

Business Results

First Nine Months of the Fiscal Year Ending March 31, 2023

February 9, 2023
Sysmex Corporation

Index

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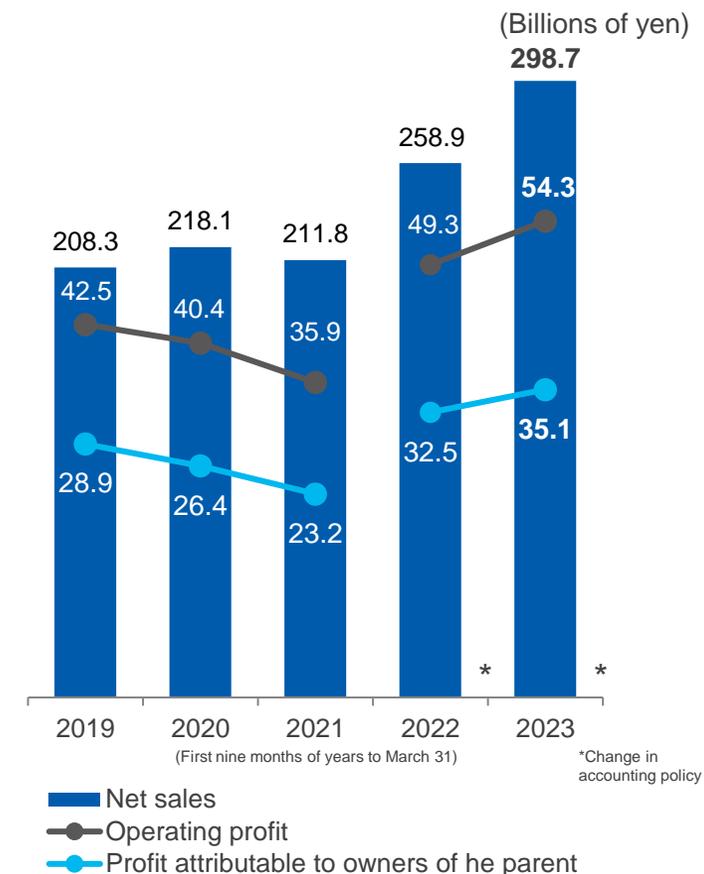
- The Sysmex Group adopted International Financial Reporting Standards (IFRS) in the fiscal year ended March 31, 2017. Figures are disclosed in compliance with IFRS.
- In the fiscal year ended March 31, 2022, the Sysmex Group changed its method of recognizing the costs of configuration or customization services in cloud computing contracts as an expense when these services are received. Accordingly, we have retroactively adjusted the figures for the fiscal year ended March 31, 2022. (Please refer to appendix for comparison before and after retroactive.)
- This material contains forward-looking statements about the Sysmex Group. These forward-looking statements are based on the current judgments and assumptions of the Sysmex Group in light of the information currently available to it. Uncertainties inherent in such judgments and assumptions, the future course of our business operations and changes in operating environments both in Japan and overseas may cause our actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements or financial position either expressed or implied within these forward-looking statements.

1.

Business Results, First Nine Months of the Fiscal Year Ending March 31, 2023

Financial Highlights (Year on Year)

(Billions of yen)	First nine months of fiscal year ending March 31, 2023		First nine months of fiscal year ended March 31, 2022		YoY (Previous period = 100%)	FX impact	
	Results	Ratio	Results	Ratio		Impact	YoY (Previous period = 100%), excluding FX impact
Net sales	298.7	100%	258.9	100%	115.4%	+31.7	103.1%
Cost of sales	143.8	48.2%	121.5	46.9%	118.4%	-	-
SG&A expenses	81.5	27.3%	67.7	26.2%	120.3%	-	-
R&D expenses	22.0	7.4%	18.3	7.1%	120.5%	-	-
Other income (expenses)	3.1	1.0%	(1.9)	0.7%	-	-	-
Operating profit	54.3	18.2%	49.3	19.1%	110.2%	+11.1	87.6%
Profit attributable to owners of the parent	35.1	11.8%	32.5	12.6%	108.1%	-	-



● Achieved record-high net sales, operating profit and profit attributable to owners of the parent

- ✓ **Net sales:** Although China continues to be affected by lockdowns, net sales increased as a result of solid sales in all other regions.
- ✓ **Operating profit:** Up, due to higher sales pushing up gross profit and the impact of exchange rates, despite sharply higher raw materials and transport costs (which caused the cost of sales ratio to deteriorate) and a rise in SG&A expenses.
- ✓ **Profit attributable to owners of the parent:** Up, despite the negative impact of foreign exchange losses.

Note: Foreign exchange losses were ¥0.77 billion (a year-on-year deterioration of ¥1.21 billion).

	First nine months of fiscal year ending March 31, 2023	First nine months of fiscal year ended March 31, 2022
1USD	¥136.5	¥111.1
1EUR	¥140.6	¥130.6
1CNY	¥19.9	¥17.3

Q3 Business Results (Year on Year)



Net sales rose by double digits year on year. The cost of sales ratio and the operating profit margin improved, partly due to the positive impact of exchange rate fluctuations.

(Billions of yen)	Q3 of the fiscal year ended March 31, 2022 (October–December)		Q3 of the fiscal year ending March 31, 2023 (October–December)			
	Results	Ratio	Results	Ratio	YoY change (Previous period = 100%)	Excluding FX impact
Net sales	90.1	100.0%	104.7	100.0%	116.2%	103.7%
Cost of sales	42.5	47.2%	48.3	46.2%	113.6%	-
SG&A expenses	23.2	25.8%	28.5	27.3%	122.9%	-
R&D expenses	6.7	7.4%	7.5	7.2%	112.4%	-
Other income (expenses)	(1.5)	1.7%	0.9	1.0%	-	-
Operating profit	16.1	17.9%	21.2	20.3%	131.8%	99.8%
Profit attributable to owners of the parent	10.6	11.8%	11.1	10.7%	105.4%	-

● Exchange rates

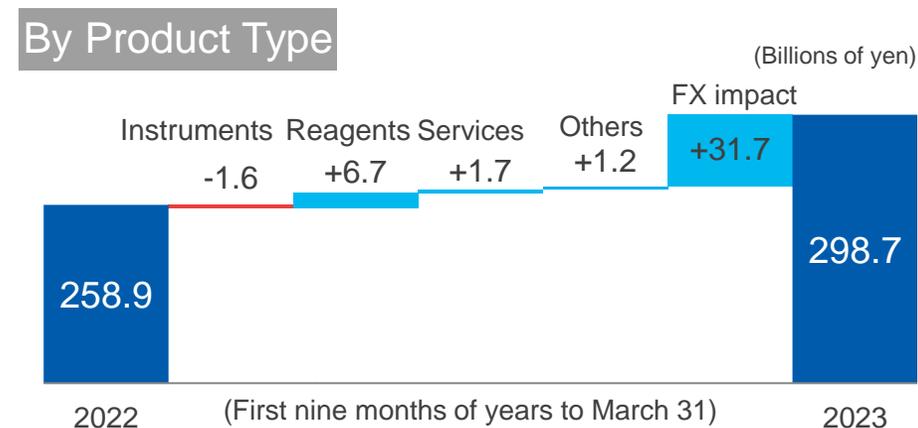
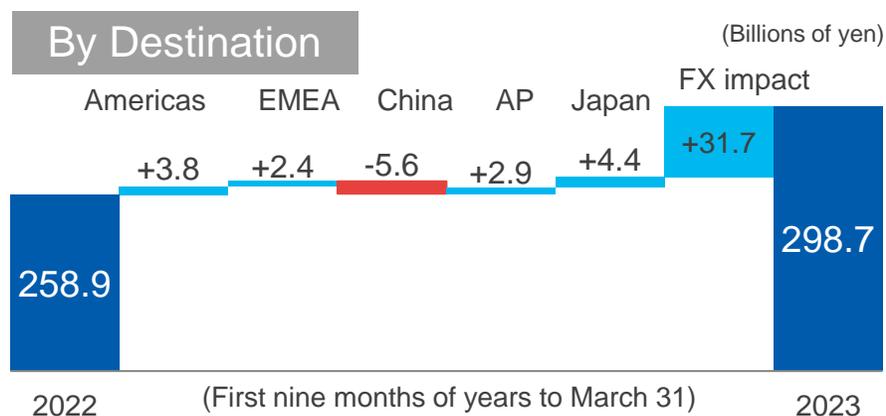
	Q3 of the fiscal year ended March 31, 2022 (October–December)	Q3 of the fiscal year ending March 31, 2023 (October–December)
1USD	¥113.7	¥141.6
1EUR	¥130.1	¥144.3
1CNY	¥17.8	¥19.9

Breakdown of Net Sales (by Destination and Product Type)

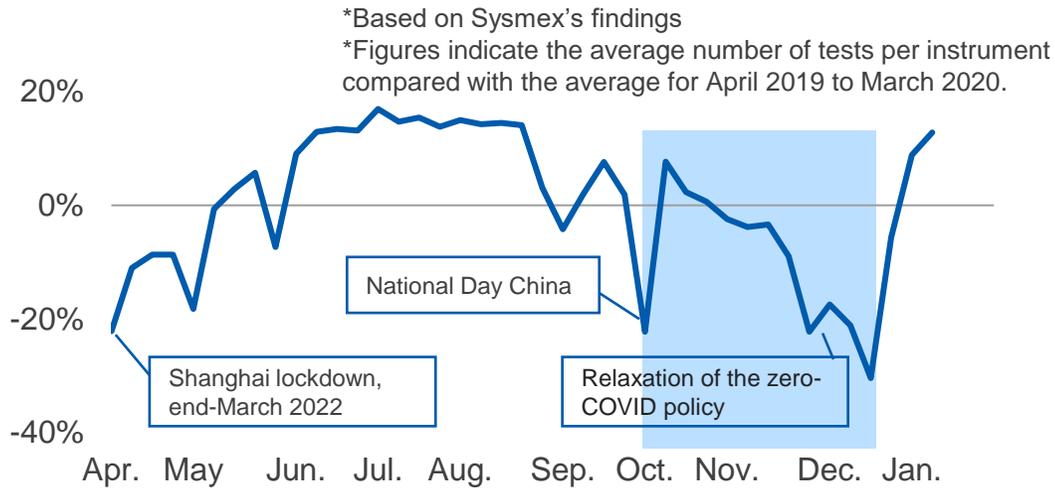
(Billions of yen)	First nine months of fiscal year ending March 31, 2023		YoY (Previous period = 100%)	
	Results	Ratio	Yen basis	Local currency basis
Net sales	298.7	100.0%	115.4%	103.1%*
Americas	77.2	25.9%	130.3%	106.0%
EMEA	84.6	28.3%	111.1%	103.2%
China	66.0	22.1%	105.2%	91.0%
AP	27.0	9.1%	126.7%	113.7%*
Japan	43.7	14.6%	111.4%	—
Instruments	64.4	21.6%	109.0%	97.2%*
Reagents	182.2	61.0%	116.2%	104.3%*
Services	39.9	13.4%	120.2%	105.2%*
Others	12.0	4.0%	124.2%	112.6%

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

- Americas: **Sales up**, due to favorable performance in the hematology and urinalysis fields in North, Central and South America
- EMEA: **Sales up**, due to higher sales of instruments and reagents, centered on the hematology and urinalysis fields
- China: Sales up on a yen basis but down on a local currency basis, due to the impacts of COVID-19 (lockdowns, surge in infections) and government procurement policies.
- AP: **Sales up substantially**, due to a recovery in testing demand that pushed up reagent sales, as well as to favorable instrument sales in India.
- Japan: **Sales up**, due to higher instrument sales, centered on the hematology field, plus higher sales of immunochemistry and hemostasis reagents and expansion of the medical robotics business (+¥0.96 billion)



(1) Number of hematology tests (throughout China)



Impact on Sysmex and initiatives

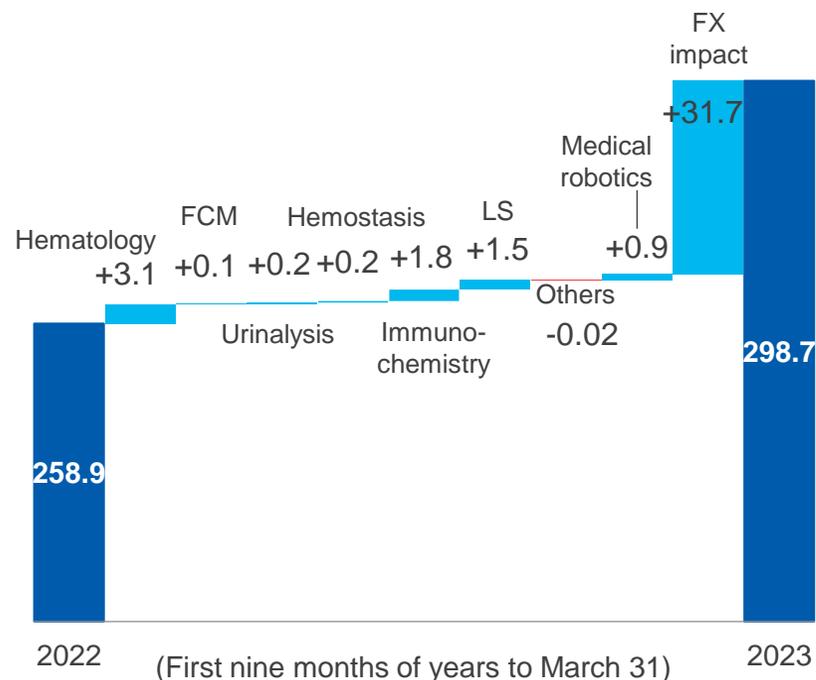
- The number of tests was on a recovery track from October to November, but after the relaxation of the zero-COVID policy, the number of COVID-19 infections surged, and the number of tests fell off sharply.
- The number of tests has recovered substantially since end-December. Although developments after Chinese New Year bear close monitoring, we anticipate an ongoing recovery to pre-pandemic levels.

(2) Conditions in the Chinese market

- Bidding for IVD instruments was postponed, as budgets were shifted to controlling COVID-19 infections.
 - Ongoing government procurement policies continued to keep the appetite for imports low in this fiscal year.
 - In line with the increase in patients, demand at Tier 2 and Tier 1 hospitals rose for upgrades to high-end instruments and transport systems.
- We began selling hematology systems made in China, including peripheral equipment, in addition to hematology analyzers made in China, which had been sold previously.
 - We stepped up sales promotion of immunochemistry field based on the expansion of reagent parameters.

Breakdown of Net Sales (by Business)

Sales by Business (Billions of Yen)



COVID related testing

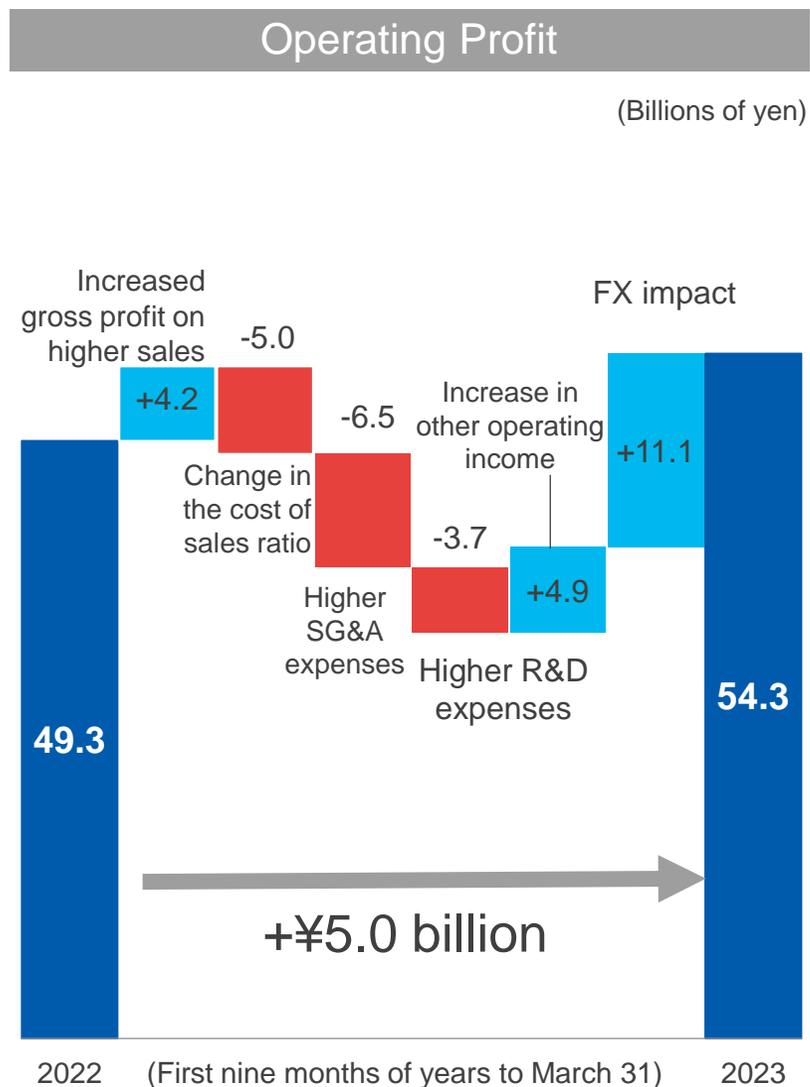
(Included in the life science, immunochemistry and others categories)
 In the first nine months of the fiscal year ending March 31, 2023: ¥5.1 billion (¥4.6 billion in Japan, ¥0.4 billion overseas)

(Reference):
 ¥5.5 billion in the first nine months of the fiscal year ended March 31, 2023 (¥3.4 billion in Japan, ¥2.1 billion overseas)
 ¥8.2 billion in the fiscal year ended March 31, 2022 (¥5.5 billion in Japan, ¥2.7 billion overseas)

Sales in major fields rose, despite the impact of exchange rate fluctuations.

	First nine months of fiscal year ending March 31, 2023		YoY (Previous period = 100%)	
	Results	Ratio	Yen basis	Excluding FX impact
Net sales	298.7	100.0%	115.4%	103.1%
Hematology	175.5	58.8%	115.6%	102.0%
FCM	1.7	0.6%	121.0%	107.6%
Urinalysis	24.0	8.0%	115.6%	101.0%
Hemostasis	48.9	16.4%	112.3%	100.7%
Immunochemistry	16.7	5.6%	121.7%	113.7%
Clinical chemistry	2.6	0.9%	117.3%	107.4%
Life science	14.9	5.0%	118.9%	112.3%
Others	12.4	4.2%	104.2%	98.4%
Diagnostics business	297.0	99.4%	115.1%	102.8%
Medical robotics business	1.7	0.6%	228.5%	228.5%

Breakdown of Operating Profit (Year on Year)



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

- Higher gross profit due to increased sales: ¥4.2 billion
 - Impact of change in the cost of sales ratio: ¥5.0 billion (worse by 1.9pt)
 - ✓ Sharply higher raw material prices: 1.1pt worse
 - ✓ Sharply higher shipping costs: 0.6pt worse
 - ✓ Changes in the product mix: 0.3pt improvement
 - Higher SG&A expenses: ¥6.5 billion
 - ✓ Costs rose due to a resumption of sales and service activities in each region and the reinforcement of the direct sales structure.
 - ✓ Costs related to digitalization increased.
 - Higher R&D expenses: ¥3.7 billion
 - ✓ Ongoing investments in product development and cost related to regulatory affairs were higher.
 - Increase in other operating income: ¥4.9 billion
 - ✓ Compensation related to a fire at an outsourced storage facility
 - ✓ Impact of impairment of intangible asses in previous year
-
- FX impact: ¥11.1 billion positive impact

Diagnostics business

Receipt of manufacturing and marketing approval in Japan for an assay kit to identify amyloid beta (A β) accumulation in the brain, a cause of Alzheimer's disease (December 2022)

- Sales expected to begin in Japan in Q1 of the fiscal year ending March 31, 2024
- Laboratory developed tests (LDTs) to commence as planned in the United States in Q4 of the fiscal year ending March 31, 2023

The immunochemistry reagent parameters in China increased the total to 57 parameters

Medical robotics business

Received approval in Japan to expand applicable indications of the robotic-assisted surgical system to gastroenterology and gynecology (October 2022), with coverage under national health insurance (December 2022)

- Expanded application to 22 of 30 categories for robotic-assisted surgery in Japan

Sustainability

Selected for inclusion in the Dow Jones Sustainability World Index for the seventh consecutive year (December 2022)

2.

Financial Forecast for the Fiscal Year Ending March 31, 2023

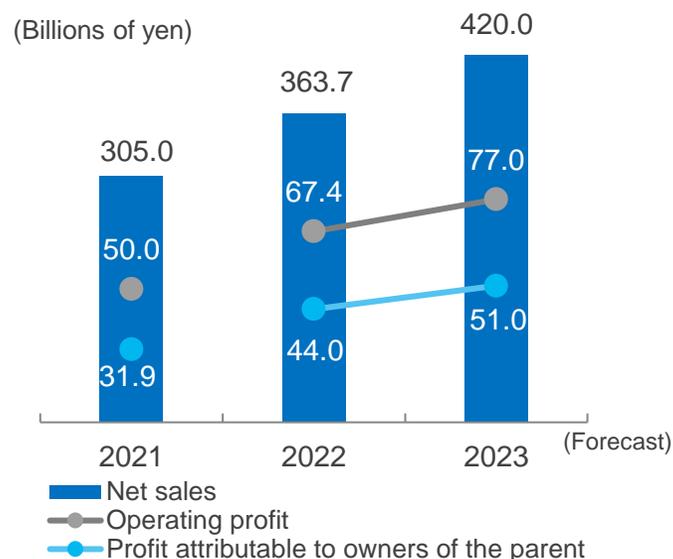
Consolidated Earnings Forecast for the Fiscal Year

Ending March 31, 2023 (No revisions subsequent to November 2022 announcement)



(Billions of yen)	Fiscal year ending March 31, 2023		Fiscal year ended March 31, 2022		YoY increase
	Forecast	Ratio	Results	Ratio	
Net sales	420.0	100.0%	363.7	100.0%	+15.5%
Cost of sales	200.0	47.6%	173.1	47.6%	+15.5%
SG&A expenses	112.5	26.8%	94.2	25.9%	+19.4%
R&D expenses	33.5	8.0%	26.7	7.4%	+25.5%
Operating profit	77.0	18.3%	67.4	18.5%	+14.2%
Profit attributable to owners of the parent	51.0	12.1%	44.0	12.1%	+15.7%

Planned investment	Capital expenditure: ¥41.8 billion	Depreciation and amortization: ¥30.5 billion
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Assumed Exchange Rates (Year)

	Fiscal year ending March 31, 2023 (Revised Nov. 2022)	Fiscal year ended March 31, 2022
1 USD	¥139.5	¥112.4
1 EUR	¥140.4	¥130.6
1 CNY	¥19.9	¥17.5

Exchange Rate Sensitivity

	Net sales (year)	Operating profit (year)
USD	¥0.7 billion	¥0.1 billion
EUR	¥0.5 billion	¥0.1 billion
CNY	¥5.7 billion	¥4.0 billion

Net sales

- The Americas, EMEA, AP, and Japan are performing well, and we will continue to promote sales initiatives in each region.
- In China, reagent sales are rising as testing demand recovers, and we are running sales promotions of instruments manufactured locally.

Operating profit

- Profit is being affected by exchange rate fluctuations and other variables, but the cost of sales ratio is improving and we will appropriately control SG&A expenses.

Despite exchange rate fluctuations, changes in the external environment and other uncertainties, we aim to promote various measures to achieve our full-year results.

Appendix

Results by Destination (Americas)

(Million USD)	First nine months of fiscal year ending March 31, 2023	First nine months of fiscal year ended March 31, 2022	YoY (Previous period = 100%)	
			Local currency basis	Yen basis
Sales	565.1	533.2	106.0%	130.3%
Instruments	144.2	139.7	103.3%	126.9%
Reagents	266.5	248.3	107.3%	132.0%
Services, others	154.4	145.2	106.3%	130.7%

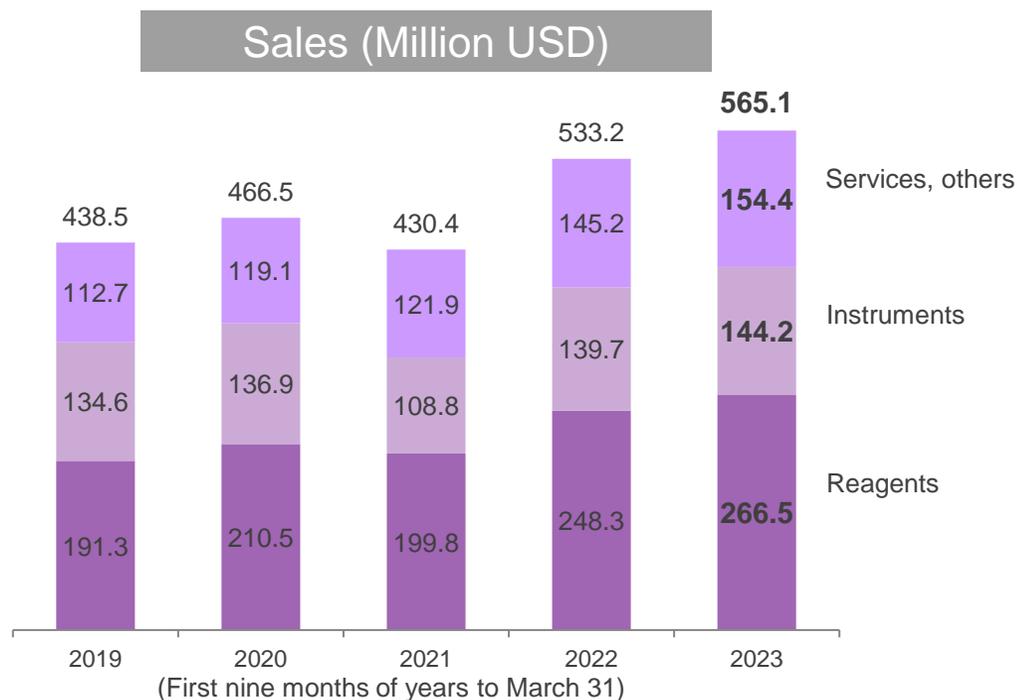
Sales rose, due to favorable performance in North America, as well as in Brazil and other parts of Central and South America, centered on the hematology and urinalysis fields.

● Instruments

- ✓ In the hematology field, sales increased in the United States and in Central and South America. Performance was solid in the urinalysis field, centered on Central and South America.

● Reagents

- ✓ In the hematology field, performance was favorable in Central and South America, centered on a reinforced sales structure in Brazil.
- ✓ In the urinalysis field, sales rose significantly due to expansion of the installed instrument base in North, Central and South America.



Results by Destination (EMEA)

(Million EUR)	First nine months of fiscal year ending March 31, 2023	First nine months of fiscal year ended March 31, 2022	YoY (Previous period = 100%)	
			Local currency basis	Yen basis
Sales	601.9	583.3	103.2%	111.1%
Instruments	156.5	146.9	106.6%	114.7%
Reagents	349.5	343.6	101.7%	109.5%
Services, others	95.9	92.8	103.3%	111.4%

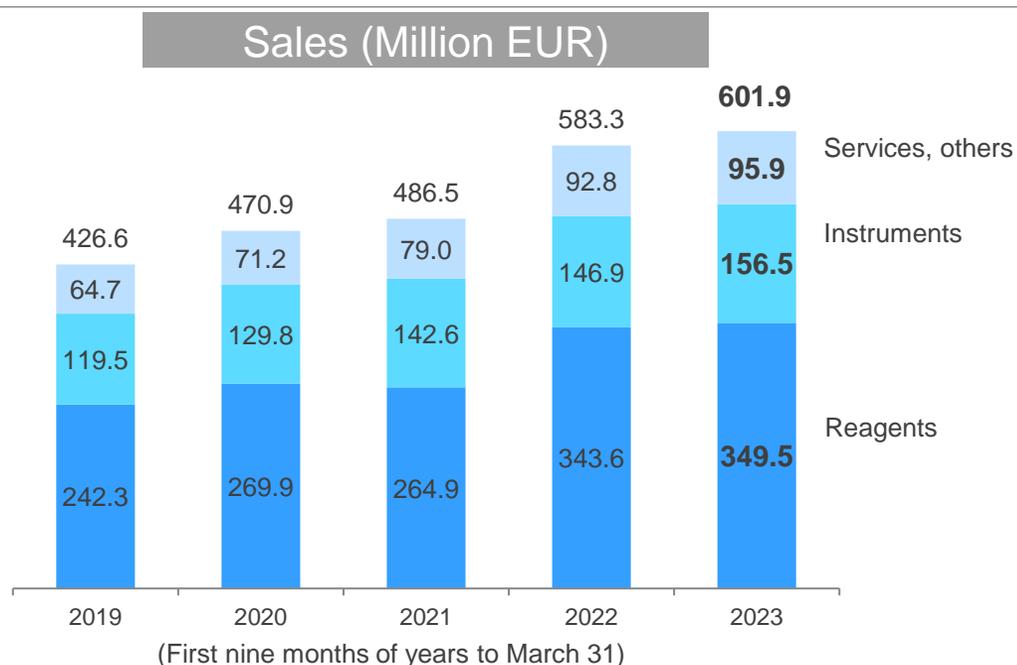
Sales rose, thanks to the acquisition of a large tender in Italy, higher sales of instruments in direct sales areas, and favorable performance in reagents in the hematology field.

● Instruments

✓ In the hematology and urinalysis fields, sales increased centered in Italy, where we acquired a large tender.

● Reagents

✓ Sales rose, centered on the hematology field, as well as in the urinalysis field.
 ✓ Demand for COVID-19 related testing turned downward.



Results by Destination (China)

(Million CNY)	First nine months of fiscal year ending March 31, 2023	First nine months of fiscal year ended March 31, 2022	YoY (Previous period = 100%)	
			Local currency basis	Yen basis
Sales	3,311.8	3,641.1	91.0%	105.2%
Instruments	484.3	767.4	63.1%	73.4%
Reagents	2,430.8	2,496.3	97.4%	112.4%
Services, others	396.8	377.4	105.1%	121.6%

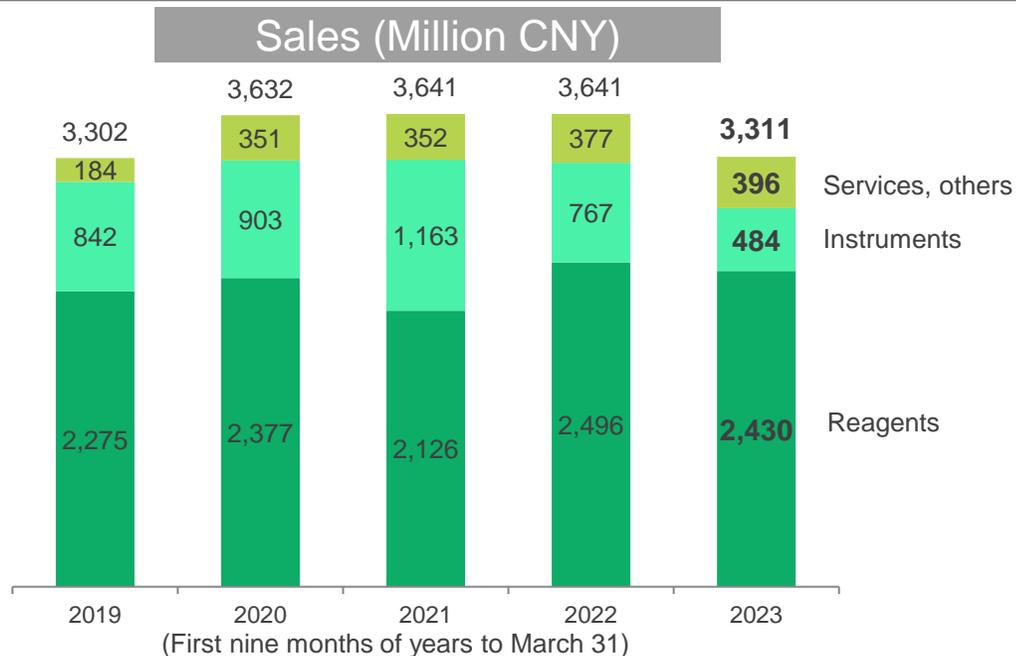
Sales were down due to the impacts of COVID-19 (lockdowns, surge in infections) and government procurement policies.

● Instruments

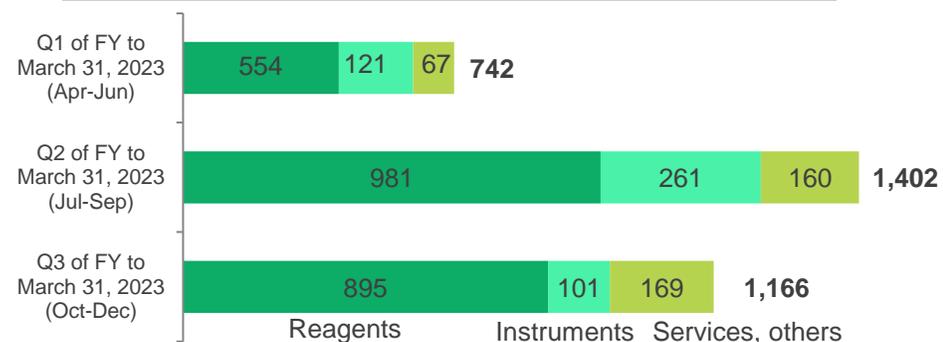
- ✓ In Q3, sales in the immunochemistry field rebounded, pushed up by an increase in the number of reagent parameters. However, sales were down in the hematology, urinalysis and hemostasis fields as a result of government procurement policies (delays in purchases of products from overseas).

● Reagents

- ✓ Sales rose in the hemostasis field for reagents used to predict COVID-19 aggravation, but overall reagent sales were down due to a drop in testing demand.



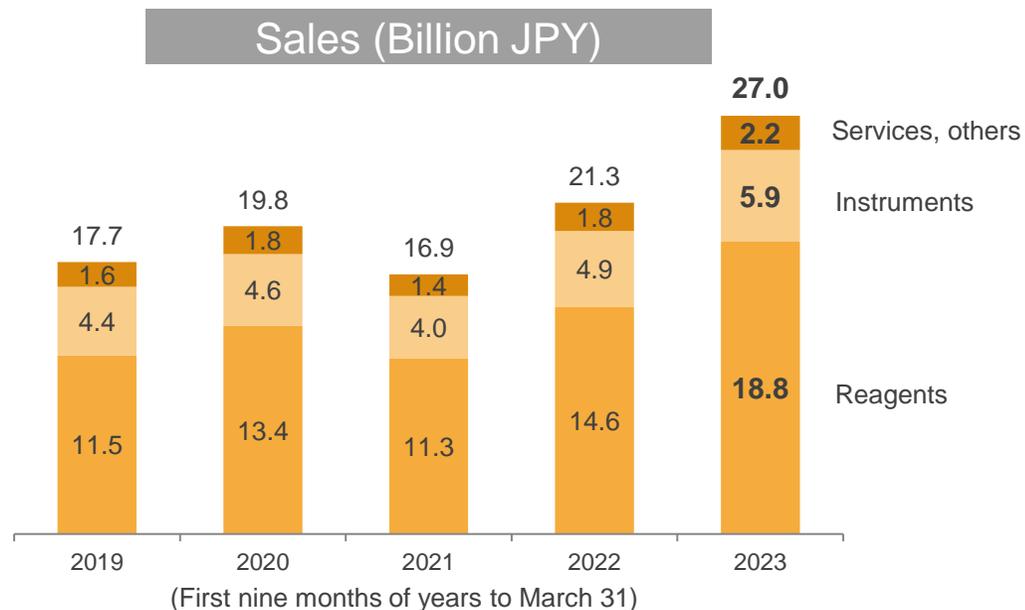
Quarterly Sales, by Product Type (Million CNY)



Results by Destination (AP)

(Billions of yen)	First nine months of fiscal year ending March 31, 2023	First nine months of fiscal year ended March 31, 2022	YoY (Previous period = 100%) Yen basis
Sales	27.0	21.3	126.7% (113.7%)
Instruments	5.9	4.9	121.1%
Reagents	18.8	14.6	128.6%
Services, others	2.2	1.8	126.4%

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



Reagent sales grew, thanks to a recovery in testing demand and expansion of the installed instrument base. Instrument sales also rose, pushing up sales across all fields.

● Instruments

- ✓ Sales were up significantly in the hematology field in Australia and Thailand.
- ✓ Sales rose in the urinalysis field in India and Indonesia, and performance was robust in the hemostasis field, driving up sales.

● Reagents

- ✓ A recovery in testing demand and expansion of the installed instrument base boosted sales in the hematology and urinalysis fields centered in India, Vietnam and South Korea.
- ✓ Sales were positive in the immunochemistry field, centered on Vietnam, Indonesia, Thailand and South Korea.

Results by Destination (Japan)

(Billions of yen)	First nine months of fiscal year ending March 31, 2023	First nine months of fiscal year ended March 31, 2022	YoY (Previous period = 100%) Yen basis
Sales	43.7	39.2	111.4%
Diagnostics business	42.0	38.5	109.1%
Instruments	5.7	5.6	102.0%
Reagents	29.3	26.5	110.7%
Services, others	6.9	6.3	109.0%
Medical robotics business	1.7	0.7	228.5%

Sales rose, due to higher sales of hematology instruments and favorable reagent sales in the hemostasis and immunochemistry fields.

Diagnostics business

● Instruments

- ✓ Sales rose in the hematology field, owing to favorable performance of the XR™-Series.
- ✓ In addition to the urinalysis field, sales were favorable in the immunochemistry field due to a rise in demand related to COVID-19.

● Reagents

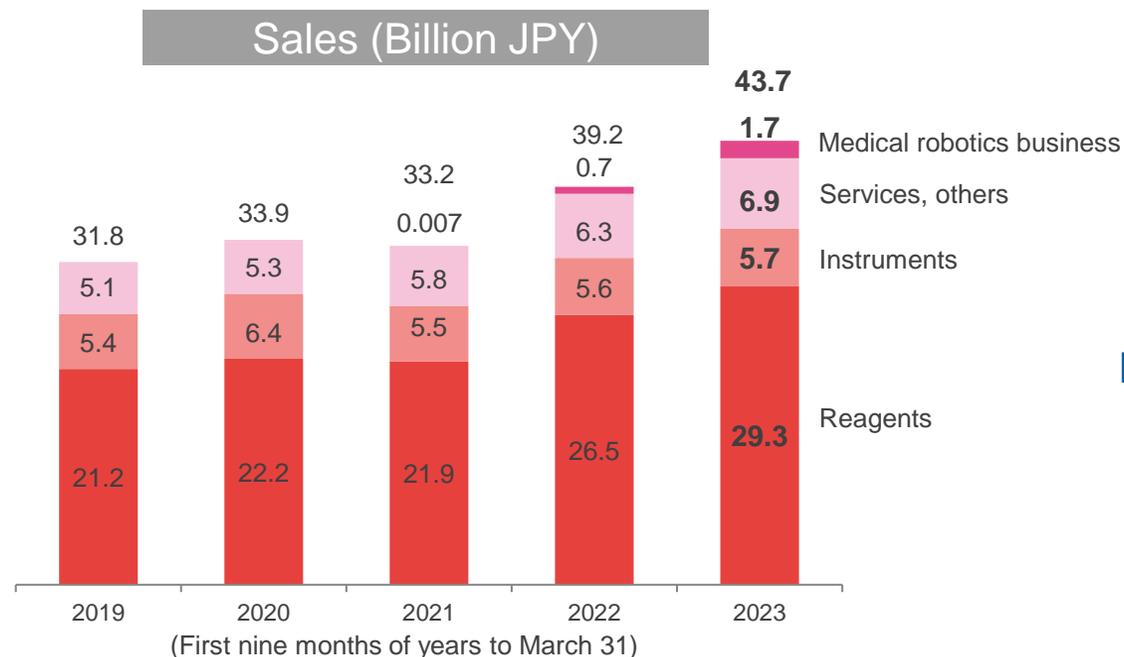
- ✓ In addition to an increase in demand for parameters related to COVID-19, as well as existing parameters, sales were favorable in the immunochemistry field and up in the hemostasis field, pushing up overall reagent sales.

Medical robotics business

- **31 units have been installed since the start of sales, including three new units in Q3 and 13 since the start of the fiscal year*.**

*Contract details differ, depending on the sales scheme and the amount and timing to book as sales are different, so the number of units installed does not align with sales results.

- **More than 900 cases to date**



Introduction Plan of the XR-Series in Hematology Field



XR connected with peripheral modules

BT-50: Barcode terminal

- **World-first automated quality control function**
- Automatic startup and quality control
- Automated cleaning and shutdown
- Reads bar codes on blood collection test tubes, confirms arrival of blood collection test tubes

- ✓ **Japan:** In Q1, launched the BT-50, a new module for the XR-Series offering fully automated quality control. Hematology instrument sales grew by double digits in the first nine months of the fiscal year.
- ✓ **Americas:** In December 2022, launched the BT-50 as an additional module for the XN™-Series. Planning to launch the XR-Series in the fiscal year ending March 2025.
- ✓ **EMEA:** Planning to launch the XR-Series (including the BT-50) in Q4 of the fiscal year ending March 31, 2023.
- ✓ **China:** Intending to launch the BT-50 as an additional module for the XN-Series in Q4 of the fiscal year ending March 31, 2023. Planning to launch the XR-Series in Q4 of the fiscal year ending March 31, 2024.
- ✓ **AP:** Planning to launch during the fiscal year ending March 31, 2023, but the timing is flexible due to delayed regulatory screening, owing to COVID-19.

Impact of Change in Accounting Policy

(First Nine Months of the Fiscal Year Ended March 31, 2022)



Owing to a change in accounting method, rather than recording configuration and customization costs under cloud computing contracts as “other non-current assets,” they are now being posted to “SG&A expenses” upon receipt of services. This change has been retroactively applied to the fiscal year ended March 31, 2022.

(Billions of yen)	First nine months of fiscal year ended March 31, 2022 (before retroactive adjustment)		First nine months of fiscal year ended March 31, 2022 (retroactively adjusted)	
		Ratio		Ratio
Net sales	258.9	100%	258.9	100%
Cost of sales	121.5	46.9%	121.5	46.9%
SG&A expenses	67.2	26.0%	67.7	26.2%
R&D expenses	18.3	7.1%	18.3	7.1%
Other income (expenses)	(1.9)	0.7%	(1.9)	0.7%
Operating profit	49.8	19.2%	49.3	19.0%
Profit attributable to owners of the parent	32.9	12.7%	32.5	12.6%

Lighting the way **with diagnostics**