

## Presentation

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**Ietsugu:** Good morning ladies and gentlemen, I am Ietsugu of Sysmex. Thank you for gathering today. It's time to begin SYSMEX CORPORATION Financial Results Briefing for the Fiscal Year Ended March 2020. I would like to explain the summary of the results, earnings estimates, and our efforts to combat novel coronavirus infection.

### Limited Impact from the COVID-19 Pandemic



In the fiscal year ended March 31, 2020, instrument sales increased in some regions, but sales of reagents fell due to a decline in demand for testing.



#### Impact on performance

1. In addition to PCR tests, hematology and hemostasis testing demand increased for COVID-19 patients. Overall demand for testing decreased, however, as lockdowns reduced the number of people undergoing testing unrelated to the novel coronavirus.
2. Some emerging markets responded to the growing number of cases by reinforcing their healthcare structures, prompting expansion in the installed instrument base.

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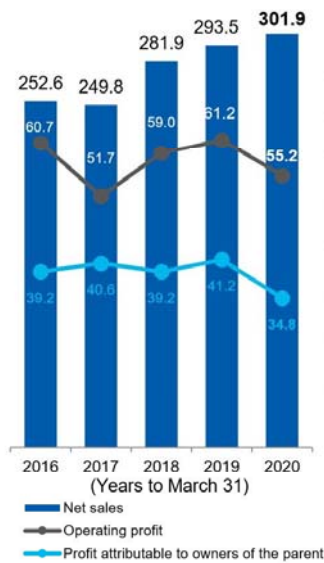
As seen here, the impact of novel coronavirus infection is relatively limited in the fiscal year ended March 2020. Although the sales of devices in some regions like China increased, overall, due to lockdown, especially people with chronic disease couldn't go to hospitals. As a consequence, the number of tests were reduced.

In China, lockdown started from around middle of January and, in Europe and the US it started from middle of March. Emerging countries may follow later.

## Financial Highlights (Year on Year)



(Billions of yen)



	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
1USD	¥108.7	¥110.9
1EUR	¥120.8	¥128.4
1CNY	¥15.6	¥16.5

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019		(Billions of yen) YOY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	301.9	100%	293.5	100%	102.9%
Cost of sales	142.1	47.1%	131.8	44.9%	107.8%
SG&A expenses	83.5	27.7%	81.2	27.7%	102.9%
R&D expenses	21.7	7.2%	19.5	6.7%	111.1%
Other income (expenses)	0.7	0.3%	0.4	0.2%	162.1%
Operating profit	55.2	18.3%	61.2	20.9%	90.2%
Profit attributable to owners of the parent	34.8	11.6%	41.2	14.0%	84.6%

- Net sales:** Net sales rose, due to favorable performance in Japan and overseas region, despite the impacts of yen appreciation and the COVID-19 pandemic in some regions.
- Operating profit:** Operating profit was down due to such factors as yen appreciation and a deteriorating cost of sales ratio stemming from higher service costs in the Americas and China.  
 Exchange rate fluctuations reduced net sales ¥11.82 billion and operating profit ¥5.28 billion. At the exchange rates prevailing one year earlier, net sales would have been up 6.9% year on year, and operating profit down 1.2%.
- Profit attributable to owners of the parent:** Profit was down due to the impact of an exchange rate loss, equity in the losses of affiliates and a higher tax rate.

**Exchange loss (gains):** Loss of ¥3.01 billion

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This is an overview of the results. First, we look at YoY results. In terms of net sales, as stated here, it increased by 2.9% with over JPY300 billion sales.

However, operating income decreased by about 10% and net income decreased by about 15%.

These negative figures were partly due to exchange rates, but especially in Q4, due to the outbreak of coronaviruses. Against this backdrop, I am aware of the situation in which the results are not very favorable.

The impact of exchange rates, as shown here, is JPY11.82 billion for sales and JPY5.28 billion for operating profit. As shown on the bottom left, a strong Japanese Yen trend has progressed.

## Financial Highlights (vs. Forecast)



	Fiscal year ended March 31, 2020		Revised forecast (Announced in November 2019)		(Billions of yen)
	Results	Ratio	Results	Ratio	Achievement rate
Net sales	301.9	100%	310.0	100%	97.4%
Cost of sales	142.1	47.1%	143.0	46.1%	99.4%
SG&A expenses	83.5	27.7%	85.8	27.7%	97.4%
R&D expenses	21.7	7.2%	22.0	7.1%	98.9%
Other income (expenses)	0.7	0.3%	0.8	0.3%	98.1%
Operating profit	55.2	18.3%	60.0	19.4%	92.1%
Profit attributable to owners of the parent	34.8	11.6%	38.5	12.4%	90.6%

	Fiscal year ended March 31, 2020	Assumed exchange rates
1USD	¥108.7	¥108.3
1EUR	¥120.8	¥120.7
1CNY	¥15.6	¥15.5

- **Net sales:** Due to lower US sales in the hemostasis and urinalysis fields, as well as lower sales from distributors in Central and South America and EMEA, net sales were down in Q4 and below forecast. Also, sales were affected by the COVID-19 pandemic in some regions.
- **Operating profit:** Operating profit was below forecast due to lower gross profit, owing to deterioration in the cost of sales ratio.  
Exchange rate fluctuations increased net sales ¥1.01 billion and operating profit ¥0.47 billion compared with forecast levels.
- **Profit attributable to owners of the parent:** Profit fell short of forecast due to lower-than-expected operating profit and an exchange rate loss stemming from exchange rate fluctuations at the end of March.  
**Exchange loss (gains):** Down ¥1.34 billion

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This data compares to the plan. At the end of Q2 in the last year, we made modifications on our plan, but even with the revision, the sales were not as high as 97.4% to the plan. It was JPY301.98 billion to JPY310 billion.

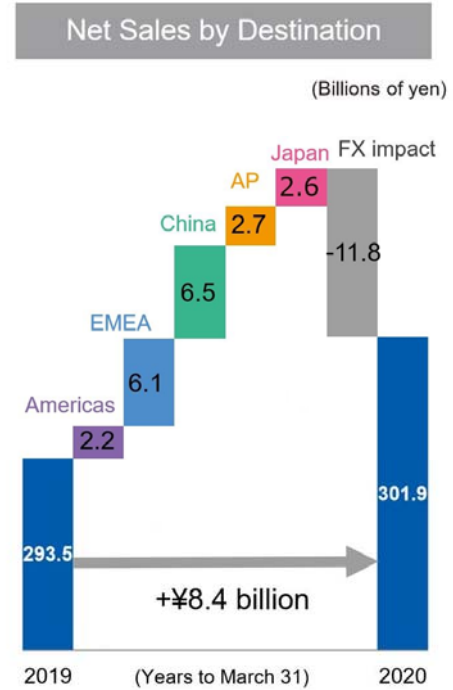
Also, we could not achieve the operating income plan by about 8% and the net income plan by 10%. I will explain these later about each region. Anyway, as the situation became quite severe in Q4, we could not achieve the plan, and the profitability was a little declined, as we can see in SG&A.

## Breakdown of Net Sales (by Destination)



	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019	
	Results	Ratio	Yen basis	Local currency basis
Net sales	301.9	100.0%	102.9%	106.9%*
Americas	71.0	23.5%	100.7%	102.8%
EMEA	77.2	25.6%	102.1%	108.4%
China	80.0	26.5%	102.3%	108.4%
AP	26.9	8.9%	107.6%	111.0%*
Japan	46.7	15.5%	106.0%	-

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



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These data show sales increase and decrease, by region. As marked, see the data on a local currency basis. The increase in America was 2.8%, which is not ideal. 8.4% in EMEA, 8.4% in China, 11% in AP and 6% in Japan.

We traditionally made double-digits growth in China, but the result was less than 10% due to the severe market situation including coronaviruses in Q4.

## Sales by Business and Product Type



(Billions of yen)							
		Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019		YoY (Previous period = 100%)	YoY at previous year's rate
		Results	Ratio	Results	Ratio		
By business	Hematology	187.2	62.0%	181.6	61.9%	103.1%	107.0%
	Hemostasis	48.2	16.0%	47.9	16.3%	100.6%	105.0%
	Urinalysis	21.2	7.0%	21.0	7.2%	101.0%	105.6%
	Immunochemistry	14.8	4.9%	13.9	4.7%	106.5%	110.3%
	Clinical chemistry	2.9	1.0%	3.1	1.1%	91.3%	92.7%
	FCM business	1.5	0.5%	1.5	0.5%	97.9%	102.3%
	Other IVD	14.6	4.9%	13.7	4.7%	106.4%	109.8%
	<b>IVD business</b>	<b>290.6</b>	<b>96.3%</b>	<b>283.1</b>	<b>96.5%</b>	<b>102.7%</b>	<b>106.7%</b>
	<b>LS business</b>	<b>11.2</b>	<b>3.7%</b>	<b>10.3</b>	<b>3.5%</b>	<b>108.9%</b>	<b>113.3%</b>
<b>Total sales</b>		<b>301.9</b>	<b>100.0%</b>	<b>293.5</b>	<b>100.0%</b>	<b>102.9%</b>	<b>106.9%</b>
By product type	<b>Instruments</b>	<b>81.2</b>	<b>26.9%</b>	<b>82.6</b>	<b>28.2%</b>	<b>98.2%</b>	<b>102.1%</b>
	<b>Reagents</b> (Excluding the impact of reclassifying products in China)*	<b>173.1</b>	<b>57.3%</b>	<b>167.8</b>	<b>57.2%</b>	<b>103.2%</b> (104.1%)	<b>107.3%</b> (108.3%)
	<b>Services</b> (Excluding the impact of reclassifying products in China)*	<b>37.5</b>	<b>12.4%</b>	<b>34.5</b>	<b>11.8%</b>	<b>108.7%</b> (104.5%)	<b>112.2%</b> (107.6%)
	<b>Others</b>	<b>10.0</b>	<b>3.3%</b>	<b>8.4</b>	<b>2.9%</b>	<b>118.9%</b>	<b>124.3%</b>
	<b>Total sales</b>	<b>301.9</b>	<b>100.0%</b>	<b>293.5</b>	<b>100.0%</b>	<b>102.9%</b>	<b>106.9%</b>

\* In China, some sales included in "reagents" through the second quarter of the fiscal year ended March 31, 2019 were reclassified to "services" from the third quarter.

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This slide shows the results by business and product. Compared to the previous year on a Japanese Yen basis. Biochemistry and FCM, although their proportion is very small in the whole, could not achieve the same levels as the previous year. But others performed better although the growth is still small. YoY was 6.9% increase overall.

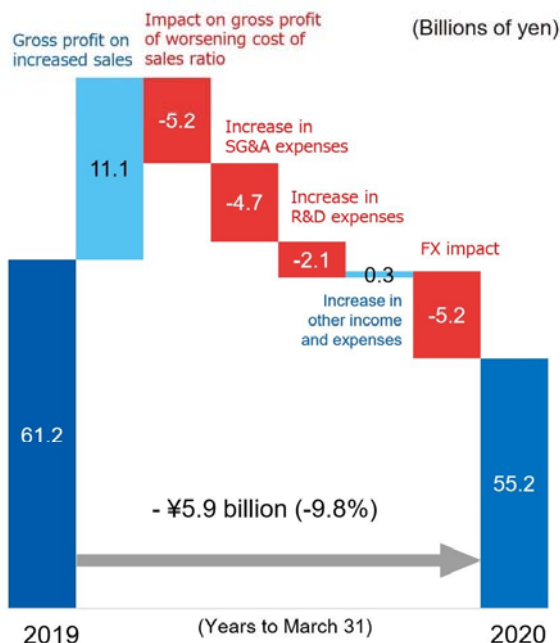
By product, device increased by 2.1%. As we have seen here, reagent increased by 7.3% on the previous year rate although we anticipated double-digit growth.



## Breakdown of Operating Profit



Operating profit fell due to the impact of exchange rates and a worsening cost of sales ratio.



Note: Total bio-reagent base-related expenses: ¥1.85 billion  
(Cost of sales: +¥0.38 billion; SG&A expenses: +¥0.41 billion; R&D expenses: +¥1.06 billion)

Note: The figures below exclude the impact of exchange rates.

- Gross profit on increased sales: + ¥11.1 billion
- Worsening cost of sales ratio: +1.7pt (-¥5.2 billion)
  - Impact of higher third-party instrument purchases: +0.7pt
  - Reclassification of SG&A expenses to cost of sales in China: +0.5pt
  - Higher service costs in Americas and China: +0.5pt
  - Changes in the product mix (higher percentage of reagents): -0.6pt
- Increase in SG&A expenses: + ¥4.7 billion
  - In Japan, costs related to the bio-reagent base and a rise in labor costs, such as increase in employees and stock options: +¥2.8 billion
  - Within the Americas, reinforcement of the sales structure in the United States and Central and South America: +¥1.3 billion
  - In EMEA, enhancement of the sales structure, including a transition to direct sales in the urinalysis field: +¥1.2 billion
- Increase in R&D expenses: + ¥2.1 billion
  - Investments in new hematology products and the LS business: +¥1.1 billion
  - Higher expenses due to bio-reagent base: +¥1.0 billion
- FX impact: -¥5.2 billion

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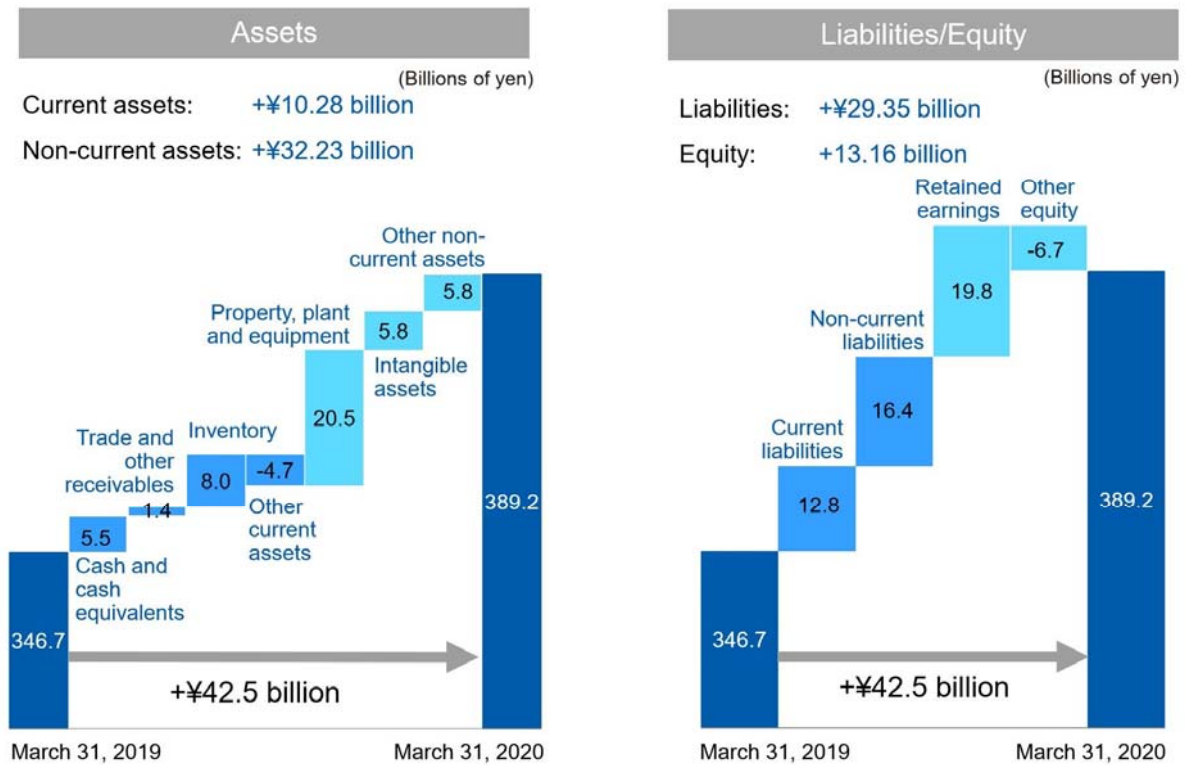
In terms of increase and decreases in operating income, the cost rate gets worse, as is true here, among exchange rates and a deterioration in cost.

Although four points including device procurement are picked here, basically, how we improve this situation without many new products is the key. We are currently developing new products at a rapid pace and we believe that is the most basic way to improve the cost rate although each region faces different circumstances, but that is the situation.

Concerning SG&A, it is increasing as we invest in some regions. Especially, since there is considerable focus on services, there is a slight increase in the use of these services.

In addition, research and development costs are managed as planned. As I mentioned earlier, the impact of exchange rates on operating income was JPY5.28 billion.

## Breakdown of Assets and Liabilities/Equity

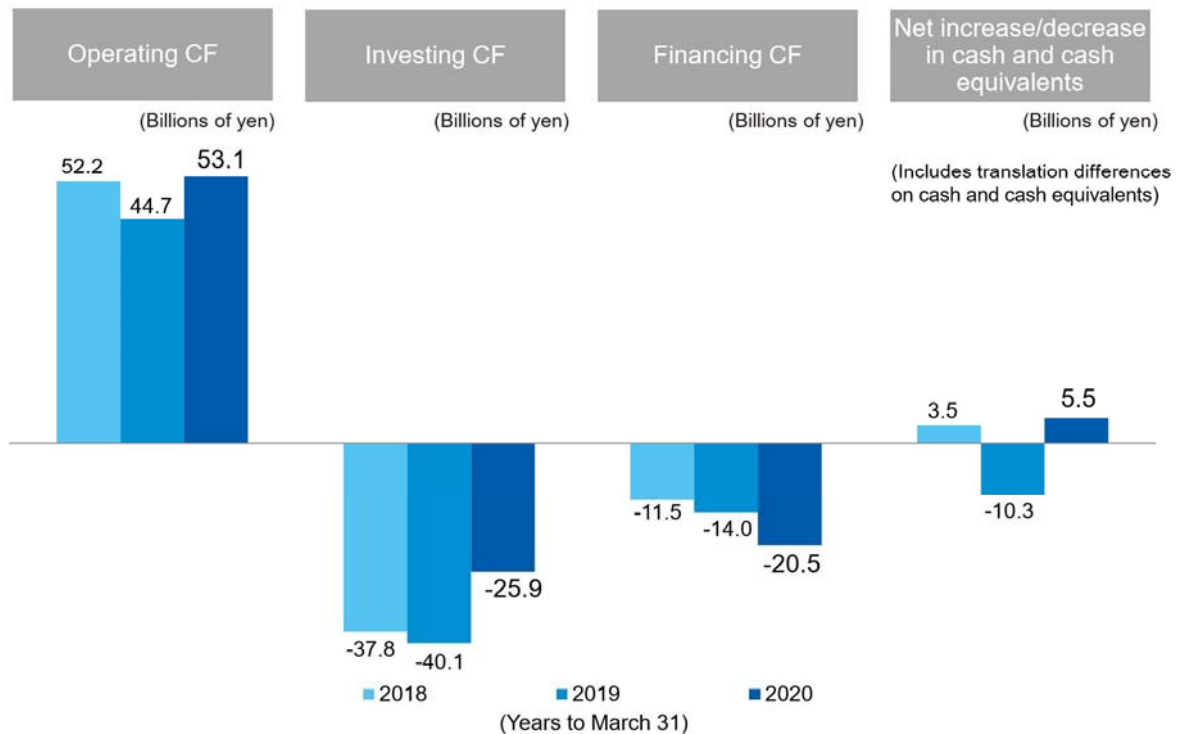


Note: The application of IFRS16 affected property, plant and equipment; current liabilities; and non-current liabilities.

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This is the consolidated financial status. Current Asset itself increased by JPY10 billion, and non-current asset increased by about JPY30 billion. Regarding these, I don't think big problem exists.

## Consolidated Cash Flows



Note: The application of IFRS16 affected operating CF and financing CF for the year ending March 31, 2020.

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This is our cashflow. It is somewhat difficult to understand because we released the leasing asset in advance following the application of IFRS16. I think we can explain it later in details, but we need to see here about JPY5.5 billion increase indicated in the cash deposit on the right.

Before the previous period, we invested in bio-diagnostics bases, which had a significant impact on our cashflow. However, it didn't affect much in the previous period.



### IVD Business

- Sysmex Obtains Multiple Large Orders in India's Hematology Market, Where We Revised the Sales Structure in April, 2019
- Sysmex Receives Large Order in the Hematology Field from a Prominent US Commercial Lab
- In Q3, Sysmex to Launch a New Sales Structure in the Mid/Low-End Hematology Markets in Brazil
- Sysmex Invests in Astrego Diagnostics with a View to Developing New Solutions for Urinary Tract Infections in the Primary Care Business



### Life Science Business

- In Q2, Sysmex Begins Accepting Orders for the Oncopanel System for Use in Cancer Gene Profiling, Which Has Received Insurance Coverage
- Sysmex Obtains First Manufacturing and Marketing Approval in Japan for Blood-Based RAS Gene Mutation Testing for Colorectal Cancer
- Sysmex Receives Regulatory Approval in China of an *in Vitro* Diagnostic Reagent to Help Diagnose Breast Cancer Lymph Node Metastasis Using the OSNA™ Method
- Sysmex Signs a Distributorship Agreement with BGI Genomics and Obtains Marketing Approval in Japan for the Novel Coronavirus Nucleic Acid Detection Kits (RT-PCR Method)



### Other

- Aiming for Sustainable Growth, Sysmex Introduces a Globally Consistent Job-Based Human Resource Management System in April 2020
- Sysmex Selected for Inclusion in the Dow Jones Sustainability World Index for the Fourth Consecutive Year



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Here are topics. As I have said several times, we have been engaged to direct sales in India since April last year instead of using agencies. In the past, it was handled by our distributor. As a result, we acquired several large-scale projects. Our distributor didn't do much high-end projects. In that sense, I think our business in India is steadily growing.

Secondly, we received an order in the field of hematology from a large testing center in US. They are not a new customer. They placed an order for replacement.

And Brazil. Although we have been working in Latin America with distributor, we decided and started to change operation in the Middle and Low end market.

Then, we invested in a Swedish company specialized in urinary tract infection.

Concerning life sciences, namely cancer genome business, we started it in June last year, and it will take some time for us to operate in full scale. I think it will get on track in this fiscal year.

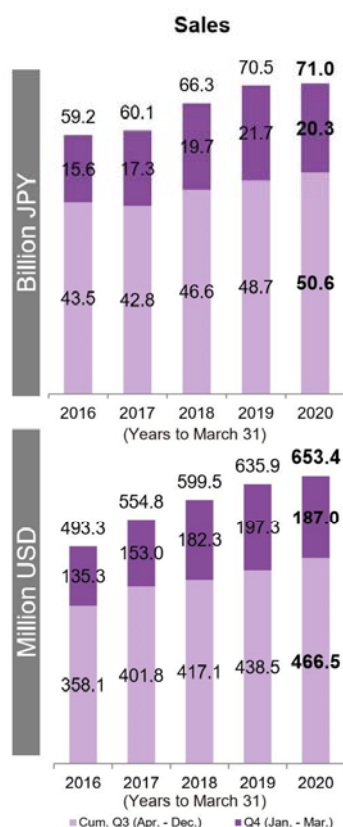
For liquid biopsy on RAS genetic change in colorectal cancers, we have received marketing approval, but it has not yet covered by insurance. We expect it will be approved in June, this year.

On the other hand, OSNA to diagnose lymph-node metastases from breast cancer obtained an approval in China. We plan to start its marketing from this fiscal year although the outbreak of coronavirus may disturb it. Nonetheless, we see big potential in Chinese market with a very large population and a large number of patients as a matter of course.

Then, we had received approval in Japan for BGI's coronavirus testing kit in March, and we start supplying it to our clients.

We also launched a new human resource management system internally.

## Information by Destination (Americas)



(Billions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	YoY (Previous period = 100%)	
			Yen basis	Local currency basis
Sales	71.0	70.5	100.7%	102.8%
Instruments	22.1	24.5	90.2%	92.0%
Reagents	31.5	29.2	108.0%	110.2%
Services, others	17.3	16.7	103.6%	105.6%

**Sales for this region rose thanks to higher reagent sales in North America in the hematology field, despite lower US sales in the hemostasis and urinalysis fields and to distributors in Central and South America.**

- Instruments: Sales decreased, with sales in the United States falling as the result of lower sales in the hemostasis field compared with major orders received from a prominent commercial lab in the same period of the previous year, a decrease in sales to distributors in Central and South America, and delays in instrument installation stemming from the spreading COVID-19 pandemic.
- Reagents: Sales rose, thanks to robust reagent sales in North America stemming from an increase in the installed hematology instrument base.

### Topics

- Sysmex received a large order in the hematology field from a prominent US commercial lab.
- In Q3, Sysmex launched a new sales structure in the mid/low-end hematology markets in Brazil.

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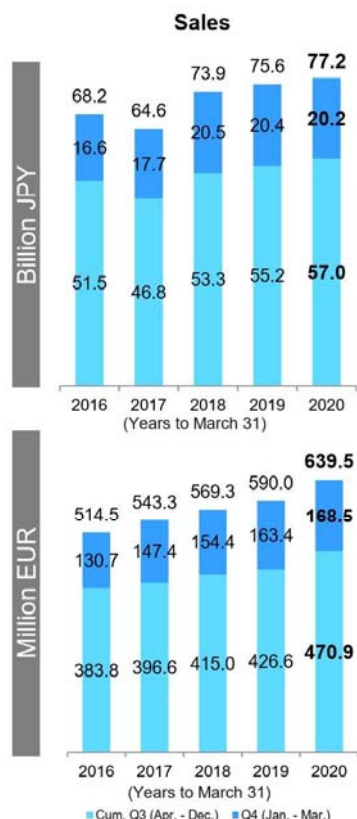
Let see by region. In the American market, the sales increased by only 2.8% on a local currency basis. As we see here, the hemostasis and urinalysis and Latin American market decreased sales and profit.

Regarding hematology, naturally, sales of reagents increased, but on the other hand, in the US, delivery of instruments slowed down, particularly in Q4. This was related to the outbreak of coronaviruses and it was said that they could not be transported.

Then, an attempt of new WAM (Work Area Manager) provision delayed the sales. The US order situation is likely to be considerably stronger.

At any rate, in the US market, as explained here, we need to receive an approval from FDA for urine qualitative testing and we are currently working on it.

Also, to the major commercial laboratory that I mentioned earlier, we delivered the next generation, XN. They were testing with XE before.



(Billions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	YoY (Previous period = 100%)	
			Yen basis	Local currency basis
Sales	77.2	75.6	102.1%	108.4%
Instruments	21.0	22.1	95.0%	100.7%
Reagents	44.1	41.8	105.4%	112.0%
Services, others	12.1	11.6	103.6%	110.0%

**Sales grew, thanks to higher sales of hematology reagents in various regions, as well as to an increase in urinalysis direct sales in the United Kingdom and France.**

- Instruments: Direct sales led to a favorable increase in the urinalysis field. However, instrument sales were flat year on year due to a large hematology order in Italy received in the fourth quarter of the preceding fiscal year, as well as to constrained activity due to lockdowns in various countries from March.
- Reagents: Sales were up, due to higher sales in the hematology field, mainly in the Middle East, Russia and other emerging markets, and a rise in sales of new products in the urinalysis field.

## Topics

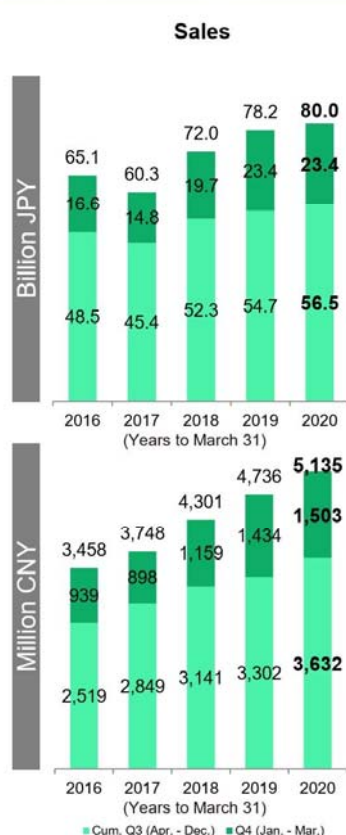
- In Q4, Sysmex commenced sales of a new instrument in the hemostasis field within its own direct-sales region.

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This is EMEA. The sales increased by 8.4% on the local currency basis. Basically, we have been able to develop this business in a good form. Also, our urinalysis business grew in the area of direct sales.

However, due to lockdown in Q4, particularly in March, in each country, the situation in Europe gets quite severe, so it may stop this trend. Until Q3, I think it had been developed in a fairly good way, but in any case, our ability to penetrate and then our business models show that our hematology business will steadily gain market shares, and the consumption of reagents will steadily progress. However, partly, due to the COVID, the number is being restrained a little.

## Information by Destination (China)



	(Billions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	YoY (Previous period = 100%) Yen basis	Local currency basis
Sales		<b>80.0</b>	78.2	<b>102.3%</b>	108.4%
Instruments		<b>21.4</b>	19.9	<b>107.3%</b>	113.7%
Reagents*		<b>50.3</b>	53.1	<b>94.7%</b> (97.5%)	100.4% (103.3%)
Services, others*		<b>8.2</b>	5.0	<b>163.9%</b> (146.1%)	172.5% (154.0%)

\* Some sales previously included in "reagents" were reclassified to "services" from the third quarter of the fiscal year ended March 31, 2019. Figures in parentheses indicate performance excluding the impact of this reclassification.

### Reagent sales fell due to impact of the COVID-19 outbreak in the fourth quarter, but instrument sales rose, leading to higher sales for the region.

- Instruments: Sales rose substantially as installed instruments increased in various fields in the fourth quarter in tandem with the growing COVID-19 pandemic, and thanks to the contribution of new products in the hemostasis field.
- Reagents: Sales were flat year on year, affected by a downturn in testing demand stemming from the restraint of testing other than for COVID-19. (Sales would have been up year on year without the effect of reclassification.)

### Topics

- In the fourth quarter, Sysmex launched a new instrument in the hemostasis field and newly approved immunochemistry reagent.
- In December, Sysmex Received regulatory approval of a system to test for breast cancer lymph node metastasis using the OSNA™ method. However, sales were delayed due to the expanding COVID-19 pandemic.

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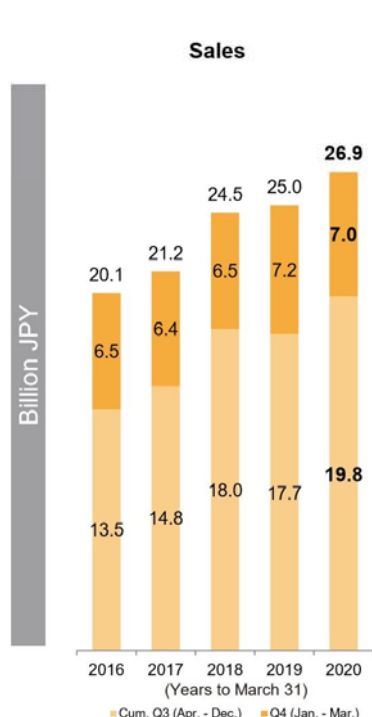
Let's see China. Regarding the Chinese market, the sales increased by 10% on the local currency basis every year. However, see Q4 in particular. The coronavirus spread from Wuhan in mid-January. The situation got severe and the country was on lockdown.

As introduced on TV, large hospitals were built. We delivered our devices to there, however, of course, the cost rate was not favorable for us under such circumstances.

Also, the number of testing for the general public was reduced by lockdown, in Q4. As a result, we could not make double-digit growth.

However, as I said earlier, OSNA, a system for breast cancer lymph-node has obtained a regulatory approval. We would like to focus on the development in this area in particular during this fiscal year.





	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	YoY (Previous period = 100%) Yen basis
Sales	26.9	25.0	107.6% (111.0%)
Instruments	6.2	6.8	91.4%
Reagents	18.1	15.8	114.8%
Services, others	2.4	2.3	106.0%

Note: Figures in parentheses exclude the impact of exchange rate fluctuations.

**Sales expanded despite lower sales of instruments in Indonesia, due to an increase in sales in India and higher sales of hematology reagents, centered on Southeast Asia.**

- Instruments: Sales were down, affected by lower sales in Indonesia, due to fiscal deficits in the national health insurance plan and as the result of comparison with a major order received in Taiwan in the same period of the preceding fiscal year.
- Reagents: Sales rose by double digits, as a prolonged outbreak of dengue fever led to higher sales in the hematology field in South and Southeast Asia, as well as a contribution from sales of immunochemistry reagents.

**Topics**

- Sysmex completed regulatory registrations of a hemostasis instrument in Thailand, the Philippines and Singapore. (The product is slated for launch in the fiscal year ending March 31, 2021.)

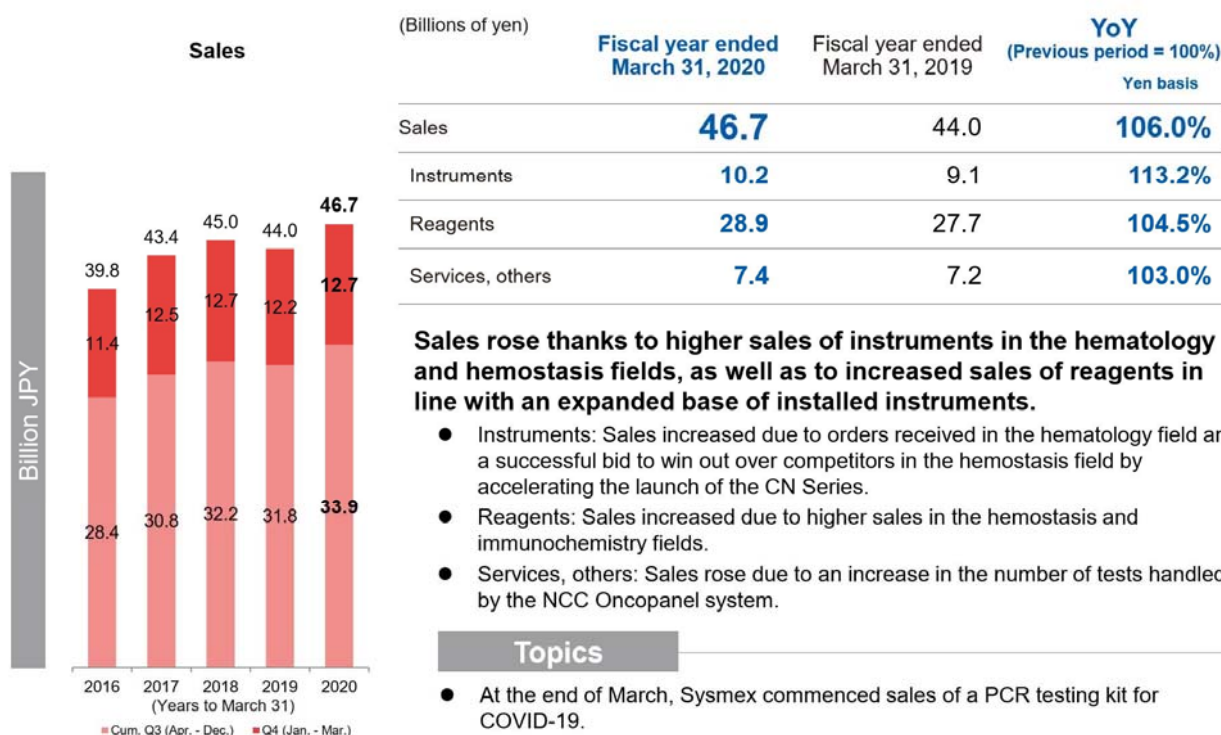
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This is Asia Pacific market. The sales increased by 7.6% on Japanese Yen basis. There are a lot of local currencies, and the overall sales without exchange rate fluctuation impact increased by 11%, which means double-digit growth.

Each region has its own uniqueness. Indonesia has a lack of financial resources in its national health insurance system for all citizens, while for the outbreak of dengue fever, hematology reagents were consumed considerably.

In this region, the impact of COVID-19 may appear later. But part of India is on lockdown and the production of reagents was tentatively stopped. I heard that that situation has been improved.

In any case, this market can be expected as our next growth driver.



This is Japan. The sales increased by 6% on JPY basis. In the past, we were struggling. But in the previous period, the sales of instruments was steadily improved thanks to large hospitals newly built or reconstructed for the Olympics Games, and installation of new systems to several hospitals. We made double-digit growth for the first time in many years.

In Japan, we need to see the impact of COVID-19. Again, the number of tests especially for people with chronic diseases has already decreased here.

Also, we started our business of imported PCR kit.



- Expected dividend up ¥2 compared with the fiscal year ended March 31, 2019

	Interim dividend	Year-end dividend	Total	Dividend ratio
Fiscal year ended March 31, 2019	¥34	¥36	¥70	35.4%
Fiscal year ended March 31, 2020 (proposed)	¥36	¥36*	¥72	43.1%

\* To be proposed at the 53rd Ordinary General Meeting of Shareholders

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Concerning dividends, the distribution will be as scheduled, JPY36 for the end of the period and JPY72 through the fiscal year. Our bottom line was somewhat not good, the dividend payout ratio is 43.1%. As we have increased dividends for over 18 consecutive years, we will continue to do so with our managerial willingness.

Our consolidated financial forecast for the fiscal year ending March 31, 2021 is undetermined, as is our dividend forecast. While we are currently investigating the impact of the global COVID-19 pandemic on market demand, rationally calculating a financial forecast is problematic at present. We will promptly disclose our financial forecast once calculation becomes possible.

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I would like to share how we estimate earnings.

Our earnings estimates for fiscal is depending on how the coronavirus globally spreads, and this is also true for a considerable number of other companies. Currently, the number of tests performed for general patients is decreasing in all over the world. In that sense, we have already seen a slight negative impact. However, it is hard for us to foresee how it will progress at this moment.

On the other hand, some countries in Europe as well as US may ease lockdown restrictions. We want to see how it goes on. Also, we are concerned about the second wave. These points make our forecast difficult. If possible, we would like to make some predictions at the end of Q1.

## Impact of the COVID-19 Pandemic (1H Forecast)



	Status of activity limitations						1H sales forecast (YoY, by quarter)
(Percentage of net sales)	Jan.	Feb.	Mar.	Apr.	May.	Jun.	
Americas (approx. 25%)							<ul style="list-style-type: none"> <li>Q1: Down approx. 15%</li> <li>Q2: Up slightly YoY                             <ul style="list-style-type: none"> <li>✓ Demand will recover as economic activity recommences in Q1 in the United States, Europe and China.</li> <li>✓ Demand is likely to recover in 2H in developed countries in Europe (such as Italy and Spain) and emerging market (such as Central and South America and Africa)</li> </ul> </li> <li>Q1–Q2: Down approx. 20%                             <ul style="list-style-type: none"> <li>✓ Recovery will take time, as this category contains many emerging-market countries.</li> <li>✓ Likely to recover to previous year's level in 2H.</li> </ul> </li> <li>Q1–Q2: Down approx. 5-10%                             <ul style="list-style-type: none"> <li>✓ Assuming a phased recovery as economic activity resumes in Q1.</li> </ul> </li> <li>Q1: Down approx. 10-15%</li> <li>Q2: Recovery to a slight YoY decrease</li> </ul>
EMEA (approx. 25%)							
China (approx. 25%)							
AP (approx. 10%)							
Japan (approx. 15%)							
Total							

Notes: The most significant impact of COVID-19 is expected to be a decrease in reagent sales.  
The forecasts above assume that economic activity gradually recommences after Q1.

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Concerning impacts of novel coronavirus infection, we prepared this slide based on the current business performance and information by region. The outbreak first started in China. US. and Europe started dealing with it from middle to end of March. In Japan, in that sense, we saw some of the effects in general.

As you can see here, we estimate a decline by about 15% in total in Q1, particularly Americas, Europe and China may be affected. In Q2, we estimate some recovery. In general, revenue will drop by about 10% to 15% in Q1 and it may slightly decrease compared with the same period in the previous year in Q2 as we can already see some recovery in China today. This is our current outlook.

The second wave is not yet considered. So, I would like to present our earnings estimates when we are able to properly take into account these factors as I mentioned earlier.

### Roll out global projects aimed at maintaining sustainable growth

#### ■ Ensure a continuous supply to customers

- ✓ We will continue uninterrupted operations at our instrument and reagent factories, including reagent factories in seven countries outside Japan. We have product and raw material inventories sufficient to ensure a stable supply to customers.
- ✓ In addition to regions where we sell directly, continue to support distributors. In locations where infection is spreading, maintain services and support (including online support) to ensure hospitals remain able to perform necessary tests.

#### ■ Introduce initiatives targeting employees

- ✓ Maintain ongoing employment and build a secure working environment
  - Maintain groupwide employment (including temporary and part-time workers) of more than 9,000 people.
  - Promote teleworking around the world (work-at-home system introduced before the outbreak).

#### ■ Sustain a sound financial base

- ✓ Ensure there are no cash flow problems and that business continuity is unaffected. (Current ratio of approx. 240% as of March 31, 2020)
- ✓ Maintain a high rating level, of AA- from R&I.

#### ■ Maintain investments necessary for sustainable growth

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Here are our efforts to combat novel coronavirus infection. For this COVID-19, we have conducted global projects. Not surprisingly, hematology test is very important because it is a fundamental test. Any patients including COVID-19 patients need hematology test. So, it is important to ensure product supply.

Our factory to manufacture instruments is located in Japan. Our overseas reagent factories are now on a full-scale operation. Above all, the most important is service and support. We have improved and enhanced online support. And of course, our service staff members are keep providing services for our clients, with taking care of self-protection.

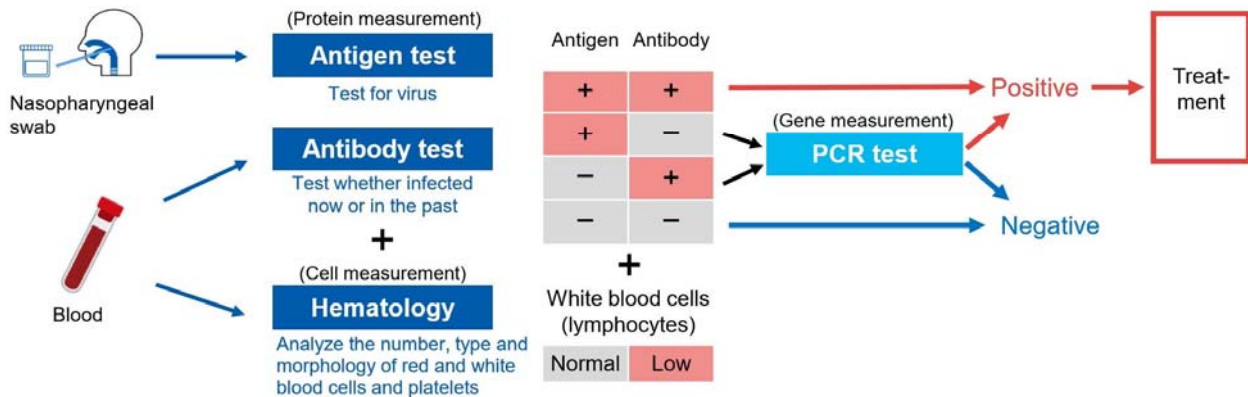
For our employees, we need to maintain employment, without any doubt. Also, we have considered how we can offer safe and productive working environments for them, including remote work from home.

And there is no particular problem with our financial situation.

## COVID-19 Initiatives (Initial Diagnosis)



**Sysmex's thoughts on testing flow:** Perform antigen and antibody tests first, and conduct PCR tests only when necessary.



### Sysmex's initiatives

#### ■ Develop antigen test (nasopharyngeal swab)

- Configure assay using HISCL **[completed]**
- Commence clinical evaluation in mid-May, and aim to achieve early regulatory approval

#### ■ Develop antibody test (blood)

- Configure assay using HISCL **[completed]**
- Commence clinical evaluation in mid-May, and plan for an early launch as a research reagent

Note: For antigen and antibody tests, the HISCL is capable of performing **quantitative measurements** that are **highly sensitive in 17 minutes per sample (up to 200 samples/hour)**



#### ■ Sell PCR test kits in Japan (made by BGI)

- First in Japan to obtain regulatory approval



(Press released dated March 27, 2020)

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Regarding our main business, we propose new testing flow at the first medical examination to address the infectious diseases. Antigen and antibody tests are performed at first. Then, perform PCR if necessary.

Concerning the antigen test where nasopharyngeal swab is soaked in our special solution for HISCL, the assay system is now established.

In terms of the antibody test using blood, which is our own expertise, the assay system has been also completed and is waiting for clinical evaluations. Recently, approvals for this type of products tend to be given quicker. So, it is probable that this is the case. Basically, we will use HISCL for this.

This method is highly sensitive, and the sensitivity is considerably higher than that of immunochromatography method which currently distributed in the market, and it possibly performs a similar role as PCR. We are working on it.

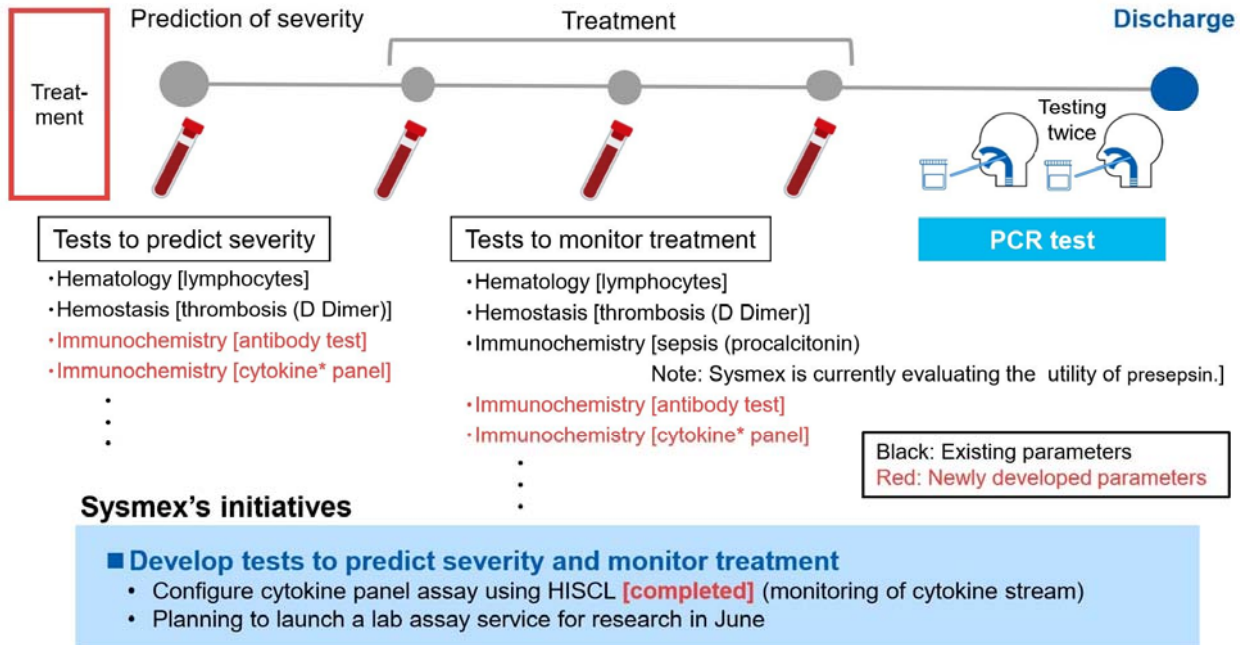
About PCR kit made by BGI, we have procured them quickly and we are receiving orders from our clients.



## COVID-19 Initiatives (Treatment)



**Sysmex's thoughts on testing flow:** Predict severity in the early stage of treatment, and conduct tests to monitor treatment.



\*Cytokine: A general term for physiologically active substances that contribute to intercellular interaction, that can be determined by measuring proteins secreted by cells. As infection spreads, the inflammatory response increases. When inflammatory cytokines are discharged in large quantities, immune cells can trigger acute multiple organ failure. Results include respiratory failure, sepsis, coagulation disorders and other severe illnesses.

Another effort is for the time of treatment. I think this is very important. Predicting severity in early stage of treatment is of utmost importance. Then, treatment monitoring follows.

The coronavirus patients sometimes suddenly get worse. When so-called cytokine storm occurs, they become abruptly worse and may die in the worst case. It is important to know how we can manage the process of such things.

We think treatment monitoring can be done with hematology test and D-dimer to see blood clotting and its status. Also, immune tests including the antibody testing and our cytokine panel which has been completed but has to go through approval will be used. This test will help prevent severity of the disease. I think it is very important and we will focus on it.

In any case, since this is conducted with our immune assay platform instrument HISCL, we hope it could be used at hospitals.

However, HISCL is currently distributed mainly in Japanese and Asian regions and not yet been promoted in Europe and US. But we will address this in the future.

That's all from myside. Thank you for your attention.

EOD