

Presentation

Tachibana: My name is Tachibana. I would like to provide an overview of the financial results for Q1 of the fiscal year ending March 31, 2024.

Executive Summary



Q1 Business Results (Year on Year)

- **Net sales and operating profit both increased. (Net sales +10.8%, operating income +20.1%)**

Sales: As the COVID-19 pandemic subsided, demand for related testing fell in Japan and EMEA. However, in China demand for hematology testing increased. Sales rose by double digits in the Americas and AP. China also saw a double-digit sales increase.

Cost of sales: Improved despite high ongoing service costs, as sharply higher raw materials and shipping costs eased

SG&A expenses: Continued to invest in future growth (R&D, internal DX, etc.) and labor cost increases remained within expectations

Operating profit: Although up, operating profit was lower than anticipated, due to the impacts of COVID-19, Russia, and high SG&A.

1H and Full-Year Financial Forecast

- **Net sales: We expect to reach our targets, owing to expansion from Q2 stemming from the XR™-Series launch.**
- **Operating profit: Owing to higher gross profit on increased sales, and by controlling SG&A expenses, we expect to achieve our objectives.**

3

Please see page three first.

This is an executive summary. Q1 results showed double-digit growth in both sales and operating income compared to the previous year.

In terms of COVID-19-related tests in sales, sales of PCR and antigen tests declined due to the COVID-19 convergence in Japan and EMEA, but in China, the number of tests, such as hematology at hospitals, recovered due to the COVID-19 convergence, and reagent sales increased significantly.

By region, sales in EMEA and Japan were flat, but sales in the Americas and AP all posted double-digit growth. China also posted double-digit revenue growth. Details will be explained later.

Cost of sales remains high in Europe and the US. Labor costs remain high and service costs continue to be high, but transportation and raw material costs have eased and the cost of sales ratio has improved.

As for SG&A and other expenses, investments for future growth, such as R&D and digitalization, are proceeding as planned, and the sharp rise in labor costs is within our expectations.

As a result of these factors, operating income increased, but operating income was slightly lower than expected due to a decrease in gross profit resulting from lower sales due to COVID-19 and the situation in Russia, as well as an increase in SG&A expenses.

As for the H1 and full year forecasts, we expect to achieve our sales target due to positive factors from Q2 onward, including the launch of the XR-Series and the recovery of the Chinese market. Similarly, we expect to

achieve our operating income target through an increase in gross profit due to sales growth and appropriate control of SG&A expenses.

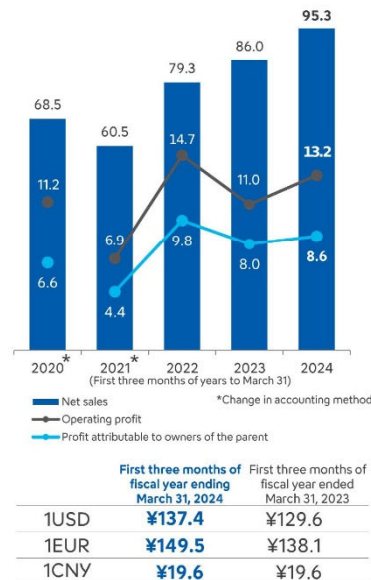
Financial Highlights



(Billions of yen)	First three months of fiscal year ending March 31, 2024		First three months of fiscal year ended March 31, 2023		YoY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	95.3	100%	86.0	100%	110.8%
Cost of sales	44.9	47.1%	43.0	50.1%	104.4%
SG&A expenses	30.1	31.6%	25.1	29.2%	119.8%
R&D expenses	7.1	7.5%	6.9	8.0%	103.1%
Other income (expenses)	0.1	0.2%	0.1	0.2%	89.7%
Operating profit	13.2	13.9%	11.0	12.8%	120.1%
Profit attributable to owners of the parent	8.6	9.0%	8.0	9.3%	107.4%

- ✓ **Net sales:** Sales rose, growing by double digits in the Americas, China and AP.
- ✓ **Operating profit:** Although SG&A increased, operating profit rose due to an improved cost of sales (which pushed up gross profit) and the effects of yen depreciation. Exchange rate fluctuations raised net sales ¥3.08 billion and increased operating profit ¥2.99 billion. At the exchange rates prevailing one year earlier, net sales would have been up 7.2% year on year, and operating profit down 7.0%
- ✓ **Profit attributable to owners of the parent:** Profit rose, due in part to the impact of exchange gains (losses).*

*Exchange gains (losses): Gain of ¥0.85 billion (loss of ¥2.07 billion in the same period of the previous fiscal year)



See page five, financial summary.

Sales totaled JPY95.3 billion, a double-digit growth of 10.8% over the same period last year. Although SG&A expenses increased, operating income rose 20.1%, or JPY13.2 billion, due to an increase in gross profit from improved cost of sales and the effect of yen depreciation. Quarterly income was JPY8.6 billion, up 7.4%. The yen weakened JPY7.8 against the US dollar and JPY11.4 against the euro, adding JPY3.08 billion to net sales. Operating income increased by JPY2.99 billion.

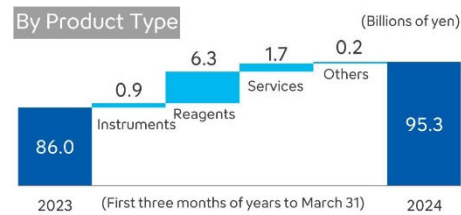
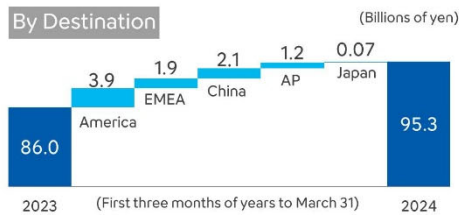
Breakdown of Net Sales (by Destination and Product Type)

(Billions of yen)	First three months of fiscal year ending March 31, 2024		YoY (Previous period = 100%)	
	Results	Ratio	Yen basis	Local currency basis
Net sales	95.3	100.0%	110.8%	107.2%*
Americas	27.0	28.3%	117.0%	110.4%
EMEA	29.1	30.6%	107.1%	99.0%
China	16.7	17.6%	115.0%	115.1%
AP	9.3	9.8%	114.7%	112.9%*
Japan	13.0	13.7%	100.6%	-
Instruments	20.0	21.1%	104.8%	100.5%*
Reagents	58.5	61.4%	112.2%	107.9%*
Services	13.5	14.3%	114.6%	115.4%*
Others	3.1	3.3%	109.9%	106.7%*

*Year-on-year increase on a yen basis, excluding the impact of exchange rate fluctuations

Major Reasons for Changes by Destination

Americas	<ul style="list-style-type: none"> Sales rose in the hematology field, centered on Canada and Central and South America. Sales were also favorable in the urinalysis field, leading to double-digit sales for the region.
EMEA	<ul style="list-style-type: none"> Sales were down substantially in Russia. However, sales were firm in Saudi Arabia, Spain and other countries where we transitioned to direct sales. As a result, sales for the region were flat.
China	<ul style="list-style-type: none"> The number of tests recovered to pre-pandemic levels. Sales rose in the hematology field, prompting double-digit growth for the region.
AP	<ul style="list-style-type: none"> Sales for the region were up by double digits, buoyed by robust performance in India and Indonesia, as well as South Korea and Taiwan.
Japan	<ul style="list-style-type: none"> Sales were flat, due in part to a decline in testing demand related to COVID-19 and so forth. Sales rose by 2.3% in the diagnostics business, where the XR-Series boosted sales by double digits in the hematology field and performance was solid in the life science field.



6

See the next page, page six.

This is the change in sales by region and by product.

Sales in yen terms increased in all regions. All product lines also reported increased revenues.

In terms of sales in local currency terms, the Americas performed well, posting double-digit sales growth of 10.4%. This was due to the fact that sales in Russia have significantly decreased since Q4 of the previous fiscal year, while sales in Saudi Arabia, Spain, and other countries, that have shifted to direct sales have grown significantly, which has compensated for the decline.

China had a double-digit revenue growth of 15.1%, which will be explained later on the next page.

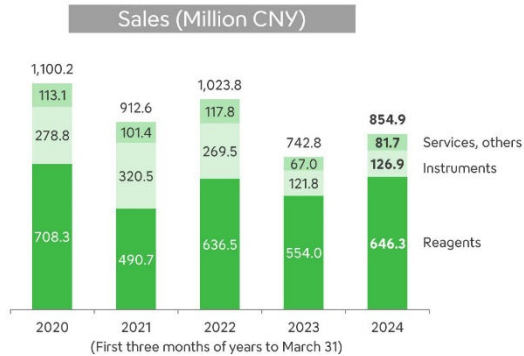
In the AP region, sales rose sharply by 12.9%, thanks to strong sales in India, Indonesia, Korea, Taiwan, and other markets.

In Japan, sales remained flat, as a decline in demand for COVID-19-related tests due to the convergence of COVID-19 and a drop in sales in the medical robotics business, which will be explained later, were offset by higher sales in hematology and life sciences. Sales of the XR-Series were particularly strong, with double-digit growth in the hematology field and strong sales in the life science field, resulting in a 2.3% increase in sales in the diagnostics business.

Information by Destination (China)



(Million CNY)	First three months of fiscal year ending March 31, 2024	First three months of fiscal year ended March 31, 2023	YoY (Previous period = 100%)	
			Local currency Basis	Yen basis
Sales	854.9	742.8	115.1%	115.0%
Instruments	126.9	121.8	104.2%	104.1%
Reagents	646.3	554.0	116.7%	116.5%
Services, others	81.7	67.0	122.0%	121.8%



- Testing demand that had been suppressed by the impact of COVID-19 (due to lockdowns, etc.) recovered to pre-pandemic levels.
- Despite the impact of government procurement policies, instrument and reagent sales increased.
- We anticipate a further recovery in sales from Q2.

● Instruments

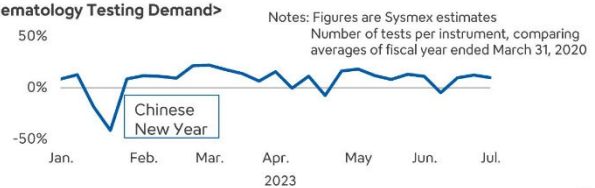
- ✓ Sales rose, owing to higher sales in the hematology and hemostasis fields.

Note: Items manufactured locally also increased as a percentage of sales.

● Reagents

- ✓ Sales rose, as the recovery in demand for testing pushed up sales, particularly in the hematology, urinalysis and hemostasis fields.

<Hematology Testing Demand>



7

See page seven.

The situation in China is explained on this slide. For other regions, please see the slides in the supplemental materials.

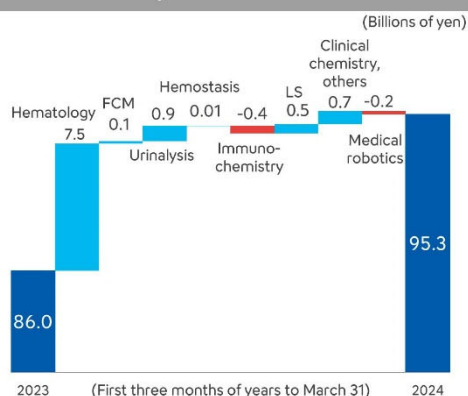
The graph on the lower right shows that with the convergence of COVID-19, the number of hematology tests has recovered above the FY2019 level before the pandemic. As a result, reagent sales grew by 16%, mainly in the hematology, urinalysis, and hemostasis fields.

Meanwhile, equipment sales increased mainly in the core field of hematology. Although government's preferential treatment of domestic products have had some impact, we have been expanding our lineup of locally manufactured products, and the effects of our shift to local production are starting to show, with locally manufactured products accounting for approximately 60% of our hematology equipment sales. We expect further sales recovery in Q2 and beyond.

Breakdown of Net Sales (by Business and Field)



Sales by Business and Field



COVID-related testing

(Included in the life science, immunochemistry and others categories)
In the first three months of the fiscal year ending March 31, 2024:
¥0.47 billion (¥0.47 billion in Japan)

(Reference):
¥1.04 billion in the first three months of the fiscal year ended March 31, 2023
(¥0.86 billion in Japan, ¥0.18 billion overseas)

The hemostasis and immunochemistry fields were affected by the cessation of supply to Russia and a decline in demand related to testing for COVID-19. Nevertheless, sales grew, centering on the hematology field.

(Billions of yen)	First three months of fiscal year ending March 31, 2024		YoY (Previous period = 100%)	
	Results	Ratio	Yen basis	Excluding FX impact
Net sales	95.3	100.0%	110.8%	107.2%
Hematology	59.2	62.2%	114.6%	110.4%
FCM	0.6	0.7%	128.8%	122.3%
Urinalysis	7.7	8.1%	113.6%	109.2%
Hemostasis	13.6	14.3%	100.1%	99.0%
Immunochemistry	3.8	4.0%	89.3%	89.1%
Clinical chemistry	0.7	0.8%	99.3%	98.0%
Life science	4.6	4.8%	113.5%	108.3%
Others	4.4	4.7%	121.8%	116.8%
Diagnostics business	95.0	99.7%	111.1%	107.5%
Medical robotics business	0.2	0.3%	57.8%	57.8%

See page eight, sales by business and field.

First, let me explain the areas in which sales declined YoY, excluding the impact of foreign exchange rates. In the hemostasis field, the suspension of shipments to Russia and low performance in the Siemens territory, which will continue until April 1 next year when business will start under a new OEM agreement, will continue to be sold by Siemens as before in the Americas and EMEA, but their performance has been low.

In China, on the other hand, growth in reagent sales was offset by an increase in the number of installed devices, and overall sales in the hemostasis field remained almost unchanged at 99% of the previous year's level, excluding the effect of foreign exchange rates.

In the immunology field, sales of reagents increased in Indonesia, Thailand, the Philippines, Vietnam, and other AP regions due to an increase in equipment installation, but sales declined 89.1% from the previous year due to a decrease in demand for COVID-19-related tests in Japan following the end of the pandemic. The effect of the increase in the number of reagent parameters in China is expected to emerge in the future. As shown on the lower left, domestic sales of COVID-19-related tests were JPY470 million, down about half from the same period of the previous year. Sales in overseas regions are no longer available.

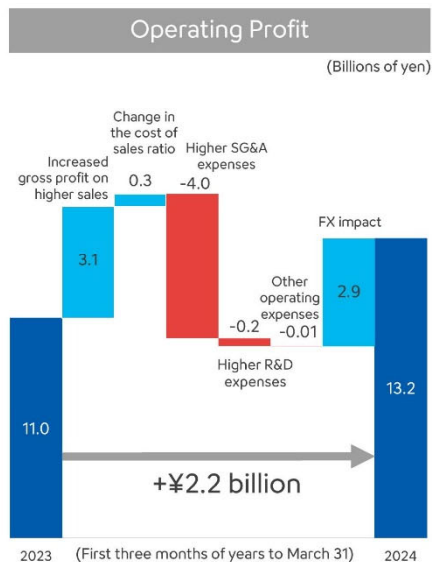
As for the medical robotics business, sales declined 57.8% from the same period last year, but this was due to our sales restraints, and I will explain the details of the situation in a summary on a later slide. These negative aspects were offset by increased revenues in the hematology, life science, urinalysis, and other fields.

In the hematology field, both instruments and reagents grew in China due to recovery from the pandemic. In other regions, the Americas and AP performed well. Furthermore, in Japan, both instruments and reagents grew, thanks to the XR-Series, resulting in double-digit revenue growth.

In the urinalysis field, sales grew by nearly double digits due to an increase in the number of units installed in the Americas and an increase in reagent sales in China due to a recovery in the number of tests, as well as the effect of the introduction of a new product, UF-1500, which was launched last year in Japan.

In life sciences, sales in Japan increased due to strong sales of the AmoyDx lung cancer multigene PCR panel test and a recovery in the number of OSNA tests in EMEA.

Breakdown of Operating Profit



Note: Figures and comments below exclude the impact of exchange rates.

- Increased gross profit on higher sales: ¥3.11 billion (positive impact)
- Impact of change in the cost of sales ratio: ¥0.34 billion (0.4pt improvement) (positive impact)
 - ✓ Impact of the product mix: 0.6pt improvement, easing of sharply higher shipping costs: 0.5pt improvement
 - ✓ Easing of sharply higher materials prices: 0.5pt improvement
 - ✓ Service costs: 0.8pt deterioration
- Higher SG&A expenses: ¥4.0 billion (negative impact)
 - ✓ Labor costs rose due to personnel increases in each region and sharply higher HR costs.
 - ✓ Costs related to digitalization increased.
- Higher R&D expenses: ¥0.21 billion (negative impact)
 - ✓ Ongoing investments in product development and costs related to regulatory affairs were higher.
- Change in other operating income: ¥0.01 billion (negative impact)
- FX impact: ¥2.99 billion positive impact

9

See next, page nine, factors contributing to increase/decrease in operating income.

The increase in profit was mainly due to an increase in gross profit and an improvement in the cost of sales ratio resulting from higher sales, as well as the positive impact of the weaker yen.

The cost to sales ratio improved by 0.4 percentage points compared to the same period last year. High service costs due to rising labor costs in Europe and the US continued, worsening by 0.8 points, but raw material and transportation costs eased from the sharp increases seen in the previous year, both improving by 0.5 points.

Even the impact of the product mix, such as an increase in the reagent sales mix, improved by 0.6 percentage points. SG&A expenses were mostly within the plan, despite an increase in personnel for measures in each region, an increase in labor costs due to soaring labor costs, and an increase in expenses related to internal digitalization.

R&D expenses increased due to continued investment in product development and regulatory costs but were also within plan.

Initiatives in the Diagnostics business



- XR-Series
 - EMEA Launch of XR-Series and sample transportation system module (BT-50 etc.) (July 2023)
 - Japan Owing to solid results in Q1, sales of hematology instruments were up by double digits (launch in Q2 of the fiscal year ended March 31, 2023).
 - AP Expect to launch in Q2 of the fiscal year ending March 31, 2024.
 - China BT-50 launched as an additional module for the XN™-Series.
Expect to launch the XR-Series in Q3 of the fiscal year ending March 31, 2024.
 - Americas BT-50 launched as an additional module for the XN-Series.
Expect to launch the XR-Series in the fiscal year ending March 31, 2025.



View of modules connected to XR-Series

10

See next, page 10.

This is about the diagnostics business initiative.

First, for the XR-Series of hematology, we launched XR-Series and the BT-50, the world's first unit that fully automates quality control at EMEA in July.

In Japan, after the introduction of additional modules, such as BT-50 in July last year, sales were strong, resulting in double-digit growth in equipment sales in the hematology field in Q1 of this fiscal year.

XR sales in other regions are scheduled to start in Q2 in fiscal year ending March 31, 2024 for AP, Q3 in fiscal year ending March 31, 2024 for China, and from in fiscal year ending March 31, 2025 for the Americas. However, since the BT-50 is a very effective product that increases the competitiveness of hematology systems, we have already begun selling it in China and the Americas as an additional module to the existing XN-Series.

Initiatives in the Diagnostics business



- Hemostasis Based on OEM agreement with Siemens, preparing for an April 2024 launch
- China Completion of new registration of interstitial pneumonia marker (KL-6), total immunochemistry reagent parameters increased to 58 (July 2023)
Promoting an increase in the number of items manufactured locally (hemostasis, urinalysis, and hematology fields)
- Alzheimer disease tests
 - Japan Launch of Alzheimer disease tests (assay kit to identify amyloid beta in the brain using a small amount of blood) (June 2023)
 - Americas Expect to launch a lab assay service (LDT) of Alzheimer disease tests in Q2 of the fiscal year ending March 31, 2024.
- Japan Launch of clinical flow cytometry system (XF-1600™, PS-10) (May 2023)
- EMEA Launch of a point-of-care testing system to detect rapid detection of antimicrobial susceptibility for urinary tract infections (PA-100) (June 2023)



Clinical Flow Cytometry System



Analyzer (PA-100) and single use sample cartridge

11

See the next, page 11.

In hemostasis field, we are steadily preparing for direct sales starting next April, especially in Europe and the US, based on an OEM agreement with Siemens.

Chinese immunoassay reagent items have been newly added to the list of interstitial pneumonia markers (KL-6), bringing the total to 58 items. More will be added in the future. We are working on local production of instruments in China to add more models in the fields of hemostasis, urinalysis, hematology, and immunology.

As already announced, the Alzheimer's test was launched in Japan in June. Laboratory assays for Alzheimer's testing in the Americas and LDT are scheduled to start in Q2 of this fiscal year.

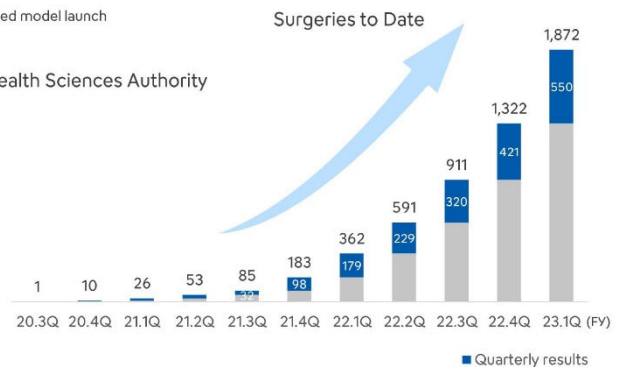
Clinical flow cytometry, XF-1600, is already available in the Americas, EMEA, and AP and was launched in Japan in May of this year. Although the amount is still small, we expect it to grow in the future.

The testing system for rapid detection of antimicrobial susceptibility for urinary tract infections in EMEA was developed by Astrego, a Swedish company that became a wholly owned subsidiary last fiscal year, and was first launched in EMEA in June. This product is a completely new concept, and our customers have very high expectations for it. We will start sales in EMEA to build the market while preparing for expansion to other regions.

Initiatives in the Medical Robotics Business



- Launched an upgraded model on July 18, 2023
 - ✓ Hand clutch function makes surgeries smoother
 - ✓ Allows use of endoscopes with fluorescent imaging compatibility
 - ✓ Responds to other requests
- Number of surgeries is growing steadily, surpassing 1,800 in Q1 of the fiscal year ending March 31, 2024
- Total number of units installed: 36 (one newly installed in Q1)
 - * We curtailed sales ahead of the upgraded model launch
- Number of certified physicians: 333 (up by 46)
- In April 2023, applied for regulatory approval with Singapore's Health Sciences Authority



12

See next, page 12.

This is about our medical robotics business initiatives.

Last month, in July, we started selling an upgraded model of hinotori™. The conventional foot clutch has been replaced with a hand clutch to achieve smoother operation at hand. Endoscopes compatible with fluorescent agents can also be used, and multiple image modes have been added, including a high-definition near-infrared fluorescence mode.

We have also responded to other market requests, such as forceps blurring, which was pointed out to us, and we have made improvements to this point at the same time in response to market demand. Since these version upgrades were scheduled for July, sales of hinotori™ were held back in Q1 at the Company's discretion. As a result, only one unit was installed in Q1, for a cumulative total of 36 units.

As of the end of 1Q, the cumulative number of surgeries had increased to 1,872, and by the end of July, the number of surgeries had already exceeded 2,000, showing steady growth.

The number of certified physicians with certificates has also increased to 333.

As for the overseas development of hinotori, we filed an application for regulatory approval in Singapore in April of this year. We are working on this project as the first country to expand overseas because it is one of the countries in which we can simplify the review process by obtaining Japanese regulatory approval and because it has a high-standard medical environment.

Consolidated Financial Forecast (Fiscal Year Ending March 31, 2024) (No Change Following May 2023 Announcement)



	Fiscal year ending March 31, 2024		Fiscal year ended March 31, 2023		YoY increase
	Forecast	Ratio	Results	Ratio	
Net sales	460.0	100.0%	410.5	100.0%	+12.1%
SG&A expenses	124.5	27.1%	112.3	27.4%	+10.8%
R&D expenses	37.5	8.2%	31.0	7.6%	+20.9%
Operating profit	83.0	18.0%	73.6	17.9%	+12.6%
Profit attributable to owners of the parent	52.0	11.3%	45.7	11.2%	+13.8%

Planned investment

Capital expenditure:
¥47.8 billion

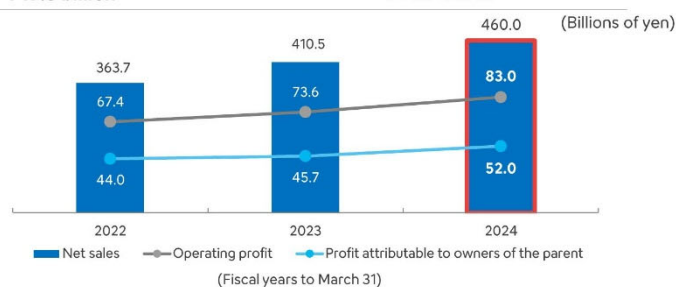
Depreciation and amortization:
¥35.0 billion

Assumed Exchange Rates

	Fiscal year ending March 31, 2024	Fiscal year ended March 31, 2023
1 USD	¥133.0	¥135.5
1 EUR	¥143.0	¥141.0
1 CNY	¥19.2	¥19.8

Exchange Rate Sensitivity

	Net sales (year)	Operating profit (year)
USD	¥0.79 billion	¥0.18 billion
EUR	¥0.58 billion	¥0.14 billion
CNY	¥5.46 billion	¥4.18 billion



14

See next, page 14, full year forecasts.

We announced this in May, and there have been no changes since then. We expect the Chinese market to recover further, and we plan to cover the impact of Russia and other factors in other countries and regions.

We will also control SG&A expenses appropriately. While keeping a close eye on future trends in foreign exchange rates and changes in various external environments, we expect to achieve full year results by promoting various measures.

This concludes our explanation.

[END]