

Executive Summary



First-Half Results

- **Increases** in net sales and operating profit
(+27.8% YoY for net sales, +68.5% YoY for operating profit)
 - Testing demand has continued to recover since the second half of the previous fiscal year, and sales increased in direct sales areas. These factors pushed up sales, mainly of reagents, leading to **higher sales across all regions and in all fields**.
 - Operating profit rose due to higher gross profit, stemming from higher net sales, and an improved cost of sales ratio, reflecting the product mix.

Full-Year Forecast

- **Revised upward** our forecast for the fiscal year ending March 31, 2022
 - Net sales and operating profit **expected to reach full-year forecast levels** announced at the beginning of the fiscal year
 - We have **changed our assumed exchange rate** for the second half, taking into consideration actual exchange rates for the first half and the trend toward yen depreciation.

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Ietsugu: Good morning. I am Ietsugu from SYSMEX CORPORATION.

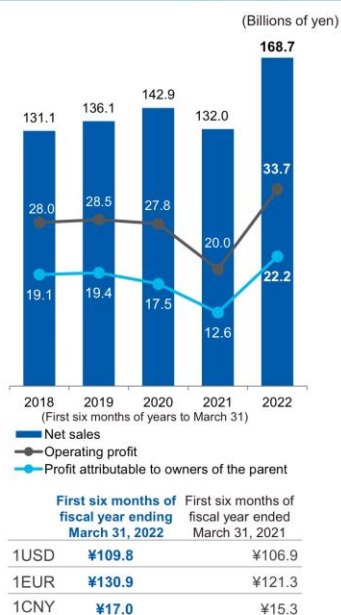
Today, I would like to talk about our financial results for the second quarter of the fiscal year ending March 31, 2022, and our full-year earnings forecast for the current fiscal year.

This is the executive summary.

As you can see here, both net sales and operating profit increased. The result was good. Then, this is what happened in all regions amid the particularly difficult situation last year.

We have also made an upward revision to our full-year forecast. JPY is moving weaker than originally expected, so we have changed the assumed exchange rate.

Financial Highlights (Year-on-Year)



(Billions of yen)	First six months of fiscal year ending March 31, 2022		First six months of fiscal year ending March 31, 2021		YoY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	168.7	100%	132.0	100%	127.8%
Cost of sales	78.9	46.8%	64.7	49.1%	121.8%
SG&A expenses	44.0	26.1%	38.0	28.8%	115.7%
R&D expenses	11.6	6.9%	9.7	7.4%	119.1%
Other income (expenses)	(0.4)	(0.3)%	0.5	0.4%	-
Operating profit	33.7	20.0%	20.0	15.1%	168.5%
Profit attributable to owners of the parent	22.2	13.2%	12.6	9.6%	175.8%

- Net sales:** As expected, we experienced a recovery in testing demand (which had decreased in the previous year), which lifted reagent sales, and the impact of exchange rates (yen depreciation). As a result, net sales rose.
 - Operating profit:** SG&A expenses increased. Even so, operating profit grew thanks to higher sales, which pushed up gross profit and improved the cost of sales ratio.
 - Profit attributable to owners of the parent:** Profit was up due to higher operating profit and an improvement in exchange gains and losses.
- Exchange rate fluctuations** raised net sales ¥9.51 billion and increased operating profit ¥3.17 billion. At the exchange rates prevailing one year earlier, net sales would have been up 20.6% year on year, and operating profit up 52.7%.
- Exchange gains (losses):** Loss of ¥0.01 billion (loss of ¥0.70 billion in same period of previous fiscal year)

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I will now provide an overview of the financial results for the second quarter of the fiscal year ending March 31, 2022.

As you can see here, overall sales and profits have increased, with net sales of JPY168.75 billion. This is a 27.8% increase compared to the same period last year. Operating profit was JPY33.71 billion, and the operating profit ratio was 20%. It was 168.5% of the amount recorded in the previous year. As for the bottom line, as you can see here, it is JPY22.24 billion, which is 175.8% of the amount in the same period last year.

In terms of exchange rates, the yen depreciated from JPY106.9 to the dollar in the previous fiscal year to JPY109.8 this fiscal year, from JPY121.3 to JPY130.9 for the euro, and from JPY15.3 to JPY17 for the Chinese yuan.

Also, in the last fiscal year, due to COVID-19, the overall number of tests was pushed down worldwide, especially in the first half of the year, and in some places the number dropped below 50%. As you know, there were times when it was dangerous to go to the hospital due to lockdowns or other such conditions, and people usually refrained from visiting hospitals. It started to recover in the second half of year but has completely recovered in the first half of this fiscal year, thereby becoming one of the major factors behind the increase. Consequently, although sales of reagents significantly decreased in the previous fiscal year, they have recovered.

Due to the impact of the exchange rate, this was in some ways a tailwind, brought a positive effect of JPY9.51 billion on net sales and JPY3.17 billion on operating profit. However, even in the case of YoY exchange rate operations, net sales grew by 20.6% and operating income by 52.7%.

In any case, demand has recovered, besides the exchange rate has been a tailwind. However, with regard to COVID-19, the number of infections is increasing again, especially in Europe. Although the US is also recovering, there may be factors that will lead to an increase in cases in the future. That is what's happening in the world. Japan, for some reason, has seen a drastic decrease in cases. In that sense, in the eyes of the world, the pandemic seems to have come to an end, with Tokyo being particularly remarkable in this regard.

As for COVID-19, on the other hand, oral drugs will probably be available by the end of this fiscal year. We hope they would be available around December if possible. If this is the case, I believe that unless there is a large number of mutant strains, COVID-19 will come to an end.

As for the emerging economies, there are still areas in the Asia-Pacific region that are in a severe state, but I have heard that India is, in a sense, heading in the direction of returning to normal.

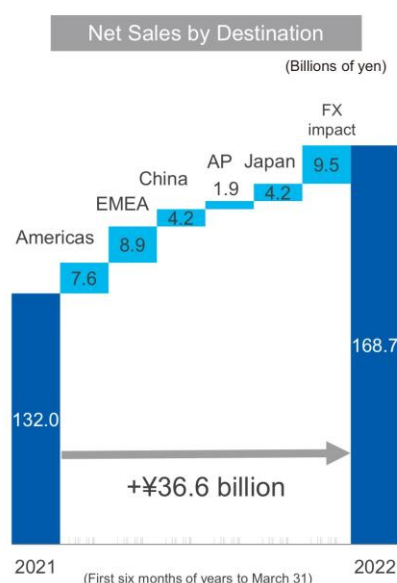
In any case, under these circumstances, medical care and the medical system have been somewhat fragile until now. If the governments of each country focus on medical care, they will have to think about how to create a system. In Japan, there is also a question of how to secure hospital beds. In this sense, thankfully, it could become sort of a tailwind for our business.

As for operating profit, SG&A expenses increased slightly, but gross profit increased due to higher sales. Costs also improved, as cost to sales ratio improved as the sales of reagents grew significantly. As for SG&A expenses, in that sense, it was quite difficult for us to carry out activities in the previous fiscal year. Although things are not back to the way they were, the way we work has changed a little, including remote work. We have been able to save a lot of expenses, especially on travel and transportation=.

On the other hand, there used to be a lot of big events worldwide, including exhibitions, and those used to cost a lot of money. We are saving that money now, too. However, in the second half of the fiscal year, we have seen a slight recovery in this trend.

In that sense, we have grown in a very good way. As you can see here, even in terms of the trends from 2018, our business has been developing in a good way.

Breakdown of Net Sales (by Destination)



Sales rose by double digits in all regions, due mainly to increased sales of hematology reagents.

(Billions of yen)	First six months of fiscal year ending March 31, 2022		YoY (Previous period = 100%)	
	Results	Ratio	Yen basis	Local currency basis
Net sales	168.7	100.0%	127.8%	120.6%*
Americas	38.2	22.7%	130.2%	126.7%
EMEA	49.2	29.2%	133.5%	123.6%
China	42.1	25.0%	125.3%	112.6%
AP	13.5	8.1%	124.5%	118.3%*
Japan	25.5	15.0%	120.1%	-

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

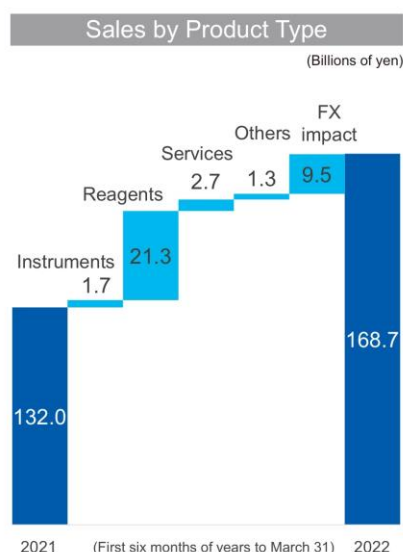
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Please turn to the next page. This is by region. By region, as you can see here, especially on a local currency basis, we were able to achieve double-digit growth in all areas, especially in the Americas and EMEA, where growth exceeded 20%.

In that sense, in any case, we are recovering from the difficult situation that we faced in the previous fiscal year, especially with regard to reagents. In Japan, the growth rate was 20.1%.

In the Asia-Pacific region, we are recovering a little, but I think we are still in the process of getting back into full swing. As I will discuss later, China has a Buy China Policy, so the environment may not be that optimistic, but that is the situation we are in.

Breakdown of Net Sales (by Product Type)



- Instruments:

- Full-fledged installation of hematology instruments resumed in North America, and sales rose in the urinalysis field due to collaboration with Siemens. Sales rose as a result.
- Favorable sales in the hematology field led to higher sales in the EMEA region, as well.
- In China, sales were down in reaction to strong performance in the same period of the previous fiscal year, led by increased demand to strengthen the healthcare infrastructure in the face of COVID-19.

- Reagents:

- Sales rose, due to increases in the hematology and urinalysis fields stemming from a demand recovery.
- Testing demand related to COVID-19 in the hemostasis, immunochemistry and life science fields increased and boosted sales.

(Billions of yen)	First six months of fiscal year ending March 31, 2022		YoY (previous period = 100%)	
	Results	Ratio	Yen basis	Excluding FX impact
Instruments	39.5	23.4%	111.3%	104.9%
Reagents	100.8	59.8%	136.9%	128.9%
Services, others	28.3	16.8%	124.1%	117.9%

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Next page, please. The next section is by product type.

We are carrying out our business in the areas of instruments, reagents, services, and others. In terms of instruments, the situation was quite difficult in the previous fiscal year. In North America, especially, where the installation of hematology machines was pushed back, or rather hospitals were in a bit of a lockdown, we were not able to carry out such activities. But now it has resumed in earnest.

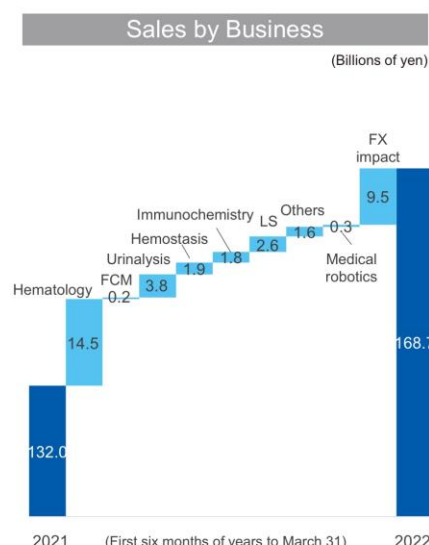
Also, as I'll explain later, as part of our collaboration with Siemens, we are in charge of the dipstick part of the urinalysis in North America, and it is also leading the way in increasing our revenue.

Also, in EMEA, we were able to get some big deals, especially in the field of hematology. Business in Russia and Eastern Europe was also good. In China, there was a reaction to the considerable increase in demand for instruments in the previous fiscal year. The Chinese government has said that COVID-19 is almost finished, but it seems that it's still there somehow.

As for reagents, as I mentioned earlier, all of them have recovered, with particular growth in the fields of hematology and urinalysis.

Also, in the area of hemostasis and immunochemistry, demand for tests has increased due to COVID-19. In this sense, the growth of reagents has increased significantly, although the growth in the area of instruments has been slightly lower.

Breakdown of Net Sales (by Business)



Sales rose in all businesses thanks to a resurgence in testing demand, an increase in the direct sales area and ongoing demand for COVID-19 testing.

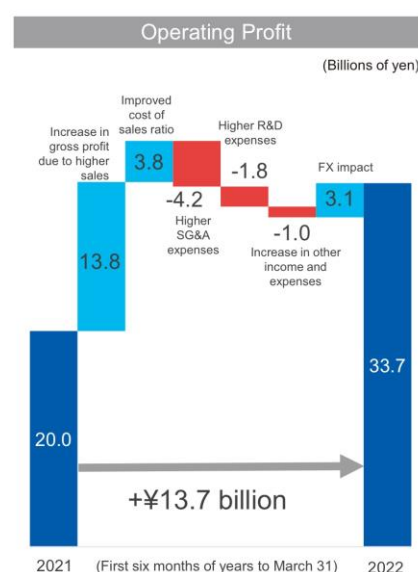
(Billions of yen)	First six months of fiscal year ending March 31, 2022		YoY (previous period = 100%)	
	Results	Ratio	Yen basis	Excluding FX impact
Net sales	168.7	100.0%	127.8%	120.6%
Hematology	100.0	59.3%	124.8%	118.2%
FCM	0.8	0.5%	165.2%	155.4%
Urinalysis	12.8	7.6%	157.3%	147.6%
Hemostasis	28.6	17.0%	115.9%	108.0%
Immunochemistry	8.6	5.1%	135.9%	128.5%
Clinical chemistry	1.4	0.9%	113.4%	108.9%
Life science	8.2	4.9%	159.2%	150.6%
Others	7.6	4.6%	134.4%	126.3%
Diagnostics business	168.3	99.8%	127.5%	120.3%
Medical robotics business	0.3	0.2%	-	-

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Next, let's go to by business. Next, the hematology business growth rate was 18.2%. Hematology is our core business, but overall, everything grew very well.

In that sense, the diagnostics business has grown by 20% in total. With regard to the medical robot, hinotori, which is only available in Japan, it has just started with JPY350 million. Note, however, that it has been delayed a bit due to COVID-19. We have heard that we are receiving quite a lot of interests from customers..

Breakdown of Operating Profit



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

- Increase in gross profit due to higher sales: ¥13.82 billion
- Impact of improvement in the cost of sales ratio: ¥3.81 billion (2.4pt improvement)
 - Despite negative factors (such as the impact of higher shipping costs), the ratio improved thanks to the product mix (an increase in the proportion of reagent sales) and a rise in the proportion of sales of products having a low cost-of-sales ratio.
- Increase in SG&A expenses: ¥4.23 billion
 - Expenses rose due to the recommencement of sales and service activities in each area, as well as to reinforcement of the direct selling structure.
 - Increase in expenses related to digitalization
- Increase in R&D expenses: ¥1.86 billion
 - Rise due to ongoing investment in product development and expenses related to regulatory affairs
- Increase in other operating expenses: ¥1.00 billion
 - Impairment loss on intangible assets
- FX impact: ¥3.17 billion positive impact

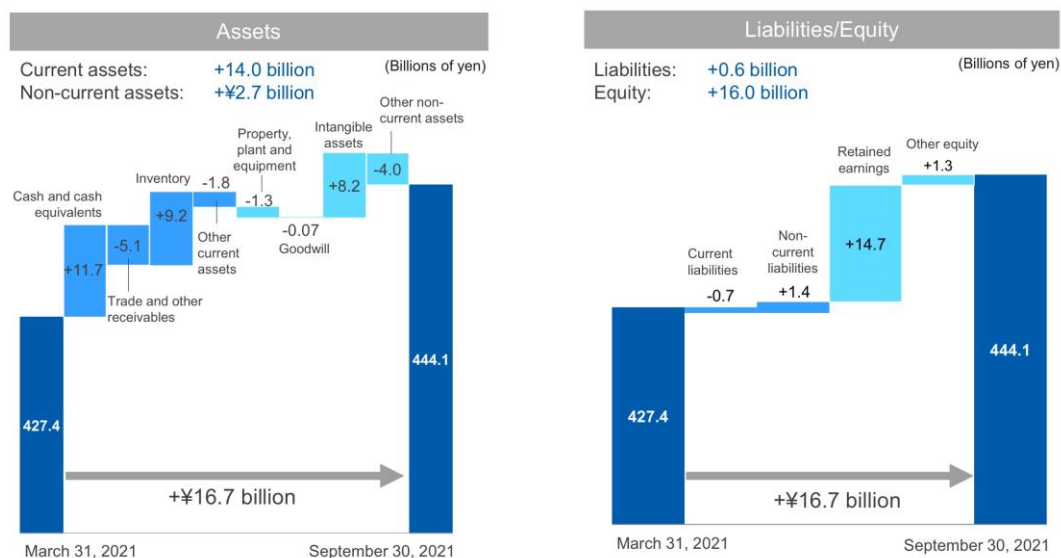
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Please go to the next page. This is about the change in operating profit. As I have already mentioned, the cost to sales ratio has improved considerably as a result of the growth in reagents.

As for SG&A expenses, we are now resuming our sales and service activities. Meanwhile, we have expanded our direct sales territories in EMEA. As a result, SG&A expenses have increased slightly. As for research and development, in a sense, we are making sustained and continuous investments in this area, and we expect to incur considerable costs in the future, especially in the area of pharmaceutical affairs.

The impairment of intangible assets is JPY1 billion, but this is due to the fact that there are some things that we are currently trying out in R&D, and there are also some areas where it did not go well, or where we are trying to change the product a little. In this context, the impairment loss is JPY1 billion. On the other hand, the impact of exchange rates was a positive JPY3.17 billion.

Breakdown of Assets and Liabilities/Equity



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Next is the consolidated statement of our financial position. I think there is no problem with this.

Consolidated Cash Flows



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Next is cash flow. Cash flow from operating activities has also increased significantly thanks to our efforts. In that sense, free cash flow has also increased. I believe that our cash flow position has become sound.

Topics (April to October 2021)



Diagnostics business

- TARC assay kit approved for an additional indication as an auxiliary assessment of COVID-19 aggravation risk (Japan)
- Relocated our PCR testing laboratory to the Research and Development Center and expanded its functions (Japan)
- In EMEA region, launched CN-3500/CN-6500
- Signed joint development and capital alliance with ThinkCyte with an aim toward commercialization of an AI-based cell analysis technology
- Formed strategic alliance with QIAGEN to provide cancer companion diagnostics that uses ultrasensitive liquid biopsy NGS technology

Medical robotics business

- Completed application to expand regulatory approval for robotic assisted surgery system to gynecology and gastroenterology (Japan)

Others

- Extended introduction of job-based HR management system to general employees in addition to managers. (Japan)
- Complied with the listing criteria for the "Prime Market," and the Managing Board resolved to select the "Prime Market" category for its listing

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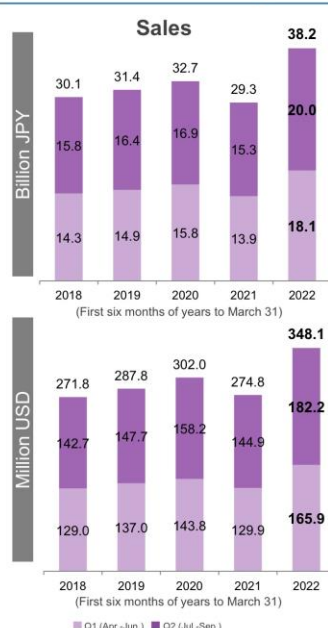
Next, we go to the topics. First of all, our biggest business is the diagnostics business. In relation to the novel coronavirus, the application of the TARC assay, which is included in Immunochemistry business, was approved to determine the risk of aggravation of disease. Along with our λ 3 reagents, there is some growth in how it measures the degree of aggravation.

We moved our PCR laboratory to the Research and Development Center, which is located in a slightly different place from Technopark. It is completely robotized in collaboration with Kawasaki Heavy Industries. We have been able to expand the functions of this laboratory due to considerable demand from the local government.

Then we launched the new hemostasis machines, CN-3500 and CN-6500, in Europe. We have also formed a partnership with ThinkCyte, a venture company from the University of Tokyo, but that partnership is still in its infancy. We are now working on the practical application of AI-based cell analysis technology. With the alliance with QIAGEN, we have formed a strategic alliance for companion diagnostics going forward.

Then, in the medical robotics business, we completed the application for expanded adoption in gynecology and gastroenterology. I believe that this is quite promising for next year and beyond.

Information by Destination (Americas)



	(Billions of yen)	First six months of fiscal year ending March 31, 2022	First six months of fiscal year ended March 31, 2021	YoY (Previous period = 100%)	
				(Yen basis)	(Local currency basis)
Sales		38.2	29.3	130.2%	126.7%
Instruments		9.7	7.6	127.6%	124.2%
Reagents		17.8	13.1	136.0%	132.3%
Services, others		10.5	8.5	123.6%	120.3%

Due to the recovery following the COVID-19 impact, instrument and reagent sales increased in the hematology field, and North American sales in the urinalysis field rose, boosting sales.

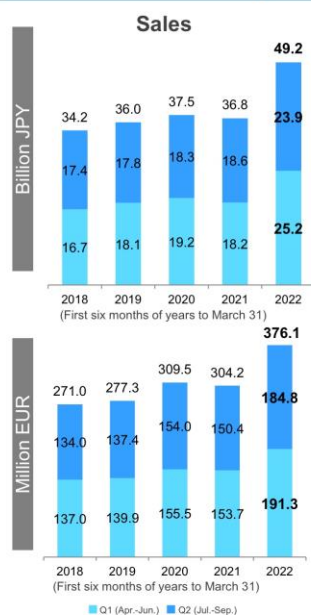
- Instruments: Installation of hematology instruments was robust, mainly in the United States, and sales in the urinalysis field rose due to our collaboration with Siemens, lifting instrument sales.
- Reagents: Due to the recovery following the COVID-19 impact, sales increased in the hematology field and in the urinalysis field in North America, causing reagent sales to rise.

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Next is by region.

In the Americas, as I have mentioned earlier, our business is also in a very good shape, with overall growth of 26.7% in local currency terms. In the US, hematology is doing well, and as I mentioned earlier, we provide customers with dipstick machines and reagents from Siemens and urinalysis sediment machines from us in a set. In that context, the Americas is showing steady growth.

Information by Destination (EMEA)



(Billions of yen)	First six months of fiscal year ending March 31, 2022	First six months of fiscal year ended March 31, 2021	YoY (Previous period = 100%)	
			(Yen basis)	(Local currency basis)
Sales	49.2	36.8	133.5%	123.6%
Instruments	12.5	10.8	115.6%	106.7%
Reagents	28.6	19.9	144.1%	133.6%
Services, others	7.9	6.1	130.9%	121.4%

Due to the winning of tenders, instrument sales were robust, and reagent sales recovered in each region, leading to higher sales in EMEA.

- Instruments: Sales of instruments rose, due to higher sales in the hematology, urinalysis and hemostasis fields. Behind this increase was the winning of tenders in Russia and Eastern Europe, where investment in healthcare infrastructure is active.
- Reagents: Testing demand recovered in the hematology, urinalysis and life science fields, pushing up sales. Sales also increased in the hemostasis field in Russia and other areas.

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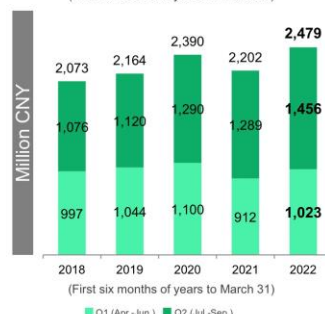
EMEA is next.

In EMEA, as you can see here, we were able to win in bidding projects, partly because we were able to acquire a large network of commercial laboratories, and because we were able to acquire bidding projects in Russia and Eastern Europe, where they are developing their healthcare infrastructure. As a result, instrument sales grew steadily.

As for reagents, along with the recovery from last year, we were able to increase sales in other areas, such as in the hemostasis field in Russia.

With this, we believe that EMEA is performing well.

Information by Destination (China)



	(Billions of yen)	First six months of fiscal year ending March 31, 2022	First six months of fiscal year ended March 31, 2021	YoY (Previous period = 100%)	
				(Yen basis)	(Local currency basis)
Sales		42.1	33.6	125.3%	112.6%
Instruments		10.0	11.1	89.8%	80.7%
Reagents		27.7	19.0	145.4%	130.7%
Services, others		4.3	3.4	128.5%	115.4%

Overall sales rose due to higher sales of reagents, despite a decline in sales of instruments (which reflected higher demand in the previous fiscal year to reinforce the healthcare infrastructure).

- Instruments: Sales were down in reaction to high demand in the previous fiscal year in the urinalysis, hemostasis and immunochemistry fields.
- Reagents: Sales rose, reflecting favorable performance across all fields, centering on hematology and hemostasis, due to a recovery following the COVID-19 impact.

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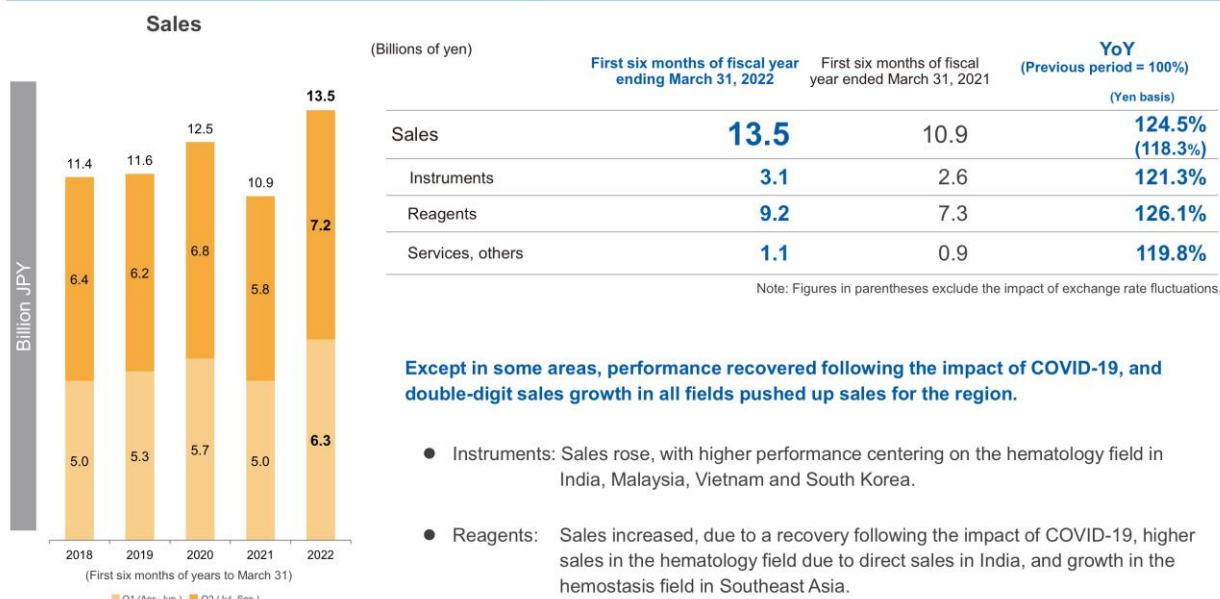
China is next.

In China, instrument sales slightly decreased on a local currency basis. However, sales of reagents have grown significantly. As you know, they have a Buy China Policy, which means that we are not allowed to take part in so-called government bidding. We are trying to compete with knockdown production approach. Another thing is that there is a movement towards centralized purchasing, where reagents are purchased centrally to lower the price.

Under those circumstances, there was not that much of an impact in the first half of the year. In the future, however, there will be some impact, especially due to the Buy China Policy. From the customer's point of view, we are hearing that some of them are postponing procurement. So, including the second half of this fiscal year, the customers are shifting the installation of instrument to the next fiscal year.

As you know, on the 1 hand, China has raised its hand to join the TPP. In a sense, this goes against the Buy China Policy, so it is difficult to predict what will happen. We are now working to take various measures to steadily retain our customers.

Information by Destination (AP)



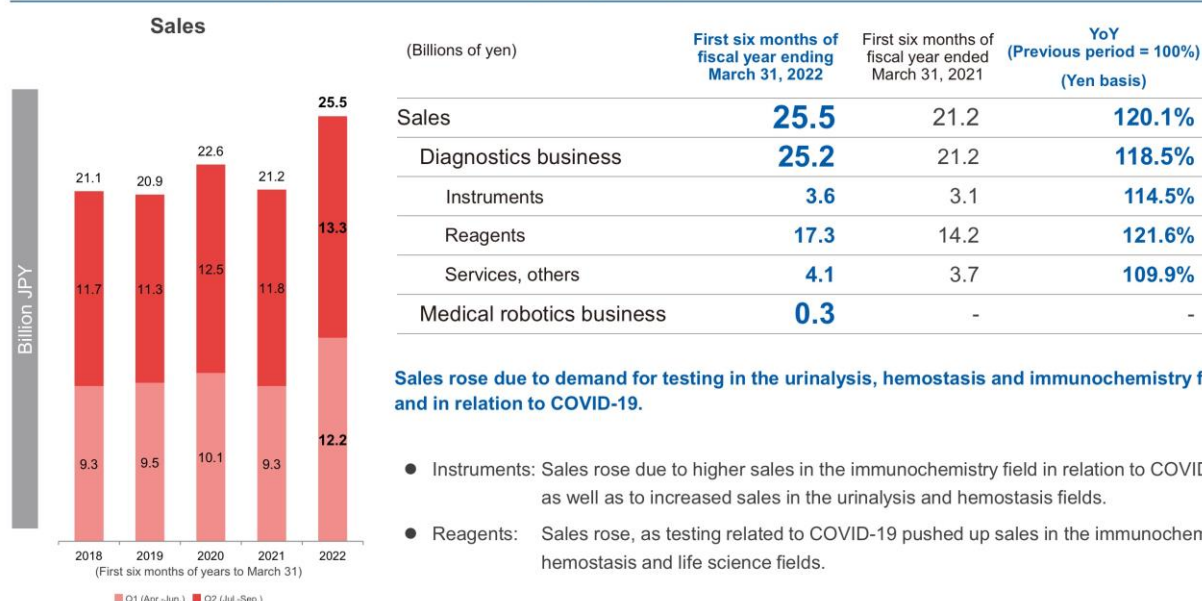
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Next is Asia-Pacific.

The Asia-Pacific region, with the exception of a few regions, is recovering from the effects of COVID-19. As for instruments, sales in India, Malaysia, Vietnam, and South Korea showed considerable growth in the field of hematology. In India, we sell directly to the customers, , and we are now able to get deals in high-end customers, so we are looking forward to the future.

However, that depends on the region, as Indonesia is still in a difficult situation with COVID-19. Although the situation over there is still a bit unsettled, I believe that this is a region to look forward to in the future.

Information by Destination (Japan)



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Japan is next. As for Japan, it is recovering in general. The demand in the urinalysis, hemostasis, immunochemistry fields, and COVID-19 related testing is also growing steadily, although we are somewhat weak, or lagging behind, in this area.

Consolidated Earnings Forecast

Figures in light blue have been revised subsequent to May 2021 announcement.



Forecast figures announced in May 2021 are indicated in parentheses, ().

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022

Net sales: **¥360.0 billion** (¥350.0 billion) Operating profit: **¥66.0 billion** (¥60.0 billion) Operating margin: **18.3%** (17.1%)

Profit attributable to owners of the parent: **¥44.0 billion** (¥40.0 billion) Profit attributable to owners of the parent to net sales: **12.2%** (11.4%)

Planned investment

Capital expenditure:
¥39.0 billion
(including tangible and intangible)

Depreciation and amortization:
¥29.5 billion

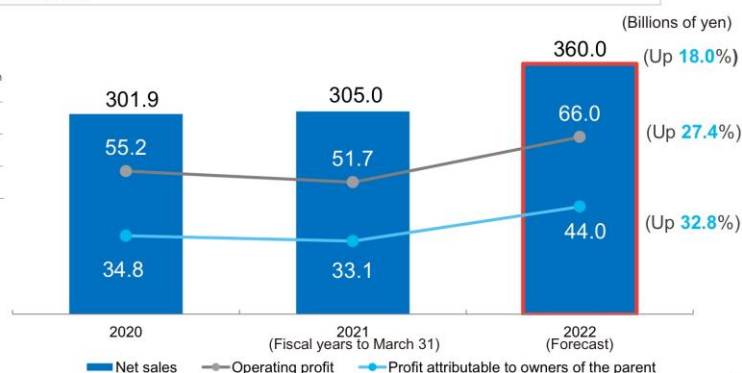
R&D expenditure:
¥26.5 billion (¥27.5 billion)

Assumed Exchange Rates

	For fiscal year ending March 31, 2022 (Revised November 2021)	For second half of fiscal year ending March 31, 2022 (Revised November 2021)	Previous year (Fiscal Year ended March 31, 2021)
1 USD	¥110.9	¥112.0	¥106.1
1 EUR	¥130.5	¥130.0	¥123.7
1 CNY	¥17.0	¥17.0	¥15.7

Exchange Rate Sensitivity

	Net sales (year)	Operating profit (year)
USD	¥0.68 billion	¥0.18 billion
EUR	¥0.51 billion	¥0.16 billion
CNY	¥5.88 billion	¥4.53 billion



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Next would be our full-year results. Originally, we had planned for sales of JPY350 billion, operating income of JPY60 billion, and net profit of JPY40 billion for this fiscal year. We have revised those figures to JPY360 billion in net sales, JPY66 billion in operating profit, and JPY44 billion at the bottom.

This is mostly due to the exchange rate, as in the second half of the fiscal year, the exchange rate for the full fiscal year has slightly deteriorated from the rates we have set thus. It went to JPY112 to the dollar in the second half from JPY110.9 to the dollar, and JPY130.5 to JPY130 for the euro. The Chinese yuan rate was retained, so the change has been centered on the dollar.

In any case, I believe that the yen is continuing to weaken overall. The FRB and others are moving to raise interest rates, and Japan is not in a very strong position at the moment.

Full-Year Earnings Forecast



Assumptions behind second-half earnings

- We currently expect to reach our goals for the year which was announced at the beginning of the fiscal year. As expected, we assume a recovery in reagent sales and steady progress on our business plans.
- In the second half, we will continue investing as planned, with a view to future growth.
- Our exchange rate assumptions for the second half are 1USD = ¥112.0, 1EUR = ¥130.0, and 1CNY = ¥17.0.

(Billions of yen)

	First half results (Apr.–Sep.)		Second half (Oct.–Mar.)		Full year (Apr.–Mar.)	
	Fiscal year ending March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ending March 31, 2022 (forecast)	Fiscal year ended March 31, 2021 (results)	Fiscal year ending March 31, 2022 (forecast)	Fiscal year ended March 31, 2021 (results)
Net sales	168.7	132.0	191.2	172.9	360.0	305.0
Cost of sales ratio	46.8%	49.1%	48.1%	49.7%	47.5%	49.4%
SG&A expenses	44.0	38.0	51.9	42.7	96.0	80.8
R&D expenses	11.6	9.7	14.8	12.7	26.5	22.5
Operating profit	33.7	20.0	32.2	31.7	66.0	51.7

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Next page. The assumptions for the second half of the fiscal year are as shown here.

In the medical robotics business, we are currently at JPY350 million for the first half of the fiscal year, but we are planning to expand the business to JPY5 billion in this fiscal year.

Dividend Forecast



- No change from our dividend forecast at the start of the year

	Interim dividend	Year-end dividend	Total	Payout ratio
Fiscal year ended March 31, 2021	¥36	¥36	¥72	45.4%
Fiscal year ending March 31, 2022 (proposal)	¥37	¥37	¥74	35.2%

Sysmex aims to maintain a proper balance between aggressive investment, which is designed to sustain steady high growth, and returns to our shareholders as our earning power increases. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout ratio of 30% under our basic policy of sharing the successes of our operations in line with business performance.

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Dividends.

As planned at the beginning of the fiscal year, we have set it to JPY37 respectively, with a dividend payout ratio of 35.2%.

Overall, we believe that the second half of the fiscal year will be another period of steady growth. However, if COVID-19 becomes even more explosive in the future, the situation may be a little unclear and unstable. Also, as I mentioned earlier, we need to keep an eye on the policy of China as a risk, but it has been strong so far.

That concludes my presentation. Thank you very much.

[END]