

Presentation

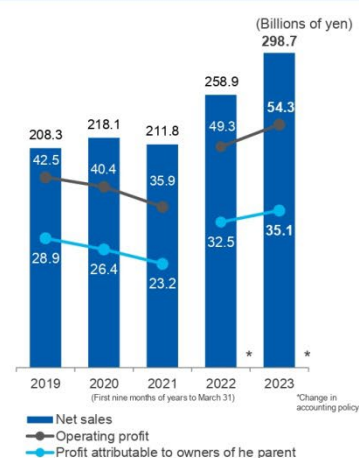
Tachibana: Hello. This is Tachibana speaking.

First, I will provide an overview of the financial results for Q3 of the fiscal year ending March

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%	-	-



	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

● **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).

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First, please see page four. This is the financial summary.

Operating revenue was JPY298.7 billion, up 15.4% from the same period last year, operating profit was JPY54.3 billion, up 10.2%, and quarterly income was JPY35.1 billion, up 8.1%, all record highs.

In the current fiscal year, the environment was difficult in China, starting with a major lockdown in Q1 and continuing to be sluggish in Q3, but all regions other than China performed well, and the effect of the yen's depreciation resulted in double-digit growth in both operating revenue and operating profit.

As for foreign exchange, as shown in the lower right-hand corner, the yen has depreciated compared to the previous fiscal year, and the impact of the exchange rate on operating revenue and operating profit has been significantly positive, as shown in the table.

The cost-of-sales ratio has worsened compared to the same period last year due to higher raw material and transportation costs, but these costs are starting to ease and has improved by one percentage point from 49.2% in H1.

Despite an increase in SG&A and other expenses, operating profit increased in Q3 due to an increase in gross profit and the effect of the yen's depreciation.

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	1EUR	¥141.6
				¥144.3
				¥19.9

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Turn to page five please. This is a Quarter on Quarter comparison between Q3 of the current fiscal year and Q3 of the previous fiscal year.

As you can see, operating revenue, cost-of-sales ratio, and operating profit have all improved.

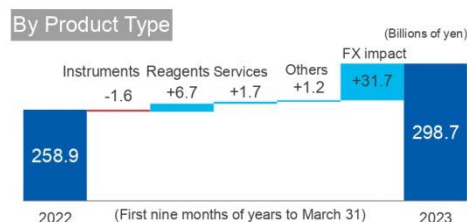
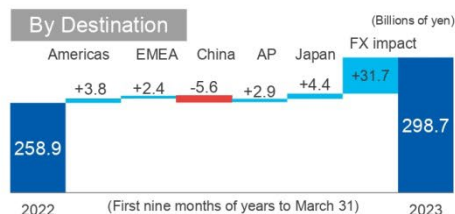
Breakdown of Net Sales (by Destination and Product Type)



(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)



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See page six please. This is the change in operating revenue by region and by product. Operating revenue in yen terms increased in all regions and all product type .

On a local currency basis, sales declined in China, which was a factor in the decline in instruments by product type, but sales outside of China grew steadily.

In the Americas, both the hematology and urinalysis fields performed well, with the urinalysis field in particular performing well due to the handling of Siemens products in the US, which started the year before last, and the change in sales structure in Brazil in Latin America, and the impact of foreign exchange rates also contributed to a 30.3% increase in sales.

In EMEA, sales increased 11.1% due to the acquisition of a large contracts in Italy, growth in instruments sales in Turkey and other direct sales areas, and strong sales of reagents in the hematology and other fields, as well as the impact of foreign exchange rates.

In China, sales were up 5.2% in yen basis, but down 9% in local currency. In the COVID-19 pandemic, a significant decrease in the number of patients going to hospitals and the decline in the Chinese economy itself had a significant impact on our business, with instruments sales at 63.1% and reagent sales at 97.4% compared to the previous year.

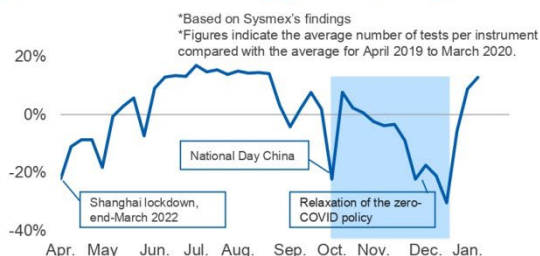
AP also posted a significant 13.7% increase in sales on a local currency basis, thanks to growth in reagent sales due to a recovery in demand for testing, which had been affected by COVID-19, as well as strong instruments sales in India, Indonesia, Australia, Thailand, and other countries.

In Japan, new products in the hematology field drove instruments sales, while growth in COVID-19-related instruments and reagents and expansion of the medical robotics business contributed to an 11.4% increase in sales.



Situation in China

(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.

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Turn to page seven please. The situation in China is explained here.

The upper left graph shows the average number of tests per unit of our hematology instruments in China since April of this fiscal year.

In Q2, the number of tests began to recover and was higher than the level before the COVID-19 pandemic, but the lockdown was tightened again in Q3, followed by a relaxation of the zero-COVID-19 policy in early December, which led to a sudden increase in the number of COVID-19 cases, and the number of tests fell by up to 30%.

However, since the end of December, the number of tests has recovered to the pre-COVID-19 pandemic level, and I believe it will continue to recover in Q4 and beyond, returning to the pre-pandemic level or even higher.

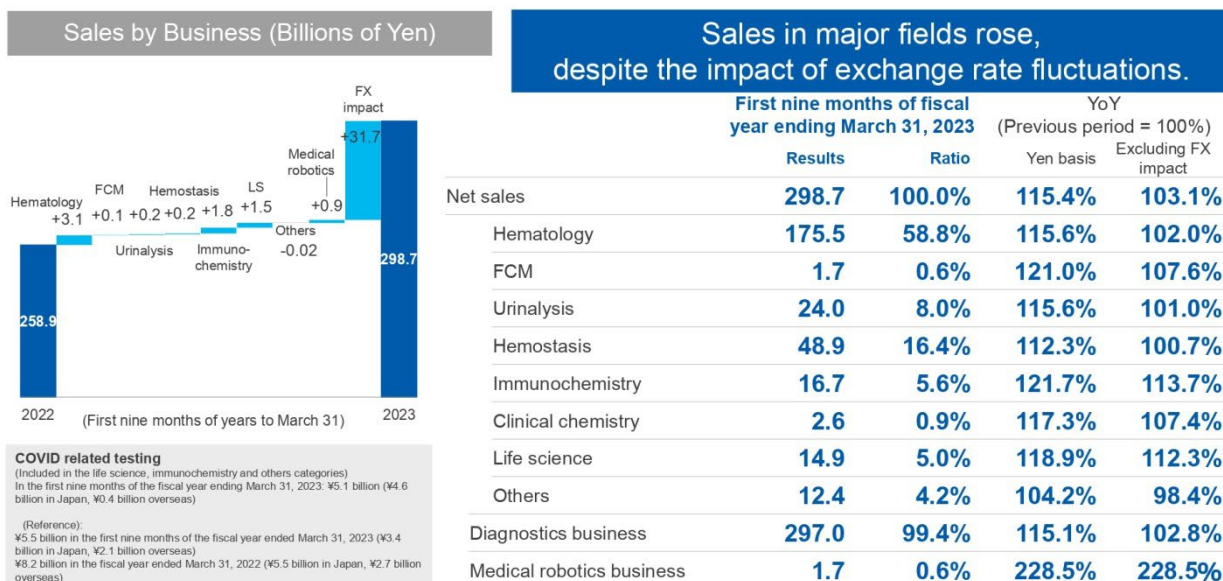
Please see the situation in the Chinese market in the lower left-hand corner.

Budgetary shifts to control COVID-19 infections and other factors have resulted in the postponement of bids for IVD instruments in the Chinese market, and the preferential treatment of domestic products continues.

On the other hand, as the number of patients in smaller hospitals, such as Tier 2 and Tier 1 hospitals, increases, the demand for testing instrument tends to increase, especially for hematology, a basic test.

Since domestic products are naturally required in such markets, we respond with products that are manufactured locally in China and recognized as made in China.

Breakdown of Net Sales (by Business)



Please turn to page eight. This is sales by business.

Looking at Year on Year comparisons in yen basis, double-digit growth was recorded in key fields, and even excluding the impact of foreign exchange rates, sales in all major fields increased.

In the hematology field, sales in China declined, but all regions other than China showed strong growth, resulting in an increase in sales.

In the urinalysis field, sales increased due to the effect of the alliance with Siemens in North America and the acquisition of a large contracts in EMEA, as well as sales growth in AP.

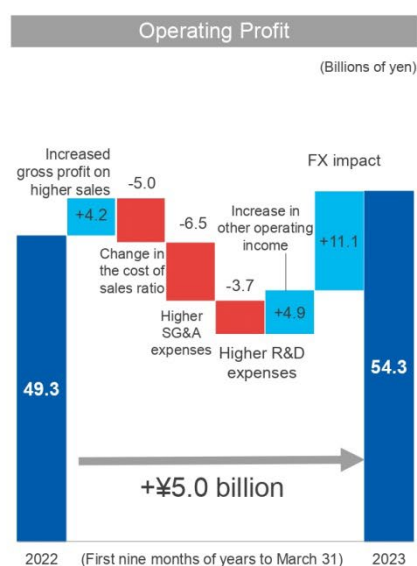
In the hemostasis field, sales in China and Japan increased due to growth in reagents as a result of sales initiatives and the impact of COVID-19.

In the immunochemistry field, sales increased, driven by Japan and the AP region, which are growing steadily.

In life science field, demand for PCR tests declined in Japan as the situation for COVID-19 has settled down, but the lung cancer multi-gene PCR panel test and RIKEN GENESIS's providing assay services performed well.

As noted on the lower left, COVID-19-related tests globally totaled JPY5.1 billion, a figure close to that of the same period last year. However, while PCR tests in Japan and antigen test kits overseas shrank significantly, antigen testing with HISCL, an immunoassay method, increased significantly in Japan.

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 assets in previous year
- FX impact: ¥11.1 billion positive impact

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Please see page nine. Factors contributing to increase or decrease in operating profit.

The increase in profit was mainly due to an increase in gross profit resulting from higher revenues and other operating revenue, as well as the impact of the yen's depreciation.

The cost-of-sales ratio worsened by 1.9 percentage point from the previous year, although the sharp increases in raw material and transportation costs are on an easing trend compared to H1. The breakdown of the factors for improvement includes a 0.3-point improvement in the product mix, while deteriorating factors include a 1.1-point increase in raw material costs, a 0.6-point increase in transportation costs, and a 0.4-point increase in service costs due to soaring labor costs.

SG&A expenses were kept within the plan despite the negative impact of yen depreciation. The increase was mainly due to the resumption of sales and service activities in each region and the strengthening of systems in countries that have shifted to direct sales, as well as an increase in expenses related to digitization.

R&D expenses increased by JPY3.7 billion due to continued investment in product development and regulatory affairs-related expenses.

Other operating revenues were largely negative in the previous year, including impairment losses on intangible assets, but there are no significant losses this year. Conversely, compensation received for the warehouse fire that occurred the year before last contributed to an increase of JPY4.9 billion in other operating income for the previous fiscal year.

Topics



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)

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Please see page 10. These are the main initiatives for future growth.

In December last year, we obtained regulatory approval for a test reagent that examines the accumulation of amyloid- β , a protein related to Alzheimer's disease, from blood that is normally collected for testing. In Japan, preparations are underway to launch test reagents for HISCL in May of this year.

In the US, we plan to establish an environment for providing assay services in the form of LDT, laboratory developed test, during Q4.

The number of immunochemistry reagent parameters sold in China was 48 at the end of H1, but nine new items were added in Q3, bringing the total to 57 parameters. We are working to sell additional parameters to existing HISCL users and to acquire new HISCL users.

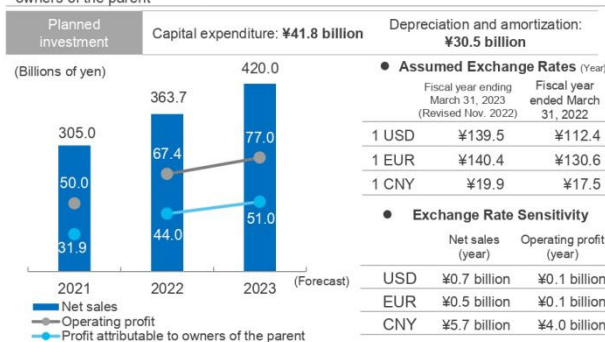
The robotic-assisted surgical system received approval for expanded coverage in gastroenterology and gynecology last October, and was covered by insurance in December. This has accelerated our sales activities in Japan.

In addition, Mediaroid established a local subsidiary in Singapore last October, and preparations are underway for regulatory filings for expansion into the AP region.

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%



● 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.

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Finally, here is the consolidated full-year forecast. See page 12.

The consolidated full-year forecasts were revised upward in November and announced as shown on this page, and there has been no change since then.

Although there are uncertainties under the circumstances of many fluctuations in foreign exchange rates and other factors related to business performance in response to the global situation, we aim to achieve the full-year business results by promoting various measures.

This concludes our explanation.

[END]