

Financial Results for The Third Quarter of FY2024 (Ended December 31, 2024)

Feb. 7, 2025

H.U. Group Holdings, Inc.

(TSE: 4544)

Notes & references:

- * The financial information in this document follows Japanese GAAP, with the exception for EBITDA (Operating Profit + Depreciation + Goodwill Impairment), which is a non-GAAP measure.
- * In some cases, “Net profit/loss attributable to shareholders of the parent company” may be abbreviated as “Net profit/loss”.
- * Figures are generally rounded to the nearest whole number. As a result of rounding, there may be instances where the totals do not exactly match the sum of the individual figures.

* Abbreviations:

LTS: Lab Testing and its related Services

IVD: In-Vitro Diagnostics

HS: Healthcare-related Services

HUHD: H.U. Group Holdings, Inc.

FMS: Facility Management Service

OP: Operating profit

Or. profit: Ordinary profit

FY2024: Fiscal year ending March 31, 2025

CDMO: Contract Development and Manufacturing Organization

Exchange rates in this report:

9 Months FY2023 : 1USD = 143.30 JPY 1EURO = 155.29 JPY

9 Months FY2024 : 1USD = 152.57 JPY 1EURO = 164.82 JPY

Executive Summary

The Group

- Sales increased by 4.5 billion yen YoY, with EBITDA and operating profit each growing by 3.8 billion yen
- The full-year forecast was revised downward due to shortfalls in LTS cost reductions and other factors

LTS

- Base business¹ recovery drove a 7% YoY sales increase
- Profitability improvement progress:
 - Marginal profit is improving as planned
 - Fixed cost reduction fell behind the initial plan, leading to a full-year forecast revision
- AkirunoCube's system transfer: On track and will start full-scale operation from April 2025

IVD

- Neuro-related sales continue to grow strongly
- COVID-19-related sales declined YoY but exceeded the initial plan

1. Excluding COVID-19 testing-related sales

Financial Results for The Third Quarter of FY2024

Consolidated Results for 9 Months FY2024

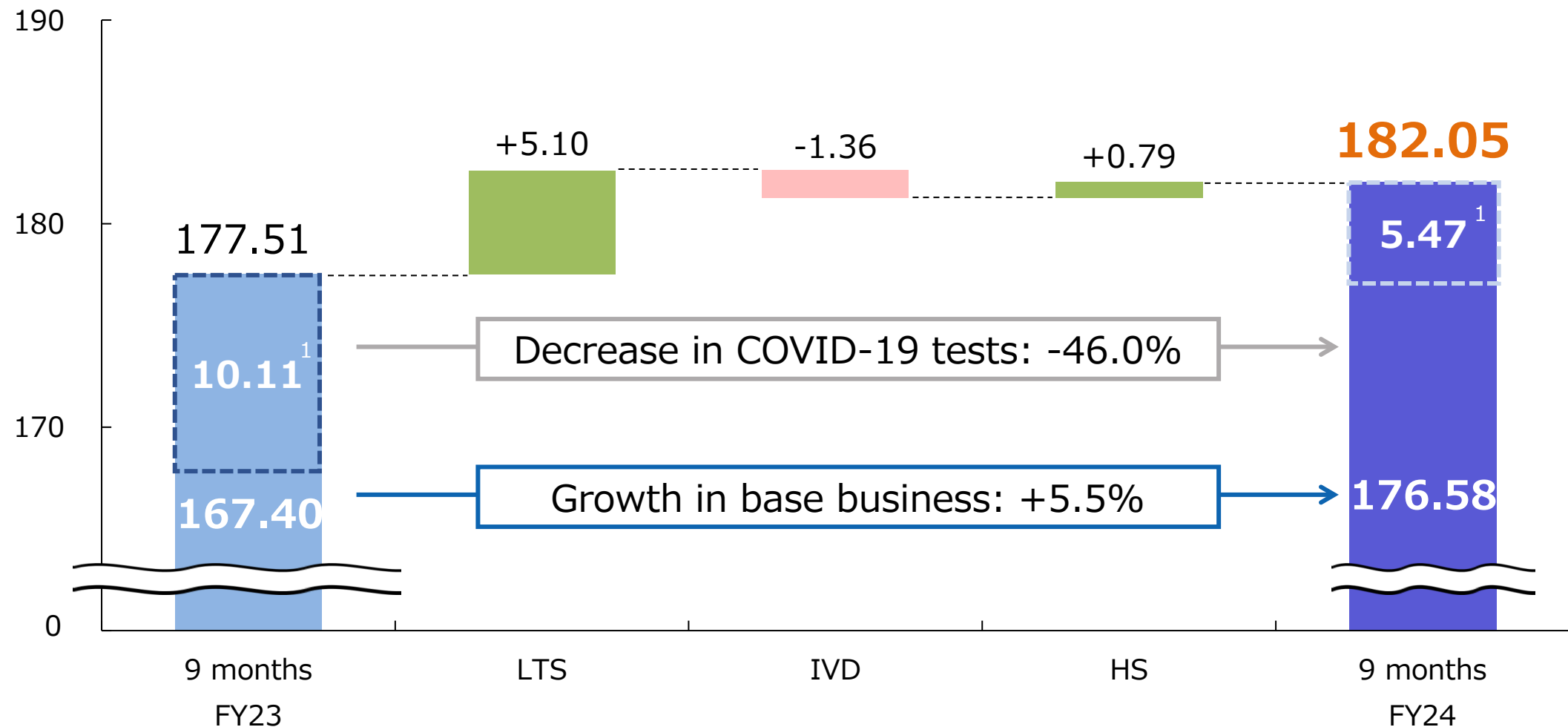
(¥ billion)

	9 Months FY2023 Results	Profit ratio	9 Months FY2024 Results	Profit ratio	Change
Net sales	177.51		182.05		+4.54 +2.6%
LTS	109.96		115.06		+5.10 +4.6%
IVD	46.43		45.07		-1.36 -2.9%
HS	21.13		21.92		+0.79 +3.7%
Operating profit/loss ¹	-1.15	-0.6%	2.66	1.5%	+3.80 —
LTS	-8.56	-7.8%	-3.59	-3.1%	+4.97 —
IVD	11.04	23.8%	9.32	20.7%	-1.72 -15.6%
HS	0.94	4.4%	1.28	5.9%	+0.35 +36.9%
Or. profit/loss	-2.86	-1.6%	4.29	2.4%	+7.15 —
Net profit/loss	-3.35	-1.9%	2.79	1.5%	+6.14 —
EBITDA	14.26	8.0%	18.06	9.9%	+3.81 +26.7%

1. Operating profit or loss includes H.U. Group Holdings, H.U. Group Research Institute and others, as well as inter-segment eliminations (9 Months FY2023: -¥4.56 B, 9 Months FY2024: -¥4.36 B)

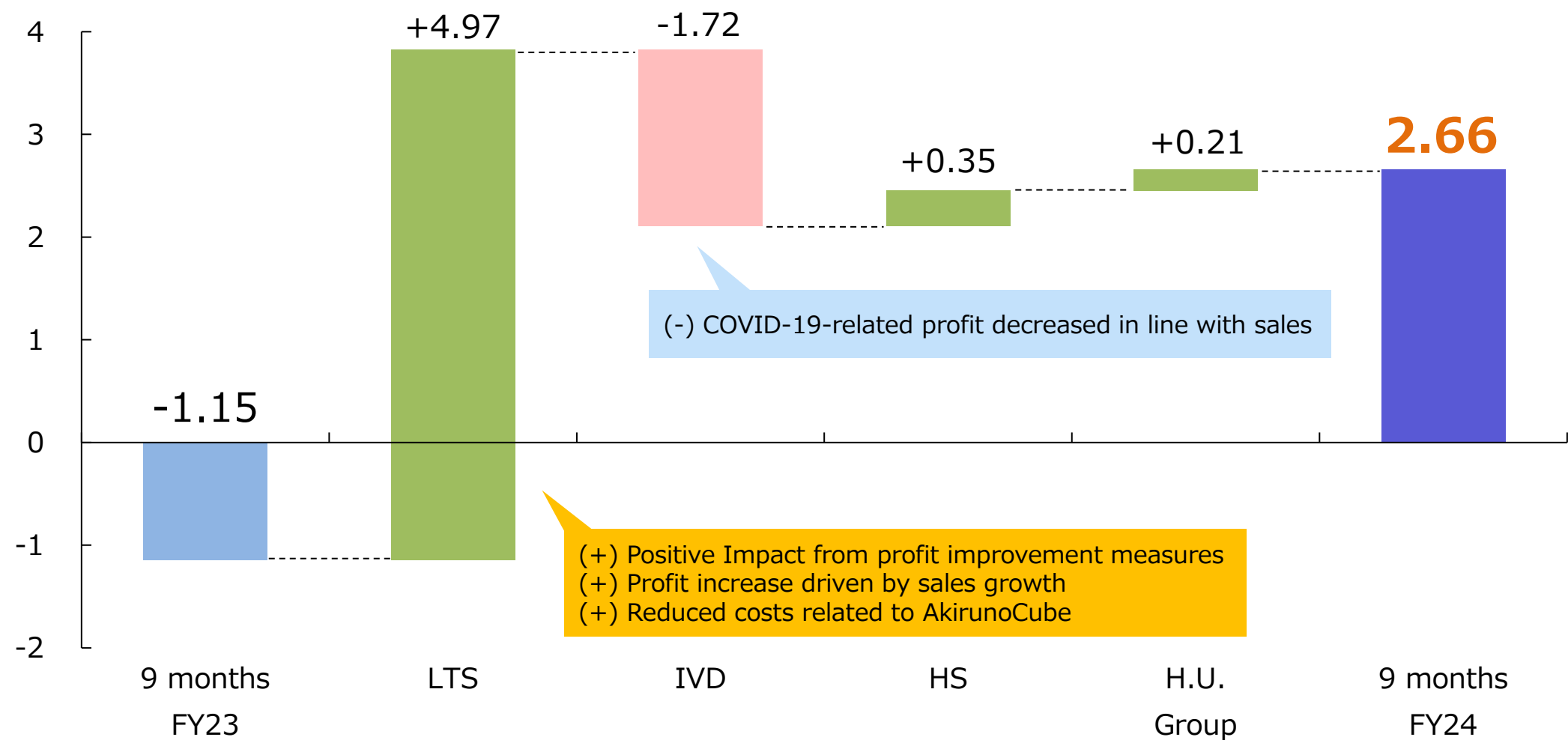
Consolidated Net Sales Changes

(¥ billion)

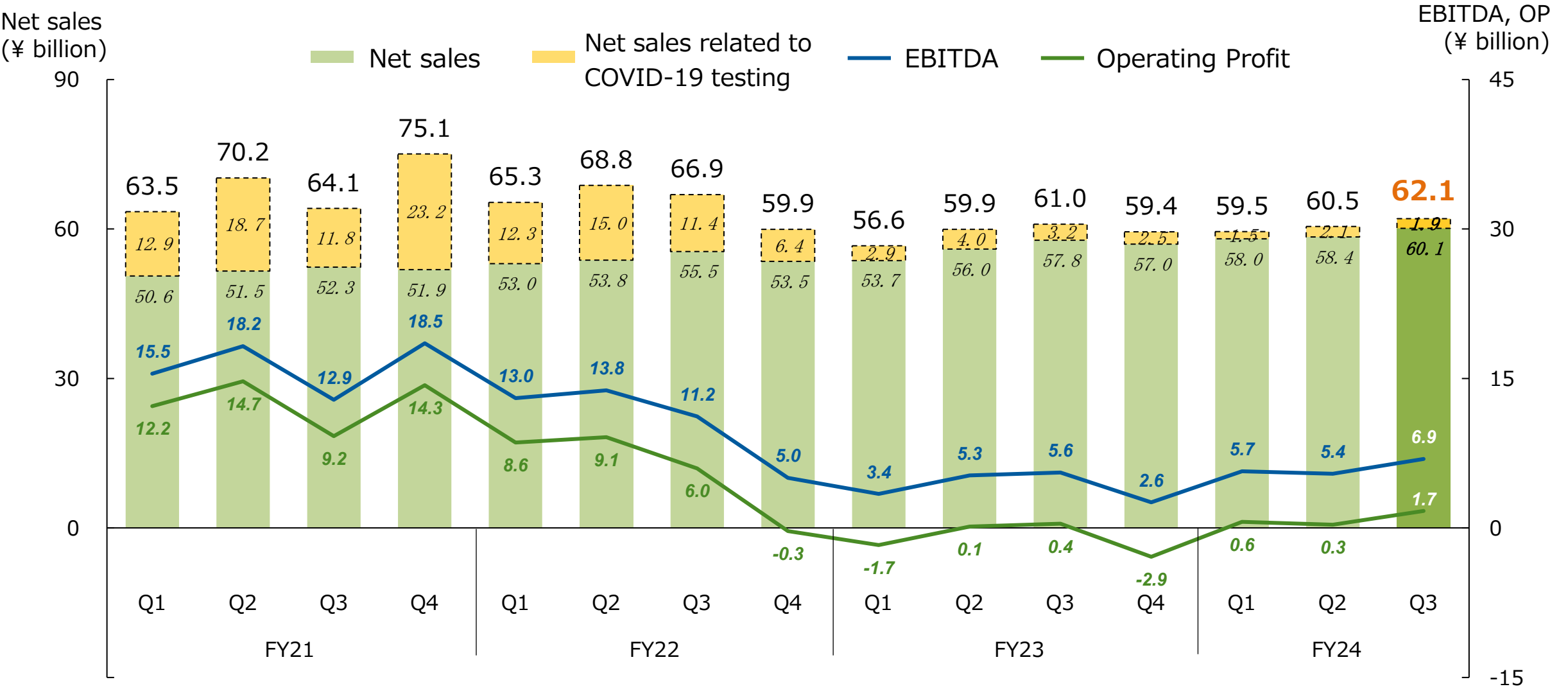


Consolidated Operating Profit Changes

(¥ billion)



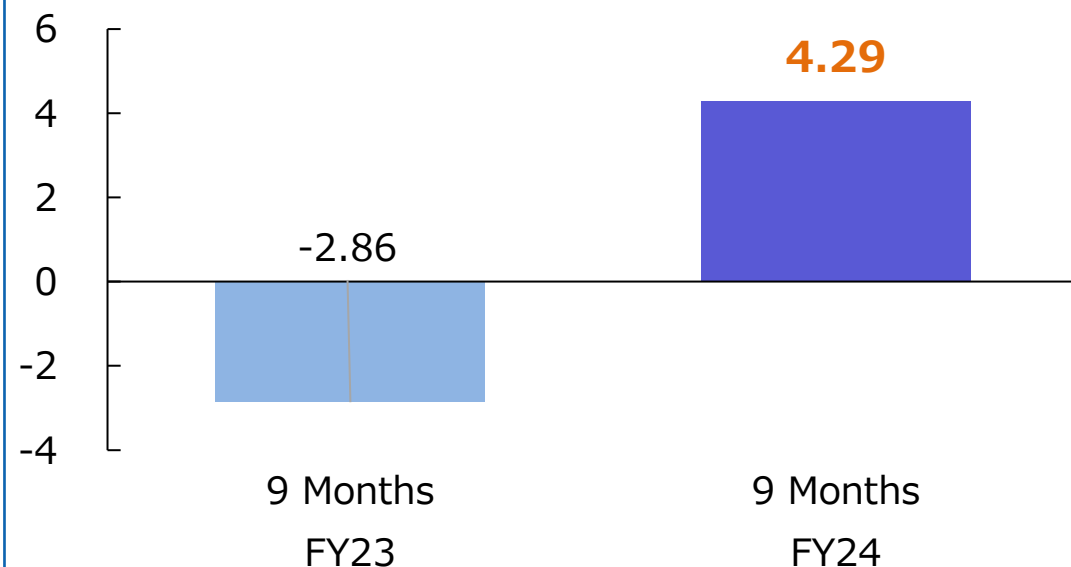
Quarterly Performance Trend



Consolidated Ordinary Profit/Loss & Net Profit/Loss

Ordinary Profit/Loss

(¥ billion)

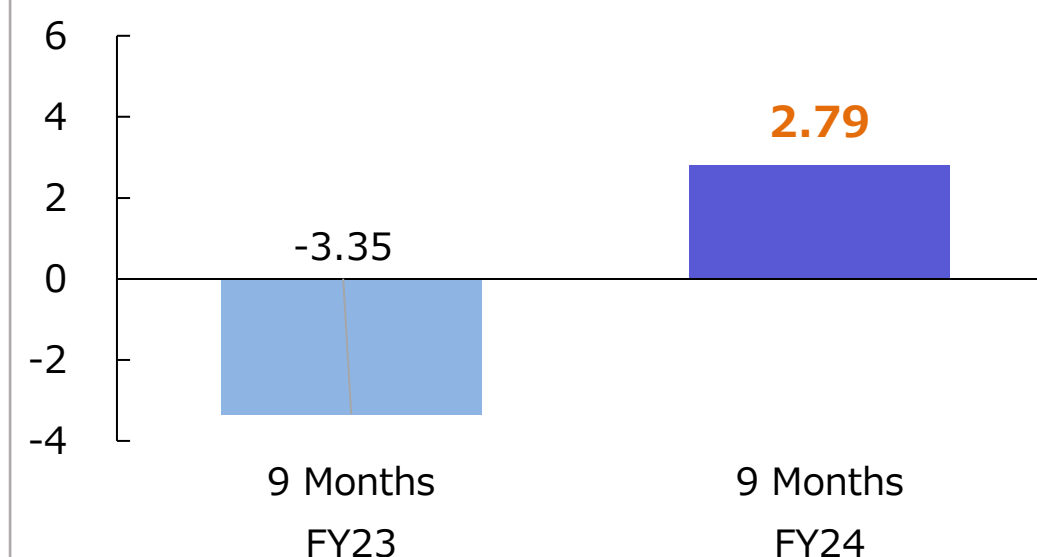


Major non-operating factors

- Gain on investments in capital ¥2.82 B
- Foreign exchange gains ¥0.52 B
(FY23_9M: ¥0.41 B)
- Equity in losses of affiliates ¥1.54 B
[BMGL: ¥1.10 B, JV with Ping An: ¥0.37 B]
(FY23_9M: ¥1.84 B [BMGL: ¥0.82 B, JV with Ping An: ¥0.98 B])

Net Profit/Loss

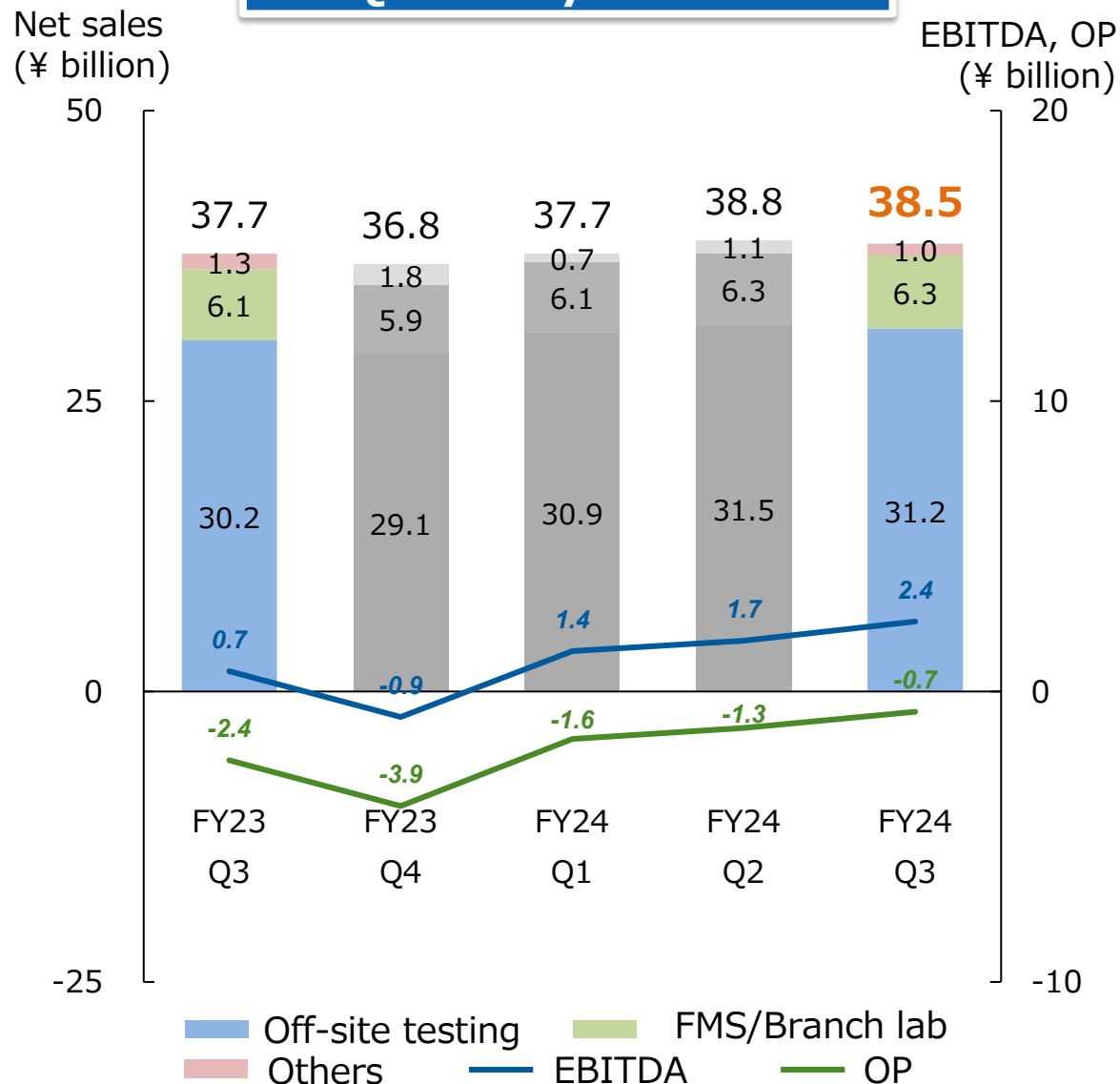
(¥ billion)



Major factors affected to net profit

- Reversal of compensation loss ¥0.68 B
- Loss from affiliate liquidation ¥0.91 B
(JV with Ping An)

Quarterly Results



YoY Comparison

(¥ billion)

	9 Months FY23	9 Months FY24	Change	
Net sales	109.96	115.06	+5.10	+4.6%
Off-site	88.46	93.57	+5.12	+5.8%
FMS/Branch	18.43	18.65	+0.22	+1.2%
Others	3.07	2.84	-0.23	-7.6%
EBITDA Ratio	0.71	5.54	+4.83	+683.5%
OP Ratio	-8.56	-3.59	+4.97	—

Key points

Net sales

- Genetic testing increased
- Base business (excl. COVID-19) sales grew by 7%
- Testing volume rose by 6%
- COVID-19-related sales: ¥1.0 B (FY23_9M: ¥3.0 B)

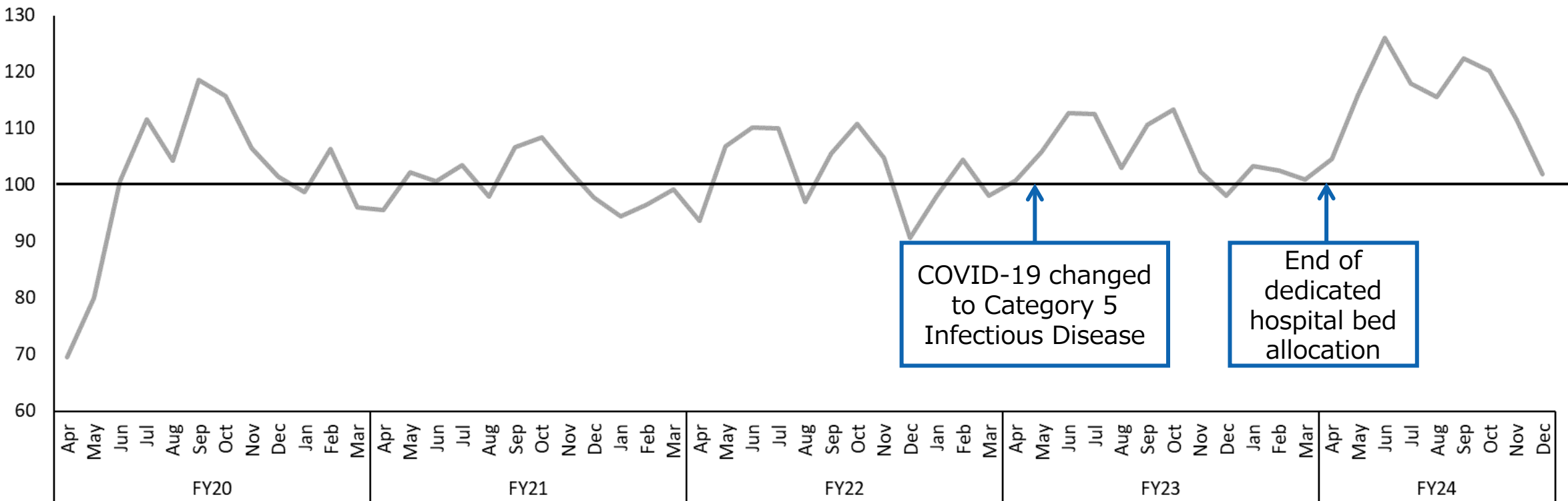
Operating Profit

- Positive impact from profit improvement measures
- Profit increase driven by sales growth
- Reduced costs related to AkirunoCube

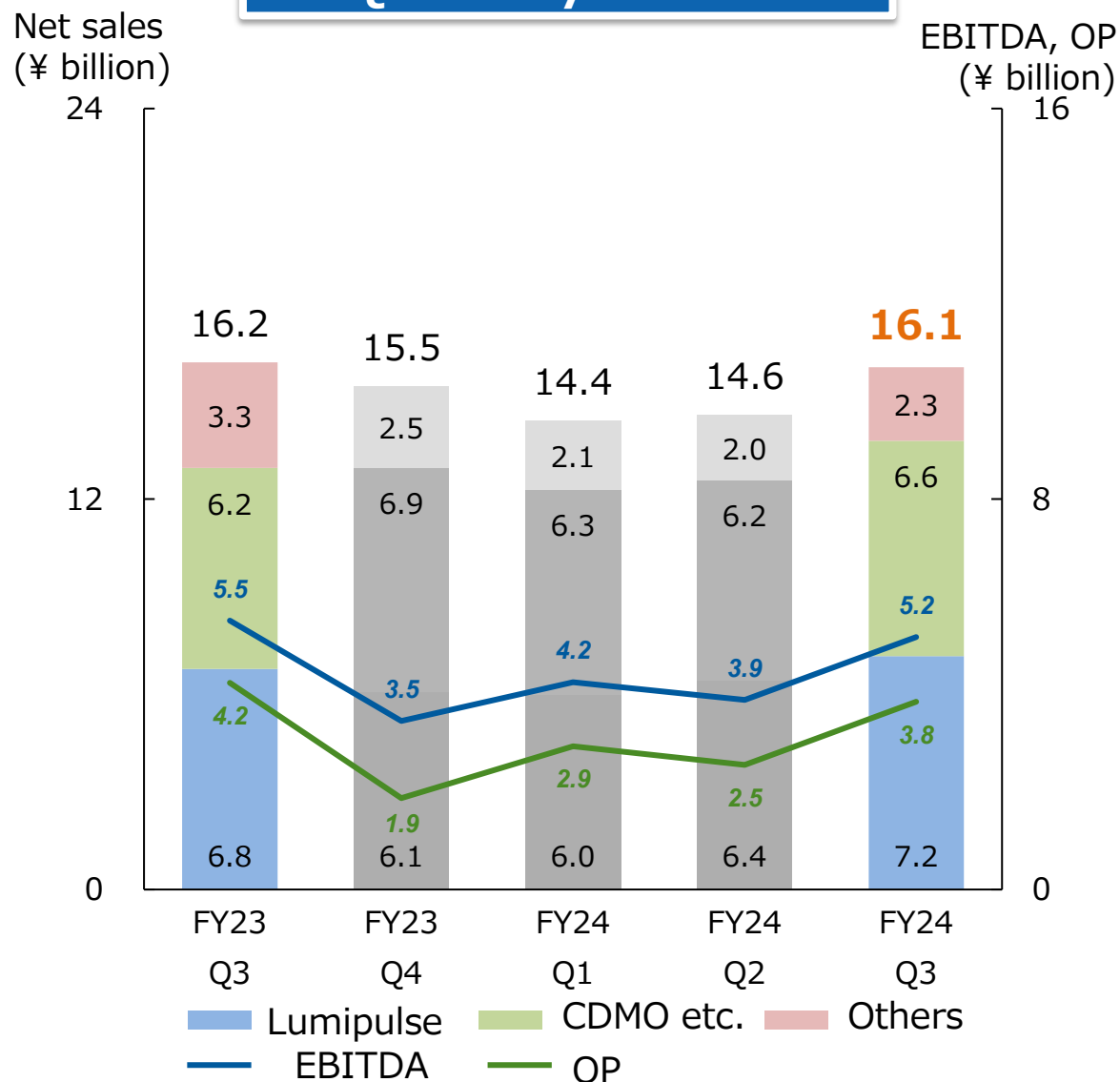
LTS: Trend in the Testing Volume (since April 2020)

- Testing volume is increasing with COVID-19 changed to a Category 5 Infectious Disease and the end of dedicated hospital bed allocations
- Baseline growth continues in the post-COVID-19 era

The trend assumes the tests-per-day at SRL in FY2019 to be 100



Quarterly Results



YoY Comparison

(¥ billion)

	9 Months FY23	9 Months FY24	Change	
Net sales	46.43	45.07	-1.36	-2.9%
Lumipulse	19.64	19.56	-0.08	-0.4%
Japan	17.11	15.19	-1.91	-11.2%
Overseas	2.54	4.37	+1.83	+72.1%
CDMO etc.	18.80	19.10	+0.31	+1.6%
Others	7.99	6.41	-1.58	-19.8%
EBITDA Ratio	14.82 31.9%	13.30 29.5%	-1.52	-10.3%
OP Ratio	11.04 23.8%	9.32 20.7%	-1.72	-15.6%
Lumipulse inter-segment transaction	3.37	2.78	-0.59	-17.4%

Key points

Net sales

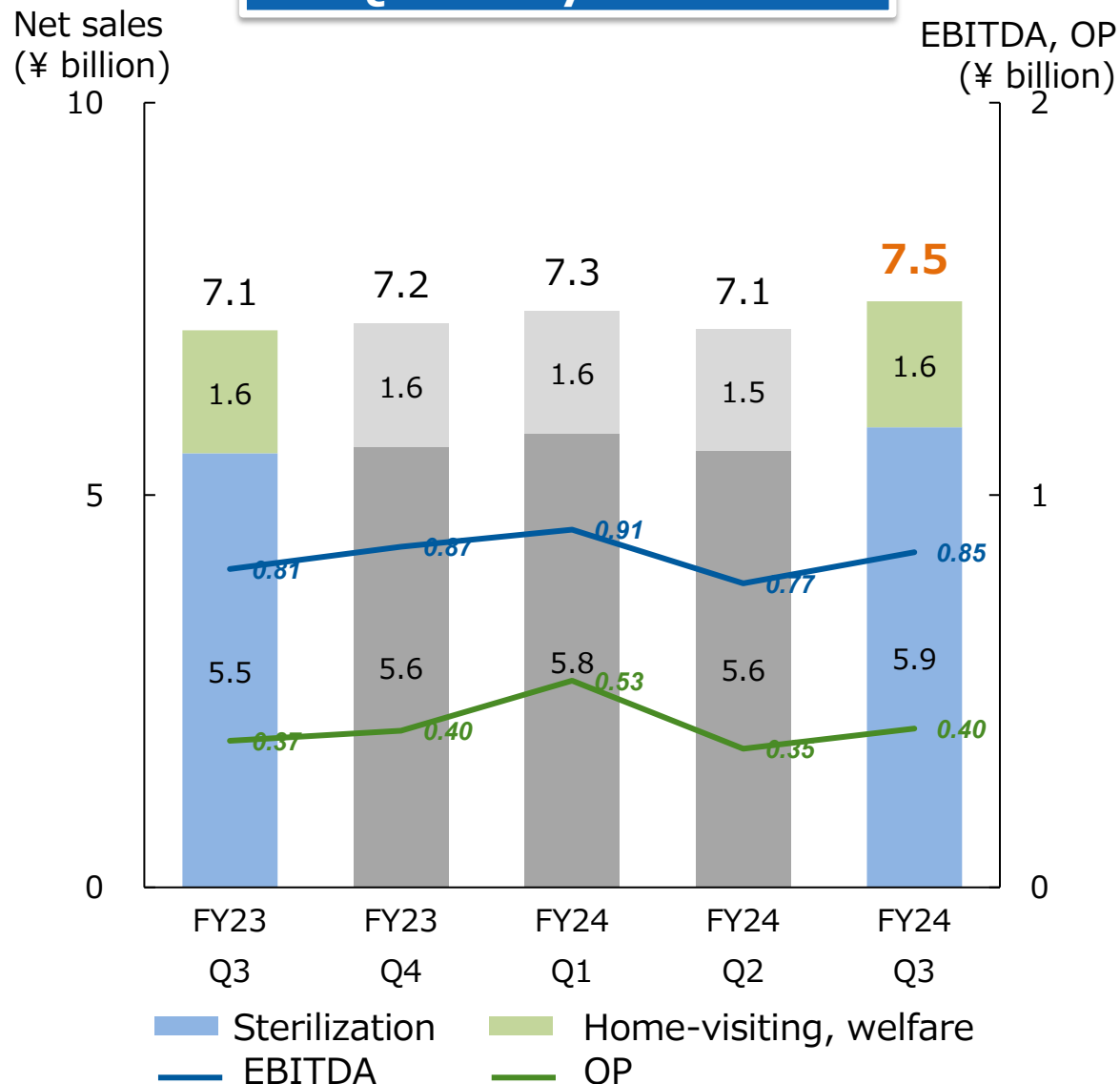
- Strong growth in the core business driven by the increase in Neuro reagents for Lumipulse overseas
- COVID-19-related sales: ¥4.4 B (FY23_9M: ¥7.1 B)

Operating profit

- Increase in R&D costs (Ultra-High Sensitive, Neuro)
- COVID-19-related profit decreased while maintain healthy OP margin

FX impact (net sales: +¥1.5 B, OP: +¥0.2 B)

Quarterly Results



YoY Comparison

(¥ billion)

	9 Months FY23	9 Months FY24	Change	
Net sales	21.13	21.92	+0.79	+3.7%
Sterilization	16.44	17.20	+0.76	+4.6%
Home-visiting, welfare	4.69	4.72	+0.03	+0.7%
EBITDA Ratio	2.17 10.3%	2.54 11.6%	+0.37	+17.1%
OP Ratio	0.94 4.4%	1.28 5.9%	+0.35	+36.9%

Key points

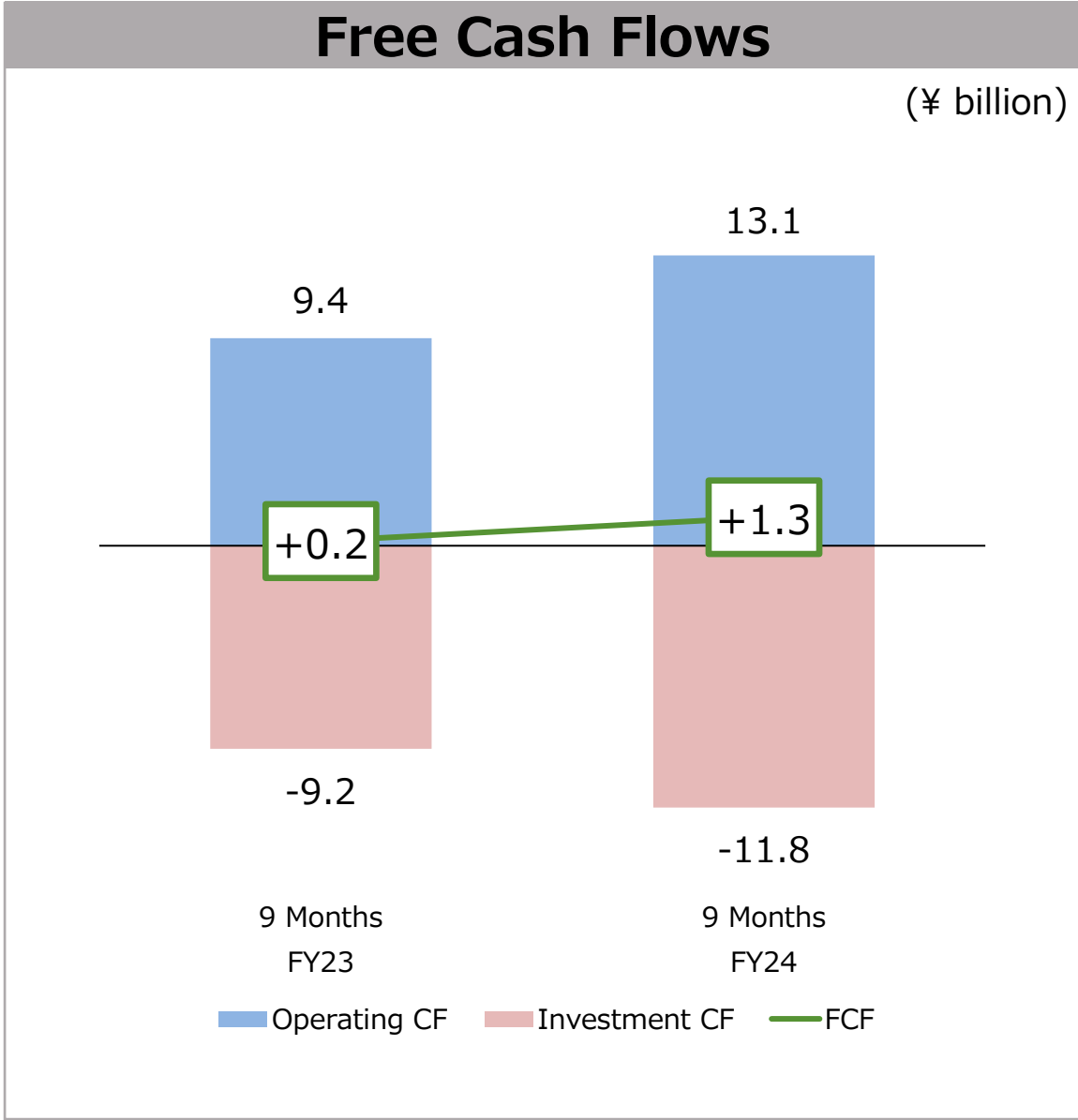
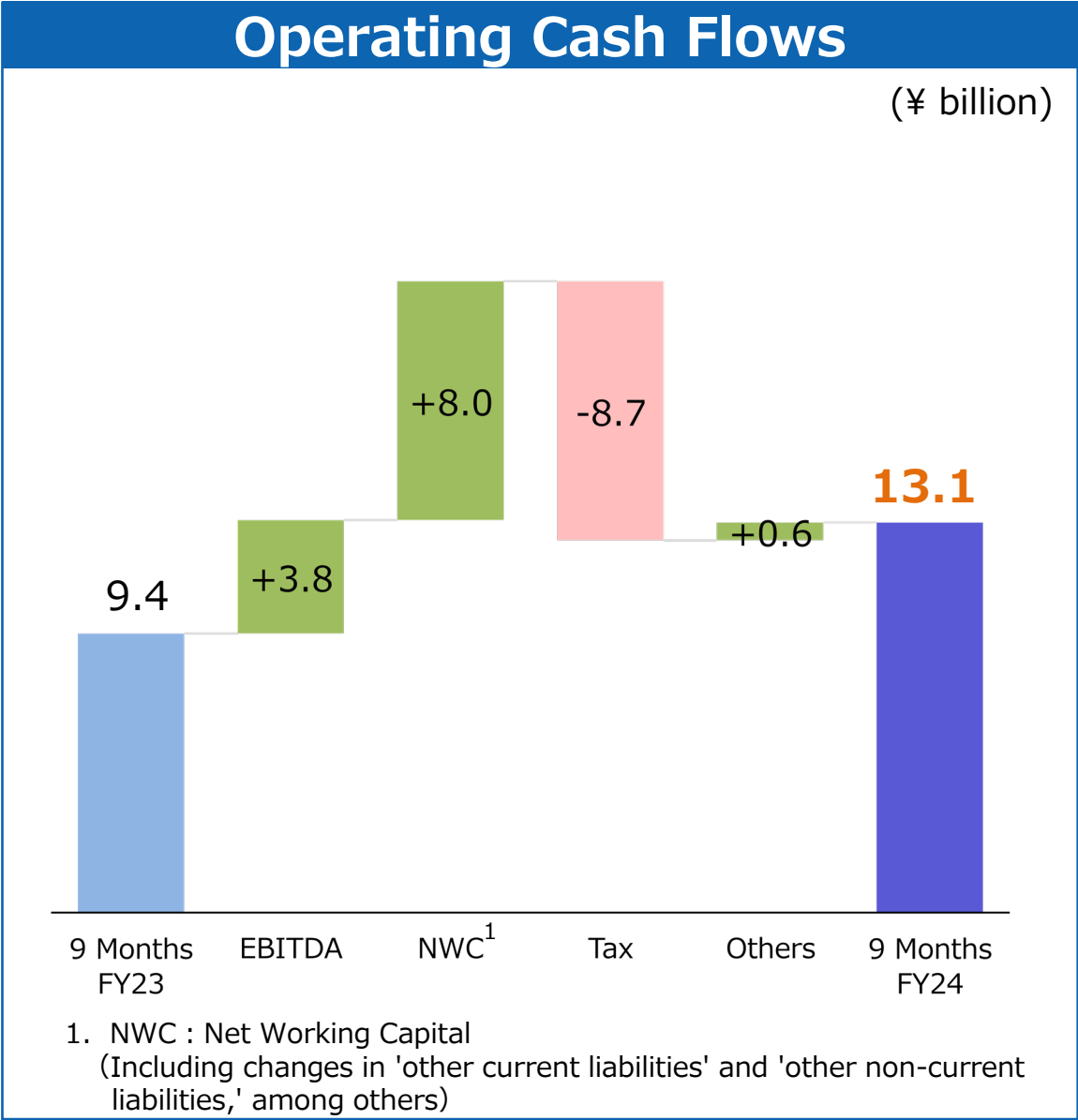
Net sales

- The Sterilization-related business remains stable

Operating profit

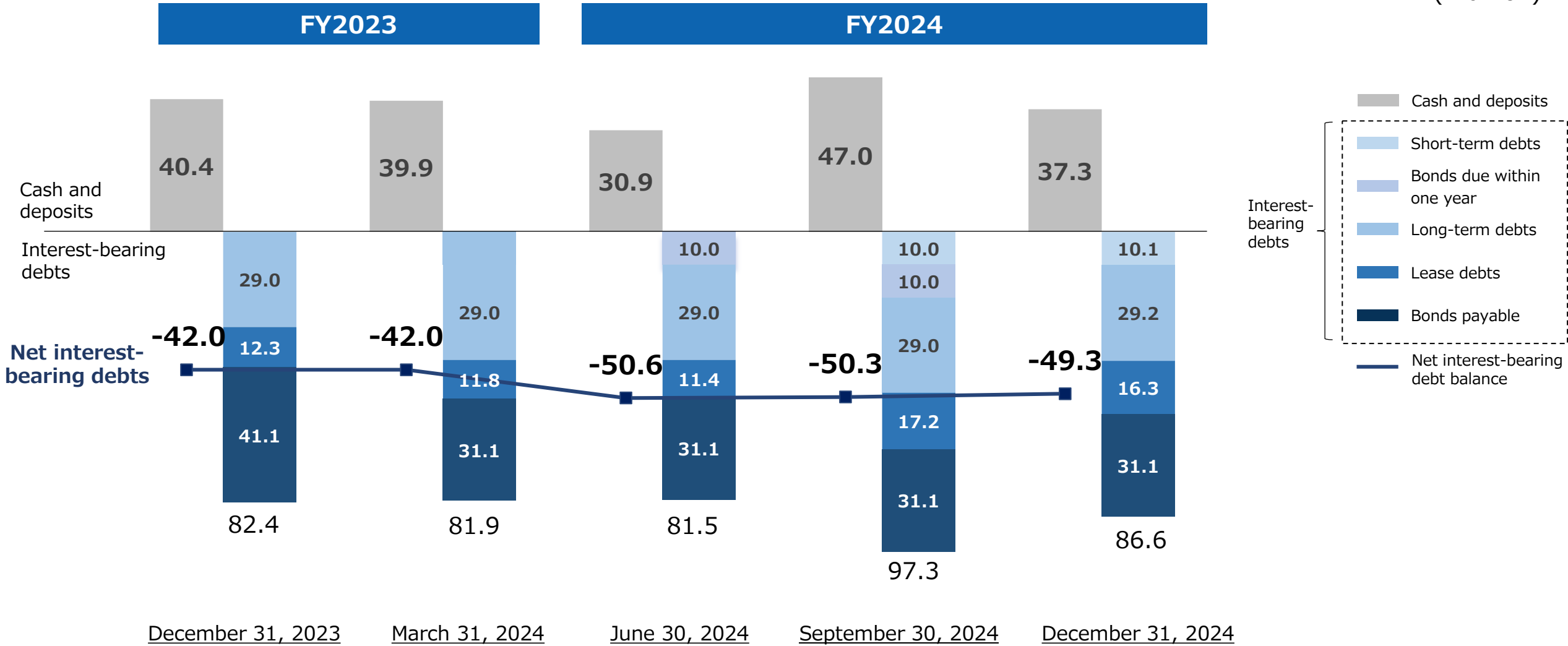
- The Sterilization-related business made improvement in profitability

Consolidated Cash Flows (YoY)



Cash and Deposits / Interest-bearing Debts

(¥ billion)



FY2024 Full-Year Forecast

Revision of FY2024 Full-year Forecast

(¥ billion)

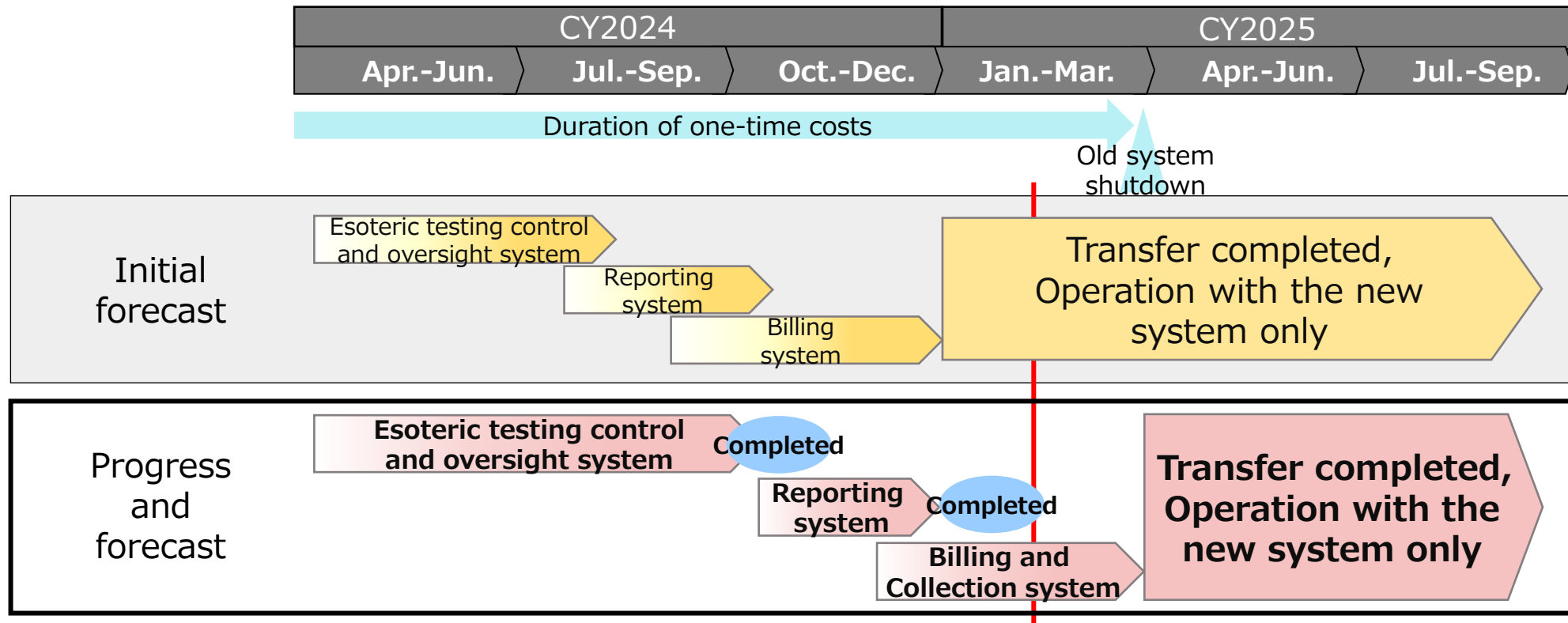
		FY2024					
	FY2023 results	Previous forecast ¹	Current forecast	vs FY2023		vs previous forecast	
Net sales	237.0	241.0	241.0	+4.0	+1.7%	—	—
EBITDA	16.8	31.0	25.5	+8.7	+51.5%	-5.5	-17.7%
OP	-4.0	10.0	4.5	+8.5	—	-5.5	-55.0%
Ord. profit	-7.2	8.5	6.0	+13.2	—	-2.5	-29.4%
Net profit	-7.6	5.0	3.0	+10.6	—	-2.0	-40.0%

EBITDA/ Operating Profit	<ul style="list-style-type: none"> LTS: Limited effect of fixed cost reduction measures IVD: Increase in overseas R&D costs (including FX impact)
Ordinary Profit	<ul style="list-style-type: none"> OP revised downward while recorded non-operating income from capital investment gains
Net Profit	<ul style="list-style-type: none"> Revised downward due to declines in both operating profit and ordinary profit
Dividend	<ul style="list-style-type: none"> The year-end dividend remains unchanged at 63 yen per share

1. Released on November 8, 2024

Timeline for Completing the Transfer to AkirunoCube

- Reporting system transfer completed
- All system transfer will be completed by the end of March (forecast is unchanged)



Appendix

AkirunoCube Costs and Effects

- Starting from Q1 of FY2024, the AkirunoCube-related figures will include system-related costs and other impacts associated with AkirunoCube
- The full-year forecast was partially revised

	FY2023	FY2024					(¥ billion)
	Full-year	Q1	Q2	Q3	Previous full-year forecast ³	Current full-year forecast	
One-time costs	3.7	0.5	0.4	0.7	3.1	2.9	
Depreciation expenses	5.8	1.5	1.5	1.7	7.1	6.7	
Running costs ¹	6.3	1.5	1.5	1.5	6.2	6.1	
Total costs	15.7	3.4	3.5	3.9	16.4	15.8	
Efficiency effects ²	+1.1	+0.3	+0.3	+0.4	+1.4	+1.4	

1. Include the rent 2. Compared to FY2022 3. As of November 8, 2024

【Contact information】

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Disclaimer regarding forward-looking statement:

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

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