

The status of new business initiatives②

【Biological genetic resource business】



1. Reasons for Hirata's engagement in biological genetic resource business

We consider this business as one that leverages the following background of our company.

- **Our ability to adapt to regulations and cultures**, cultivated through extensive international transactions over 40 countries.
- **Our expertise in software development and database construction**, honed through years of experience in robot and system development.
- **Our ability to accurately capture customer needs and provide optimal proposals**, developed through our experience in customized system development.

When applying these to our medium-term management plan, it can be summarized as follows:

$$\begin{array}{l} \text{Proposals to the healthcare} \\ \text{industry and other related} \\ \text{sectors} \\ \text{(Our ability to provide optimal} \\ \text{proposals)} \end{array} = \begin{array}{l} \text{Effective utilization of} \\ \text{biological genetic resource} \\ \text{(Our ability to adapt to} \\ \text{regulations and cultures)} \end{array} + \begin{array}{l} \text{Proprietary developed analysis techniques} \\ \text{for value-added provision} \\ \text{(Our expertise in software development +} \\ \text{database construction)} \end{array}$$

Adding value with non-targeted analysis of data

In addition, we have experts in the research and development of biological genetic resources, as well as experienced professionals in international agreements based on the "fair and equitable sharing of benefits with provider countries" (Access and Benefit Sharing, ABS) under the Convention on Biological Diversity.

2. The status of our efforts in "Research on Biological Genetic Resources" as outlined in our mid-term management plan is as follows:

① We will continue our efforts to promote research and development utilizing biological genetic resources.

Effective utilization of biological genetic resource

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Proprietary developed analysis techniques for value-added provision

↳ Proposals to the healthcare industry and other related sectors



Status

- We are maintaining contracts with provider countries and are currently negotiations to expand the scope of sample collection.
- We have obtained the International Certificate of Compliance(2 states of Argentina)
- We plan to release the correction network analysis tool "Higomari" this fiscal year.
- We also plan non-targeted analysis and contract analysis using the same tool.
- We have launched the "plant pro" service(exhibited at the Health Expo in February).
- We plan to participate in a side event at COP16 (Colombia) in collaboration with provider countries.

2. The status of our efforts in "Research on Biological Genetic Resources" as outlined in our mid-term management plan is as follows:

② The completion of the world's most advanced laboratory for biological genetic resources

Strengthening Hirata's research and development capabilities

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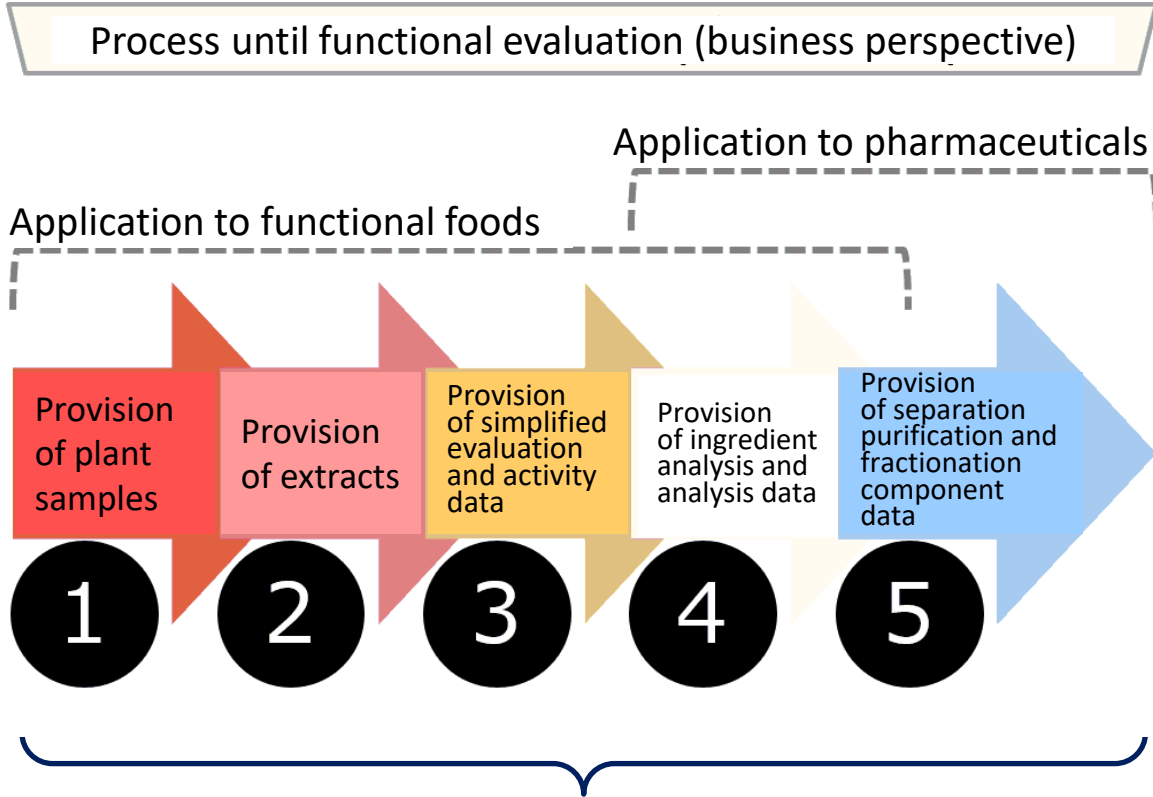
Establishing a structure to promote commercialization

Full-scale operation of the research and development laboratory is scheduled to begin around 2023.

Status

- The installation of state-of-the-art equipment, including 5 LC•GC-MS machines, along with software, has been completed.
 - We have already hired 5 research and development staff members through career recruitment.
 - We have already hired 5 business promotion officers through career recruitment.
 - We are in the process of forming an "ABS Market Creation Task Force" consisting of external experts.
 - Due to a delay of about one year, full-scale operation is scheduled to start in April 2025.
 - We establish a Biosafety Committee.
- We have implemented a two-tier system for R&D and business promotion.

[Appendix] Introduction to the Laboratory



Introduction of equipment, machinery, and software related to the above five steps



Laboratory Main Room



Laboratory MS Room