own fully automatic equipment with a function that is able to detect only the white blood cell layer from a specimen, used in the RNA extraction process, with rigorous contamination prevention features. We have also developed our own system for managing the assignment of identifying information to the various containers used in each test process, and the transfer of information to the next process, and established a test process that prevents patient mix-ups. In addition, in flow cytometry testing, for investigating the characteristics of cells, we have succeeded in developing an AI system for a highly difficult process known as “gating,” using the high-level judgment of clinical testing technicians as teaching data, and we are now proceeding to implement it.

### 4 Human resource capabilities to handle cutting-edge fields

SRL is working in testing fields that are at the cutting edge, even from an international perspective. Therefore, we view human resource capabilities that open up further possibilities in clinical testing as a source of value creation.

For example, in the chromosome test analysis process, we have a large number of employees who have expert knowledge and who make determinations based on visual analysis. In two fields alone—congenital anomaly chromosome testing (G-banding method) and blood disorder chromosome testing (FISH method)—they process hundreds of thousands of commissioned tests per year. Their level of experience is therefore extremely high, and they encounter various clinical cases on a daily basis. For this reason, at SRL they have many opportunities to visually analyze rare disease cases, which might appear only once in 10,000 tests. Using the cases that we have accumulated in-house, we have built an education program related to the practice of visual analysis and academic

knowledge, and we conduct an original examination once a month. This examination system is conducted as part of our internal quality control, and helps to maintain and improve our high level of analysis accuracy. During the training period for new recruits, they learn from a rich body of cases and other resources. The personnel assigned to education follow up on key areas and strive to develop human resources capable of high-level analysis and judgment.

On the other hand, for external quality control, SRL conducts photo surveys of the Japanese Association for Chromosome and Gene Analysis and the FISH Testing Technology Standardization Research Association. We also work to acquire accreditation qualifications administered by associations and organizations. We have been steadily increasing the number of personnel who are accredited as clinical cytogenetics instructors.

From fiscal 2023, we have consolidated our esoteric testing function at the H.U. Bioness Complex. Coordination between team members in the same facility working on data analysis in fields

such as genetic testing, chromosome testing, and cellular immunity makes it easier to analyze special cases or cases that have been difficult to interpret. Moreover, interaction with members of the R&D team has also been stimulated by the presence in the same facility of H.U. Group Research Institute, which conducts basic research for the entire Group. Looking ahead, we will utilize job rotation and strive to develop test technicians who can handle data with diverse perspectives and judgment capabilities.



### Expectations from Outside the Company



**Dr. Naoto Shimetani**

Chairman, Japanese Association of Clinical Laboratory Physicians  
Supervising Physician, SRL Central Laboratory

### Advancement of Clinical Testing through Technological Progress and Work Style of the Future

I am currently supporting the establishment and operation of quality management systems as the Supervising Physician of the LTS business. Testing staff at SRL have the flexibility to work through a PDCA cycle and think for themselves to make appropriate judgments. They have the ability to respond accurately to inquiries from medical professionals, and meet the requirements of ISO 15189. Recently, technologies such as AI have also been spreading rapidly in the field of clinical testing. However, testing staff are expected to fully demonstrate their ability to master all aspects of high-level equipment and deliver beneficial results for treatment with cancer genome profiling tests and so forth. At the same time, it is important to lift productivity and improve the quality of work styles.



**Dr. Toshiaki Manabe**

Professor Emeritus, Kyoto University  
Laboratory Director, Central Laboratory Global Services, SRL, Inc.

### Human Resource Development to Realize an “Orchestra-style Society” Centered on Patients

The Akiruno Central Laboratories of SRL (Genetics, Pathology, and Chromosomes Division) has U.S. CLIA accreditation, and pursues quality control that is recognized as the most stringent in the clinical testing field worldwide. The driving force behind this laboratory is its people. Its human resources have diverse backgrounds, whether liberal arts or science, and their multifaceted perspectives and ideas are essential to business growth. The diversity of our organization empowers each individual to take pride in their role as a medical professional, fulfilling their responsibilities and mission to contribute to the growth of the company and to the formation of our future society. As a result, I expect them to build cooperative relationships of unity with frontline medical professionals and realize an orchestra-style society that is centered on patients.

# Strengths of the IVD Business

## Business Characteristics

In the IVD business, we are promoting a global strategy with a three-hub structure in Japan, the United States, and Europe, led by Fujirebio Holdings, and delivering innovative clinical test reagents to the world. The engine that drives our growth is our R&D capability. By continuously strengthening our R&D, we aim to be first to commercialize “only one” items that are not offered by any other companies. Through utilization of the Company’s proprietary Lumipulse® platform, mainly in Japan, we verify the clinical value of test items. On top of that, we will expand customized clinical test reagents worldwide using our CDMO business model through partnerships with overseas diagnostic reagent companies.

67.6%

Overseas net sales ratio

(FY2023, base businesses excluding COVID-19)

54.8%

Overseas personnel ratio

(as of March 31, 2024)

## Three-hub Structure

### Europe

- Fujirebio Europe N.V. (Belgium)
- ADx NeuroSciences N.V. (Belgium)



### United States

- Fujirebio Diagnostics, Inc.
- Fujirebio Diagnostics AB (Sweden)
- Fluxus, Inc.

### Japan

- Fujirebio Inc.
- Advanced Life Science Institute, Inc.
- Fujirebio Diagnostics Japan, Inc.

Lumipulse®

The Lumipulse® series is a proprietary testing device of Fujirebio that is able to automate the majority of processes involved in immunoassays using Fujirebio’s reagents. The system achieves rapid, high-sensitivity processing with simple operation through a principle that utilizes the chemiluminescent substrate AMPPD\*1 and so forth. After installation at a medical institution, we continue to supply dedicated reagents, ensuring stable revenue.

\*1 A type of chemical compound that reacts to luminescent enzymes to emit light

22.9%

Lumipulse®’s share of automatic immunoassay test instrument installations in Japan

\*2 Research by H.U. Group Holdings

Over 90 items

Items that can be measured by Lumipulse®

(cancer markers, infectious diseases, hormones, etc.)

17 items

Cumulative number of items developed for Lumipulse®

(FY2020-FY2023)

CDMO

CDMO is a business model for contracting outsourced product development through to manufacturing by building partnerships with diagnostic reagent companies in Japan and overseas. Our strength is our ability to develop test reagents that meet the requirements of each partner company based on the knowledge and research facilities that we have accumulated in our own business, supply raw materials (antibodies) globally, and take on all operations up to manufacture of the final product.

42 items

Number of contracted CDMO items

(development phase)

57 items

Number of contracted CDMO items

(manufacturing phase)

8 locations

Number of production bases (Japan, United States, Europe)

R&D

In 1966, we launched the syphilis HA antigen, developed based on technology and know-how from immunological testing. We applied the principle of passive agglutination,\*3 which we had cultivated during this process to advance our R&D on test reagents for infectious diseases. Recently, we have been accelerating our development activities in a wider range of test domains through collaboration between the R&D teams at our three hubs in Japan, the United States, and Europe.

\*3 A test method that enables naked-eye observation of the antigen-antibody reaction

13 items

Number of Alzheimer’s disease-related test items launched on the market

57

Number of presentations at academic conferences (FY2020-FY2023)

Over 300

Number of R&D Division personnel



## Strengths in Development and Raw Materials

### 1 Reagent development capabilities in the immunoassay field

In the 1960s, the H.U. Group's founding company, Fujizoki Pharmaceutical (currently Fujirebio), acquired basic principles and technologies in the process of developing a clinical test reagent for syphilis, such as antigen cultivation methods and methods for sensitizing antigens to animal-derived red blood cells. These basic principles and technologies were applicable to the development of subsequent products. Later, the Company went on to develop and commercialize a string of test reagents for the field of immunoassays and infectious diseases, including test reagents for the hepatitis B virus, adult T-cell leukemia, and HIV. As a result, the Company was able to accumulate a number of technologies internally, including mass cultivation technologies for bacteria and viruses, manufacturing technology for antibodies, which are the raw materials for reagents, and basic technologies such as gene recombination technology. The reagent development capabilities underpinned by these technologies are the source of the H.U. Group's new value creation today.

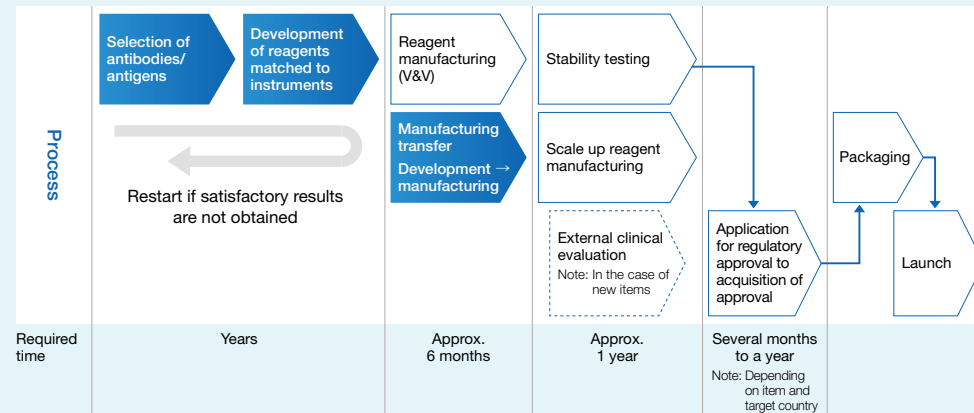
In 1992, we developed and started sales of the fully automated chemiluminescence enzyme immunoassay system Lumipulse®. To date, this has served as a base business bringing in stable revenue, and we continue to improve and update the product's core immunoassay technology. For example, we have developed a detection method that is resistant to the effects of inhibitors such as endogenous antibodies and can selectively and accurately detect target molecules and upgraded the test reagents. Recently, amid intensifying development competition globally, we have been focusing on the development of reagents in the field of neurological diseases, notably Alzheimer's disease, where we continue to hone our competitive advantages.

### 2 The value of reagent raw materials

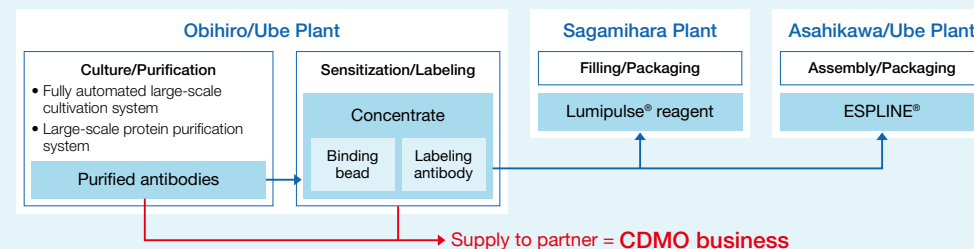
Immunoassay reagent development depends on antibodies that react specifically with target molecules. These are the raw materials at the top of the value chain. In the IVD business, we have been actively engaged in the development and manufacture of such antibodies. There are other companies with similar systems, but in most cases, companies start designing reagents based on antibodies that they have acquired. In our case,

by contrast, once the concept for a reagent has been decided, we conduct an integrated design including the antigens, antibodies, particles, and substrates. We have built a distinctive development and manufacturing system that links the development of antibodies and reagents. This is why we are able to provide unique value that other companies cannot provide. We will continue to quickly grasp clinical frontline needs and adopt new technologies in a continuous effort to increase the quality of our products.

## Technological Capabilities Enabling Commercialization, Accumulated over Nearly 30 Years of the Lumipulse® Business



## Relationship between Domestic Manufacturing Bases and CDMO Business



### Voice of an Employee



### Advancing Innovation through Global Collaboration

In December 2023, the IVD business developed and launched a Research Use Only (RUO) reagent for measuring plasma pTau217\*4 using Lumipulse®. Driven by the urgent need for effective research tools and future diagnostic methods due to emerging therapies for Alzheimer's disease, we faced the challenge of developing a highly accurate and reproducible product within a tight development timeline. As the Director of product development, I worked to enhance the strengths and expertise of our global teams, fostering a culture of innovation and collaboration. This approach led to the successful delivery of a high-performance product. Moving forward, we will continue to accelerate innovation by deepening global collaboration, strengthening our IVD business, and solidifying our leadership in advanced healthcare solutions.

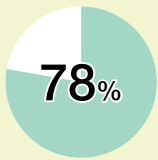
\*4 Tau phosphorylated at threonine 217 is a promising biomarker for the early prediction of Alzheimer's disease.

**Ina Vandembroucke**  
Director, Product Development,  
Fujirebio Europe N.V.

# Strengths of the HS Business

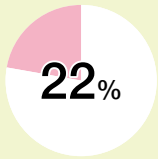
## Business Characteristics

The HS business segment is composed of two companies: Nihon Stery, which provides sterilization and related services for medical institutions, and Care'x, which operates a home-visiting and nursing care supplies business. Nihon Stery provides operating room support services such as in-hospital sterilization in the central sterile supply room and outsourced sterilization services at its own centers (eight bases throughout Japan), supporting essential hospital operations to help create an environment where physicians and nurses can concentrate on providing medical care. Care'x provides multifaceted support for the safety and comfort of its service users by providing nursing care equipment rental for elderly people and home-visit services centered on home-visit nursing.



Sales ratio of the sterilization and related services business (FY2023)

- Operating companies:**
- ▶ Nihon Stery
- Businesses:**
- ▶ In-hospital business: [New customers] Mainly major hospitals, [Existing customers] Expanding scope of service provision
  - ▶ Off-site business: Serving the sterilization needs of small- to medium-sized hospitals and general industry
  - ▶ New business development: Operating room support services, etc.

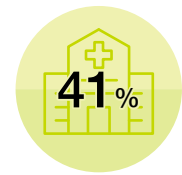


Sales ratio of the home-visiting and nursing care supplies business (FY2023)

- Operating companies:**
- ▶ Care'x
  - ▶ GAIA medicare Inc. (alliance partner)
- Businesses:**
- ▶ Nursing care supplies business: Expanding from the nursing care field to the healthcare field
  - ▶ Home-visiting business: Development of a home-visit blood collection service

## Sterilization

Mainly targeting major hospitals, we provide full-time contracted services for sterilization and management of medical equipment and supplies, previously conducted by nurses and assistant nurses. Another strength of the business is the ability to offer comprehensive proposals combining in-hospital services provided by Nihon Stery, such as operation support for operating rooms and endoscopy rooms, using sterilization services as a starting point.



Share of major hospitals in regions where the Company operates\*1



Number of contracts for in-hospital services (as of September 30, 2024)



In-hospital sterilization service areas\*2

\*1 Share of hospitals with 500 or more beds in 28 prefectures where the Company operates (as of July 2024)  
 \*2 Five of seven areas in Japan (Tokyo metropolitan area, Chubu, Kinki, Kyushu, and Tohoku)

## Home-visiting

In addition to the nursing care market, this business also targets the home-visit nursing market, which is the fastest-growing market in the medical field. Using the H.U. Group's strength in clinical testing resources and enhancing Group collaboration, we have expanded our business while securing our advantage in the industry. In 2022, we formed a capital and business alliance with GAIA medicare Inc., which provides home-visit nursing services, to expand our business base.

Total number of bases: 16 (Tokyo/Kanagawa/Saitama and Kyoto/Osaka)



Number of home-visit nursing stations



Number of care plan centers



Number of home-visit nursing care stations

\*3 28 bases including GAIA medicare Inc. (22 of which are in Tokyo)

## Nursing Care Supplies and Equipment

We operate a rental wholesale business supplying nursing care equipment for elderly people to designated nursing care equipment rental providers. These services support safe living for users by washing, disinfecting, and maintaining equipment for them. As Japan's society ages, demand for nursing care equipment rental has been increasing. In fiscal 2023, we also started providing new services to deliver nursing care equipment at users' travel destinations.



Stable growth through recurring sales business model\*4 (since 2009)



Development of bases with an emphasis on convenience (11 bases including the Tokyo Maintenance Center and satellites)



Supply of high-quality, safe, and reliable products

\*4 A model that allows the Company to earn revenue through continuous service usage, rather than ending with a single transaction

## Strengths in Customer Relationships

### 1 Leveraging the Group's comprehensive capabilities

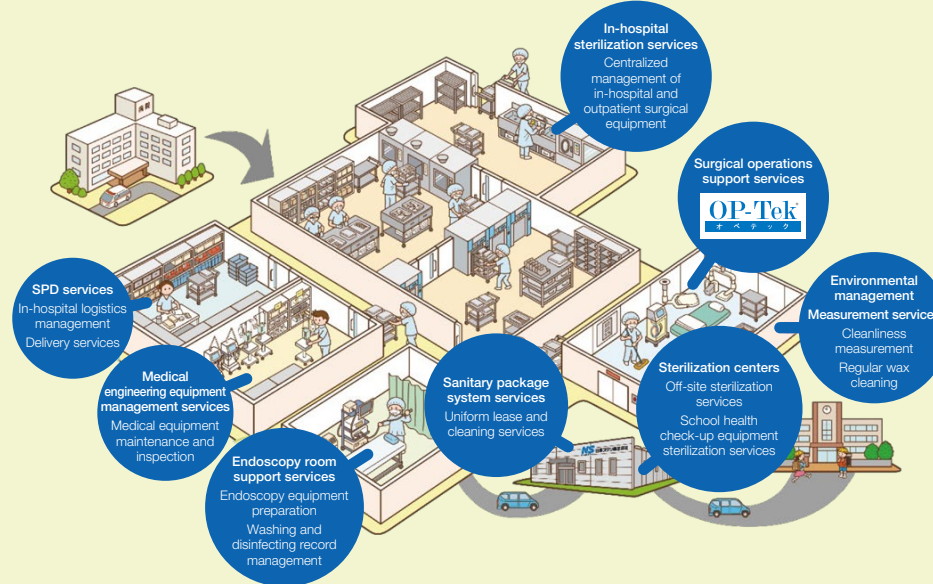
On the front lines of medical and nursing care, securing human resources and maintaining service quality are urgent priorities. Since the HS business itself is labor intensive, as it involves supporting medical and nursing care on the front lines, it is necessary that we pursue customer satisfaction while increasing the productivity of our operations through frontline DX and raising the overall level of employee engagement. Furthermore, the HS business handles areas closest to end users in the Group. We have therefore positioned this business as the starting point for our efforts to expand B2C-related businesses throughout the entire Group.

### 2 Development of value-added services

Nihon Stery initially started its sterilization and related services as an outsourcer using its own sterilization centers. Subsequently, it expanded its in-hospital sterilization services in response to demand from medical institutions. In the process, Nihon Stery focused on the recruitment and development of full-time employees, and encouraged them to obtain qualifications in sterilization.

As it engaged with customer issues on the front lines of medicine, Nihon Stery started offering operating room support services with the aim of contributing to work style reforms for medical professionals and increasing the efficiency of operating room operations. These comprehensive services cover everything from pre-operation preparation to cleansing during and after operations, as well as restocking of supplies, and are drawing increasing attention

## Medical-related Services Based Mainly on Sterilization Business



within the industry. The services have been extremely well received by the customers, medical institutions, who have reported increased operating rates for operating rooms, creation of time for nurses to visit patients before and after surgery, and improvements in attrition rates.

Nihon Stery has recently been providing a service called Teachme Biz® for supporting the creation and sharing of manuals. The service contributes to a significant increase in productivity by allowing users to digitalize manuals for operating room procedures and so forth, as well as providing a platform that enables easy insertion of images and videos for intuitive communication.



A smartphone screenshot of Teachme Biz®

### Voice of an Employee



## Becoming a Total Operating Room Solutions Company

Nihon Stery aims to be a total operating room solutions company. As part of this, we are striving to develop human resources who can perform instrument preparation services.\*5 We have a large number of specialist human resources who have practical experience in handling operating instruments, dating back to their days at university hospitals and so forth. Their track record in actively solving operating room issues has been highly evaluated. Needs for outsourcing instrument preparation services are growing year by year. We have set up an operating room at the company's training center, and we conduct training using the actual instruments and hygiene supplies used in operating rooms. Since fiscal 2023, we have implemented a development curriculum that combines this training with practical training at cooperating facilities. We strive not only to provide training on operative procedures, but also to share expertise that will help in emergencies.

\*5 A service that prepares the necessary instruments for an operation

### Haruna Sato

Representative in Charge of Kanagawa Prefecture Municipal Hospitals, Training Section, Training Department, Greater Tokyo Business Division 2, Nihon Stery, Inc.

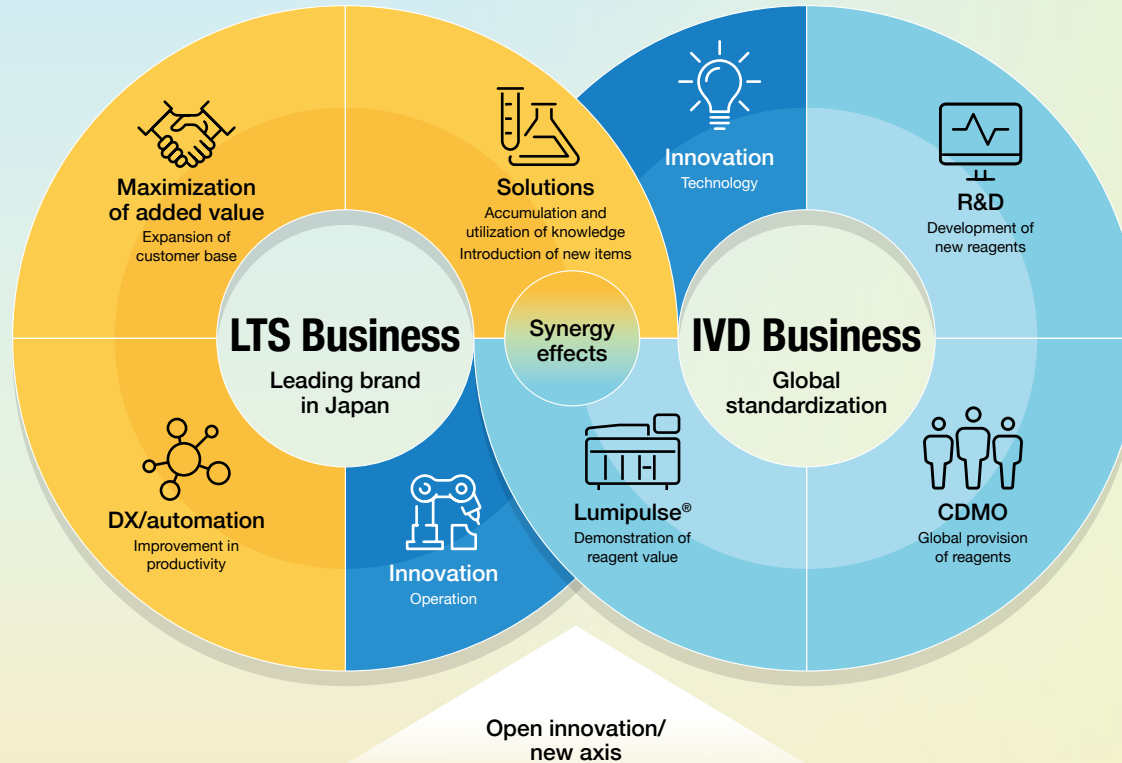
# Framework for Collaborative Value Creation



## Growth Story of the LTS Business

The LTS business provides lab testing and related services centered on commissioned clinical testing, operating one of the largest clinical testing laboratories in the world and a nationwide network. Since its establishment in 1970, the LTS business has leveraged its strengths in esoteric testing, which investigates the causes and progression of diseases, among other fields, and now aims to increase the speed and accuracy of testing by applying DX and automation. Our share of the major hospital market is over 80%,\* and we continue to expand test items of high value to patients, including testing services to support advanced treatments, such as genomic medicine in the fields of cancer and rare diseases, and testing in the healthcare field. Furthermore, we are developing an operations system together with corporate R&D, and we are working closely with the IVD business to generate unrivaled competitive advantages.

\* Research by H.U. Group Holdings (Japanese hospitals with 500 or more beds)



## Growth Story of the IVD Business

The IVD business is working to create innovative test reagents targeting diseases for which effective testing methods are not yet established anywhere in the world. Our business model has a unique strength in that the reagents developed for esoteric test instruments can be utilized in the LTS business to provide a rapid evaluation of their clinical value. We also have the ability to develop customized reagents for other company's platforms. We are accelerating a pivot to a CDMO business model, targeting growth in the global market. Recently, we have been focusing on the development of unique items and content, including the field of neurological diseases, such as Alzheimer's disease, and ultra-high-sensitivity technologies. Our aim is to become a leading global brand in test reagents.



## Corporate R&D to Promote Innovation (H.U. Group Research Institute)

The aim of the institute is to promote the sustainable growth of the H.U. Group by building new technology platforms and intellectual capital and creating products and services that will be the next generation of growth drivers. It actively combines the management resources of each business and promotes the development and introduction of new technologies, realizing the promotion of DX and the release and introduction of new products and services that contribute to the resolution of social and medical issues. It also promotes open innovation inside and outside the Group, leveraging the results of this research to create new businesses and strengthen the competitive advantages of existing ones. Extending the individual potential of our employees through human resource exchanges across organizational boundaries also helps to drive our sustainable growth and is a source of our strength.



## Roundtable Discussion: Co-creating Value to Realize “Healthcare for You”



**Makoto Matsumoto**

Executive Officer, LTS

**Goki Ishikawa**

Executive Officer, IVD

**Kazuya Omi**

Executive Officer and CTO

**MC:** Here, we have the top executives of the LTS and IVD businesses and Group R&D together to discuss the role of co-creation in building Group value. First, we'd like to hear what you think society will likely expect from the H.U. Group 10 years from now.

**Ishikawa:** I feel the healthcare industry has dramatically changed since the COVID-19 pandemic. In the IVD business I oversee, new curative medicines have been developed one after another, and we're working to keep up with the demand for effective testing methods. For example, there's a lot of hope for using blood biomarkers to test for Alzheimer's disease, and we will need to evolve our business for 5 to 10 years in order to penetrate the market as a highly useful test for early detection. Alzheimer's disease affects not only patients but their families and workplace relationships as well. So, in addition to making a qualitative improvement in healthcare, we should view it as a social issue and help address it as such. The H.U. Group is expected to make a concerted effort to provide new value to patients both in Japan and around the world.

**Matsumoto:** The strategies that healthcare organizations implement to treat disorders change over time. Advanced approaches currently capturing public attention, such as genomic medicine, regenerative medicine and cell therapies are still new. However, they will spread widely and quickly and perhaps be taken for granted in 10 years. As personalized medicine makes further progress, the approach to testing and diagnosis will change significantly. Therefore, tests and related services the LTS business offers will have to respond to new demands, such as for compatibility with cutting-edge medical technology and traceability along various measurements, including quality. To sustain the super-aged society that is arriving a decade from now with limited resources, a differentiation in medical institutions based on functions and requiring an information network for sharing testing data regionally will take place, and we will play a supporting role in this effort. We want to expand our area of contribution to

include prevention and pre-symptomatic states of disease and prognosis to help build a more sustainable healthcare system, staying conscious of how test results lead to behavioral changes. I am firmly convinced that it's our mission to comprehensively support the healthcare field.

**Omi:** I'm looking at structural changes in society due to the declining birth rate, aging population and related issues as post-pandemic industry trends. Going forward, it will be important to utilize the technology and know-how we have developed to build high-value testing technologies and systems to create solutions to challenges not only for patients and medical institutions but also throughout the healthcare field. For continuing growth, the H.U. Group must go beyond clinical testing and be widely recognized as a partner in addressing healthcare issues and creating a beneficial cycle in

society. I think testing technologies hold greater potential value than investors and healthcare professionals may realize. H.U. Group Research Institute, which I oversee, is working to expand application of our foundational technology, know-how, and infrastructure horizontally while delving deeper and growing vertically to increase the value of testing. A case in point is a new service that Meiji began offering in September 2024 that optimizes the Group's testing technologies and infrastructure for consumers. By utilizing our foundational technology in collaboration with partners outside the healthcare sector, we can create new value in advanced medicine and healthcare.

**MC:** In helping address social issues caused by Alzheimer's disease and the like, how do you think the LTS and IVD businesses and R&D can cooperate and build value together?

**Ishikawa:** Considering that Innogenetics (now Fujirebio Europe), which joined our Group in 2010, started its research around 1990, the H.U. Group has been working on Alzheimer's disease for over 30 years. In those days, there was no effective treatment for the disease. The firm undertook fundamental research that produced seeds and expanded its connections with the academic world. In 2022, we brought ADx and Fluxus into the Group, made the most of their respective strengths, and built a system to globally market test reagents with real value. Test reagents are meaningful only when they contribute to patients through test results. The greatest advantage of the H.U. Group is our LTS business, which handles patient specimens and test data, allowing us to apply the revolutionary reagents developed by our IVD business in clinical testing services as quickly as possible. We hold the largest share of the domestic market, so our customer base is solid, and the transaction volume we have the pleasure of achieving is overwhelming. By feeding back to the IVD business the opinions of customers from across Japan, we can raise the completeness of our reagents and establish a collaboration unseen anywhere else.



We will introduce our unique “only one” products to testing companies with the top market shares in Japan and use that track record to support global expansion. (Ishikawa)

**Matsumoto:** So far, few medical institutions are able to provide Alzheimer's disease treatment. However, if the range of providers expands from university hospitals to private clinics in the near future, continuous patient monitoring across the Group will become possible through testing services. This will be a big advantage to patients and help raise the efficiency of healthcare spending by reducing duplicate testing. Looking at our business from a higher perspective, we can reconfirm the strength of our “only one” status in providing products and services through a consistent stream flowing beyond the boundaries of our operating companies. Furthermore, because R&D assesses the practical applicability of our products and services, we can establish Group-wide operational processes, another major advantage of the Group.

**Omi:** Innovative technologies and products can help address social issues only when they are effectively applied. So, helping reinforce organizational infrastructure to foster continuing innovation is a crucial mission for R&D, especially H.U. Group Research Institute. I'm proud to say that it plays the role of turning a pair of wheels — IVD, which generates 1 from 0, and

There is growing expectation for co-creating Group value in all fields by maximizing the value of our revolutionary test reagents. (Matsumoto)







Our firm commitment to meeting healthcare needs by every means possible will lead to the creation of new value and new businesses. (Omi)

LTS, which multiplies that to 10 or even 100. Looking ahead 10 to 20 years, it's working to develop new businesses with a flexible mindset. Some recent efforts include combining core technologies and materials of IVD with new technologies or the analytical capacity of LTS. Another strength of the Group lies in its ability to propel value-creation cycles from both seeds and needs, including the activities of H.U. Frontier, which shoulders sales functions. Furthermore, H.U. Group Research Institute has great potential to create synergy with the HS business, and the value it can offer stakeholders is limitless.

**Matsumoto:** In clinical tests, we can quantify substances like proteins, hormones, and enzymes in the body on the nanogram or picogram scales, and we can also locate and study specific genes. We recognize rising expectations for Group value co-creation, not only in testing related to Alzheimer's, but in a broad range of other fields.

**MC: When it comes to co-creating Group value, what are the important points and matters we should focus on?**

**Ishikawa:** Considering worldwide healthcare trends, the IVD business will expand the line of test reagents that can become global standards, and bring them to markets around the world as soon as possible. At the same time, using our global network and through the CDMO business, we need to evolve differentiation strategies based on technology unique to our Group.

**Matsumoto:** The LTS business will start offering new testing services promptly, using test data and reagents accumulated by the IVD business. The technology and expertise built over 50 years since our founding have become valuable intangible assets that sustain our continuing growth and competitive strength. For example, in starting up the H.U. Bioness Complex, we established a new clinical testing operation as a joint effort with H.U. Group Research Institute and the DX team. And through trial and error, we substantially increased productivity as a result. The specialized knowledge and experience we have accumulated over the years were leveraged in developing an automated line. I witnessed firsthand the Group's ability to solve problems and create highly efficient processes. The three of us here, each heading a business, often share our visions and challenges. Going forward, the key to growth will lie in how we develop the strengths of the Group with all of our employees.

**Omi:** I think our focus should be on training personnel. I believe a strong commitment among our engineers and operational teams to address healthcare issues will drive the creation of new businesses. Therefore, I'd like to see Group R&D and H.U. Group Research Institute, which lead Group innovation, function as places to foster high ambitions and expertise. Recently, the two organizations have been actively exchanging personnel with the operating companies LTS, IVD, and HS. I feel many employees are developing multidimensional perspectives as a result. At the recent R&D Results Reporting Meeting, our first in four years, I saw presentations on technology development in new fields and more valuable research results than ever. These developments have the potential to help us realize the "Healthcare for You" we advocate.

**Ishikawa:** After gaining much experience during the three years of the pandemic, we started seeing members of the IVD business abroad contact H.U. Group Research Institute routinely for deeper collaboration with the LTS business in Japan. In a changing business environment like this, we will make the most of the Group's strengths to accelerate initiatives leading to innovation and sustainable growth. We will continue deepening collaborations between operating companies to create new value that will lead to positive changes in medicine and healthcare.



Fiscal 2023 R&D Results Reporting Meeting



# Performance Highlights

## Financial Indicators

		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	(¥ million)	181,415	188,712	223,016	272,944	260,908	<b>236,950</b>
EBITDA*	(¥ million)	24,353	21,270	37,887	65,118	43,076	<b>16,828</b>
Operating profit	(¥ million)	14,648	9,939	25,392	50,490	23,381	<b>-4,043</b>
Ordinary profit	(¥ million)	11,524	6,468	25,458	47,422	22,010	<b>-7,241</b>
Profit (loss) attributable to owners of parent	(¥ million)	6,386	-516	17,468	29,599	15,676	<b>-7,553</b>
Total assets	(¥ million)	201,234	219,403	252,751	286,587	297,924	<b>290,849</b>
Net assets	(¥ million)	112,973	103,228	115,298	140,178	150,047	<b>142,505</b>
Net cash	(¥ million)	-13,187	-29,156	-22,769	-10,841	-19,514	<b>-30,153</b>
Cash flows from operating activities	(¥ million)	16,244	15,229	35,588	55,229	32,535	<b>16,551</b>
Cash flows from investing activities	(¥ million)	-34,902	-21,761	-28,273	-30,862	-29,583	<b>-16,050</b>
Cash flows from financing activities	(¥ million)	31,973	8,234	-1,566	-21,725	-5,757	<b>-5,782</b>
Cash and cash equivalents at end of period	(¥ million)	33,688	36,226	42,950	46,479	44,185	<b>39,946</b>
Operating profit margin	(%)	8.1	5.3	11.4	18.5	9.0	<b>-1.7</b>
ROE	(%)	5.7	-0.5	16.0	23.2	10.8	<b>-5.2</b>
ROA	(%)	6.1	3.1	10.8	17.6	7.5	<b>-2.5</b>
ROIC	(%)	6.3	3.7	8.7	15.4	7.0	<b>-1.2</b>
Equity ratio	(%)	56.0	47.0	45.6	48.9	50.3	<b>49.0</b>
Basic earnings (loss) per share	(¥)	111.94	-9.06	306.38	519.55	275.52	<b>-132.77</b>
Net assets per share	(¥)	1,980.27	1,809.18	2,020.01	2,463.33	2,635.26	<b>2,506.50</b>
Research & development expenses	(¥ million)	5,937	5,514	5,944	7,281	9,556	<b>11,262</b>
Capital expenditure	(¥ million)	17,768	18,833	27,375	41,654	22,558	<b>19,128</b>
Depreciation	(¥ million)	8,692	10,432	12,091	14,527	19,491	<b>20,323</b>
Dividend payout ratio (consolidated)	(%)	116.1	—	47.1	24.1	45.4	<b>—</b>
Dividends per share	(¥)	130	130	144	125	125	<b>125</b>
Number of issued shares at end of period	(Shares)	57,361,385	57,387,861	57,416,407	57,446,657	57,471,867	<b>57,473,822</b>
Number of treasury shares at end of period	(Shares)	404,381	408,064	389,287	569,941	561,968	<b>654,819</b>

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



## Non-financial Indicators

			FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	
Environment	CO <sub>2</sub> emissions (Scope 1, Scope 2 and Scope 3)* <sup>1,2</sup>	(t-CO <sub>2</sub> )	388,459	364,653	478,054	417,574	382,567	<b>305,506</b>	
	Scope 1* <sup>2</sup>	(t-CO <sub>2</sub> )	10,712	11,162	13,199	14,239	14,020	<b>8,933</b>	
	Scope 2* <sup>2</sup>	(t-CO <sub>2</sub> )	22,822	22,088	26,295	29,780	34,561	<b>32,486</b>	
	Scope 3* <sup>2,3</sup>	(t-CO <sub>2</sub> )	354,925	331,403	438,560	373,555	333,986	<b>264,087</b>	
	Energy use* <sup>4</sup>	(GJ)	661,788	672,231	841,186	977,461	1,062,611	<b>970,292</b>	
	Electricity use* <sup>4</sup>	(GJ)	481,095	484,820	620,826	740,279	829,542	<b>803,910</b>	
	Gasoline use* <sup>4</sup>	(GJ)	86,654	92,596	111,830	112,362	95,990	<b>39,315</b>	
	Amount of waste generated	(t)	3,581	3,494	3,452	3,755	4,026	<b>4,676</b>	
	Waste plastic recycling* <sup>5</sup>	(%)	68	71	74	76	86	<b>85</b>	
Water intake	(1,000 m <sup>3</sup> )	374	399	392	390	420	<b>413</b>		
Business partners	Number of risk assessments collected* <sup>6</sup>	(Companies)	—	89	33	23	85	<b>54</b>	
	Risk assessment collection rate* <sup>6</sup>	(%)	—	100	54.1	88.5	100	<b>87.1</b>	
	Reported cases of child labor at suppliers	(Number)	0	0	0	0	0	<b>0</b>	
	Reported cases of forced labor at suppliers	(Number)	0	0	0	0	0	<b>0</b>	
Social	Average age	(Years old)	42.5	40.0	41.2	41.9	42.1	<b>41.8</b>	
	Average years of service (male/female)	(Years)	14.3/11.1	13.0/10.0	13.5/11.2	13.0/11.3	13.6/11.8	<b>14.7/12.9</b>	
	Gender ratio (male:female)	(%)	64:36	57:43	55:45	56:44	55:45	<b>56:44</b>	
	Employees* <sup>7</sup>	Percentage of female managers* <sup>8</sup>	(%)	—	—	16.8	18.6	20.2	<b>22.2</b>
		Japan	(%)	14.1	14.2	13.4	12.2	14.7	<b>17.8</b>
		Percentage of females in new graduate hires	(%)	62.6	69.8	64.2	45.3	52.8	<b>54.5</b>
		Percentage of employees returning to work after maternity/parental leave	(%)	90.6	97.0	97.9	98.8	99.1	<b>94.6</b>
	Average monthly overtime hours	(Hours)	19.0	21.0	16.9	20.4	16.0	<b>24.6</b>	

## Applicable range

Environment: Aggregated results of Japanese Group companies up to fiscal 2019; and of Japanese and overseas Group companies from fiscal 2020.

Social: Aggregated results of the three core companies in fiscal 2018; of Japanese Group companies in fiscal 2019; and of Japanese and overseas Group companies from fiscal 2020.

\*1 Based on Ministry of the Environment database: Emission Factor Database on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain

\*2 Calculated based on third-party verification from fiscal 2021 (figures prior to third-party validation until fiscal 2020)

\*3 Target items calculated based on Scope 3 items of the GHG Protocol

\*4 Calculated by converting to crude oil

\*5 Item specialized in Japan

\*6 Suppliers at 80% sales coverage of each of the applicable ranges

\*7 Full-time employees

\*8 Managers and above

# Message from the CFO



**Naoki Kitamura**

Director,  
Managing Executive  
Officer and CFO, HS

**We will focus on improving our earnings foundation and work to build a healthy, strong financial base through enhanced cash flow management.**

After participating in drawing up the medium-term plan that started in fiscal 2020 during my previous term as CFO, I became the Executive Officer in Charge of the HS business. I assumed the position of CFO again in June 2024.

Despite the impact of the pandemic, we have been making steady progress toward our medium-term goals in building a growth foundation for each business, as initially intended. In the LTS business, we are working to turn around the entire business, with higher profitability made possible by the full-scale operation of the H.U. Bioness Complex, which recently started up to help make our testing systems more reliable and efficient, and by an intensive review of our cost structures, including collections and distribution. In the IVD business, we have been steadily undertaking growth-focused investments and M&A actions with the CDMO business as the core. I believe the effects of these efforts will be reflected in our financial results starting in the second half of fiscal 2024.

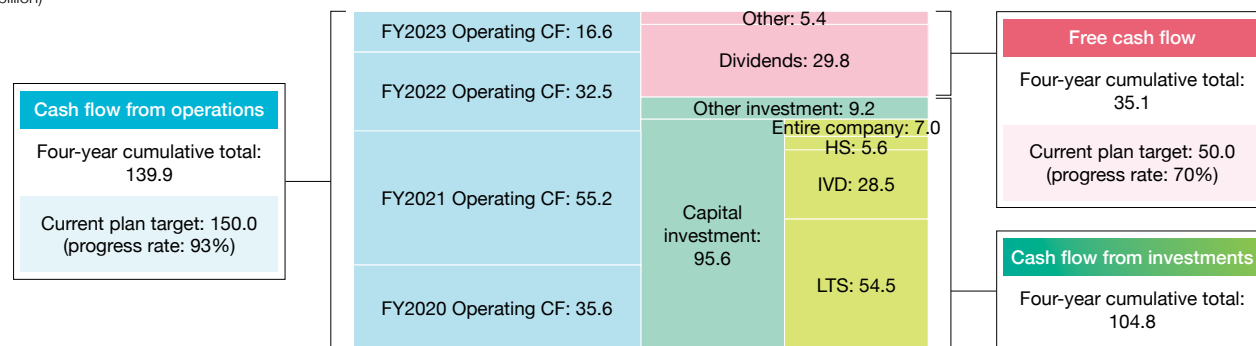
The next medium-term plan will be our harvesting phase, as the significant growth investments we have made begin to show real returns. With this in mind, in fiscal 2024, we will

focus on our foundation for earnings, maintain good financial health, and manage our operations with an awareness of capital efficiency. The plan prioritizes achieving numerical targets of ¥150.0 billion in operating cash flow and ¥50.0 billion in free cash flow over five years cumulatively. To achieve our profit goals, we put the Accounting and Finance Division and FP&A Division of H.U. Group Holdings under the same organization. This will enhance our ability to analyze the progress of our business strategy and plans from a financial viewpoint, manage resources more efficiently, and speed up our decision-making processes. Through these efforts, we will more flexibly implement initiatives to improve our ability to generate operating cash flow.

During the pandemic, starting in 2020, we offered comprehensive testing support for airport quarantines and proved our ability to create new businesses with our LTS and IVD businesses, R&D and sales segments working together. With this success in mobilizing Group strengths, I'm sure that employees have grown confident that deepening unified Group management will lead to business opportunities and profit maximization. In the next medium-term plan, we will maximize corporate value by further accelerating efforts to deepen such management, and put the Group back on a growth path.

**Four-year Cumulative Cash Flow (Capital Allocation) FY2020-FY2023**

(¥ billion)



**As a CFO who understands the perspective of front-line employees, I will work to build our earnings muscle to raise capital efficiency and realize higher corporate value and continued growth.**

My responsibility as CFO is to maintain financial discipline and oversee the execution of a range of measures for reliable cash flow generation. Our ratio of net interest-bearing debt to EBITDA for fiscal 2023 was 1.79, but I believe we can reduce that to 1.3 or less, the target we have set for fiscal 2024 in the medium-term plan. To this end, our primary course of action will entail maximizing operating cash flow mainly by improving our cash conversion cycle, focusing on minimizing investment cash flow through such means as utilizing finance leasing in capital investments, and making necessary investments with a careful eye on profitability.

We are prioritizing disciplined balance sheet management, and our Investment Committee discusses any prospective investment target of over ¥300.0 million to decide whether to move forward. An important criterion for that decision is the

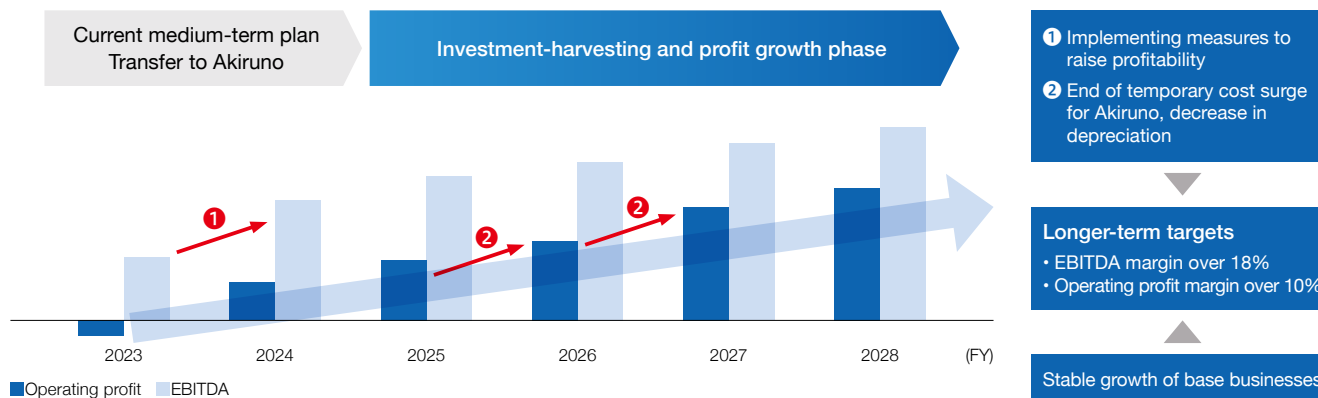
hurdle rate, which is based on capital cost considering specific business and country risks. Our hurdle rate is in the range of 8-24%. Depreciation costs for fiscal 2024 will be higher than in the previous fiscal year, mainly due to the H.U. Bioness Complex startup. Costs are expected to peak in fiscal 2025, and after fiscal 2027, we project a steady decrease along with diminishing systems-related depreciation.

I believe our weighted average cost of capital has been reduced appropriately from a capital structure perspective, as we are utilizing debt at a healthy level. On the other hand, we recognize the challenge to be reducing the cost of shareholder equity, and we must increase trust among our shareholders by demonstrating consistent growth and financial stability.

Regarding our dividend policy, as we have been communicating through our IR activities, we will aim for a consolidated dividend on equity (DOE) of approximately 6%, and will provide reliable, continuing returns to shareholders. By using DOE as our main KPI, we aim to demonstrate the management team’s confidence in generating free cash flow that allows us to maintain the current level of dividends.

To give our shareholders and investors a greater understanding of the Group’s growth potential, we see the next medium-term plan as an opportunity to tell a compelling story of value creation. From my experience managing the HS business, I recognize that it’s also my responsibility to maintain constructive communication between management and front-line employees, ensuring continuous contributions to corporate value. It’s important to truly listen to employee voices and relay their feedback to management. In fiscal 2023, I held over 40 town hall meetings and engaged with over 400 employees. The more I talked with them, the more it hit home for me that we must maintain high employee engagement to best manage our human capital. To make the most of each employee’s potential, I think we need to do more than large-scale DX at an operations level. Floor-level DX, such as developing simple apps in-house and utilizing AI, is also essential. As a CFO who understands the perspective of frontline employees, I will work to build a solid financial base and realize sustainable growth of the Group through innovation.

**EBITDA and Operating Profit Outlook for the Next Five Years**



**Financial Discipline**

	FY2022 (Result)	FY2023 (Result)	FY2024 (Target)
Net interest-bearing debt to EBITDA (excl. lease obligations) (times)	0.45	1.79	1.3 or less (2.5 or less during the medium-term plan)
Equity ratio (excl. real estate finance) (%)	50.3%	49.0%	40% or more

**Shareholder Returns**

	FY2022 (Result)	FY2023 (Result)	FY2024 (Target)
Dividend per share (yen)	125	125	125

# Overview by Business

## LTS Business



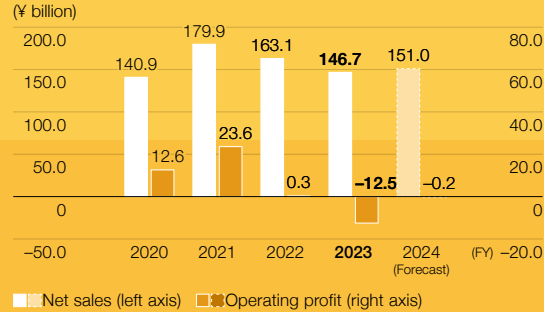
### Main Products and Services

- ▶ Testing business (including CRO functions)
- ▶ Health check-up support business
- ▶ Food, environment, cosmetics testing business

### Main Companies

- ▶ SRL, Inc.
- ▶ Nihon Rinsho, Inc.
- ▶ HOKUSHIN Clinical Laboratory, Inc., etc.

### LTS Business: Net Sales and Operating Profit



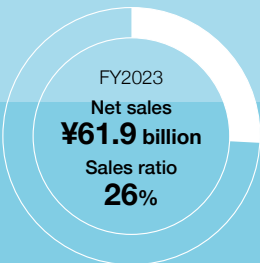
### Main Strategies and Initiatives

- ▶ Realize the effects of the H.U. Bioness Complex
- ▶ Radically reform the structure of fixed costs
- ▶ Improve profitability

### Medium-term Plan Targets and Performance for LTS Business

	FY2024 Target	FY2023 Result
Net sales CAGR	6% or more*	5.1%
EBITDA margin	17% or more	-0.1%
Operating profit margin	9% or more	-8.5%

## IVD Business



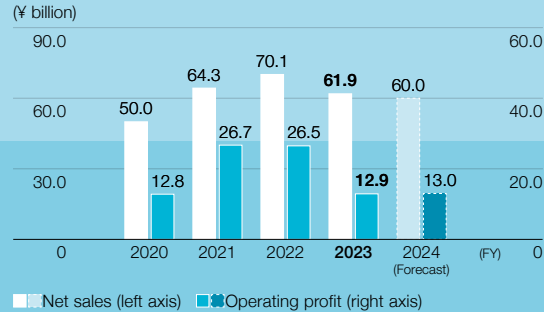
### Main Products and Services

- ▶ Lumipulse® business
- ▶ CDMO and raw material supply business
- ▶ Other products

### Main Companies

- ▶ Fujirebio Holdings, Inc.
- ▶ Fujirebio Inc.
- ▶ Fujirebio Diagnostics, Inc. (U.S.), etc.

### IVD Business: Net Sales and Operating Profit



### Main Strategies and Initiatives

- ▶ Focus on utilizing Lumipulse® units, having accelerated their installation
- ▶ Expand CDMO projects
- ▶ Accelerate development of new reagents for Alzheimer's disease, etc.

### Medium-term Plan Targets and Performance for IVD Business

	FY2024 Target	FY2023 Result
Net sales CAGR	4.5% or more*	11.5%
EBITDA margin	25% or more	29.5%
Operating profit margin	20% or more	20.9%

## HS Business



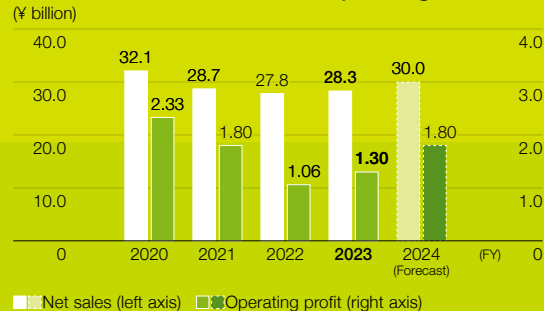
### Main Products and Services

- ▶ Sterilization and related services business
- ▶ Home-visiting and nursing care supplies business

### Main Companies

- ▶ Nihon Stery, Inc.
- ▶ Care'x, Inc.

### HS Business: Net Sales and Operating Profit



### Main Strategies and Initiatives

- ▶ Sterilization: Stable growth of in-hospital business focused on profit and strengthening of off-site business
- ▶ Home-visiting: Concentrating on expanding the size of existing stations
- ▶ Nursing care supplies: Stable growth that takes into account the balance between customer needs and profits

### Medium-term Plan Targets and Performance for HS Business

	FY2024 Target	FY2023 Result
Net sales CAGR	9% or more*	-0.1%
EBITDA margin	12% or more	10.7%
Operating profit margin	9% or more	4.7%

\* Five-year average (FY2019-FY2024)



# Medium-term Plan Progress

## Initiatives of the Medium-term Plan, H.U. 2025—Hiyaku (Significant Growth) & United

The Company has been promoting the medium-term plan, H.U. 2025—Hiyaku (Significant Growth) & United, covering the period from fiscal 2020 to fiscal 2024, with the aim of achieving rapid and sustainable growth in the future.

Over the three years starting in fiscal 2020, as the spread and prolongation of COVID-19 were far greater than anticipated at the time of formulating this medium-term plan, the entire Group worked as one to respond to the situation through efforts including PCR testing and high-sensitivity quantitative antigen testing at airport quarantine stations. Meanwhile, the H.U. Bioness Complex, which is the H.U. Group's core facility that includes one of the world's largest clinical testing laboratories, commenced full operations in May 2023 despite partial postponement of the plan due to a delay in launch preparations. The H.U. Bioness Complex is positioned as the most important component of the current medium-term plan.

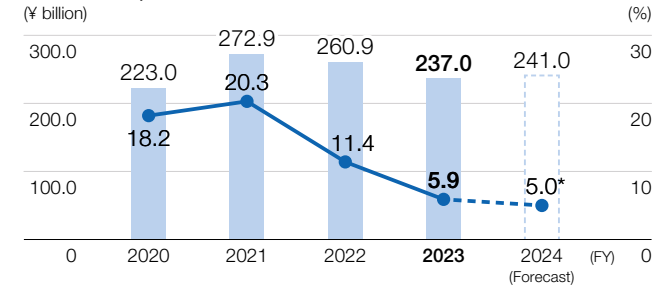
In fiscal 2023, profitability deteriorated due to factors such as a rapid decrease in tests related to COVID-19 and slow recovery of the base testing volume, resulting in a limited effect on a single-year basis.

In fiscal 2024, which is the final year of the current medium-term plan, we will work to improve profitability by improving operational efficiency centered on the H.U. Bioness Complex, strengthen our management foundation to achieve stable business continuity, and focus on growing our base businesses with a view to the post-COVID-19 era. By completing the transition of the H.U. Bioness Complex to new systems as a top priority and achieving an optimal cost structure, we will build a solid foundation to get back on a growth trajectory as a Group.

### Activities to Date and Future Direction

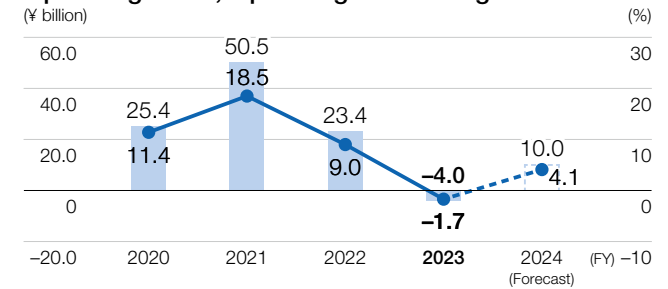
FY2020-FY2022	FY2023	FY2024
<p><b>Despite anticipating an increase in costs and a deterioration of profitability associated with the launch of the H.U. Bioness Complex, COVID-19 initiatives generated substantial profits</b></p> <ul style="list-style-type: none"> <li>▶ Prioritized COVID-19 initiatives as our foremost social responsibility                             <ul style="list-style-type: none"> <li>- Offered PCR testing services from the outset and pioneered and launched the world's first quantitative antigen testing reagents</li> <li>- Established a testing system at airport quarantine stations and provided support for large-scale events (total COVID-19-related sales over three years amounted to ¥142.0 billion)</li> </ul> </li> <li>▶ Negative factors such as a decrease in base testing volume and an increase in COVID-19-related costs were offset by increased sales and profit                             <ul style="list-style-type: none"> <li>- Sales mix changed</li> <li>- Fixed cost structure worsened</li> </ul> </li> <li>▶ Launch of the H.U. Bioness Complex delayed</li> </ul>	<p><b>Profitability declined due to lower sales and higher costs</b></p> <ul style="list-style-type: none"> <li>▶ Significant decline in COVID-19-related testing sales (net sales: ¥12.6 billion, a year-on-year decrease of 72%)</li> <li>▶ Slow recovery of decreased base testing volume</li> <li>▶ Started a fundamental review of fixed cost structure</li> <li>▶ Transfer to the H.U. Bioness Complex started, but its effect was limited</li> </ul>	<p><b>Achieve revenue growth while increasing profit and establish a more profitable foundation through cost control</b></p> <ul style="list-style-type: none"> <li>▶ Complete the transfer to the H.U. Bioness Complex</li> <li>▶ Establish an optimal cost structure for the post-COVID-19 era and medium- to long-term growth (fundamental improvements to fixed costs)</li> <li>▶ Strive for profitable sales growth, anticipating recovery of base testing</li> </ul>

### Net Sales, Net Sales CAGR

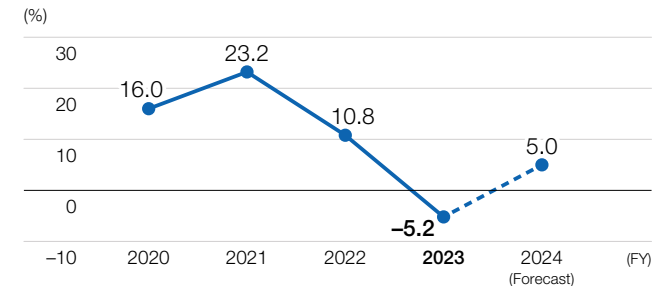


Note: Net sales CAGR for FY2020 is the growth rate from the previous year.  
\* Five-year average (FY2019-FY2024)

### Operating Profit, Operating Profit Margin



### ROE



## Full-scale Operations of the H.U. Bioness Complex

The H.U. Bioness Complex is the central facility of the H.U. Group. It covers an area of approximately 122,000 m<sup>2</sup> (around 2.7 times the size of Tokyo Dome) and includes the R&D Building and testing laboratories.

The facility started full-scale operations in May 2023. In general testing, the complex is able to process a high volume of tests through fully automated lines and a 24-hour operation system, while in esoteric testing, it is equipped to handle the most advanced test items. By deploying robotics and other technologies, the new facility is pursuing drastic improvements in operational efficiency. Compared to the testing process conducted in fiscal 2021 at our former laboratory buildings in Hachioji City, we have seen a dramatic increase in operation productivity, particularly with the decrease in the burden of transporting specimens. We have achieved labor reductions in preprocessing operations as well. Furthermore, the facility is designed to increase both the quality and efficiency of testing by preventing human error through the use of IT and AI.

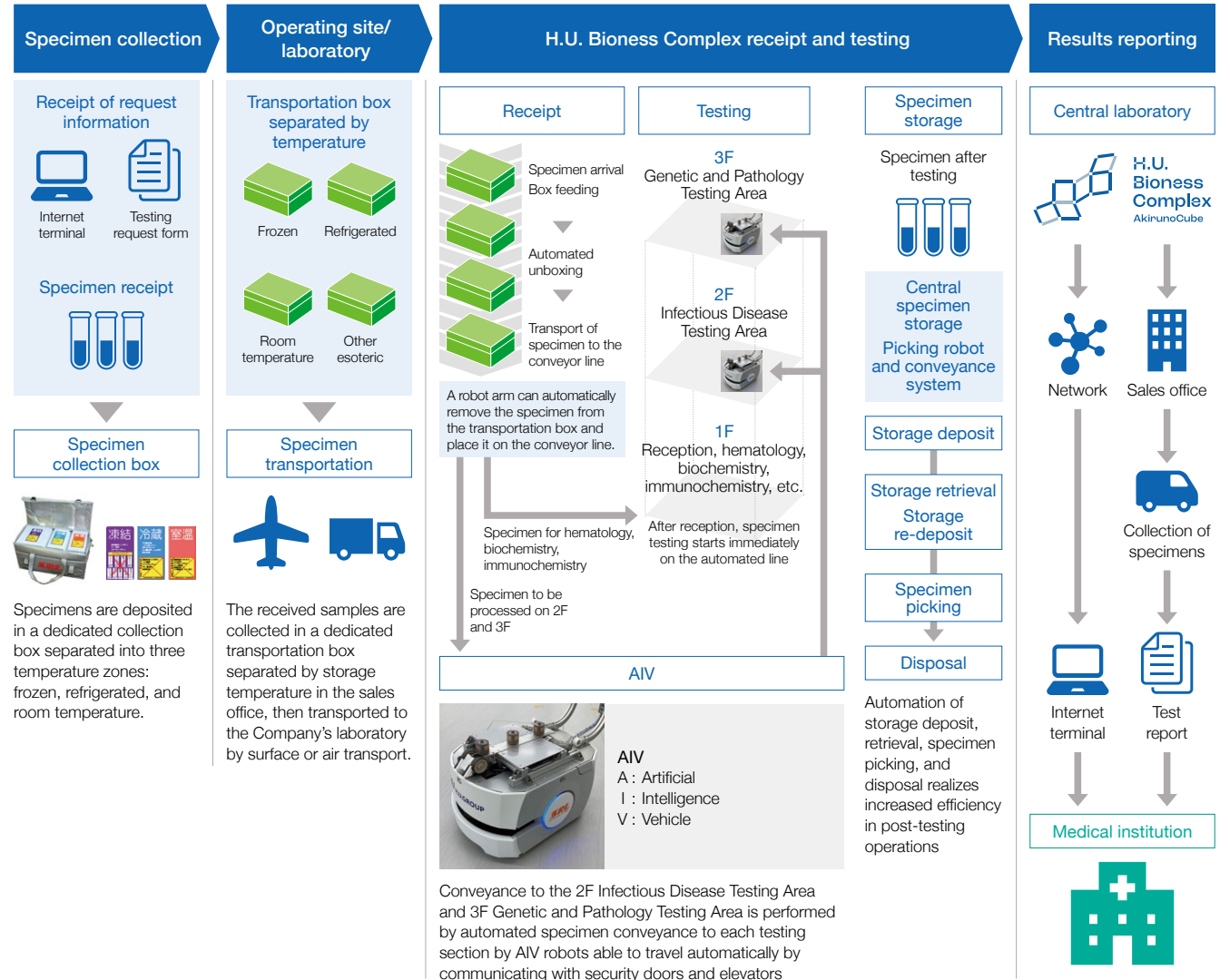
### Social Finance Reporting

Allocation of Funds			Amount (¥ million)
Amount of funds (after deduction of expenses from social bonds and loans)			24,923
Expenditure from FY2019 to FY2023 (result)	H.U. Bioness Complex	IT systems	15,334
		Equipment	8,590
	R&D	999	
Subtotal			24,923
Balance as of the end of FY2023			0

Output Report	Investment Amount (¥ million)
Reception equipment	4,510
Testing machines	2,522
Central specimen storage	1,118
Software	13,321
Other equipment	440

Note: Newly installed equipment and IT systems at the H.U. Bioness Complex (until operations in FY2023)

### Flow from Specimen Receipt to Test Result Reporting



# 03

## Profitability Improvement in the LTS Business

In the LTS business, our most important priority is to improve profitability, which has declined as consumers have avoided seeing doctors due to the COVID-19 pandemic, while the cost of tests has gone up due to increased logistics costs. We are promoting optimization of our business structure and logistics, as well as cost reduction measures.

We aim to concentrate and streamline testing operations centered on the H.U. Bioness Complex, which commenced full-scale operations in 2023, and we have started building a stable testing system there. The core operations of the H.U. Bioness Complex are supported by its information system. To realize increased flexibility and lower costs, we are working to transition to new systems.

Moreover, in fiscal 2023, we promoted a number of measures in parallel aimed at reducing the cost of testing. These included increasing the rate of valid tests by reviewing our retesting criteria

and reevaluating testing reagents. With regard to optimizing logistics, our project to build joint logistics with MEDIPAL HOLDINGS is proceeding as planned. In fiscal 2023, we started a feasibility study for joint delivery of materials in the Greater Tokyo Area. We have subsequently expanded our feasibility study to include specimen collection, and we are currently verifying the effectiveness of this approach in reducing the number of vehicles and total cost.

In fiscal 2024, testing demand is expected to recover as the impact of COVID-19 wanes. Through the acquisition of new customers and other factors, we expect to achieve average annual growth of 3.5% or higher overall. We will promote the introduction of new items in disease areas that are advanced and subject to strong medical demand, such as cancer genomes, as we improve our marginal profit ratio. We have also introduced new items in genetic testing, and we expect this area to continue growing rapidly going forward.

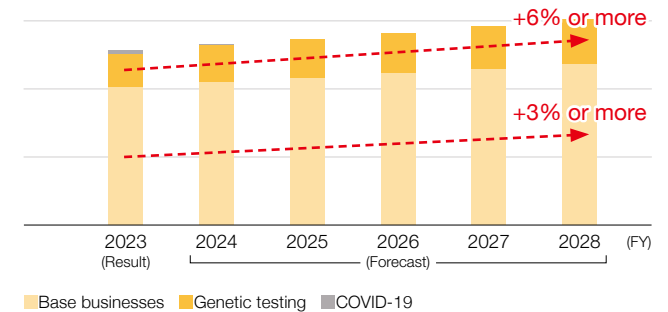


Full view of the H.U. Bioness Complex

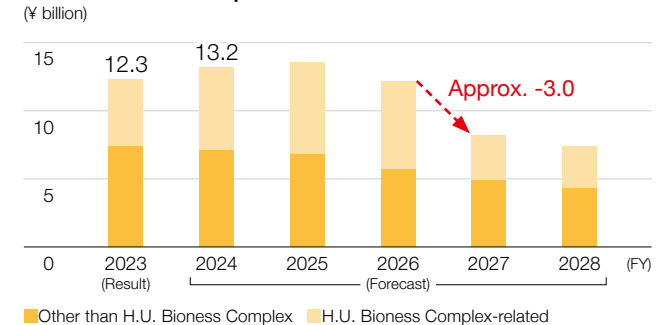
### Changes in the Business Environment and the Direction of the H.U. Group's Strategy

	Before COVID-19 (up to 2019)	During COVID-19 (2020 to 2023)	After COVID-19 (2024 onward)
<b>Market environment</b>	<ul style="list-style-type: none"> <li>▶ Realignment of hospitals and hospital beds in progress</li> <li>▶ Growing number of general practitioners</li> </ul>	<ul style="list-style-type: none"> <li>▶ Behavioral changes in patients during the pandemic</li> <li>▶ Rapid expansion of genetic testing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Escalation of inflation in material costs, logistics costs, etc.</li> <li>▶ Swift evolution of treatment strategies</li> <li>▶ Deterioration in medical institutions' business conditions</li> </ul>
<b>Group actions and future direction</b>	<ul style="list-style-type: none"> <li>▶ Decided to accelerate acquisition of general practitioners as customers to secure volume in Akiruno</li> <li>▶ Aimed for esoteric testing growth by leveraging in-hospital customer acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Top priority given to COVID-19 initiatives</li> <li>▶ Addressing the expansion of genetic testing</li> <li>▶ Transfer to the H.U. Bioness Complex in progress</li> </ul>	<ul style="list-style-type: none"> <li>▶ General practitioner strategy has been revised, focusing on establishing a foundation to provide optimal services tailored to each region</li> <li>▶ Continued enhancement of expertise in esoteric testing</li> <li>▶ Advancement in genetic testing fields</li> <li>▶ Fundamental improvement of the earnings structure of testing</li> </ul>

### LTS Business: Outlook for Sales Growth



### LTS Business: Depreciation Forecast



# 04 Group Integration Strategy

## Promotion of DX

The H.U. Group has formulated a Digital Vision for a management transformation to realize its Mission and Vision. We will promote digital transformation (DX) along two axes.

The first axis is a lean operation\*1 with greater sophistication and efficiency of operational processes and reduced costs. In the LTS business, we have established a clinical testing platform with Japan's largest test processing capacity centered on the H.U. Bioness Complex, and started on a project to expand it nationwide. Our testing laboratory has processing capacity for hundreds of thousands of tests per day. We have achieved full testing automation and reduced TAT (the time from specimen arrival at the testing lab to reporting of the result), and we are striving to increase test reliability and maintain efficient operations through measures including analysis of large volumes of testing process data and visualization of test progress status and the processing capacity of each testing machine. We are also using AI to support the interpretation of test results and RFIDs to increase test accuracy and enhance process efficiency, as well as introducing the latest technologies.

In the IVD business, we reformed manufacturing based on data usage by predicting testing machine and reagent demand in Japan and overseas, building a supply chain planning system that coordinates manufacturing and supply, and achieving shorter lead times and reduced inventories. Moreover, in the sterilization and related services business of the HS business, we introduced a cloud-based manual system with videos that operates on a tablet in order to train workers and improve the quality of their operations in a short time.

The second axis is the creation of a new healthcare business based on the use of digital technology and accumulated data. In our individual-focused business, we will provide a health management app for consumers using personal health records (PHRs), centered on Ishinban, Inc., while promoting new services linked to

Mynaportal\*2 and healthcare services focused on individuals linked with pharmacies and so forth. Moreover, to provide new healthcare services, H.U. Group Research Institute (HRI) has started an immunoassay service in collaboration with Meiji Co., Ltd. based on the relationship between lifestyle habits and immune status in order to promote health. Looking ahead, we will build system platforms that encourage innovation through this kind of collaboration with other industries and provide advanced healthcare services using genome analysis technologies in collaboration with medical institutions and others.

The key to promoting business reform by leveraging IT is human resources. Currently, we are implementing the Education Program for Human Resources Who Will Promote DX for all employees. In addition, we are working on an On-site Support DX Project aiming to increase practical skills by resolving issues reported from the front lines with the goal of developing specialists in DX.

As a healthcare innovator, the Group will accelerate its digital business reforms, aiming to integrate the technologies and know-how of our LTS, IVD, and HS businesses with digital technology to enable us to deliver wide-ranging value to both individual consumers and medical institutions.

\*1 Continuously improving operations to increase the productivity of a corporate organization

\*2 A government-operated administrative service platform that was opened in conjunction with the launch of the My Number system

## H.U. Digital Vision

To realize reforms for better medical care services, we will maximize the potential of digital technology and ICT to create new value in the healthcare business

(1) Lean operation aiming for streamlining and increased efficiency

(2) Using digital technology to create value that closely aligns with individuals

Building a human resource base and technology innovation platform for providing new digital healthcare

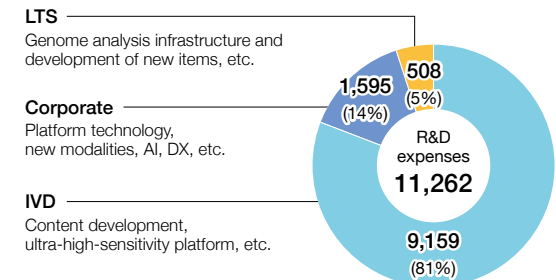
## Corporate R&D

HRI provides the corporate R&D function separately from the H.U. Group operating companies' R&D divisions. It provides basic R&D of platform technologies that continuously generate future business seeds. HRI collaborates actively with corporations and research institutes within and outside the Group, covering all stages from exploration of research themes to real-world application, which is a goal of R&D.

As the Group's central R&D organization, HRI is currently focusing on the following three points. The first is creation of innovation. We are promoting research activities with a focus on "value" that contributes to solutions for market needs and social issues in the medical and healthcare domain. A notable achievement of our activities in fiscal 2023 was the building of a new technology and digital platform for making testing feel more familiar and bringing it closer to different industries and non-clinical settings. We started Testing as a Service (TaaS), a testing business offering a new testing experience through the provision of this platform to customers and partner companies seeking to incorporate various tests into their own businesses. In addition to contributing to issue resolution and business value increase for our non-healthcare-related customers and partner companies, we will also promote activities to expand the potential of testing itself, as the Group's strength, and increase its value.

## Composition of R&D Expenses (FY2023)

(¥ million)





The second focus point is research activities that will strengthen existing businesses. By merging advanced technologies such as AI and IoT and our manufacturing know-how with our existing businesses, we aim to create new customer experiences. The medical and healthcare domain is facing significant challenges, including various cost increases and human resource shortages. The Group is also facing these challenges, and we are taking measures to address them in the form of frontline improvement activities through digitalization of laboratory operations, AI development and implementation, and manufacturing efficiency-boosting tools, under the concept of laboratory transformation (LX). Recently, we have succeeded in the development and patenting of an AI that supports high-level decisions by the clinical testing technicians. This technology is unique to the Group, which has an LTS business, and we have started implementing it on the front lines. This development has resulted in a substantial increase in efficiency in the businesses operated by our Group companies. Going forward, we also plan to provide the results and know-how obtained from this activity to external medical facilities and healthcare companies. Meanwhile, new business models that are outside the trajectory of existing businesses and projects involving the implementation of solutions are positioned as “internal venture” projects to be managed by HRI, which promotes the effective utilization of the technologies and expertise of each operating company.

The third point is developing the next generation of human resources. In addition to the development of project managers who will drive new business creation, management is strongly aware of the importance of developing human resources who specialize in areas such as manufacturing, LX and DX, and digital areas such as AI and appropriate handling of large amounts of genome data. Currently, the cycle of systematic human resource development with our front lines leading the planning and implementation of education and training content is functioning well, and the overall level of our human resource foundation is increasing. We are gradually instilling the culture of a human resource development cycle in which people achieve their own growth by actively taking the role of a teacher for others rather than waiting to be taught.

**Case Study 1 Promotion of the Independently Developed Technology EViSTEP® Development of a Proprietary, Fully Automated Technology Able to Collect Exosomes/Extracellular Vesicles (EVs) with Higher Reproducibility than Conventional Methods**

Recently, research into exosomes/EVs\*3 has been drawing attention in the medical world, and a large number of kits for collecting them from samples are being developed and supplied. However, these entail considerable manual work, and there is also an issue of low data reproducibility.

EViSTEP® is a platform technology related to EVs, developed by HRI, and uses proprietary technology to enable EV recovery with higher efficiency than conventional technology. Moreover, by succeeding in the development of fully automated collection equipment able to obtain highly reproducible research data, we have been able to fully automate the collection of EVs from samples. In addition, we established a fully automated quantitative measuring system for collected EVs using the chemiluminescent enzyme immunoassay (CLEIA) method with Lumipulse®.

We are already verifying the validity of this technology and obtaining academic achievements through alliances with several academic institutions and companies in Japan and overseas. Furthermore, on the premise of social implementation of this technology, from 2023, we started contracted services related to EVs within the Group. Since EVs are currently a focus in the regenerative medicine and healthcare domains, we believe that expectations for technologies capable of efficiently collecting and accurately evaluating them will increase.

\*3 Extracellular vesicles are secreted from cells. They are present in bodily fluids such as blood, urine, and saliva. They are involved in various diseases such as cancer metastasis and angiogenesis. Research into EVs is considered to hold high potential for leading to the development of new methods of treatment and diagnosis.

Please see the following websites for further details.

**WEB Patent Information (in Japanese)**  
<https://patentimages.storage.googleapis.com/db/d0/2c/67f1aff239635d/JP6912823B2.pdf>

**WEB Press Release (in Japanese)**  
[https://www.hugp.com/news/202306/20230602\\_news.pdf](https://www.hugp.com/news/202306/20230602_news.pdf)



**Case Study 2 Nucleic Acid Extraction Reagent Successful Development of a Nucleic Acid Extraction Reagent Produced Entirely in Japan Leveraging the Core Technologies in the IVD Business**

Nucleic acid extraction reagents are used in various types of genetic testing and are essential to advanced medicine. Traditionally, the market has been dominated by overseas products, and difficulty in obtaining them in Japan during the COVID-19 pandemic jeopardized the continuation of such testing. However, in 2023, HRI succeeded in developing the first reagent to be produced entirely in Japan, including key materials, by leveraging the core technologies of the IVD business. This has made possible the stable supply of the reagent, even if a

pandemic were to occur again in the future.

The performance of the reagent was rigorously evaluated and verified by SRL, which helped optimize the specifications of the reagent from its perspective as one of the largest users in Japan. The product was designed with an emphasis on productivity of the testing process. Within the Group, this is considered a prime example of creating value by integrating the expertise and technologies of the LTS and IVD businesses.



## Intellectual Property Activities

The Group regards intellectual property as a main pillar of its business. We have constructed a system in which the holding company centrally manages intellectual property created by Group companies in Japan and overseas. By appropriately protecting the intellectual property of each operating company in line with our strategy, we not only minimize the related risks but also strive to maximize the value of intellectual property by using and combining it within the Group. In fiscal 2023, we conducted IP landscaping\*4 for 13 themes including new businesses. The results, including analysis results, were shared with each business division and used as material for proposing business strategies.

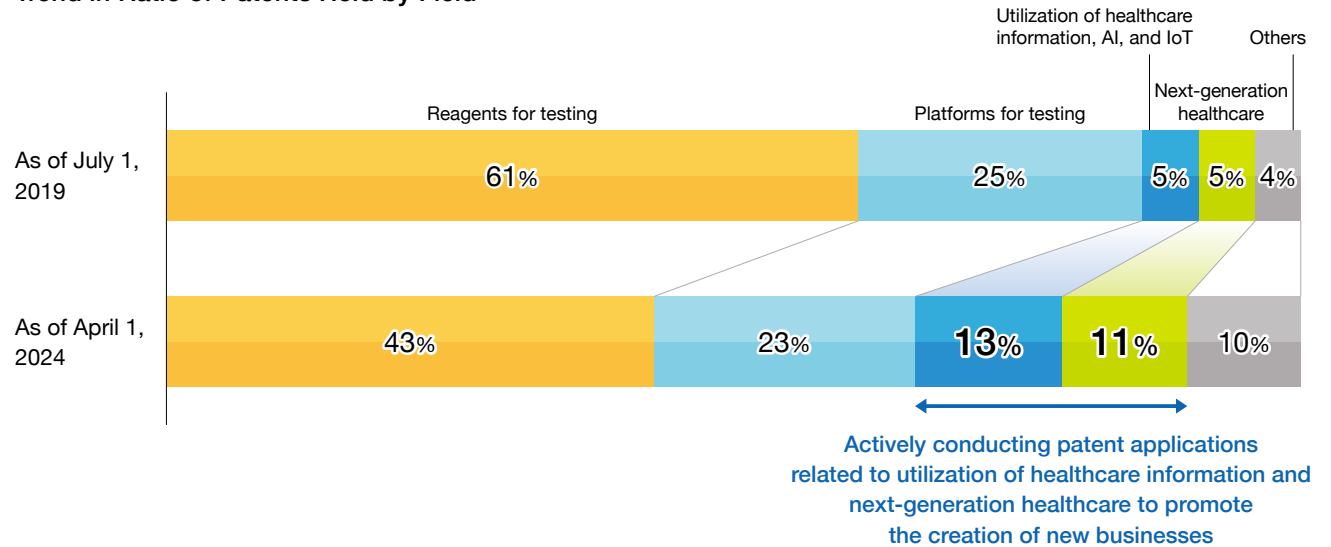
We are focusing our efforts on filing patent applications for inventions that help to strengthen our existing businesses, such as those related to medical DX, AI, and IoT and next-generation healthcare. Through these activities, we are working to build a patent network that will differentiate us from our competitors in terms of increasing the efficiency of operations and creating new customer experiences. In the IVD business, we aim to increase our competitive advantage on key items and the number of patents of high interest to other companies. Moreover, we have supported the expansion and enhancement of individual businesses by using intellectual property as a catalyst to invigorate alliances with partner companies, medical institutions, and academia, among others. The Group acquires patent rights as well as trademark rights to protect its technologies from both perspectives. From July 2024, the Intellectual Property Department within the Legal Division, which is the department in charge of intellectual property, changed its name to the Intellectual Property Center, directly headed by the CTO. We are planning to undertake even more active intellectual property activities going forward.

\*4 A method used for analyzing the intellectual property information of the Company and competitors as well as the market and using the results for formulating management strategies and decision-making

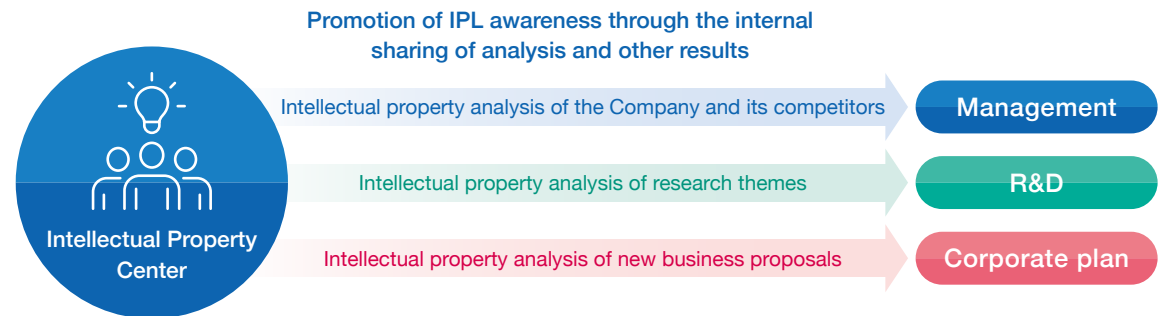
See the Group website for details.

[Intellectual Property  
https://www.hugp.com/en/business/r\\_and\\_d/ip.html](https://www.hugp.com/en/business/r_and_d/ip.html)

## Trend in Ratio of Patents Held by Field



## Initiatives for IP Landscaping (IPL)



Intellectual Property Center members conduct IPL in parallel with their ordinary intellectual property operations

## Progress of the CDMO Strategy in the IVD Business

Under our medium-term plan, we are transitioning to a business model based on the CDMO business, aiming to fully leverage the H.U. Group's strength in test reagent development capabilities.

In fiscal 2023, amid an increase in latent demand for NEURO (neurological disease-related field) items, we promoted alliances with a number of global partners and regional partners specializing in certain regions. Furthermore, we have made smooth progress on the integration of ADx NeuroSciences N.V. and Fluxus, Inc., which were acquired in fiscal 2022. For example, we have dispatched personnel from the R&D division of Fujirebio Inc., among other Group-wide initiatives to accelerate global product development.

In fiscal 2024, we plan to further increase the number of contracted items in the CDMO business. With regard to NEURO

items, in parallel with expanding our lineup, we are aiming to acquire FDA approval for test items that use blood specimens, which are easier to collect than cerebrospinal fluid specimens. Meanwhile, the Lumipulse® business in Japan is also contributing to our CDMO strategy as a space to demonstrate the Group's product value. It will continue to play a major role going forward, as we aim to keep expanding its adoption for new items given the increase in the number of units during the COVID-19 pandemic. In the Lumipulse® business overseas, we will select regions and items, while focusing on NEURO-related items centered on Alzheimer's disease, where we have unique strengths. In addition, with the aforementioned acquisition of ADx NeuroSciences N.V., we aim to expand our lineup by utilizing its advanced technologies and so forth. We are also making steady progress on development for the practical implementation of a platform that utilizes the ultra-high-sensitivity detection technology that we are currently developing with Fluxus, Inc. In March 2024, we reached a key milestone and we are currently negotiating with potential CDMO partners.

For over four years, we have made steady progress in the

development phases for reagent items in our contract development of dedicated reagents for other companies' machines. We are now moving into the manufacturing phase. In addition, we are starting to see the formation of an ideal cycle for the CDMO business, as we have received requests from other companies for the development of new items, the values of which have been verified using our platform. Compared to the period before the shift in our business model, we are now able to reach a far wider range of customers in the global market.

The effects of these developments are also appearing in our business results, with net sales of the CDMO business expanding from ¥15.6 billion in fiscal 2019 to ¥25.7 billion in fiscal 2023. Our operating profit margin is also maintaining a level of 20% or higher at present, and in the medium to long term, we aim to lift this to around 25%. We will continue to strengthen our unique offerings, such as NEURO-related items and ultra-high-sensitivity detection technology, aiming to provide new value to global diagnostic reagent markets. We will also build a highly profitable business model by doing so.

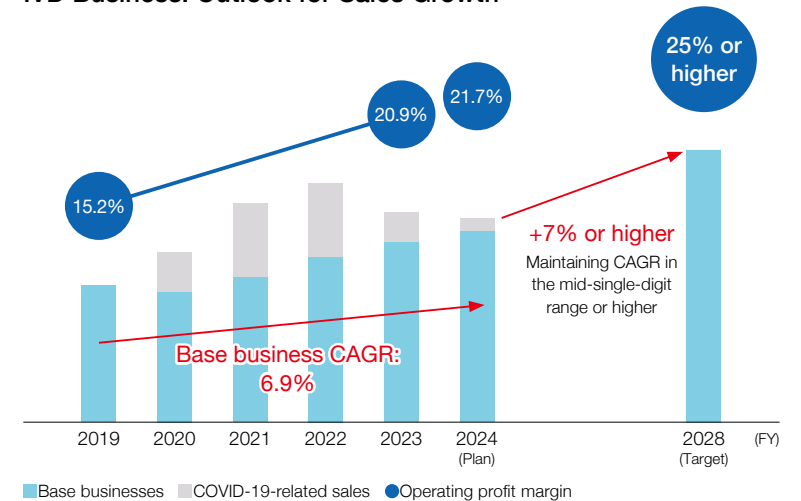
### IVD Business: Key Initiatives in Fiscal 2024

CDMO	NEURO	Lumipulse® in Japan
<ul style="list-style-type: none"> <li>Transition reagents we finished developing to manufacturing phase</li> <li>Increase items in development by five items annually in NEURO and other fields</li> </ul>	<ul style="list-style-type: none"> <li>Expand lineup of Lumipulse® items and increase sales</li> <li>Submit application for blood test reagent to FDA in the United States (obtain a Breakthrough Device designation)</li> </ul>	<ul style="list-style-type: none"> <li>Expand adoption for new items in our domestic installed base of approximately 2,000 units</li> <li>Six new items were launched in fiscal 2023</li> </ul>

Items for Global Partners	Sales of Lumipulse® NEURO (¥ billion)	Ultra-high-sensitivity detection technology
<ul style="list-style-type: none"> <li>Development completed</li> <li>In development</li> </ul>	<p>Cumulative ¥5.0 billion or higher</p> <p>2.0</p>	<ul style="list-style-type: none"> <li>Reached major development milestone in March 2024</li> <li>Business negotiations are ongoing with potential CDMO partners</li> </ul>

### IVD Business: Outlook for Sales Growth



## Strengthening the Foundation of the HS Business

In the sterilization and related services business, which is operated under our HS business, we will strengthen our operating room support services in addition to our in-hospital and outsourced sterilization services. By providing comprehensive support that covers everything from pre-operation preparation to cleansing during and after operations, as well as restocking of supplies, we aim to contribute to improving hospital profitability and establish a new recurring revenue business model.

In services for central sterile supply rooms, we continued to proceed in fiscal 2023 with negotiations to lift prices in step with rising personnel expenses and adjust contracts appropriately. It was a year for great results as we received an evaluation commensurate with the value of services provided by Nihon Stery.

In operating room support services, since fiscal 2024 is the first year of work style reform for physicians, we have proceeded with measures to expand the scope of our services to include operations with a higher level of difficulty, aiming to encourage physicians and nurses to share and shift tasks. In fiscal 2023, we established an education and training system aimed at lifting the overall practical skill level of frontline healthcare staff.

Meanwhile, in the home-visiting and nursing care supplies business, we are targeting not only the nursing care market but also the home-visit nursing market, which is the fastest-growing market in the medical field. We formed a capital and business alliance with GAIA medicare Inc. in 2022, and in fiscal 2023, we deepened our cooperation with them by mutually complementing one another's



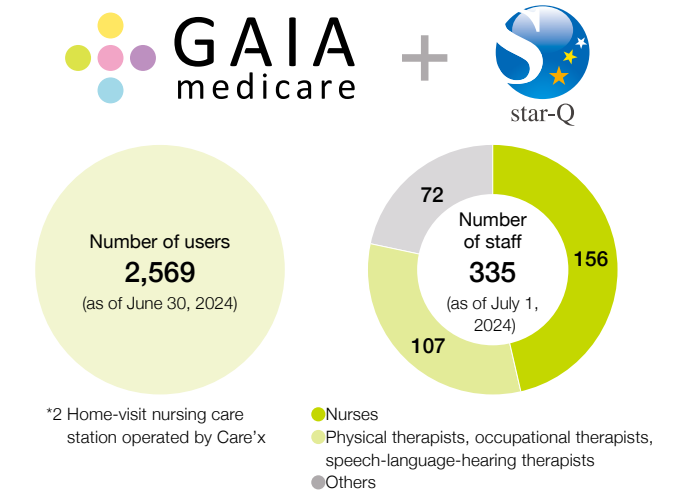
Cleansing medical equipment

service areas and expanded our business base. Using both companies' resources, we will build a system able to respond to patients of all ages and any illness, and expand the scale of our business at each location. Looking ahead, changes in the functions and numbers of hospital beds at medical institutions will accelerate towards realizing the Community Health Care Vision.\*1 We will focus on the expansion of testing needs at home, for example through home-visit nursing services, and work to develop our business.

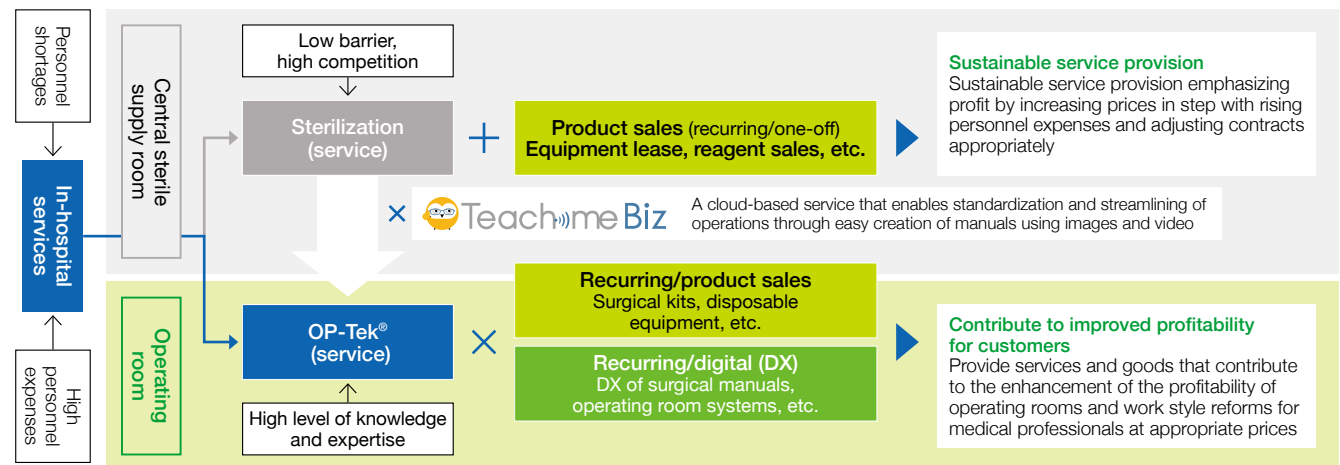
In the HS business overall, we are working to improve labor intensive operations. One effective approach to this is to promote DX on the front lines. In the sterilization and related services business, we have promoted the introduction of electronic video manuals on the front lines. There is a clear correlation between an increase in the number of accesses to the electronic manuals and a decrease in the number of accidents. In the nursing care supplies business, we have visualized the delivery status of nursing care equipment with the introduction of logistics DX tools. We adopted these tools first in the Greater Tokyo Area, and found that they have enabled efficient deliveries. In fiscal 2024, we are promoting visualization at our locations throughout Japan.

\*1 An initiative of the Japanese Ministry of Health, Labour and Welfare aimed at establishing an efficient medical care system aligned to the actual conditions in each community, envisaging a super-aged society in the future

## Strengthening the Foundation of the HS Business (Headcounts at star-Q\*\*2 and GAIA medicare Inc.)



## Sterilization and Related Services Business: Growth Strategy for In-hospital Services





# Risk Management

## Basic Approach and Management Structure

Risk is managed according to a uniform policy that applies to H.U. Group Holdings and its Group companies as defined in the risk management structure within the Risk Management Rules. The Risk Management Committee was established with the purpose of promoting risk management for the Company and the entire Group. The committee is chaired by the CFO and is composed of executive officers other than the representative executive officer. It meets at least once a year, with the results reported to the Board of Directors. The committee's detailed activities include:

- (1) Centralized oversight of the risk management of each Group company;
- (2) Identification of risks facing the entire Group and risks pertaining to the misconduct of management, as well as management of control execution;
- (3) Identification of risks that should be disclosed and management of control execution; and
- (4) Matters concerning the risk management of the Company

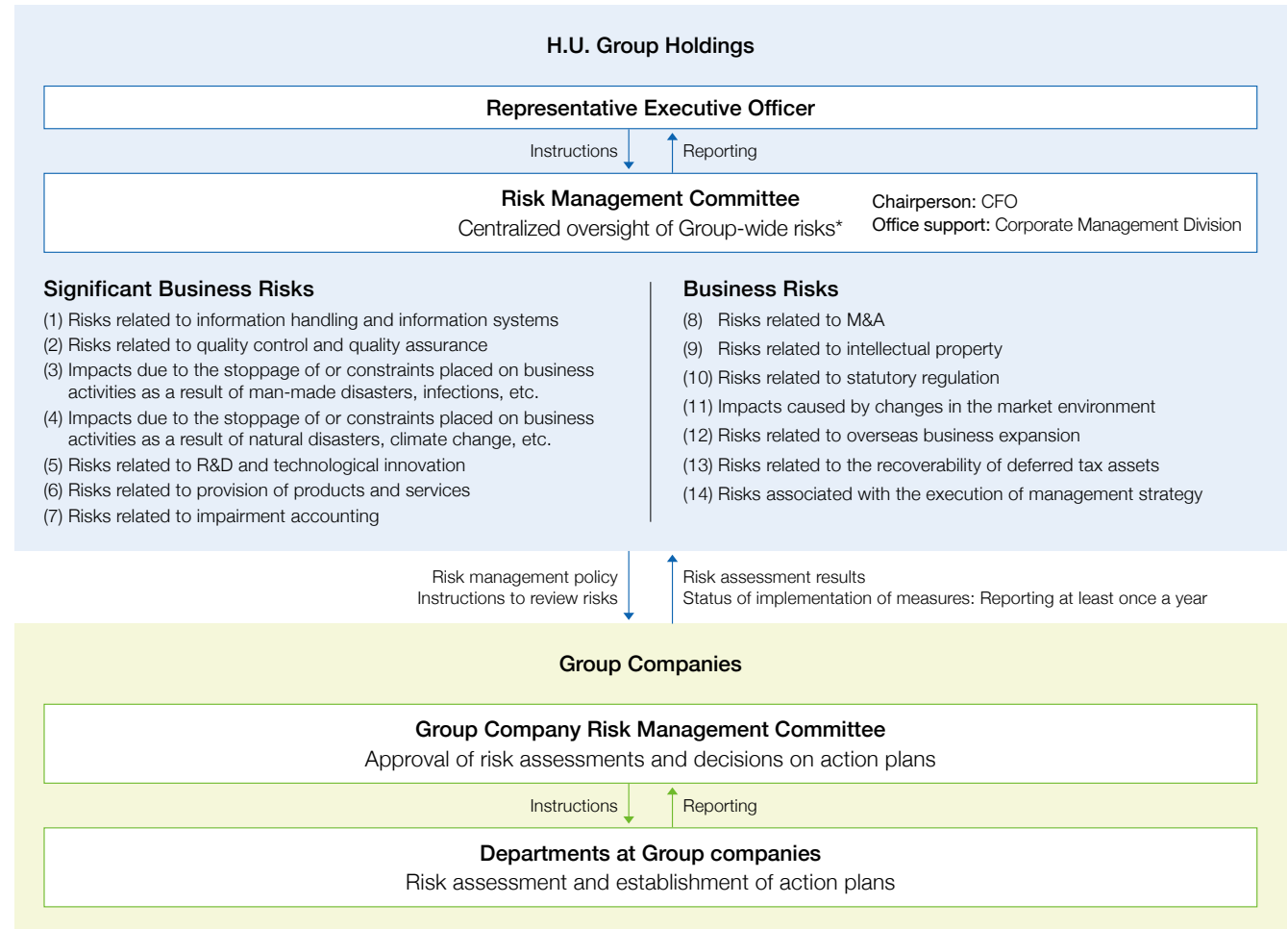
### Scope of Risk Assessment and Risk Identification Process

We identified and assessed the priority risks to be addressed for each company, including consolidated subsidiaries in principle, based on the specific risk for its business category, business scale, and other factors and risk severity. Taking account also of the individual company's own assessment, the Risk Management Committee as a whole then assessed each risk on a five-tier scale based on its probability, frequency, and degree of impact on a consolidated Group basis.

See the following website for details of risks.

 **Business Risks**  
<https://www.hugp.com/en/ir/management/risk.html>

## Framework of Group Risk Management



\* Risk is subject to management using a risk control matrix, which consists of risk identification, risk analysis and assessment based on whether the risk applies Group-wide or to a single operational process, the probability of its materialization and degree of impact, and implementation of risk countermeasures.

# Sustainability Management

## Basic Approach

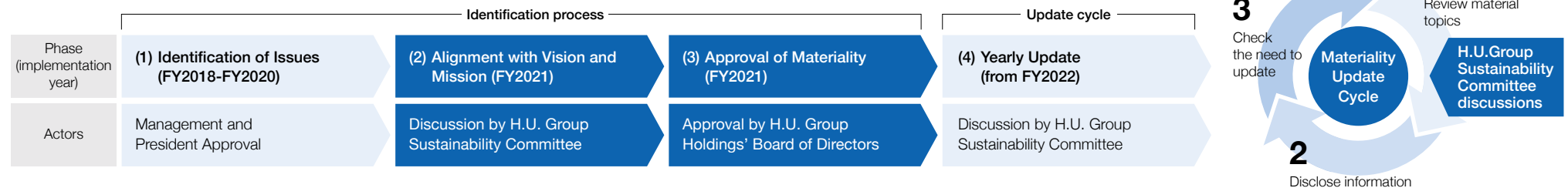
The greatest mission of the H.U. Group, which aims to create new value in healthcare, is to contribute to realizing a healthy and prosperous society through business. This mission is also the foundation of sustainability. The way to realize sustainability, in our view, is to implement corporate activities based on the H.U. Group's philosophy consisting of its Mission, Vision, Values and Traits. Furthermore, we believe that the cumulation of each activity leads to building good relationships with stakeholders.

The Group has defined materiality (material issues) as an element that impacts the creation of medium-term corporate value and identified materiality for promoting sustainable management. The scope of the definition of materiality includes not only ESG perspectives but also intangible assets in general, such as customer assets, intellectual property, and brands. The identified materiality is reviewed and updated by the H.U. Group Sustainability Committee every year based on progress in initiatives to address issues and changes in the business environment.

## H.U. Group Materiality

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

## Materiality Identification Process and Update Cycle

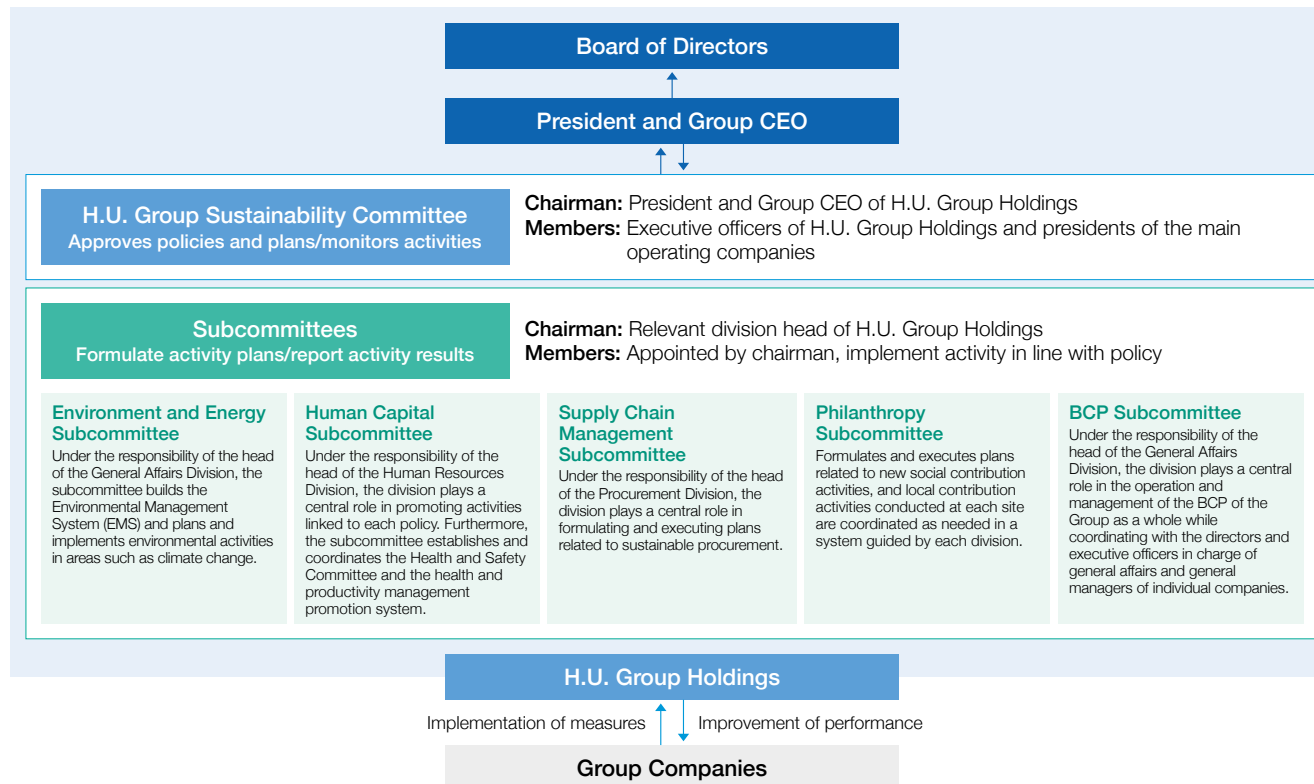


## Sustainability Promotion System

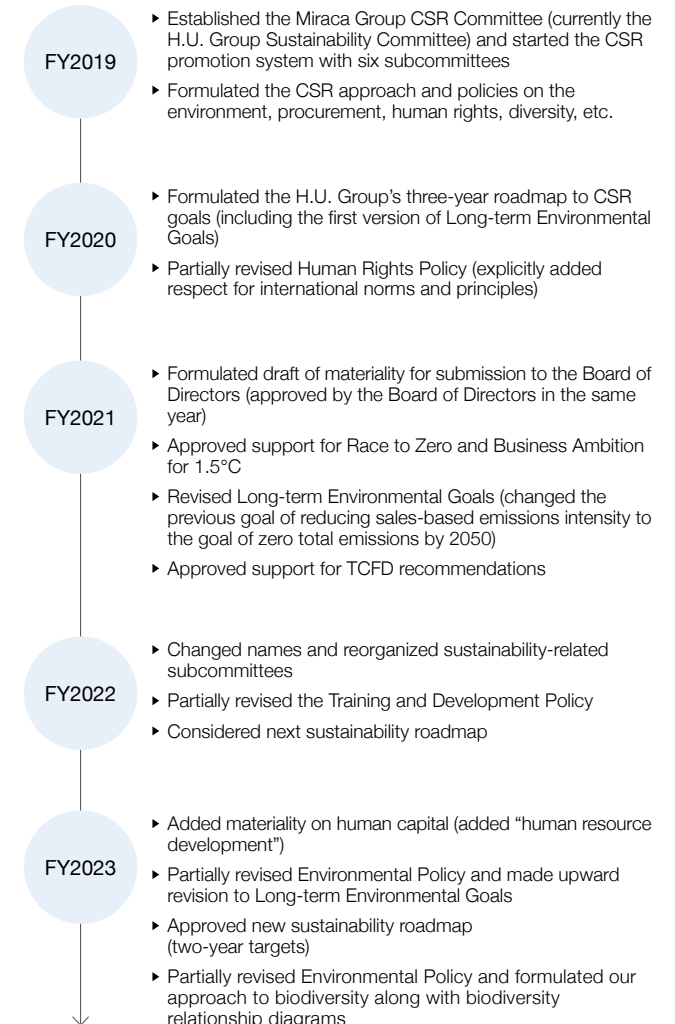
With the president and Group CEO of the H.U. Group as chairman and the Group executive officers and the presidents of the main operating companies as members, the H.U. Group Sustainability Committee discusses basic policy and activity plans in the area of sustainability and monitors progress with related issues. In addition to promoting the activities of each company, the committee has the role of discussing and implementing measures for improvement based on gathering and sharing information on the latest external trends in sustainability.

Under the umbrella of the committee are a number of subcommittees, each covering a specific area of activity, through which the officers responsible for the relevant divisions take charge of related initiatives. The content of the committee's discussions and resolutions is reported to the Board of Directors.

At the Board of Directors meetings in fiscal 2023, in addition to discussion of materiality updates and roadmap formulation, we also invited external experts to hold three study sessions with opinion exchanges on the topics of climate change, human capital, and sustainability and governance, with the aim of bolstering the directors' sustainability literacy.



## Changes in the Activities of the H.U. Group Sustainability Committee



## Sustainability Roadmap

Towards resolving its material issues, the H.U. Group released KPIs and targets related to sustainability activities as a Sustainability Roadmap. In formulating the roadmap, the Group considered external viewpoints, including shareholders and institutional investors, global trends, and the regulatory environment, as well as the Group's 18 material issues. Furthermore, to align the current

roadmap with the period of the medium-term plan, the roadmap period has been set at a two-year period, starting from fiscal 2023, rather than the traditional three-year period. From fiscal 2025, after the current roadmap has finished, we plan to formulate the medium-term plan and roadmap with the same period.

In June 2023, we achieved two of our governance-related targets:

introducing three ESG indicators for compensation for directors and executive officers (MSCI ESG ratings, KENKO Investment for Health Outstanding Organizations Recognition Program (White 500) Certification, and CDP evaluations (climate change)) and realizing a Nominating Committee with the chairperson and all members composed of outside directors.

## H.U. Group Sustainability Roadmap

Materiality	Indicators	FY2020 Result	FY2021 Result	FY2022 Result	FY2023 Result	FY2024 Target
Environment	CO <sub>2</sub> emissions (Scopes 1+2) (vs. FY2021)	—	(Base year)	10.2% increase	5.9% reduction	<b>12.6% reduction</b>
	Waste plastic recycling rate	73.6%	75.7%	85.7%	85.1%	<b>82%</b>
Human capital	Percentage of female managers	16.8%	18.6%	20.2%	22.2%	<b>22%</b>
	Percentage of men taking extended leave or leave for childcare (Japan)	34.8%	50.8%	71.4%	82.5%	<b>90%</b>
	Percentage of employees who responded "Satisfied with work" in a survey of employees (Japan)	41.9%	42.9%	47.0%	60.7%	<b>55%</b>
	Maintaining KENKO Investment for Health Outstanding Organizations Recognition Program (White 500) Certification	—	Obtained	Obtained	Obtained	<b>Obtain</b>
	Average annual training hours per regular employee (total time for group training, e-learning, distance education, etc.) (Japan)	23.4	35.3	32.1	31.7 <sup>*1</sup>	<b>Maintain at 30 hours or more<sup>*1</sup></b>
Supply chain	Excellent response rate (Class A) on UNGC Self-Assessment Tool	49.2% <sup>*2</sup>	69.2% <sup>*3</sup>	85.9% <sup>*4</sup>	64.5% <sup>*2</sup>	<b>Cumulative total FY2022-FY2024 75%</b>
	Meetings to exchange opinions with suppliers	—	1 company	10 companies	11 companies	<b>Cumulative total FY2022-FY2024 30 companies</b>
Governance	Introduction of non-financial indicators for compensation for directors and executive officers	—	—	—	Achieved	<b>Maintain</b>
	End of internal directors concurrently serving as members of the Nominating Committee	—	—	—	Achieved	<b>Maintain</b>

<sup>\*1</sup> Includes DX training

<sup>\*2</sup> Scope of assessment: Business partners of two overseas companies (Fujirebio Diagnostics (U.S.), Fujirebio Europe (Belgium))

<sup>\*3</sup> Scope of assessment: Business partners of consolidated subsidiaries other than the six Japanese companies and two overseas companies

<sup>\*4</sup> Scope of assessment: Business partners of six Japanese companies (H.U. Group Holdings, SRL, Fujirebio, Nihon Stery, Nihon Rinsho, Care'x)



## Environment and Energy

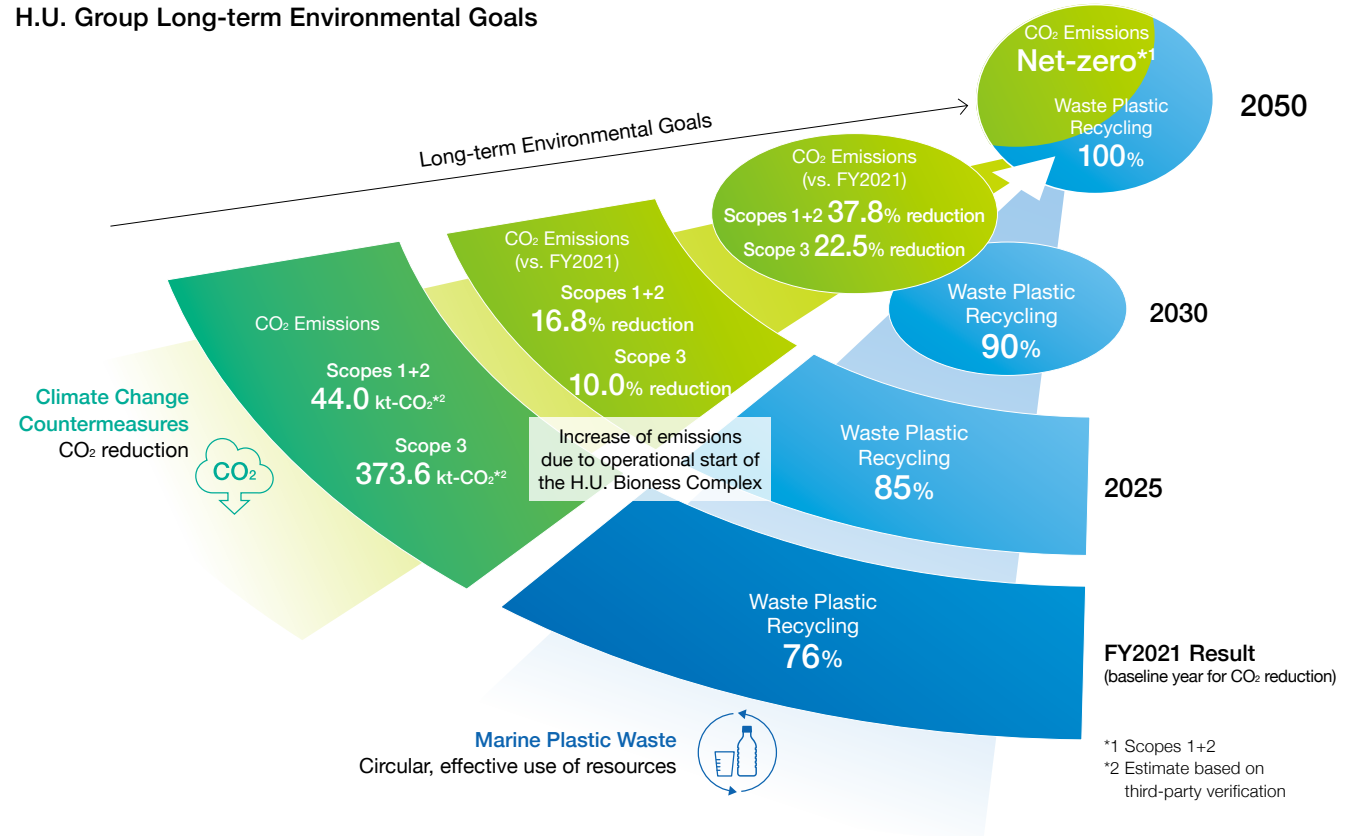
### Strategy and Progress

The H.U. Group has identified the areas of climate change and the recycling-oriented society as Group materiality based on the Paris Agreement and the Osaka Blue Ocean Vision and set the long-term goals of “net-zero CO<sub>2</sub> emissions” and “100% recycling rate of waste plastic” by 2050. In addition, the Group established medium-term targets for 2025 and 2030 and formulated a Sustainability Roadmap as KPIs in the most recent fiscal year. It also performs progress management.

The Group’s environmental conservation and energy-saving activities are led by the Environment and Energy Section, which was established in 2022 under the General Affairs Division of the Company. The section works to strengthen the initiatives of each operating company. We have increased the number of personnel in the Environmental Secretariat of each operating company, while preparing an organizational structure to enable coordinated Group activities by establishing a new Energy-Saving Committee that conducts Group-wide activities. Through these activities, we have increased the substance and quality of quarterly reports made by the Environment and Energy Subcommittee. Proposals from laboratories and plants regarding environmental improvement and energy-saving measures have also increased. In particular, measures to increase the recycling rate of waste plastic have proceeded as planned, and we achieved our target for fiscal 2024 ahead of schedule. We will continue to select contractors capable of recycling and consider material recycling.

Looking ahead, we will put our organizational operation on track through the Environmental Secretariat of each operating company and the Energy-Saving Committee, and emphasize activities that cover every company and workplace. At the H.U. Bioness Complex, we are further strengthening effective measures for reducing energy use, such as implementing a system for area-separated control of room air conditioning and thermal insulation of boiler pipes. We will continue to expand synergies in the environment and energy domain throughout the Group, while steadily advancing measures to achieve our medium- to long-term targets.

### H.U. Group Long-term Environmental Goals



\*1 Scopes 1+2  
\*2 Estimate based on third-party verification

### Initiatives for Preservation of Biodiversity

Recently, in addition to addressing climate change, companies are being urged to take measures to conserve biodiversity. We have responded by revising our Environmental Policy in March 2024 and clarifying our intention to take action on conservation of biodiversity. In fiscal 2023, we started by surveying the relevance of biodiversity to the LTS business and IVD business to create biodiversity relationship diagrams. As a result, we focused closely on water resources as the main item upon which these two businesses both depend and have an

impact. Looking ahead, we will strengthen our understanding of the volume of water usage and the quality of water discharged at each business site, then reflect this information in the formulation of measures to curb our impact on water resources and actions such as water saving.

See the Group website for details.

**WEB Environment and Energy**  
<https://www.hugp.com/en/sustainable/environment.html>

## Supply Chain Management

### Strategy and Progress

Within the H.U. Group, the Supply Chain Management Subcommittee builds systems for handling the procurement functions of operating companies and formulates and executes plans for fair, stable, and sustainable procurement.

When initiating a business relationship, we ensure a shared understanding by communicating to the new partner the Procurement Policy and the Basic Policy on Business Partner Selection. Furthermore, we conduct due diligence on existing business partners approximately once every three years. Specifically, we utilize the United Nations Global Compact Self-Assessment Tool (UNGC SA) to check a wide range of items covering the compact's 10 principles in four areas (human rights, labor, environment, and anti-corruption) in an investigation that covers primary business partners and business partners accounting for the top 80% of the annual purchase amount of each Group company.

Supplier assessment is implemented collectively by the Procurement Division of the Company on a cycle of once every three years. Assessments of companies' business partners were conducted for six Japanese companies (H.U. Group Holdings, SRL, Nihon Rinsho, Fujirebio, Nihon Stery, and Care'x) in the first year, two overseas supply chain management companies (Fujirebio

Diagnostics and Fujirebio Europe) in the second year, and consolidated subsidiaries, etc. other than those covered in the first and second years in the third year. Therefore, the Sustainability Roadmap sets three-year cumulative totals as targets. These are classified based on the UNGC SA score with the aim of improving the excellent response rate (Class A). In fiscal 2023, we conducted assessments of the business partners of two overseas companies. Although there were several companies in Class C, the percentage of companies in Class A increased significantly compared to three years ago in fiscal 2020. The total collection rate also rose from 54.1% to 87.1%.

The Noto Peninsula Earthquake that occurred in January 2024 was the first case in which an AI-based crisis management system was used. The location of each supplier, road conditions, flooded areas, etc. were instantly visualized on a digital map, and the system checked on the situation with suppliers by automatically sending out e-mails. This checking process was completed five days earlier than usual. As a result, we were able to speed up our initial response, and this led to minimization of management risk.

Going forward, we plan to add S (sustainability) to the QCD (quality, cost, delivery) that we are considering as requirements for business partners. We started monitoring GHG emissions in fiscal 2024, and we will also strengthen our response to areas where the actual situation is unclear with regard to human rights due diligence.

### Progress in Supplier Assessments of Two Overseas Companies\*1

(%)

	FY2020 Results (First Assessment)	FY2023 Results (Second Assessment)
Questionnaire collection rate	54.1	87.1
Class A rate (Score of 60% of total points or more)	49.2	64.5
Class B rate (Score of 40–60% of total points)	4.9	19.4
Class C rate (Score of 40% of total points or less)	0	3.2
Share of non-responses (percentage)	45.9	12.9

\*1 Scope of assessment: Fujirebio Diagnostics, Fujirebio Europe

See the Group website for details.

[WEB Supply Chain Management https://www.hugp.com/en/sustainable/procurement.html](https://www.hugp.com/en/sustainable/procurement.html)

### Status of Supplier Assessment in the Past Three Years\*2 (Including Human Rights Due Diligence)\*3

#### Average Scores by Item for Suppliers

(%)



#### Distribution of Assessment Scores of Suppliers (Number of Companies by Assessment Item and by Class)

	Corporate Governance	Human Rights	Labor	Environment	Fair Business Practices	Quality and Safety	Information Security	Supply Chain	Coexistence with Local Communities
Class A	130	110	138	117	128	142	140	121	117
Class B	26	32	21	28	27	17	21	20	26
Class C	6	20	3	17	7	3	1	21	19
Total	162	162	162	162	162	162	162	162	162

\*2 Three years of FY2021 (covering other consolidated subsidiaries, etc. other than six Japanese companies and two overseas companies), FY2022 (covering six Japanese companies; second assessment), and FY2023 (covering two overseas companies; second assessment)

\*3 Values excluding non-responses

## Human Capital

### Strategy and Progress

The H.U. Group perceives human resources as “capital” based on the personnel philosophy that “the power of the Company is the sum total of the power of its individual members,” and we are working to maximize their value by enhancing their capabilities through improving skills and knowledge.

The Group has established a system in which the Human Resources Division of the Company handles the human resource functions of principal operating companies, and it promotes unified human resource management throughout the Group in accordance with the management strategy. Since fiscal 2022, we have been engaged in fundamental reform of the personnel system to respond to changes in the social environment and globalization of business.

Under the new personnel system, our goals are defined as empowering each employee to achieve self-fulfillment through work and creating a company where they can truly enjoy working, and we have introduced mechanisms for appropriately evaluating employees’ efforts and results in achieving their goals. Specifically, we have been establishing a system based on three pillars: the grading system, which has been segmentalized to clarify career paths and promote

growth; the evaluation system, which has clarified the roles, responsibilities, and expected actions of each person; and the compensation system, with a redesigned wage model.

In fiscal 2023, we consolidated the content of each system by establishing dual-track careers, and clearly laying out job descriptions and expected actions for each position type. In addition, we introduced a system for ascertaining the status of employees’ evaluations and feedback from their managers. Moreover, we expanded the variable portion of bonuses to encourage people to take on the challenge of greater work responsibility. In employee briefing sessions held to explain the new system, we strove to promote two-way communication by allowing ample time for questions and answers and in other ways. We have started full-scale operation of the new personnel system from fiscal 2024.

Going forward, it will be even more important than before to develop human resources who can think and act independently. The new personnel system is therefore operated as a personnel system that properly rewards individual contributions, provides employees with a real sense of their own growth, and increases their own market value. In this way, the system promotes employees’ self-reliance, self-direction, and self-responsibility. While promoting a change in employee awareness and behavior, we are also working to

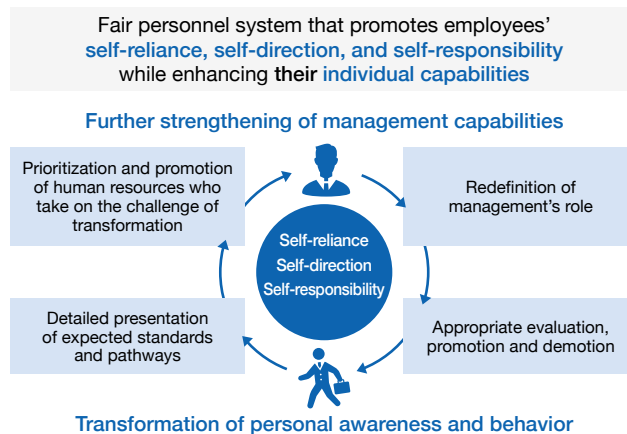
strengthen the management capabilities of those responsible for promoting the systems and measures.

### Increasing Job Satisfaction

To increase actual job satisfaction for employees, the Group operates a PDCA cycle that uses an engagement survey. The previous survey was held in 2021. It found that there were many issues related to management, and we therefore conducted management training for all managers and made some changes to the organization structure.

The latest survey was conducted in December 2023. This time, we saw increased interest in job satisfaction with a response rate of 98%. The ratio of neutral and favorable responses was 74%, a slight increase from the previous survey. Moreover, regarding “identification with the corporate philosophy,” a key focus for the Group, the responses maintained a high level of around 90%. Since there is a large degree of variation in the survey results of our operating companies, we are taking specific action on the issues of each company to improve our score. Specifically, we are promoting action such as town hall meetings and one-on-one consultations across organizations to stimulate communication between management and employees. Going forward, we will hold the survey once a year, and reflect the results in activities that increase employees’ passion and motivation for work.

### New Personnel System Reform Concept



### Purpose and Goal of the New Personnel System

Systems	Revision of the systems	Purpose	Goal	
(1) Grading system	Segmentalize the grades	Specify the steps toward growth and taking on new challenges and motivate employees	Support employees in their self-reliance, self-direction, and self-responsibility	
	Newly establish career paths for specialized professionals			
(2) Evaluation system	Clarify roles and responsibilities			Appreciate the right efforts and results aimed at achieving goals
	Specify expected actions			
(3) Compensation system	Redesign wage models	Increase fairness		
	Diversify bonuses			
(4) Elder employee system	Expand roles		Increase fairness	
	Realize flexible work styles			
				<p>Self-fulfillment through work A company where working is fun</p>

### Human Resource Development

Based on its human resource development policy of “career development based on self-reliance, self-direction, and self-responsibility,” the Group offers every employee opportunities for growth and learning. We believe that the growth of individual employees through proactive career development leads to positive financial results and sustainable growth of the Group.

#### Employee Career Development

Our recently renewed personnel system focuses in particular on the design of management training. In fiscal 2023, just before the full-scale implementation of the new system, we held a group training session for all management personnel to develop their mindset for

the managerial role, which forms the foundation of management. Top management provided messages regarding the management perspective, and at times, top executives themselves held training sessions, where they conducted role plays and so forth. Through various programs, we promoted changes and improvements in behavior by helping management personnel to acquire capabilities to maximize our results as an organization.

We will continue management training in fiscal 2024 and onward, while offering all employees avenues for proactive career development through our existing in-house career change system in addition to new measures such as in-house internship programs and reskilling.

### Learning Management Systems

Continuing from fiscal 2023, we supported employees’ proactive learning using programs such as our CAREERSHIP\*1 education platform, which provides a wide range of freely selectable courses in a cafeteria format that allows employees to learn anytime and anywhere, as well as our specialist education programs tailored to specific job types.

#### Human Resource Development through H.U. Business College

Since 2022, we have operated H.U. Business College, which has the objective of discovering and developing autonomous and proactive human resources and developing the next generation of leaders. Students engage in self-directed learning, covering business fundamentals, such as logical thinking, marketing, finance and accounting, and management strategy through weekday evening classes and e-learning. The college functions as a space where the H.U. Group’s various human resources can realize their envisaged futures through mutual improvement with other participants, developing a higher perspective, and expanding their knowledge. Furthermore, in fiscal 2023, we held a career seminar, mainly for graduates of the college, with the objective of encouraging career development with self-reliance, self-direction, and self-responsibility.

#### Promotion of DX Education

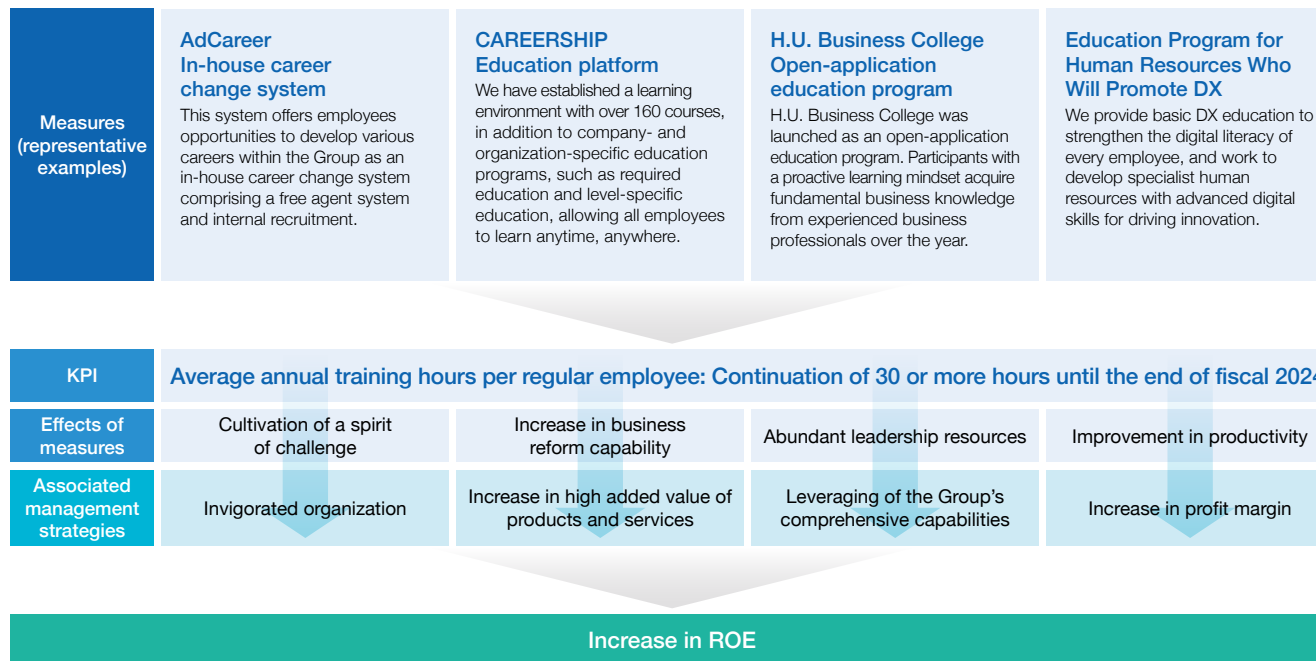
To develop new possibilities in healthcare and encourage innovation, we have been conducting an Education Program for Human Resources Who Will Promote DX, comprising basic education and specialist education. The basic education component was launched in fiscal 2023 as a DX education program designed to increase digital literacy and other aspects for all employees. The specialist education program is designed to provide more advanced and practical growth opportunities. The program aims to develop DX human resources for business reform,\*2 DX human resources for horizontal integration,\*3 and DX human resources for data utilization, who are able to resolve operational issues using DX.

\*1 CAREERSHIP education platform (learning management system)

\*2 Human resources capable of taking a strategic view of business and technology trends and driving the formation and growth of future businesses

\*3 Human resources capable of coordinating and reforming businesses and operations from a Group-wide perspective

### Supporting Career Development that Increases Corporate Value





## Diversity

The Diversity Promotion Section, established in 2022, is working to create workplace environments and measures that enable active participation by diverse human resources with differences in ethnicity, age, disability status, sexual orientation, gender identity, values, and approach to issues. We believe that enabling human resources with various individual characteristics to express and accept diverse opinions and ideas in their daily work increases our global competitive advantage and leads to solid financial results that ultimately lead to sustainable business growth and contribution to society.

In fiscal 2023, we developed an e-learning program for all Group employees on the theme of "Knowing." The program is designed to provide basic knowledge of diversity and inclusion (D&I) and its social context, as well as deepen understanding of the Group's initiatives. We also conducted diversity management training, specially designed for managers who have a particularly strong influence in the workplace. The training focused on the important aspect of dialogue in the workplace, and helped them to acquire the attitude and skills regarding D&I required of them as managers. In addition, to provide fair welfare benefits to all employees, we revised our employment regulations and expanded the scope of application of the partnership system. These initiatives resulted in our acquiring the D&I AWARD<sup>\*4</sup> "Standard" in February 2024.

From fiscal 2024, we will provide opportunities to deepen knowledge and understanding of issues such as LGBTQ, childcare, and nursing care, in accordance with employees' characteristics. We will also encourage further development of D&I-related skills among managers as we promote further diversity in the workplace.

<sup>\*4</sup> Japan's largest award recognizing companies that are engaging in D&I (held and run by JobRainbow Co., Ltd.)

### Focus Items in Fiscal 2024

- Continue the Group-wide education program on the basics of diversity
- Continue the diversity management education program
- Organize diversity-related events
- Form in-house communities
- Review LGBTQ-related systems and their operation

## Health and Productivity Management

The H.U. Group is implementing various measures for the physical and mental health of employees and their families based on the Health Declaration issued in 2019. In March 2024, the Company was selected as a Health and Productivity Management Stock for the first time. In addition, four H.U. Group companies<sup>\*5</sup> were selected in the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (White 500) for the third consecutive year.<sup>\*6</sup>

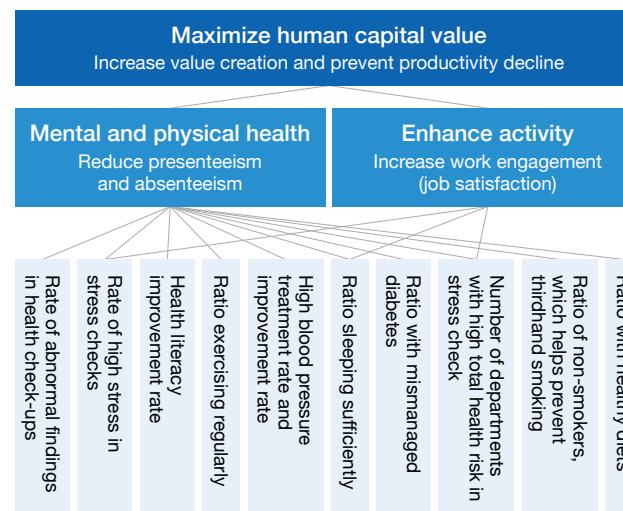
In fiscal 2024, we analyzed various data related to employee health, such as their personal health records,<sup>\*7</sup> and achieved an improvement in the efficiency and effectiveness of our measures, which had been an issue. By taking a logical, data-based approach to promoting health and productivity management, which is the foundation for financial performance, we aim to realize an increase in value creation capability and prevention of productivity decline, and maximize the value of our human capital.

<sup>\*5</sup> H.U. Group Holdings, SRL, Fujirebio, H.U. Frontier

<sup>\*6</sup> 2022-2024

<sup>\*7</sup> Information related to individual health, medical care, and nursing care

### Health and Productivity Management Strategy Map (Simplified)



## Workplace Environment

Providing a comfortable workplace environment is an important factor for enabling employees to demonstrate their potential. In addition, we believe that the power of the Company is the sum total of the power of its individual members, and that this ultimately leads to strong financial results.

In May 2023, we relocated the head office to Akasaka in Minato City. By consolidating many of our Group companies on a single floor, we have promoted active communication across company and divisional boundaries. This has encouraged employees to demonstrate their potential, and realized faster decision-making than in the past.

On the other hand, in an employee survey conducted in fiscal 2023, the ratio of employees who responded that they felt satisfied with their job was only 60.7%. We will further improve the workplace environments at each business location and raise the overall level of management capability to encourage employees to achieve self-fulfillment through their work.



Head office



H.U. Bioness Complex (Welfare Building)

See the Group website for details.

[WEB Human Capital https://www.hugg.com/en/humancapital/](https://www.hugg.com/en/humancapital/)

# Directors and Officers

## Directors



**Shigekazu Takeuchi**

Director  
Chairman, President and Group CEO



**Naoki Kitamura**

Director  
Managing Executive Officer and CFO, HS



**Shigehiro Aoyama**

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



**Futomichi Amano**

Outside Director  
Futomichi Amano CPA Office



**Sachiko Awai**

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



**Ryoji Itoh**

Outside Director  
Managing Director, Planetplan, Inc.  
Outside Director, SATO HOLDINGS  
CORPORATION



**Moegi Shirakawa**

Outside Director  
Partner, Anderson Mori & Tomotsune  
Member of the Business Accounting  
Council, Financial Services Agency



**Keiji Miyakawa**

Outside Director  
Representative Director, N.I.Partners Ltd.  
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



**Hitoshi Yoshida**

Outside Director  
Former Director and Vice President,  
ASKUL Corporation

## Composition of Committees and Knowledge, Experience, and Skills Expected of Directors

Name	Number of Years in Office as Director	Independent Officer	Committees (◎ Indicates Chairperson)			Knowledge, Experience and Skills					
			Nominating Committee	Compensation Committee	Audit Committee	Business Management and Management Strategy	Legal Affairs and Risk Management	Finance and Accounting	Human Resources and Human Resource Development	Life Sciences and Healthcare	DX
<b>Shigekazu Takeuchi</b> [Chairman of the Board of Directors] (Male)	8	—	—	—	—	●			●	●	
<b>Naoki Kitamura</b> (Male)	6	—	—	—	—	●		●		●	
<b>Shigehiro Aoyama</b> (Male)	6	○	◎	—	—	●			●	●	
<b>Futomichi Amano</b> (Male)	7	○	—	—	◎		●	●			
<b>Sachiko Awai</b> (Female)	1	○	—	○	—	●			●	●	
<b>Ryoji Itoh</b> (Male)	10	○	○	◎	—	●			●		●
<b>Moegi Shirakawa</b> (Female)	2	○	—	—	○		●				
<b>Keiji Miyakawa</b> (Male)	3	○	—	○	○	●	●	●			
<b>Hitoshi Yoshida</b> (Male)	1	○	○	—	—	●	●				●

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

## Executive Officers

Chairman, President and Group CEO

**Shigekazu Takeuchi**

Executive Officer, IVD

**Goki Ishikawa**

Executive Officer and CIO

**Toshihiko Shimizu**

Managing Executive Officer and CFO, HS

**Naoki Kitamura**

Executive Officer, LTS

**Makoto Matsumoto**

Executive Officer and President's Special Assignments Officer

**Tadashi Hasegawa**

Executive Officer and CTO

**Kazuya Omi**

## Reasons for Appointment of Directors

**Shigekazu Takeuchi**  
Director  
Chairman, President and  
Group CEO

Mr. Shigekazu Takeuchi was appointed as President & 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 suited to be a director of the Company.

**Naoki Kitamura**  
Director  
Managing Executive Officer  
and CFO, HS

Mr. Naoki Kitamura worked for Sony Corporation and its group companies in Japan and overseas before joining the Company in 2011 as General Manager of the Strategic Planning Department and has been serving as executive officer since 2013 (incumbent). 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 suited to be a director of the Company.

**Shigehiro Aoyama**  
Outside Director

Mr. Shigehiro Aoyama has abundant experience and broad insight in 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 appropriately makes decisions serving as an outside director. As the Chairperson 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.

**Futomichi Amano**  
Outside Director

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 appropriately makes decisions serving as an outside director. As the Chairperson 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.

**Sachiko Awai**  
Outside Director

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 appropriately makes decisions serving as an outside director. As a member of the Compensation Committee, she furthermore conducts robust deliberations when it comes to making decisions on the Company's compensation system for its directors and executive officers as well as on compensation levels. Considering the above, Ms. Awai is capable of appropriately performing duties as an outside director.

**Ryoji Itoh**  
Outside Director

Mr. Ryoji Itoh has a wide range of knowledge on corporate management, human resource 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 appropriately makes decisions serving as an outside director. As the Chairperson 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.

**Moegi Shirakawa**  
Outside Director

Although Ms. Moegi Shirakawa does not have experience in corporate management other than being an outside director, she is an independent expert who has differing perspectives as a lawyer and a legal practitioner who is well versed in corporate and business law. On the Board of Directors, she performs her role of seeking to ensure that the board appropriately makes decisions serving as an outside director. 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.

**Keiji Miyakawa**  
Outside Director

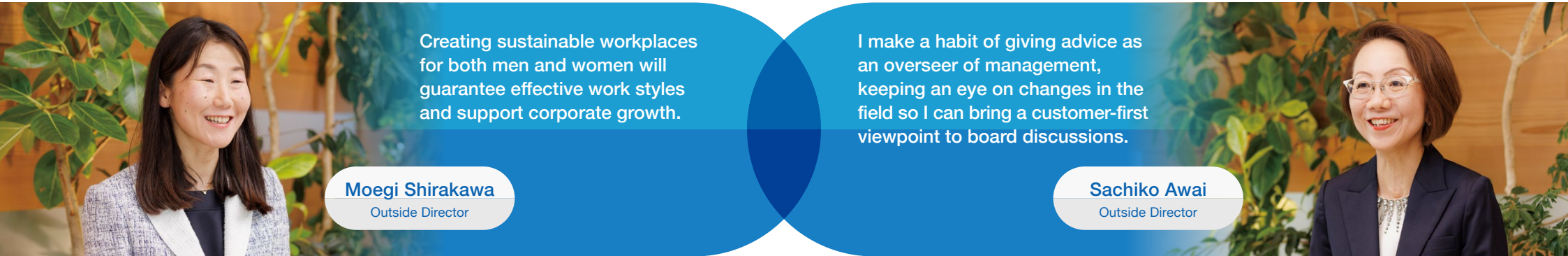
Mr. Keiji Miyakawa has abundant experience in the investment banking division of a major global securities firm and in M&A advisory companies, and also has broad insight as a financial service manager. On the Board of Directors, he performs his role of seeking to ensure that the board appropriately makes decisions serving as an outside director. As a member of the Compensation Committee, he furthermore conducts robust deliberations when it comes to 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.

**Hitoshi Yoshida**  
Outside Director

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 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.



## Face-to-Face Discussion between Outside Directors



Creating sustainable workplaces for both men and women will guarantee effective work styles and support corporate growth.

**Moegi Shirakawa**  
Outside Director

I make a habit of giving advice as an overseer of management, keeping an eye on changes in the field so I can bring a customer-first viewpoint to board discussions.

**Sachiko Awai**  
Outside Director

**Two of our outside directors exchanged views on our current challenges and future prospects. They discussed how the H.U. Group can ensure sustainable growth while increasing corporate value.**

**Awai:** With just over a year since I came on as an outside director, I'm once again feeling the enormity of the responsibility the H.U. Group has to society. As a healthcare innovator, it works to create solutions for people to maintain their health, and I know the Group's philosophy will lead to sustainable growth of corporate value.

Having worked in B2C operations for a long time, I've always prioritized perfecting how we do business from the customer's viewpoint, and it's the same here in the H.U. Group. I make a habit of giving advice as an overseer of management, keeping an eye on changes in the field so I can bring a customer-first viewpoint to board discussions. I see a significant overlap between my career experience and the Group's work in always providing solutions from the standpoint of patients and consumers.

**Shirakawa:** In just the past few years alone, I've seen the H.U. Group boldly rising to the challenge of starting new businesses. Our quick development of antigen test reagents during the pandemic, expansion of the global CDMO business, and establishment of H.U.POcKeT targeting the B2C market are some examples. I see a culture that favors challengers taking root. An environment that encourages new pursuits and bucks complacency with the status quo strengthens the corporation.

I'm also a member of the Audit Committee, and in that function, I have many opportunities to talk directly with both employees at work sites and executive officers. I'm impressed by the importance managers place on the customer's perspective, the high level of commitment to their work, and their ability to press on even when facing difficulties. I believe personnel are the ultimate source for creating corporate value. Ms. Awai, what do you think holds the key to the sustainable growth of our business going forward?

**Awai:** I agree that intangible assets like human capital and intellectual capital hold the key. Over the past few years, the H.U. Group has been implementing initiatives to reinforce its foundation for human capital, introducing a new personnel system and offering programs to support career development. Going forward, it will be important to keep the plan-do-check-act (PDCA) cycle going while quantitatively assessing the progress of these systems and measures. I'm seeing board members check the progress of sustainability-related initiatives in the meetings more often than before.

**Shirakawa:** Among those sustainability issues, diversity is particularly important. I believe that supporting diversity and creating environments where both men and women can be confident their work styles will lead to personal growth and balance in their lives are essential to increasing a company's ability to grow. To help the Group companies in charge of each business segment shift to more productive work styles, I think it's essential that all decision-making

organizations in the Group embrace diverse viewpoints. I especially hope more women will be promoted to lead divisions.

**Awai:** Our Group's business environment has been going through rapid changes, particularly as the pandemic, which lasted roughly three years, led to the enforcement of work style reform regulations and the spread of AI. Last year, the Board of Directors spent hours discussing how to make the H.U. Bioness Complex operate stably while responding to post-pandemic demand fluctuations. Now that our foundation for growth is solid, I think the priority in board discussions will shift to continuing to boost productivity and maximize Group strengths to increase corporate value.

**Shirakawa:** It is also important to continue striving to cultivate a corporate culture of openness that will act as a foundation for sustainable growth while learning from past successes and failures. I will continue to provide advice without bias and be open to a range of opinions.

# Corporate Governance

## Basic Approach

H.U. Group Holdings is working to enhance 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,” along with our Vision, Values and Traits. We fully recognize the vital importance of cooperation encompassing a wide range of stakeholders both inside and outside the Company. Accordingly, we are committed to the implementation of a corporate governance structure that encourages greater managerial transparency and accelerates proper decision-making.

## Corporate Governance Structure

We fully recognize the importance of strong and thorough corporate governance, and are committed to the establishment of a governance structure that encourages greater transparency and accelerates proper decision-making at all levels of oversight, management and operations.

We adopted the management configuration of a “company with three committees” with the aim of achieving clear separation of oversight and executive functions, establishing an implementation structure capable of operating with greater speed and enhancing oversight of Group companies. Under this configuration, we have established three committees, the Nominating Committee, Compensation Committee and Audit Committee, in accordance with laws and ordinances.

### Board of Directors [13 Meetings in Fiscal 2023]

The Board of Directors, as the decision-making body for corporate management, resolves matters required by law, decides and approves basic management policies such as medium-term plans and single-year budgets, as well as important matters related to the execution of management operations, and supervises the duties of directors and executive officers.

The Company stipulates the balance, diversity, size, etc. of the Board of Directors in the H.U. Group Corporate Governance Policy. We appoint outside directors from a wide range of fields to reflect diverse opinions in the discussions of the Board of Directors and to strengthen the supervisory function.

### Nominating Committee [10 Meetings in Fiscal 2023]

The Nominating Committee has the authority to determine the content of proposals related to the appointment or dismissal of directors to be submitted to the General Meeting of Shareholders, to recommend candidates for representative executive officers and executive officers to the Board of Directors, and to make proposals for their dismissal. All members of the Nominating Committee are selected from among the part-time outside directors.

### Compensation Committee [10 Meetings in Fiscal 2023]

The Compensation Committee has the authority to formulate and determine policies regarding the determination of the content of individual compensation received by directors and executive officers. All members of the Compensation Committee are appointed from among the part-time outside directors.

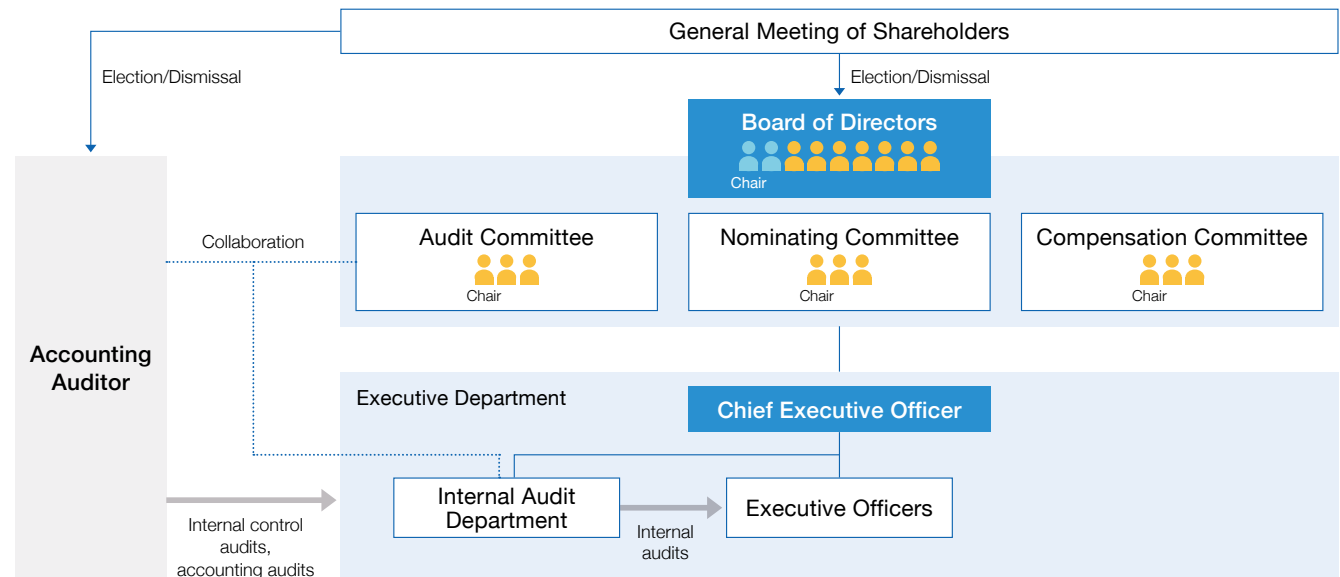
### Audit Committee [18 Meetings in Fiscal 2023]

The Audit Committee audits the execution of duties by directors and executive officers, prepares audit reports, and determines the content of proposals to be submitted to the General Meeting of Shareholders concerning the appointment and dismissal of the Accounting Auditor as well as the non-reappointment of them. All members of the Audit Committee are appointed from among the part-time outside directors, given the view that members of the Audit Committee must maintain a high degree of independence.

Members of the Audit Committee participate in major meetings, such as the Risk Management Committee, the Compliance Committee, and other committees, or check the contents of such meetings. They also hold regular liaison meetings with the Internal Audit Department and the auditors of major operating companies, and conduct direct audits of the execution of duties as necessary. The results of these activities are regularly reported to the Board of Directors. The Audit Committee exchanges ideas regularly with the

## Corporate Governance Structure

● Outside ● Internal



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.

We have established the Secretariat of the Audit Committee as a body under the direct control of the Audit Committee. The appointment and dismissal of the staff of the Secretariat of the Audit Committee and other details of their professional treatment, such as performance evaluation and interdepartmental transfer, are subject to prior approval by the Audit Committee based on advance briefing in order to ensure the independence of the staff.

### Balance, Diversity, and Size of the Board of Directors, and the Appointment of Directors

The Company appoints internal and outside director candidates irrespective of their gender, race, or nationality from the perspective of their: 1) capacity to manage based on knowledge and experience in wide ranging fields outside the scope of business experience gained within the Company, 2) due recognition of the role management should play in society, avoiding disproportionate emphasis on the interests of management or certain stakeholders, and 3) ability to properly oversee the management in the execution of its duties. Moreover, the Company appoints outside director candidates primarily from the following wide range of fields:

- Experience as managers of operating companies;
- Experts in public administration in the fields of medical services, insurance, etc.;
- Experts in corporate and business law, corporate accounting and corporate finance;
- Experts in providing advice and support to corporate management; and
- Experience as managers of global business operations

The Company appoints as candidates for outside director those who have been nominated by the Nominating Committee upon having determined that they have the aforementioned experience, while also showing that they are capable of maintaining independence from management and possess character and insights befitting an outside director.

The Company appoints as candidates for internal director those who have been nominated by the Nominating Committee on the basis of the criteria listed below:

- Possess expertise related to the Company's business operations;
- Exhibit outstanding capabilities for making business decisions and management execution;
- Exhibit outstanding capabilities in terms of leadership, decisiveness, foresight and planning; and
- Possess character and insights befitting a director

As a basic rule, a majority of the Company's directors are to be outside directors with a high degree of independence. Also, the Company deems that no more than 10 directors should serve on the Board of Directors in order to ensure lively and substantive discussion.

### Evaluating the Effectiveness of the Board of Directors

The Board of Directors considers it important to adopt a third-party perspective in its processes for evaluating its own effectiveness, and this evaluation process is carried out once a year in order to verify said effectiveness. As such, in fiscal 2023, it brought on board an independent, third-party organization to serve as an advisor in performing evaluations related to a number of different matters. Said matters include the composition of the Board of Directors; its effectiveness (including monitoring how it carries out work); the effectiveness of the Nominating Committee, Compensation Committee, and Audit Committee; the management of the Board of

Directors; structures related to support and coordination with outside directors; and relations with shareholders and other stakeholders. The evaluations were carried out by ensuring impartiality by following a process of having nine directors respond to questionnaires and having a third-party organization tabulate and analyze the responses under conditions in which anonymity was guaranteed.

### Evaluation Results

The results of the tabulation and analysis were reported to the Board of Directors in May 2024. It was found that the effectiveness of the Board of Directors continued to be generally good, with improvements in areas such as more thorough discussions on medium- to long-term strategy.

### Initiatives in Response to the Evaluation Results

We have evaluated the effectiveness of the Board of Directors continuously since April 2016 and implemented initiatives in line with the evaluation results to increase the board's effectiveness.

Since the previous evaluation of effectiveness conducted in April 2023, we have implemented the following measures to improve the board's effectiveness.

- (1) Ensuring of timely advance distribution of discussion materials relating to agenda items for Board of Directors meetings
- (2) Holding of advance briefing meetings on key agenda items for Board of Directors meetings
- (3) Holding of sessions for directors to discuss medium- to long-term strategy
- (4) Holding of opinion exchange meetings to promote communication among outside directors
- (5) Holding of regular opinion exchange meetings between outside directors and the Group CEO and officers in charge of each business
- (6) Holding of discussions on the prioritization of material issues (materiality)

## Sustainability Governance

As a company with three committees, the Company has established an implementation structure capable of clearly separating oversight and executive functions, and operating with greater speed. The Company is also working under the same corporate governance system with respect to sustainability.

With the president and Group CEO of H.U. Group Holdings as chairman, the H.U. Group Sustainability Committee discusses the basic policy and activity plans in relation to sustainability, and reports the content of these discussions to the Board of Directors.

Towards resolving its material issues, the Group released KPIs and targets related to sustainability activities as a Sustainability Roadmap, and efforts are underway to achieve these goals.

## Cross-shareholdings

The Company and its subsidiaries do not engage in cross-shareholding in order to obtain stable shareholders. However, the Company may maintain strategic holdings of other listed companies' shares to strengthen business partnerships or its business activities with third parties, as strategic alliance is one of the growth strategies of the Group.

The Boards of Directors of the Company and its subsidiaries conduct verification of each strategic shareholding on an annual basis considering the management environment and business alliance. The Company discloses the verification results. With regard to the status of its shareholdings, the Company held three listed stocks (approximately ¥150.0 million) that were deemed suitable for holding as a result of the verifications in fiscal 2023.

In exercising voting rights of strategic shareholdings of the Company and its subsidiaries, we comprehensively make decisions based on whether each proposal contributes to the partner company's value. Moreover, we do not vote in favor of proposals that threaten to impair the Company's value or shareholder value.

## Compensation for Directors and Executive Officers

H.U. Group Holdings, 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 its desire to provide optimal healthcare services to all by addressing each and every one of its customers individually. To realize this desire and to promote global management among other items, the Company established the following Basic Principles of Executive Officer Compensation and has been operating 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 shares

### Policy and Determination Methods on Amounts of Compensation for Directors and Executive Officers and Calculation Method Thereof

In accordance with the provisions of the Companies Act concerning companies with three committees, the Company, at the Compensation Committee, has established the following policies for determining compensation for its directors and executive officers and determines the amounts and other conditions of compensation, etc. for respective directors and executive officers in accordance with these policies.

In addition, as the Company is a company with three committees (Nominating, Audit and Compensation) pursuant to the Companies Act, it has established a Compensation Committee fully comprised of outside directors, including the Chairperson, as stipulated by the Companies Act.

#### 1. Method of 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 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.

#### 2. Approach to compensation for directors and executive officers

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-based compensation will be changed depending on evaluation indicators such as net sales, operating profit, net profit and relative TSR\*1 (the Company's TSR in relation to the TOPIX growth rate including dividends).

Directors serving concurrently as executive officers will receive compensation as executive officers.

\*1 Total shareholder return



### 3. 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.

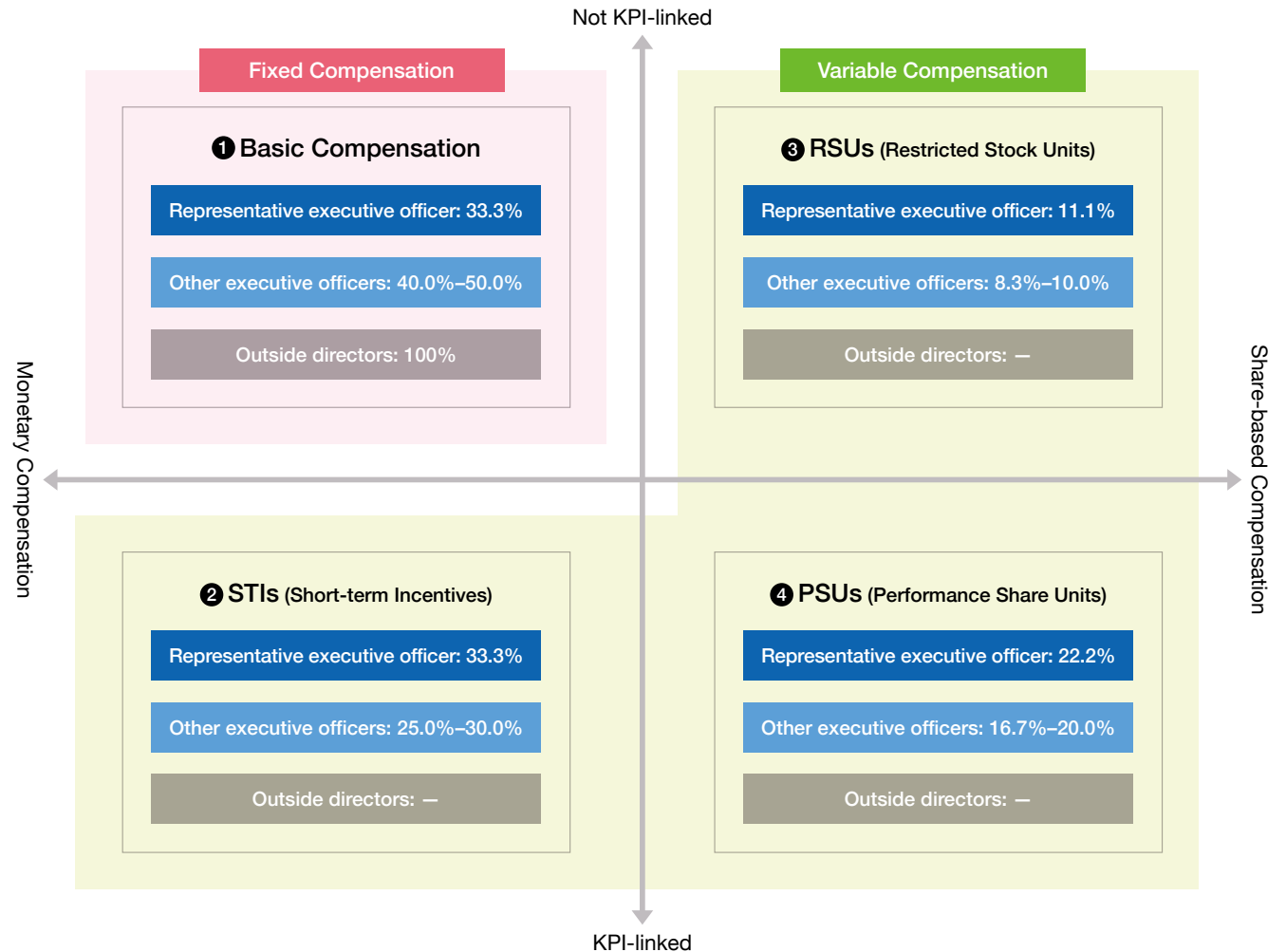
The Company will pay compensation to outside directors based on the details of their supervision activities, in addition to the prescribed fixed-amount compensation.

### 4. Executive officers' compensation

Compensation received by executive officers of the Company comprises ① basic compensation as fixed compensation, ② short-term incentives (STIs), which are linked to the level of achievement of targets such as the single-year consolidated performance of the Group and business companies for which the executive officers are responsible, ③ restricted stock units (RSUs), which promote shared value with shareholders through the holding of shares and ④ performance share units (PSUs), which are linked to the level of achievement of the enhancement of the Company's medium- to long-term corporate value. STIs, which are cash compensation, and RSUs and PSUs, which are non-monetary compensation (share-based compensation), are both organized as variable compensation.

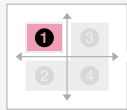
When determining the compensation ratio by type for compensation for the Company's executive officers, the Company reflects the weight of management responsibilities in the compensation composition by position by increasing the ratio of variable compensation as the position of the executive officer gets 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, 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 fiscal year.

### Compensation Types and Breakdown by Job Title



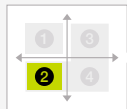
(KPI: Key performance indicator)

Please see p.53 for further details on the above figure. ▶



**1 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 his or her duties, etc.
- In addition to the prescribed fixed compensation, compensation is paid to directors in accordance with the details of their supervisory activities.



**2 STIs**

- The amount paid is linked to short-term performance based on single-year performance.
- Evaluation of single-year performance is based on the evaluation of consolidated performance of the Group, and evaluations of certain executive officers take into account segment performance based on their respective areas of responsibility.

Breakdown by Job Title	Single-year Performance	
	(1) Consolidated Group Performance	(2) Segment Performance
Representative executive officer	100%	—
Other executive officers	60%–100%	0%–40%

**(1) Consolidated Group Performance**

KPI	Weight	Target	Range of Variation in Payment
Consolidated net sales	50%	Absolute amount (as per plan)	0%–200%
Consolidated profit	50%	Absolute amount (as per plan)	0%–200%

**(2) Segment Performance**

KPI	Weight	Target	Range of Variation in Payment
Net sales	50%	Absolute amount (as per plan)	0%–200%
Operating profit	50%	Absolute amount (as per plan)	0%–200%



**3 RSUs**

- RSUs are share-based compensation in which the Company allocates RSU points (one 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.



**4 PSUs**

- PSUs are share-based compensation in which the Company allocates PSU points (one 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.

KPI	Weight	Range of Variation in Payment
Relative TSR*2	90%	0%–200%
ESG indicator*3	10%	0%–200%

\*2 The Company's TSR (total shareholder return) in relation to the TOPIX growth rate including dividends

\*3 Evaluated on the basis of three criteria: MSCI ESG ratings, KENKO Investment for Health Outstanding Organizations Recognition Program (White 500) Certification, and CDP evaluations (climate change)

# Compliance

## Formulation of the Code of Conduct

The H.U. Group has formulated a Code of Conduct to strengthen compliance Group-wide that has been adopted by all Group companies. In addition to the Japanese version, the code is also available in English, Chinese, and Vietnamese.

## Promotion of Compliance Awareness

To promote understanding of compliance, the H.U. Group has prepared a Compliance Handbook that is distributed to all employees, conducts compliance training once a year and an annual compliance survey, and sends out a monthly compliance-related e-mail magazine.

Since it was first issued in 2016, the Compliance Handbook has been updated to take account of the latest trends and social requirements. It is used to raise awareness of compliance, including through reading sessions in each corporate department. We also integrate compliance-related content across our range of training programs.

We carry out e-learning using shared tools available at each company as part of compliance training. Employees at workplaces that do not have access to the internet take classes using paper-based materials.

We also send a monthly e-mail magazine providing compliance-related information to all employees who have a company e-mail address and work further to instill compliance awareness by setting mini-tests and issuing other self-study materials.

## Compliance Promotion Structure

The Group has put in place a system under which the H.U. Group Holdings' Compliance Committee provides Group-wide guidance. The committee, an advisory body to the representative executive officer chaired by the executive officer in charge of legal affairs, consists of all executive officers, excluding the president and Group CEO, and the general manager of the Legal Division. Meeting once a year, the committee is responsible for educating and informing on laws and on the Code of Conduct and monitoring compliance, formulating related systems and measures, addressing violations of laws and the code and issuing relevant instructions, and carrying out independent surveys. Additionally, it receives reports from each Group company on compliance with laws and the code and provides appropriate guidance in response.

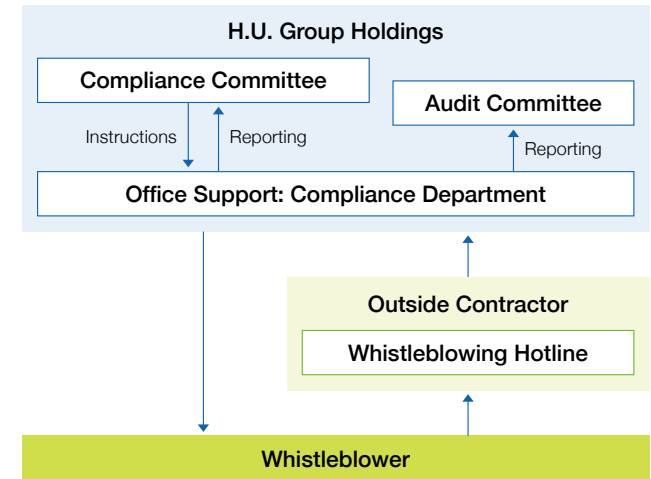
## Whistleblowing System

Since 2013, the Group has operated the H.U. Group Hotline, a whistleblowing service to enable us to detect and address compliance issues at an early stage. All Japanese Group companies are covered by this system, which provides access to advice from external consultants, to whom reports can be made anonymously. Where serious incidents come to light, they may be reported if appropriate to senior management. The Compliance Department reports regularly on the status of whistleblowing to the Audit Committee, which consists of three outside directors. From August 1, 2022, the Compliance Department took over responsibility for the whistleblowing system from the Legal Division's Compliance Section. This organizational reform was designed to further strengthen efforts to uncover and address hidden risk across the Group.

Furthermore, in response to the amended Whistleblower Protection Act enacted in June 2022, a structure for appropriate handling of whistleblower reports has been put in place. In addition to reformulating our Whistleblower Report Handling Rules, we have designated staff to deal with whistleblower reports and have imposed a duty of confidentiality regarding information that could identify the whistleblower.

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of reports made through the H.U. Group Hotline	125	134	116	155	184

## Whistleblowing System



## Research Ethics

The H.U. Group has established the H.U. Group Research Ethics Committee as an independent body for neutral and fair review of the clinical tests and research conducted at each Group company from an ethical and scientific standpoint. The committee rules, the list of members, and a summary of discussions are published on our website.

# Company Recognition/Participation in Initiatives

## ESG Index Selection

### FTSE Blossom Japan Index\*1

An ESG investment index specializing in Japanese companies created by FTSE Russell, in which Japanese companies with excellent ESG initiatives are selected. The Company has been selected for two consecutive years since 2023.



FTSE Blossom Japan

### FTSE Blossom Japan Sector Relative Index\*1

An ESG investment index specializing in Japanese companies created by FTSE Russell, relatively reflecting the performance of Japanese companies with excellent ESG initiatives in each sector. It evaluates climate change initiatives and governance improvements in sectors with particularly high greenhouse gas emissions to promote the transition to a low-carbon society. The Company has been selected for three consecutive years since 2022.



FTSE Blossom Japan Sector Relative Index

### MSCI Nihonkabu ESG Select Leaders Index\*2

The index is composed of stocks of companies with superior ESG performance within the MSCI Japan IMI index covering Japanese stocks, with a target coverage of 50% by number of stocks within each industry. The Company was selected for the first time in 2024.

### 2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

### MSCI Japan ESG Select Leaders Index\*2

An index composed of stocks of companies with superior ESG performance within the MSCI Japan IMI index covering Japanese stocks, with a target coverage of 50% by market capitalization within each industry. The Company has been selected for eight consecutive years since 2017.

### 2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

### S&P/JPX Carbon Efficient Index

This index scores according to environmental information disclosure and carbon efficiency level (sales-based carbon emissions intensity). The Company has been selected as a constituent stock for seven consecutive years since 2018.



### Morningstar Japan ex-REIT Gender Diversity Tilt Index\*3

An ESG index designed by Morningstar to enable investment focused on companies "that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender." The Company was selected for the highest rating of "Group 1" in 2023.



### SOMPO Sustainability Index

The H.U. Group has been selected as a constituent stock of the SOMPO Sustainability Index, which is operated by Sompo Asset Management Co., Ltd., for four consecutive years since 2021.

### MSCI Japan Empowering Women Index (WIN)\*2

The index is composed of stocks of companies with excellent gender diversity scores, within the MSCI Japan IMI index covering Japanese stocks. The Company has been selected as a constituent for six consecutive years since 2019.

### 2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

## ESG Ratings

### MSCI ESG Ratings\*2

MSCI ESG ratings are global evaluation indicators for ESG investment that perform comprehensive evaluation of environmental, social and governance aspects of several thousand companies worldwide, and rate them in seven levels from the highest rating of "AAA" to the lowest of "CCC."

The Company has earned the highest "AAA" rating for three consecutive years since 2022.



### CDP

CDP is an international NGO that discloses information by scoring the responses of companies and other organizations based on questionnaires about global environmental issues. The Company has received the second highest rating of "A-" in the "Climate Change Report" for three consecutive years since 2021.

In addition, in the "Supplier Engagement Rating (SER)," which rates how effectively companies are working with their suppliers on climate change issues, we received the second highest rating of "A-" in 2023. In 2023, we responded to the water security questionnaire for the first time and received a D rating.

### ESG Corporate Rating by ISS ESG

The H.U. Group has been certified with the "Prime" rating in the "ESG Corporate Rating" by ISS ESG, which is a well-known ESG ratings organization that is the ESG investment solutions business unit of Institutional Shareholder Services, which is the world's largest proxy advisory firm in the United States, since 2023.



\*1 FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that H.U. Group Holdings, Inc. has qualified for inclusion in the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index as a result of independent research. The FTSE Blossom Japan Index was created by global index provider FTSE Russell, and designed to measure the performance of companies with excellent environmental, social and governance (ESG) responses. The FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index are widely used to create and evaluate sustainable investment funds and other financial products.

\*2 The use by H.U. Group Holdings, Inc. of any data of MSCI ESG Research LLC or its affiliates ("MSCI") and the use of MSCI logos, trademarks, service marks, or index names herein do not constitute a sponsorship, endorsement, recommendation, offer or solicitation to purchase, sell or underwrite any security associated with H.U. Group Holdings, Inc. The index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the index or any data included in it. Morningstar makes no express or implied warranties regarding the index or the Logo, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third-party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, index name and the Logo are the trademarks or service marks of Morningstar, Inc. Past performance is no guarantee of future results.

\*3 Morningstar Inc. and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized H.U. Group Holdings, Inc. to use the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, H.U. Group Holdings, Inc. ranks in the top quintile of companies comprising the Morningstar Japan ex-REIT Gender Diversity Tilt Index ("Index") on the issue of gender diversity in the workplace. Morningstar has authorized the use of the Logo by H.U. Group Holdings, Inc. only for informational purposes. Use of the Logo by H.U. Group Holdings, Inc. should not be construed as an endorsement by Morningstar of H.U. Group Holdings, Inc. or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with H.U. Group Holdings, Inc. The index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the index or any data included in it. Morningstar makes no express or implied warranties regarding the index or the Logo, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third-party content providers have any liability for any damages (whether direct or indirect), arising from any party's use or reliance on the index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, index name and the Logo are the trademarks or service marks of Morningstar, Inc. Past performance is no guarantee of future results.

### Morningstar Sustainalytics' ESG Risk Ratings

These focus on ESG issues that pose a significant risk to corporate performance, and ratings are made from three perspectives: "corporate governance," "material ESG issues," and "industry-specific issues." The Company has earned the second best "Low Risk" rating since 2020.

### KENKO Investment for Health Stock Selection

The KENKO Investment for Health Stock Selection are enterprises jointly selected and announced by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for focusing on and strategically carrying out efforts with regard to employees' health from a management perspective. The Company was selected for the first time in 2024.



### 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (White 500)

The Company and its consolidated subsidiaries, SRL, Fujirebio and H.U. Frontier, have been selected for three consecutive years from 2022 in the large enterprise category of the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (White 500) operated by the Japanese Ministry of Economy, Trade and Industry.



### DX Stocks 2024

The H.U. Group has been included in DX Stocks by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange and the Information-technology Promotion Agency, Japan for two consecutive years since 2023.



### DX Certification

Since February 2023, the H.U. Group has been certified as a DX Certified Operator under the DX Certification system established by the Ministry of Economy, Trade and Industry.



## Participation in Initiatives

### Signing of UNGC

In March 2019, we signed in support of the Ten Principles of the United Nations Global Compact (UNGC) and declared our commitment to ongoing efforts to fulfill them.



### Supporting Business Ambition for 1.5°C

In October 2021, we signed on to this campaign, led by UNGC, the We Mean Business Coalition, and the Science Based Targets (SBT) Initiative, which calls for the setting of targets to limit global atmospheric temperature rise to 1.5°C.



### Supporting JCI and the Race to Zero

We support the Japan Climate Initiative (JCI)'s call to "join the front line of the global push for decarbonization from Japan." We also participate through JCI in the Race to Zero,\*4 which targets net-zero greenhouse gas emissions by 2050.



\*4 An international campaign promoted by the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC). It calls on business enterprises, local governments, and other organizations worldwide to commit to targeting net-zero greenhouse gas emissions by 2050 and to begin taking relevant action immediately.

### Participating in the Ministry of the Environment's Water Project

The Company is participating in the Water Project launched by the Ministry of the Environment when the Basic Act on Water Cycle came into effect in July 2014. We support initiatives by industry, government and academia to utilize and preserve a good water cycle, and will promote not only business activities in the H.U. Group, but also raising awareness of employees and collaboration with other companies participating in the project.



### Joining the GHIT Fund

Fujirebio Holdings, Inc. joined the Global Health Innovative Technology Fund (GHIT Fund) in August 2023. It will contribute to solving global health issues such as improving access to healthcare.



## Rating by a Credit Rating Agency

The issuer rating of the Company by Rating and Investment Information as of October 1, 2023 was as follows.

Rating	A (no change)
Direction of rating	Stable (no change)



# Corporate Information (As of March 31, 2024)

## Corporate Profile

### Corporate Name

H.U. Group Holdings, Inc.

### Headquarters

Akasaka Intercity AIR  
1-8-1 Akasaka, Minato-ku, Tokyo 107-0052, Japan  
Tel: +81-3-6279-0801

### Representative

Director, Chairman, President and Group CEO  
Shigekazu Takeuchi

### Established

December 18, 1950

### Capital Stock

¥9,279 million

### Permanent Employees (Consolidated)

5,295

### Management Structure

Company with three committees

### Main Subsidiaries

SRL, Inc.  
Fujirebio Holdings, Inc.  
Fujirebio Inc.  
H.U. Frontier, Inc.  
Nihon Stery, Inc.

## Share Information

**Listed Stock Market** Tokyo Stock Exchange Prime Market  
(Securities code: 4544)

**Number of Shares Authorized** 200,000,000

**Number of Shares Issued and Outstanding** 57,473,822

**Number of Shareholders** 19,291

**One Share Unit** 100

**End of Fiscal Year** March 31

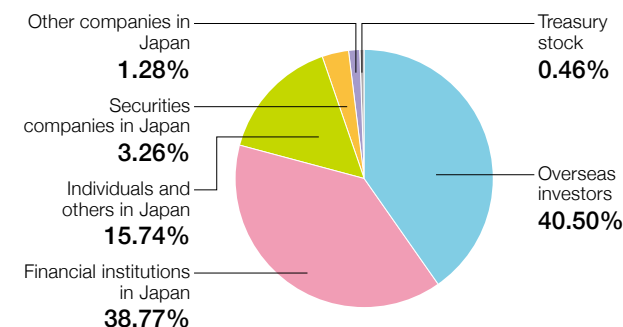
### Major Shareholders

Name of Shareholders	Number of Shares Held (thousands)	Shareholding Ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	11,278.2	19.71
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	3,960.5	6.92
JP MORGAN CHASE BANK 380684	2,486.7	4.35
SSBTC CLIENT OMNIBUS ACCOUNT	2,205.3	3.85
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	1,705.4	2.98
NIPPON LIFE INSURANCE COMPANY, LTD.	1,538.6	2.69
MEIJI YASUDA LIFE INSURANCE COMPANY	1,272.2	2.22
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	1,129.2	1.97
STATE STREET BANK AND TRUST COMPANY 505103	1,054.4	1.84
THE BANK OF NEW YORK MELLON 140044	1,040.6	1.82

Notes: 1. The Company holds 262,101 shares of treasury stock, which is excluded from the shareholding ratios listed above. Furthermore, treasury stock does not include the 392,718 shares held in the Board Incentive Plan (BIP) trust under the trust-type share-based compensation scheme.

2. Shares owned by The Master Trust Bank of Japan, Ltd. and by Custody Bank of Japan, Ltd. are held in their trust accounts.

## Shareholders by Category



## Main Group Companies and Bases (As of April 1, 2024)

- H.U. Group Holdings, Inc.

### Integrated Sales Company

- H.U. Frontier, Inc.

### Lab Testing and its related Services

- SRL, Inc.
- Nihon Rinsho, Inc.
- HOKUSHIN Clinical Laboratory, Inc.
- SRL Kitakanto Laboratory, Inc.
- Tokyo Central Pathology Laboratory, Inc.
- SRL International, Inc.
- Clinical Network G.K.
- H.U. Wellness, Inc.
- Ishinban, Inc.
- Japan Institute of Foods Ecology, Inc.
- SRL Medisearch, Inc.
- H.U. Cells, Inc.
- KBBM, Inc.
- SRL & Shizuoka Cancer Center Collaborative Laboratories, Inc.
- St. Luke's SRL Advanced Clinical Research Center, Inc.
- SAPPORO MIRAI LABORATORY Co., Ltd.
- SAPPORO MEDICARRY Co., Ltd.
- MEDISKET CORPORATION
- H.U. POCKeT, Inc.
- H.U. America, Inc. [1]
- Baylor Miraca Genetics Laboratories, LLC (U.S.) [1]
- SRL (Hong Kong) Limited [2]
- Ping An SRL Medical Laboratories (China) [3]

### In-Vitro Diagnostics

- Fujirebio Holdings, Inc.
- Fujirebio Inc.
- Advanced Life Science Institute, Inc.
- Fujirebio Diagnostics Japan, Inc.
- Fujirebio Diagnostics, Inc. (U.S.) [1]
- Fujirebio Diagnostics AB (Sweden) [2]
- CanAg Diagnostics (Beijing) Co., Ltd. [3]
- Fujirebio Europe N.V. (Belgium) [4]
- ADx NeuroSciences N.V. (Belgium) [4]
- Fujirebio Italia S.r.L. [5]
- Fujirebio Germany GmbH [6]
- Fujirebio Iberia SL (Spain) [7]

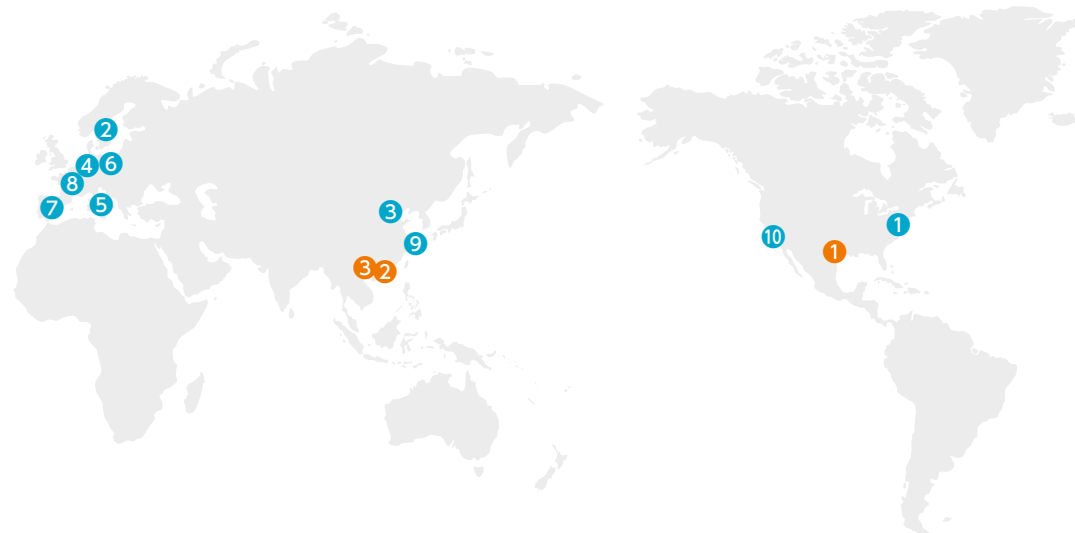
- Fujirebio France SARL [8]
- Fujirebio China Co., Ltd. [9]
- Fluxus, Inc. (U.S.) [10]

### Healthcare-related Services

- Nihon Stery, Inc.
- Care'x, Inc.
- GAIA medicare Inc.

### Other Related Businesses

- H.U. Group Research Institute G.K.
- H.U. Cast, Inc.
- MSF Capital Partners G.K.





**H.U. Group Holdings, Inc.**

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