Presentation

Ono: Hello, everyone. My name is Ono, Senior Executive Officer, and I am in charge of eco-social and business strategies. Thank you for your valuable time today.

I will now begin the hemostasis briefing of Sysmex Corporation.

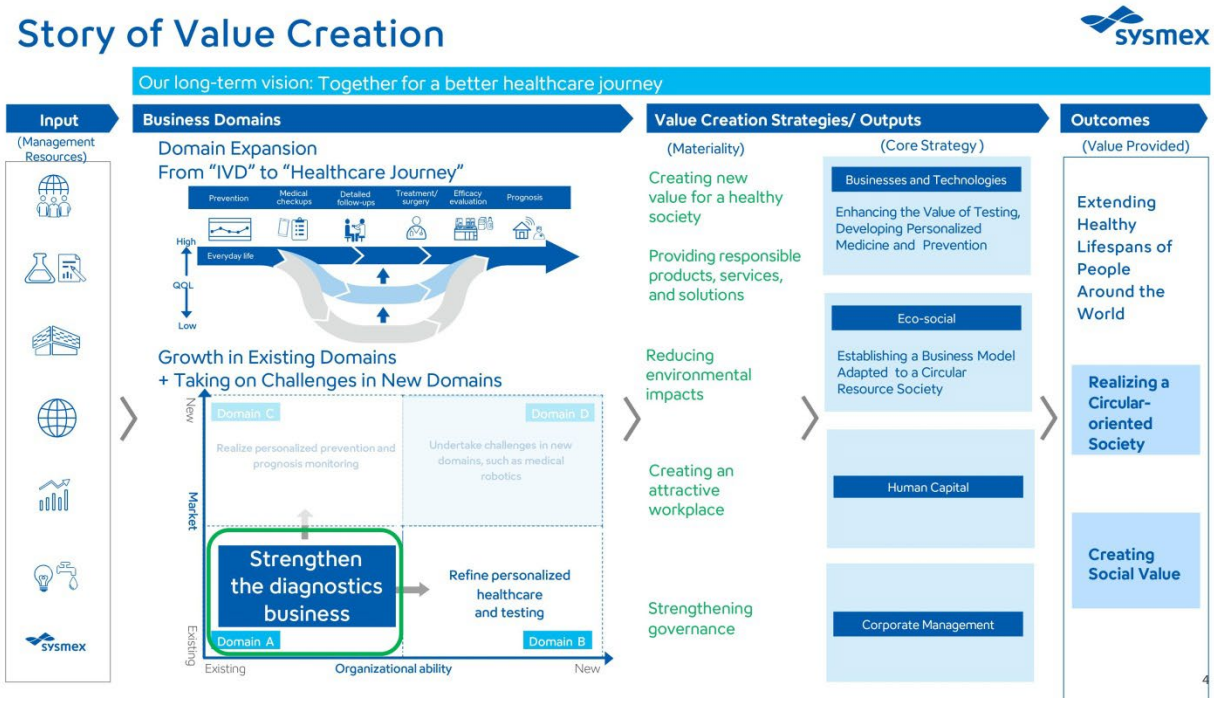
Index

The contents of my presentation are as shown.

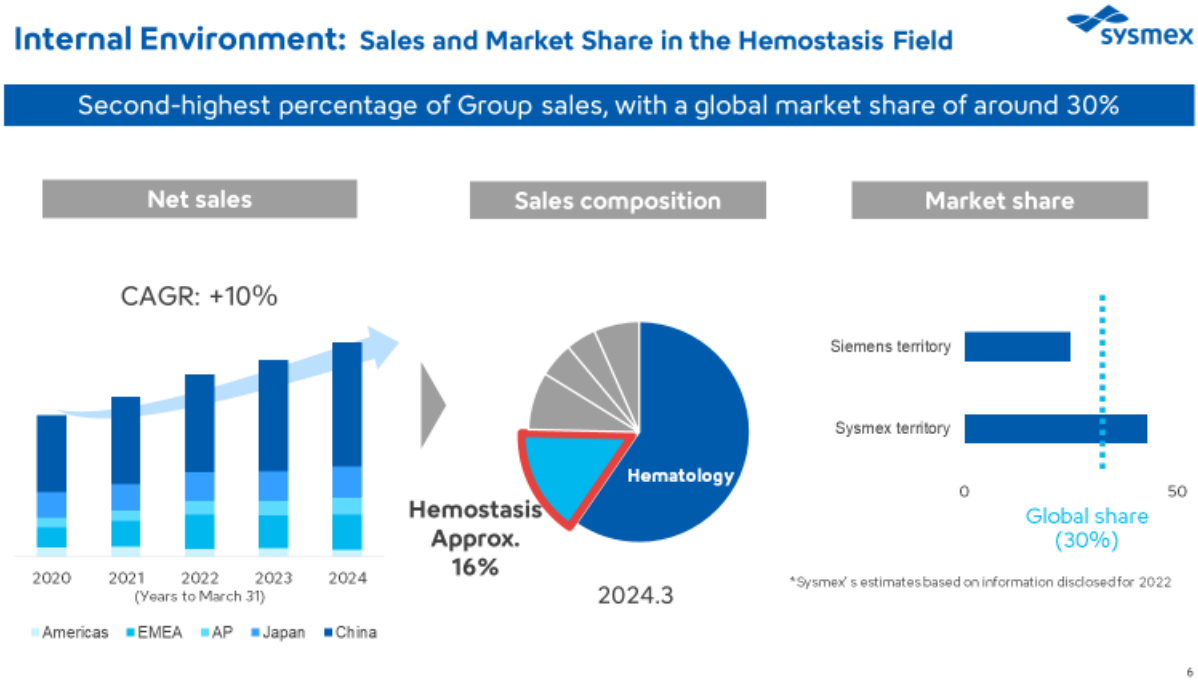
1. The Hemostasis Environment

- Internal Environment
- External Environment
- Competitive Environment

First, let me talk about the internal, external, and then competitive environment in the hemostasis field.



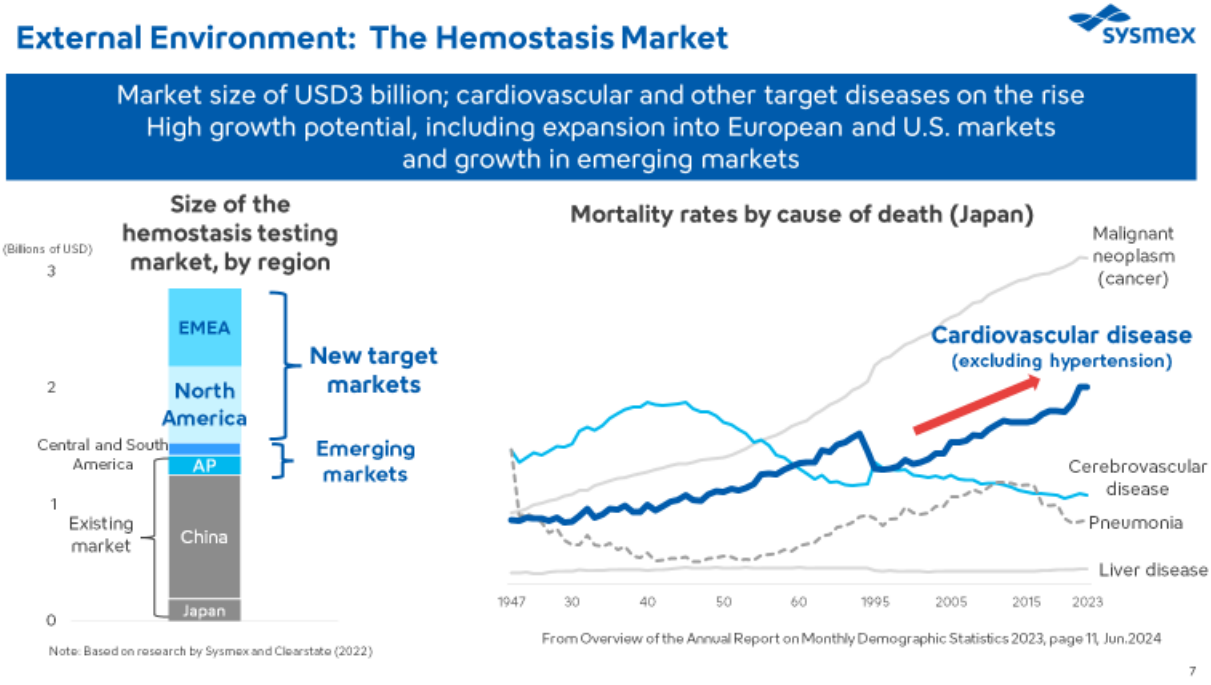
This is our innovation stream in the value creation story that we have defined. This area A is the deepening of the diagnostics business and is a fundamental area for Sysmex. The hemostasis field is included in this area, and I will focus on how we create value and produce outputs based on our historical background.



First, the internal environment. This is the sales and market share of the hemostasis field.

The hemostasis field accounts for the second largest share of sales in the Group, after hematology, at approximately 16% of total sales. Over the past five years, the average growth rate has exceeded 10%, positioning it as an area that contributes to the Group's growth.

Siemens' territory and the Company's own territory together account for approximately 30% of the global market share.

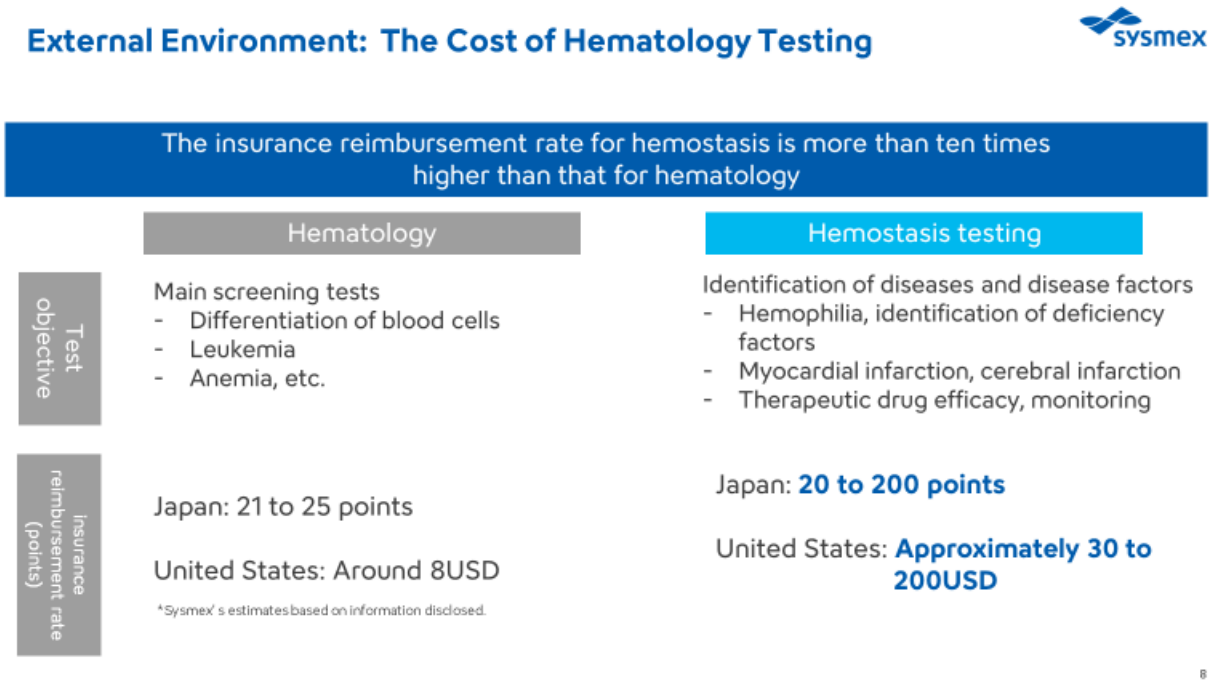


Next, I would like to talk about the external environment and the market in the hemostasis field.

The market is maintaining an increasing trend, coupled with the very large increase in cardiac diseases following cancer.

In terms of scale, the global market has reached USD3 billion, and is positioned as a market with high growth potential in both the US and European markets as well as emerging markets.

This time, Sysmex is working on EMEA and North America, which are new target markets for us. Thus, we will have two growth factors: the market itself is growing, and we can expand our sales area.



We will look at testing cost.

As I mentioned earlier, the hemostasis field involves a test that is closely related to the identification of disease or disease factors. Hemostasis testing has a higher clinical value than the broad screening test of hematology because it is used to identify more diseases and disease factors, and the insurance point testing price is higher than that of hematology. This is true in Japan, and especially in the US and other countries, the unit cost is significantly higher than in hematology.

In disease, the test is widely used to identify hemophilia and deficiency factors, myocardial infarction, stroke, and the effects of therapeutic drugs and monitoring.

Changes in the Hemostasis Field (Instruments)

1980 to 1990

Automation of testing
Simultaneous development of test reagents to ensure testing quality

Equipping with world-first features such as random access to specimens, auto-sampling, etc.

CA-100 automated blood coagulation analyzer

Note: Recipient of the Good Design Award

CA-3000 automated blood coagulation analyzer

Pursuing products and services that exceed customers' expectations and capture the top share of the domestic market

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We have been a manufacturer of hematology products for a long time, but we have also a long history of the hemostasis field dating back to the 1980s.

The yellow “CA-100” on the far left was released in 1984 and won the Good Design Award for its innovative design and use of color at the time. Since 1984, this year marks exactly 40 years since we started our hemostasis business.

From there, the Company moved forward with full automation to incorporate world-first functions such as random access and auto-sampling of samples, pursuing products and services that would exceed customer expectations and solidify its foundation toward the top share in the domestic market.

Changes in the Hemostasis Field (Instruments)

1990 to 2000

Simultaneous and full automation of five basic test parameters (automated feeding of sample tubes)

IT-adapted products
(Bidirectional communication with host PCs)

Compatible with touch panels

Clotting, chromogenic substrate, and Immuno-turbidimetriry in a single instrument

Reflective function
(Automatically perform related tests for abnormal specimens)

Cap piercing function

CA-5000 automated blood coagulation analyzer

CA-6000 automated blood coagulation analyzer

Develop and deliver functions that contribute to increased laboratory productivity

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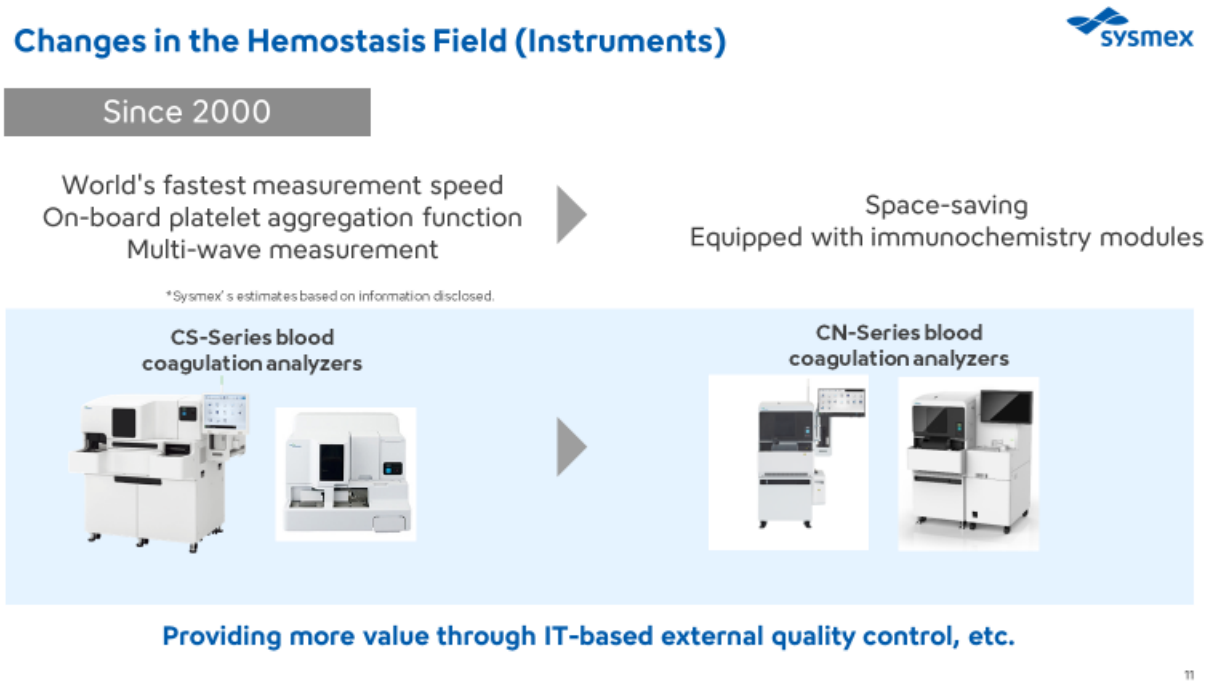
This slide shows the situation and instrument from the 1990s to the early 2000s.

The “CA-5000” on the left is a device released in 1990. At the time, I was engaged in sales activities in Japan, and I remember that this analyzer sold very well. It was not because I was a good salesman, but because the product was very good. Customers loved the new features such as complete simultaneous measurement of five basic tests, automatic sample tube supply, bi-directional connection to the host PC, and touch panel support. We were even using touch panels in 1990, so you can understand that we were very advanced.

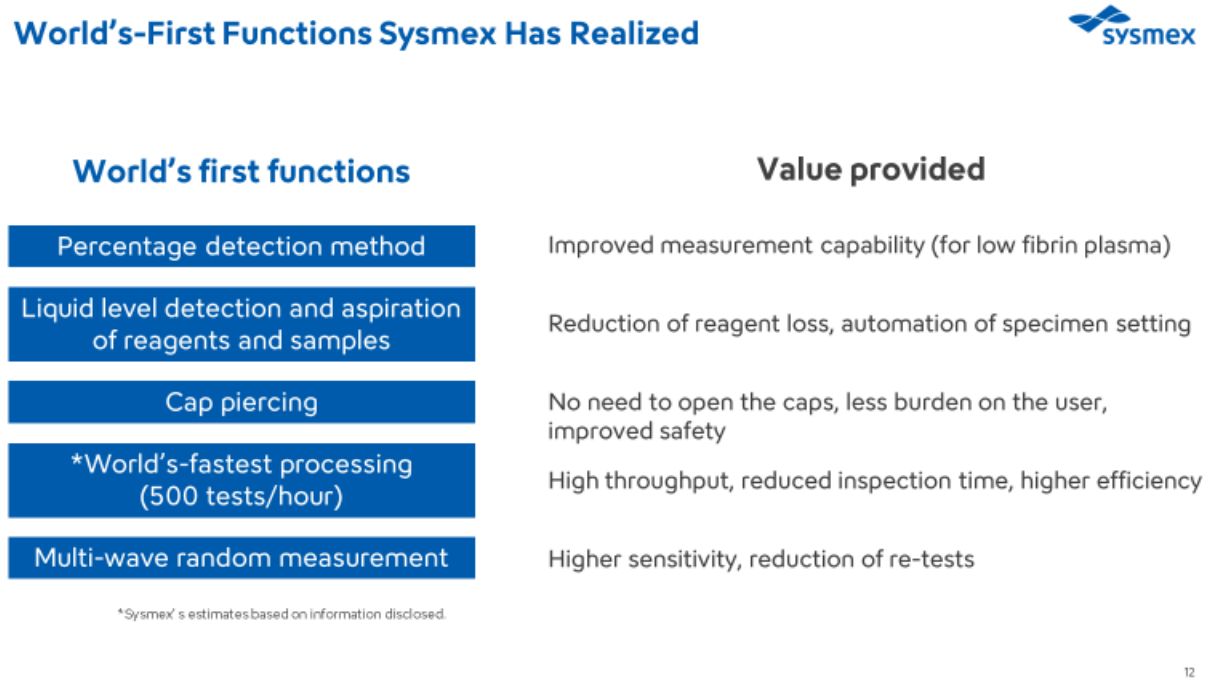
By continuing to develop and deliver functions that contribute to improved laboratory productivity, sales grew globally. This is where the alliance with Dade Behring, then known as Siemens, began. The next device after the “CA-5000” was the “CA-1000,” which was released in 1992, and it was from this device that the alliance began to take concrete steps forward.

The “CA-6000” on the right is an instrument that can perform clotting, chromogenic substrate, and immuno-turbidimetry in a single unit. This is a breakthrough with reflective functionality, which means that cap-piercing was also added. Chromogenic substrate and immuno-turbidimetry are used in biochemistry, but we have responded to the need to measure these in the same sample for hemostasis.



In the 2000s, the Company moved forward to provide more value, including the provision of IT-based external accuracy management. The world's fastest measurement speed, platelet aggregation capacity, and multi-wave measurement have progressed.

The “CS Series” through the “CN Series,” which will be introduced later, have received high acclaim for their significant space savings and the incorporation of an immunoassay module.

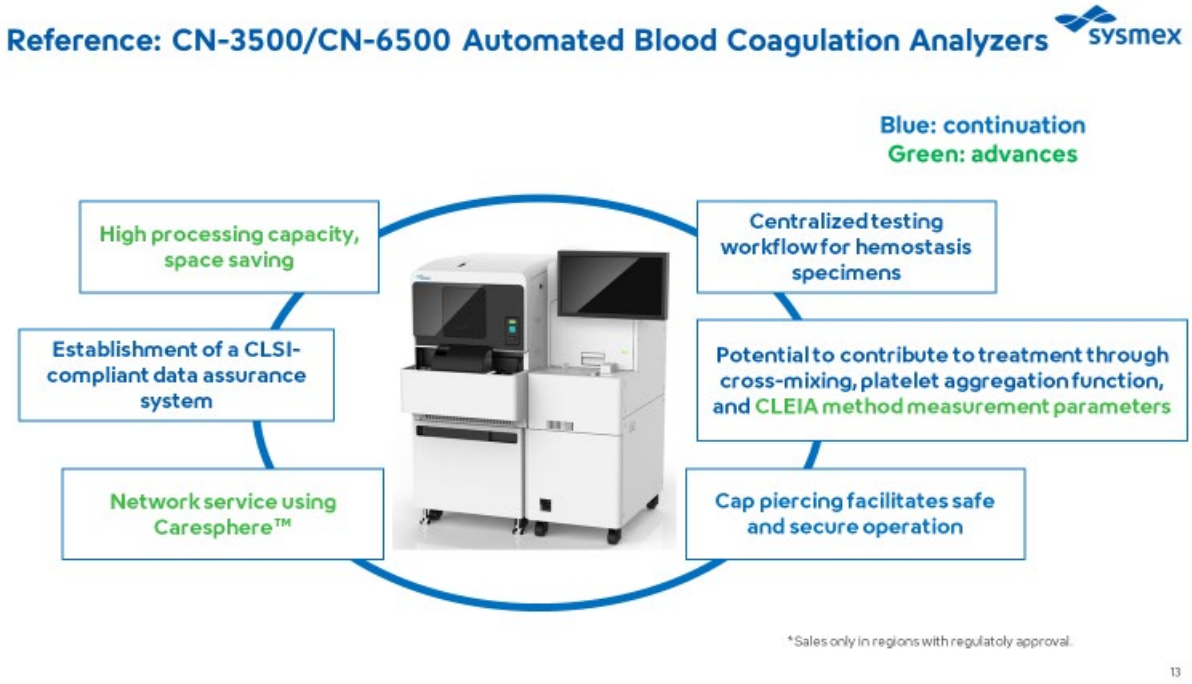


This page lists the world's first functions that we have achieved.

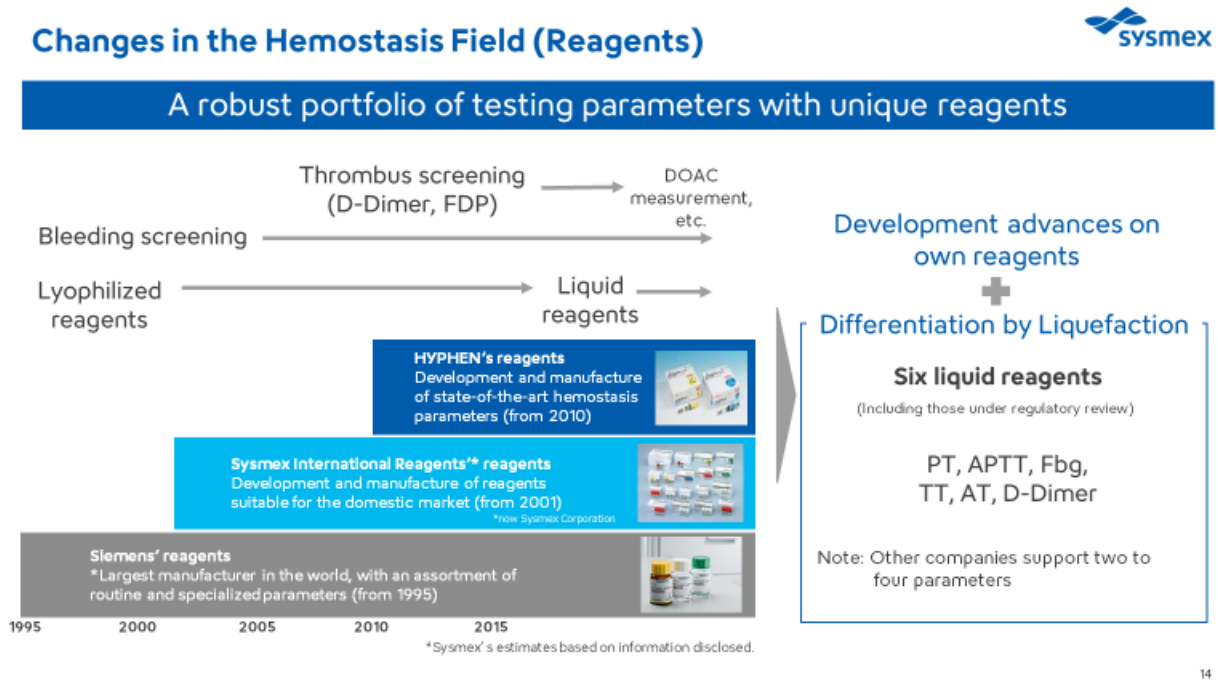
The percentage detection method, and liquid level detection and aspiration of reagents and samples simultaneously improve measurement capability, reduce reagent loss, and automate sample setting, thereby reducing the cost to the customer and improving the user experience.

Cap-piercing and the world's fastest throughput are realized with high workability in the first place, high throughput, and shorter and more efficient testing time, in addition to customer safety aspects such as high safety, i.e. no need to open the lid.

Multi-wave random measurement has responded to needs in areas such as removing constraints where originally bound by set items and reducing unnecessary retests by increasing sensitivity.



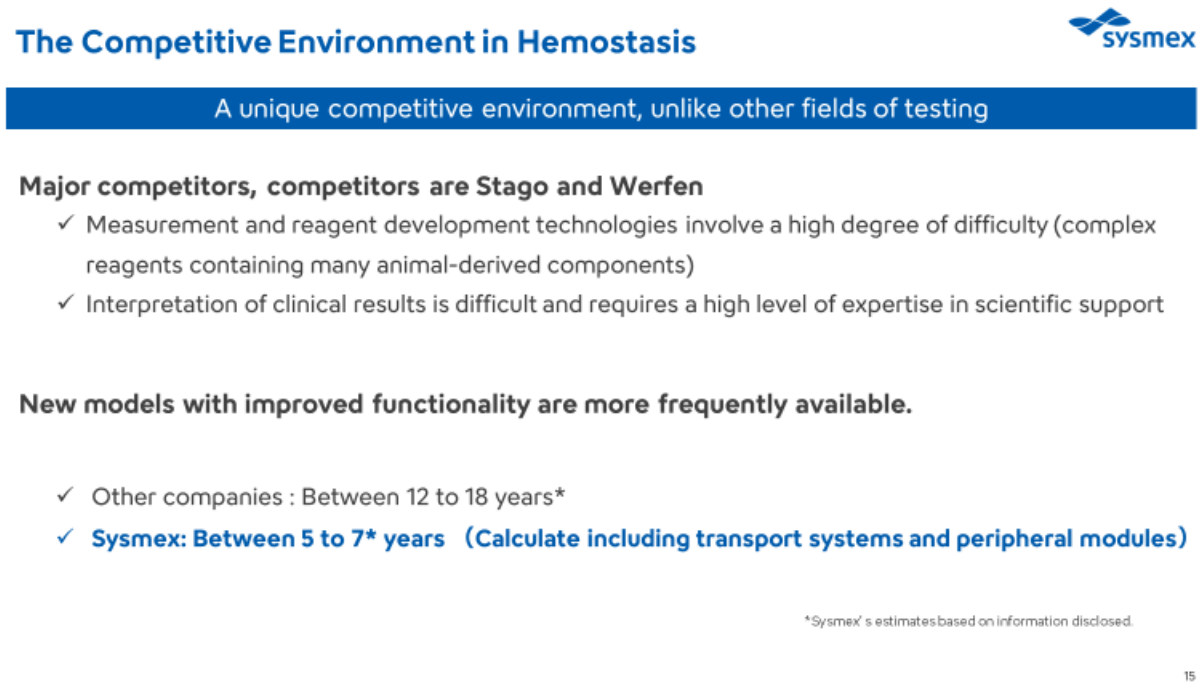
The newest “CN Series” has inherited this philosophy, with blue text indicating inheritance and green text indicating further evolution. This is shown just for reference.



While we have been producing groundbreaking products in the area of instruments, we did not have a large selection of reagents, and we started to offer a full lineup of reagents through an alliance with Siemens, Dade Behring at that time.

However, from there, we have also been working on our own product lineup. In early 2000, we integrated

INTERNATIONAL REAGENTS CORPORATION and began developing and manufacturing reagents suitable for the domestic market on our own. Since 2010, we have also had HYPHEN of France under our Group umbrella to develop and manufacture state-of-the-art hemostatic items in-house.
Although lyophilized reagents are still the mainstream, we have unique liquid reagents in-house and are now building a robust testing portfolio. We believe that promoting the development of our own reagents and differentiation through liquefaction will be of great value to our customers. Sysmex is the only company that handles all six basic items in liquid reagents, including those currently under regulatory review, and we believe this gives us a significant advantage over our competitors.

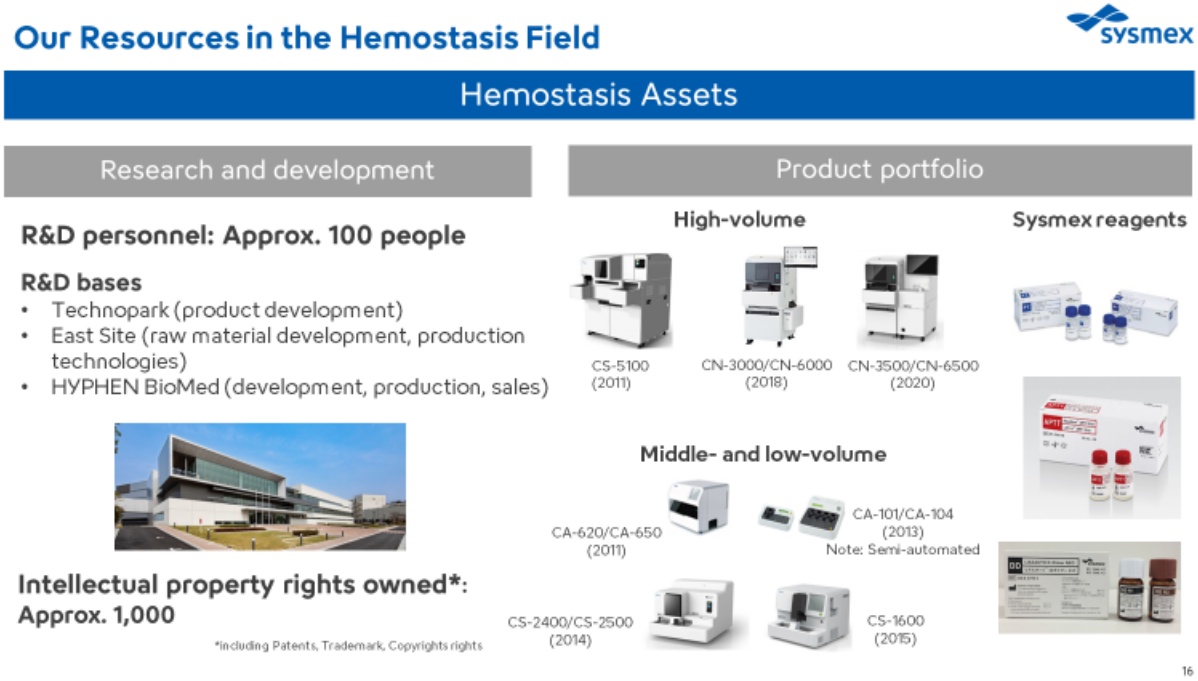


The competitive environment is unique from other testing fields. The specialized manufacturers who have dedicated themselves to this field, such as Stago, Werfen, and the former IL Company, are very strong.

The reason for this is that the level of difficulty of measurement and reagent development techniques is very high, as reagents containing animal-derived components are complex, which makes interpretation of measurement results difficult and requires a high level of know-how in terms of experience and academic support.

In the mainstay medium- and large-sized models, Sysmex clearly has an advantage and is able to launch new products in five to seven years. This means that the transport system and peripheral modules are also very well developed.

In competing with such specialized manufacturers, we believe that the key to providing benefits to our customers is to have both instruments and reagents in-house and to combine this with service and support.



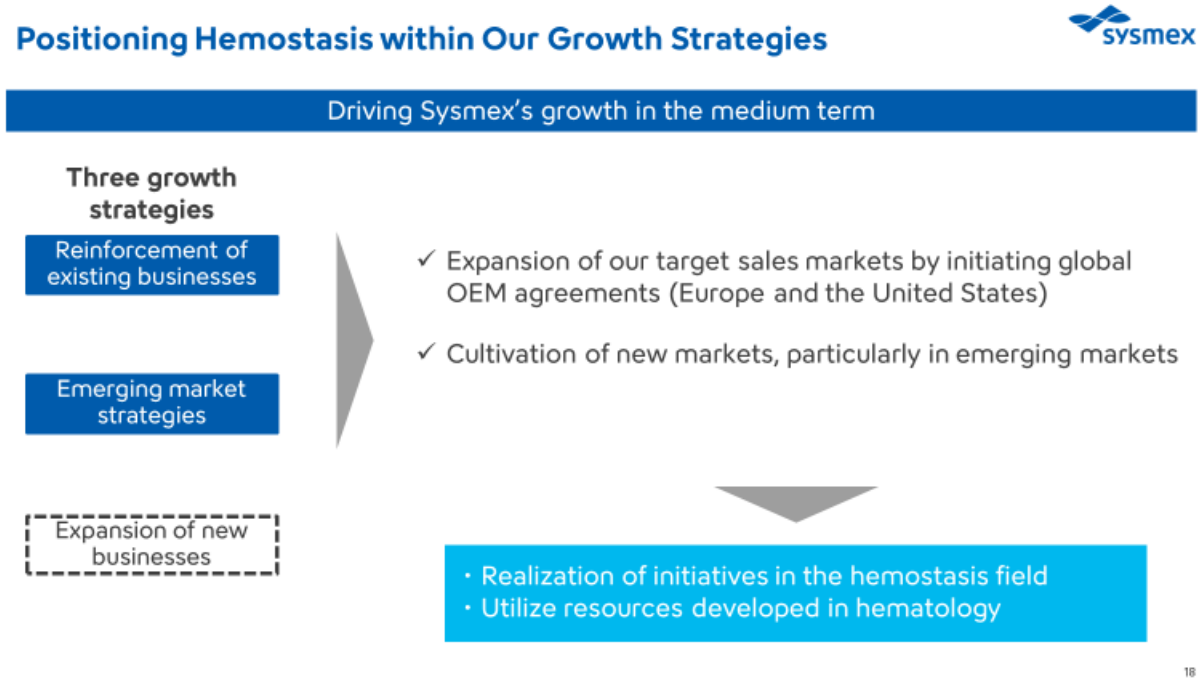
We have our own resources and assets that we have accumulated over the years.

In R&D, we have product development at Technopark; raw material development and production technology at East Site; and development, production, and sales at HYPHEN in France. The number of intellectual property rights has reached over 1,000.

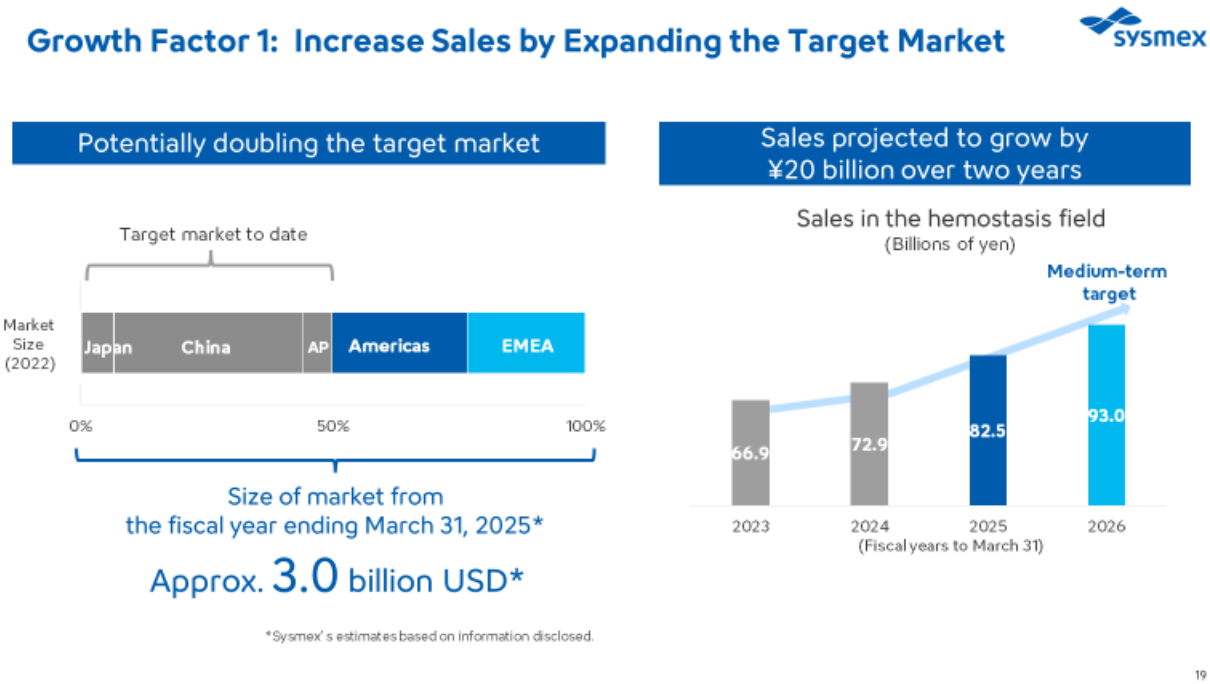
On the right is our product portfolio, which includes a broad portfolio of products, from high-end to low-end, in instruments and reagents.

2. Strategies for Growth

I will now focus on our growth strategy in light of this kind of environment.

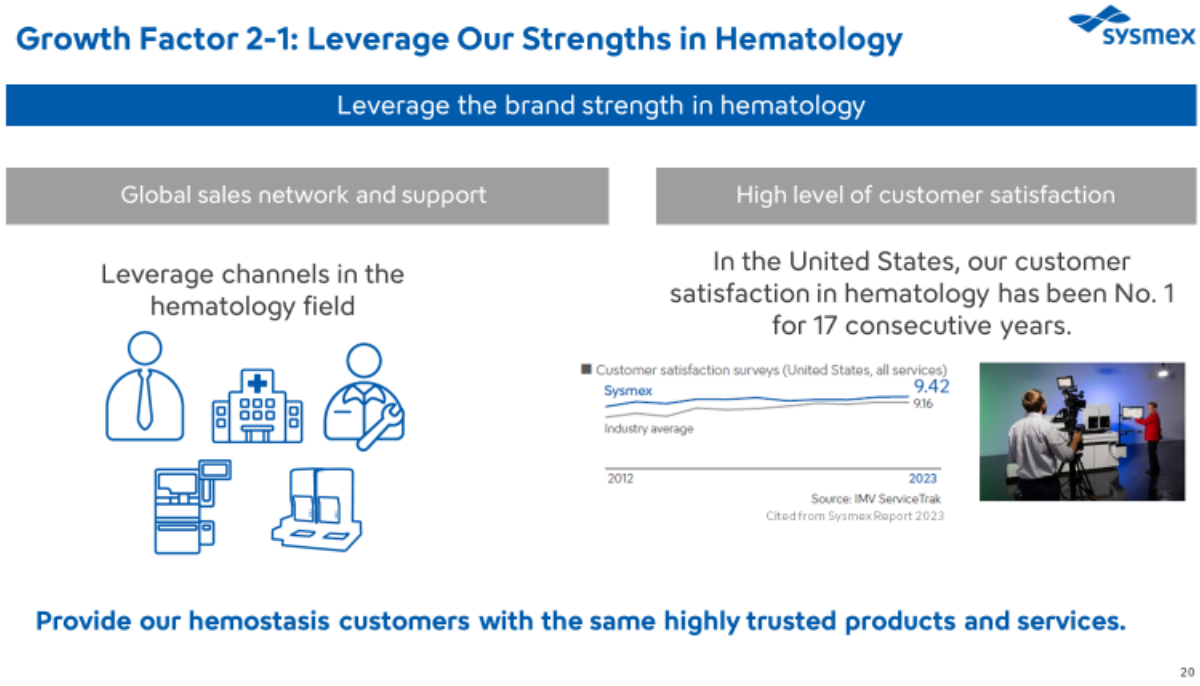


The hemostasis field is positioned as an important piece that will drive Sysmex's medium-term growth. Our basic concept is to utilize the resources we have cultivated in the hematology field while further advancing our hemostasis field initiatives to expand our sales target through the start of global OEM contracts, increase sales in Europe and the US, and develop new markets, especially in emerging countries.



The first specific growth factor is very straightforward and direct, but we believe it is simple and powerful because of that. The market will expand to the Americas and EMEA, which account for a large portion of the USD3 billion, and compared to the current market, the market will almost double

in size starting this April. Taking into account this expansion, we expect the hemostasis field to grow by an additional JPY20 billion over the next two years.



The second growth factor is to take advantage of our strengths in the hematology field.

We have a global sales network and abundant human resources, so we will create synergies there.

In the US, for example, we have been number one in customer satisfaction for 17 consecutive years. We now have seven or eight virtual studios that provide excellent service and support remotely and have earned a strong reputation. We will therefore continue to leverage this synergy to expand our value.

Customers' expectations are high in terms of the increase in hemostasis on top of the excellent service and support network and structure, and we are committed to realizing these expectations.

Growth Factor 2-2: Leverage Our Strengths in Hematology

sysmex

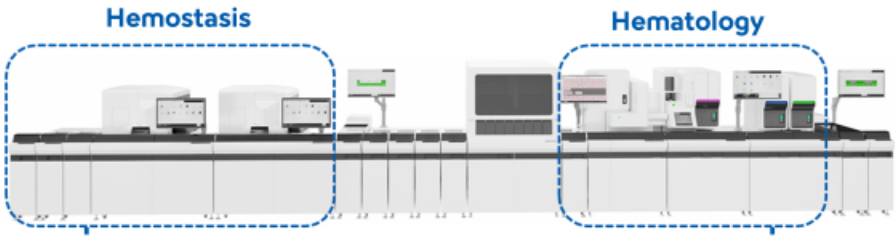
Propose unique systems that offer connections with the hematology field

✓ Expand existing systems **in hematology, where we have the No. 1 market share*,** into hemostasis

*Sysmex' s estimates based on information disclosed.

✓ Improve laboratory workflow efficiencies

✓ Expand the range of value provided to users



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Second, we are also trying to do as much as possible that only we can do, so we are proposing a unique system connected to the hematology field.

Although hemostasis and hematology tests use different blood collection tubes, if they are set up in the same way, they can be classified by floating, etc. and automation can be expanded with this system, which will contribute to the efficiency of customers' workflow.

Growth Factor 3: Achieve Integration with Other Fields

sysmex

Propose our own systems incorporating our immunoassay module

Equipped with an immunoassay module and possessing distinctive reagents
- Coagulation molecular markers (TAT, PIC)
- HIT antibody test, etc.*

*Sales only in regions with regulatory approval.

✓ Gain a more sophisticated understanding of patient status, promote the identification of causes to further **understanding of diagnosis**

✓ **Boost productivity** through integration of instruments

Automated blood coagulation analyzer
+ immunoassay module
CN-3500/CN-6500*

*Sales only in regions with regulatory approval.

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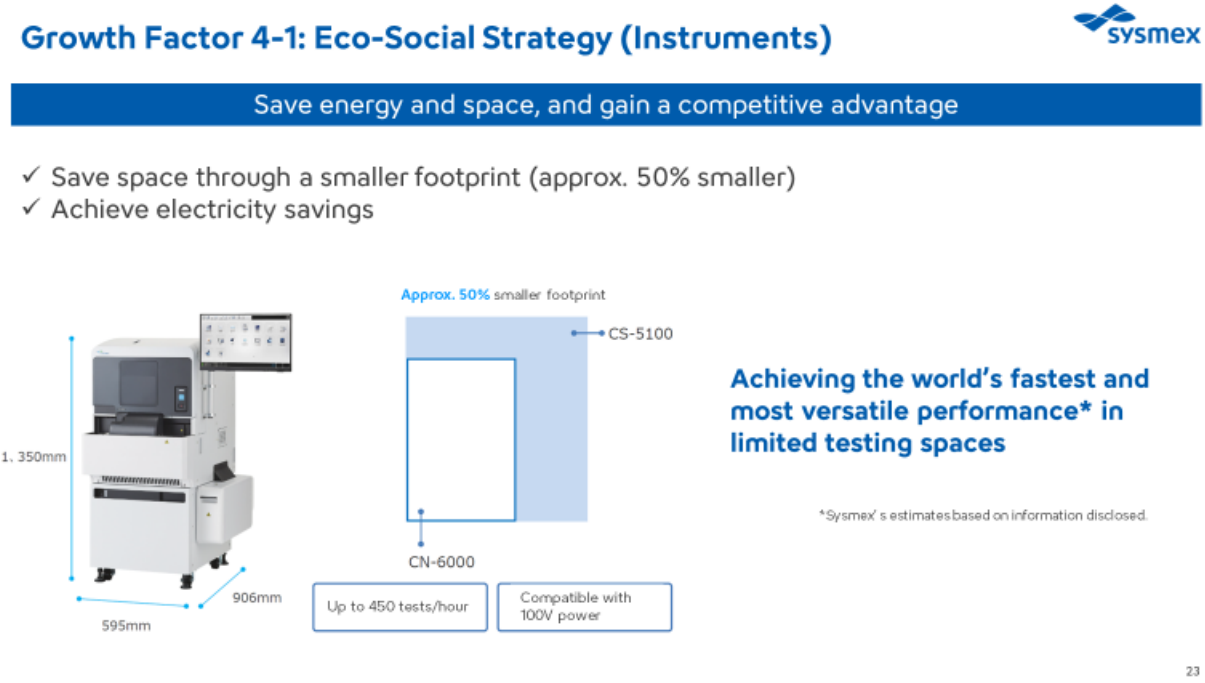
A fusion with other fields will be another unique initiative that Sysmex can undertake. We can propose a unique system that incorporates an immunochemistry measurement module.

The hemostasis molecular marker and HIT antibody tests, which are originally immunological items, can also be measured on our hemostasis instrument. These hemostasis instruments that immunological module are added are “CN-3500/CN-6500.” As I mentioned earlier, there is a need to measure as much as possible with a single blood collection tube, and we responded precisely to this need.

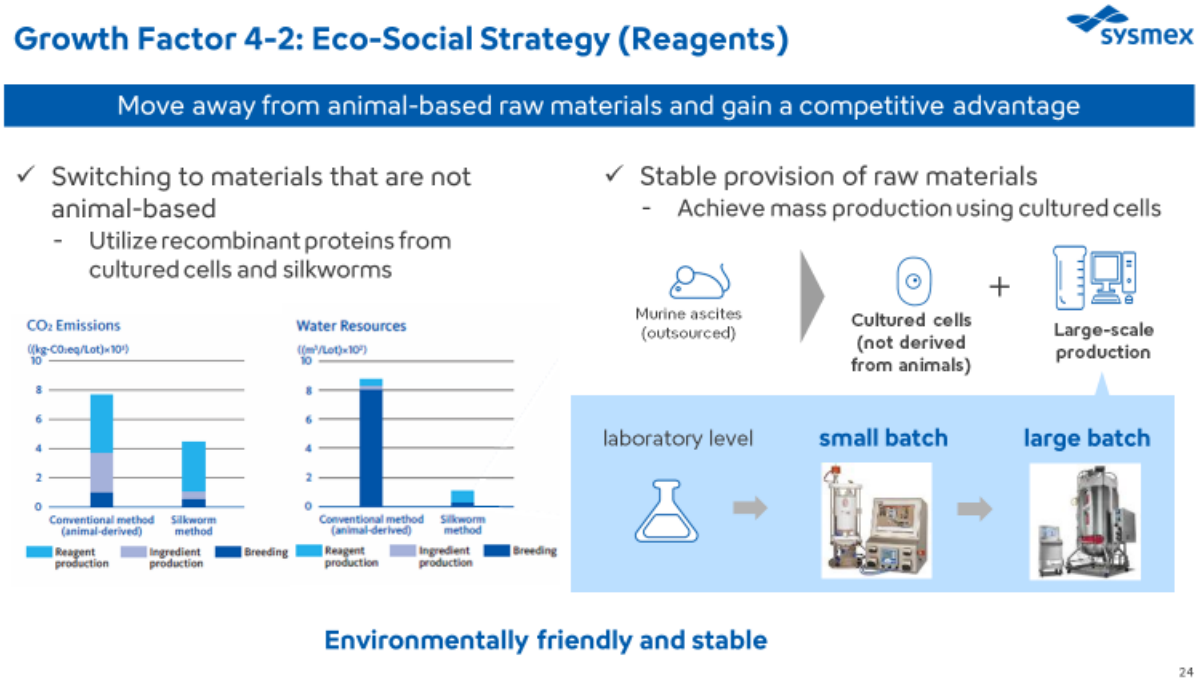
Since the test is close to the disease, it is necessary to understand the situation at a higher level and identify the condition and cause of the disease. We would like to contribute to the treatment of patients, and we think it is important from the customer's point of view to improve efficiency through the integration of testing instruments.



The other is energy and space saving from an eco-social perspective.

Nowadays, the effectiveness of the footprint is a very important user need. For example, the “CN-6000” has about half the footprint of the “CS-5100.” The processing capacity has also increased within the limited testing space. It is extremely efficient and the fastest in the world, and offers multifunctional performance.

The small installation space naturally results in power savings, making the product a high eco-social contributor in terms of both space and power consumption.



The second is the move away from animal-based raw materials.

On the left is the switch to in-house raw materials that are animal-based. While its adoption is still limited, we are making progress in the use of recombinant proteins using cultured cells and silkworms. We plan to introduce this system as much as possible, as it is expected to dramatically reduce CO2 emissions and water consumption.

On the right is the stable supply of raw materials. The Bio-Diagnostic Reagent Center is working on the realization of mass production using cultured cells. We will change the outsourcing of mouse ascites to our own company to combine the perspective to move away from animal-based materials, with cultured cells, and scale-up and cost reduction through mass production.

Growth Strategy in Europe and the United States

Expanding market share in new our in-house sales area is a top priority.

Initiatives in Europe and the United States

- ✓ **Expand market share by leveraging existing hematology channels**
- ✓ **Launch the CN-Series**
  (launched in Europe already, planning to launch the CN-Series in the U.S.)
- ✓ **Strengthen competitive advantage through unique test parameters**
  (liquid reagents, chemiluminescent test parameters, etc.)
- ✓ **Introducing new reagents to the market**

Center for Learning (United States)

Virtual training

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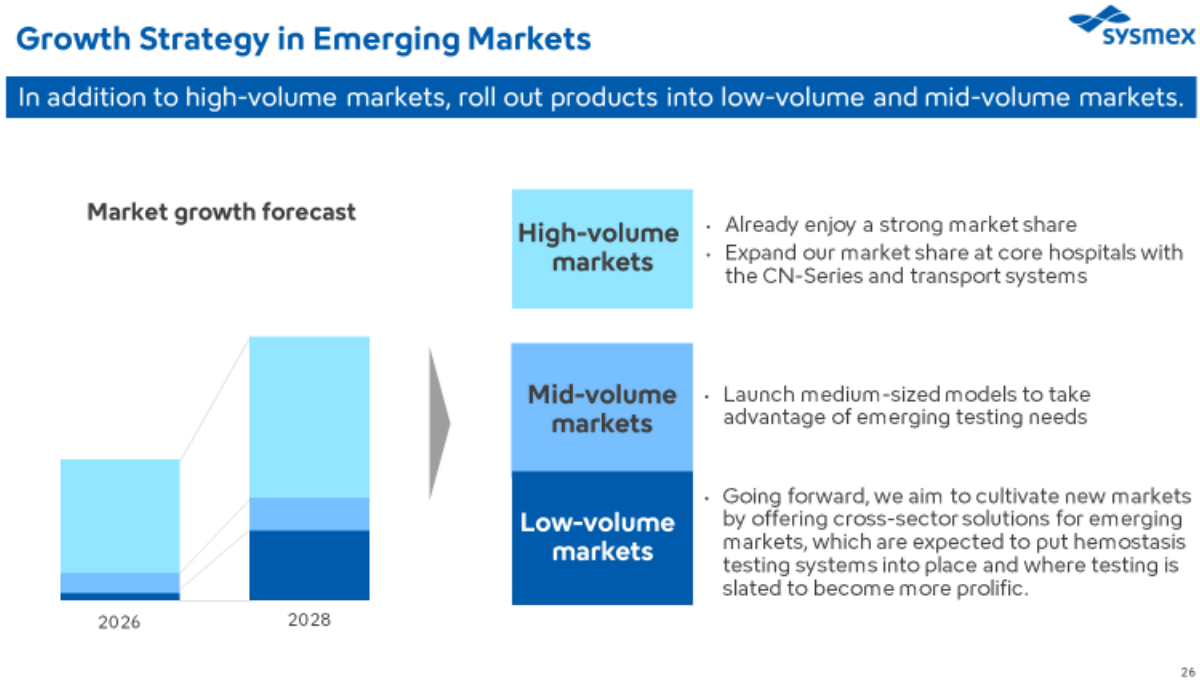
I will discuss growth strategies in Europe and the US.

We are planning to put hemostasis field on the existing hematology channel to take advantage of the strength we have cultivated.

CN-Series is introduced in Europe, and is going to be introduced in the US from March 2026. This is due to pharmaceutical regulations. until then, we will introduce the “CS-5100” or “CS-2500”.

We will also introduce unique test items including liquid reagents to strengthen our competitive advantage.

Since the introduction of our own reagents into the market is expected to improve profitability, we intend to strongly promote direct sales in Europe and the Americas with these four main items as our main initiatives.



Next page. This shows growth strategies in emerging countries.

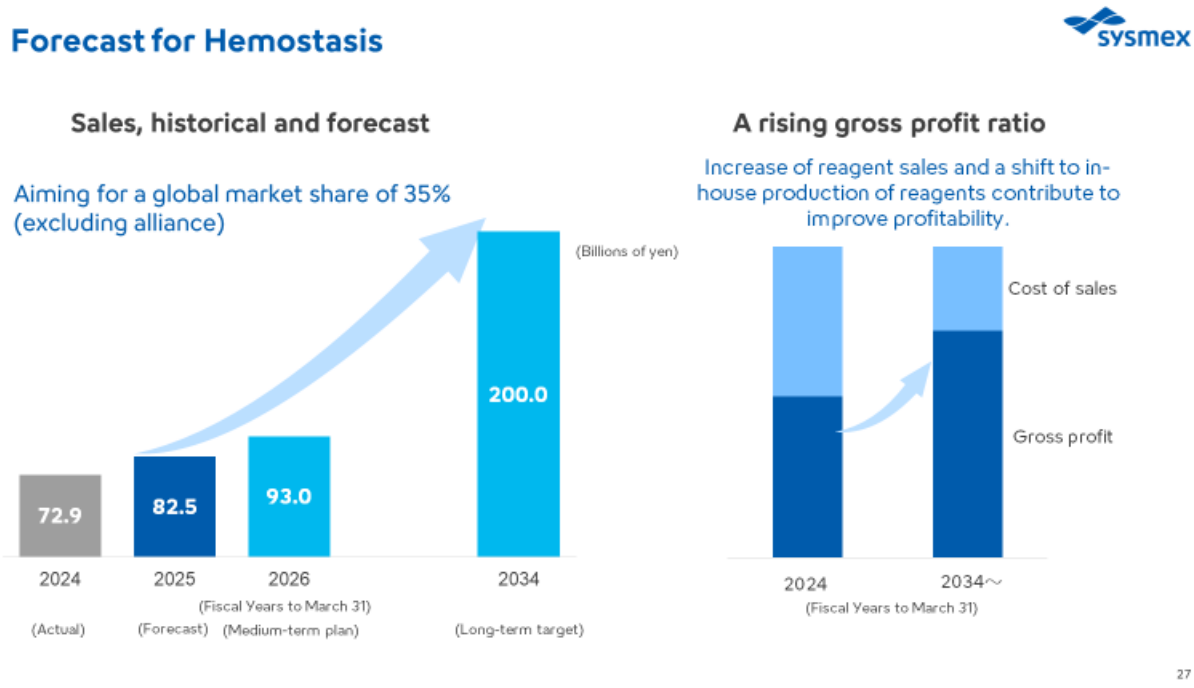
In the high-end market, we have already gained a high market share with our CN-Series and conveyor systems.

In the mid-range markets and the low-end markets, we will strengthen our efforts to capture the testing needs that are emerging through the introduction of medium and small models, contribute to the medical systems that will be developed in the future, and develop new markets with solutions for emerging countries in a cross-field manner.

We are planning to introduce a compact series that meets market needs in the future, which we intend to introduce as planned.

We promoted direct sales in Europe and the US, and took into account the opinions of our customers who adopted our products. After all, customers expect the same level of excellence as in hematology, and that excellence is service and support, together with a full panel of reagents.

In Poland, the high quality service with the same system as hematology is highly appreciated. We are in line with our customers' expectations in terms of leveraging our strengths in service and support, and hemostasis field coming on board with hematology's strong service and support. We believe that we can grow the hemostasis field by steadily responding to user needs.



This is the outlook for the future.

We aim to achieve a global market share of 35% or more excluding alliance, and our long-term goal for 2034 is to achieve sales of JPY200 billion.

Expanding reagent sales and going in-house will naturally contribute to increased profitability, and we believe that gross profit will also increase.

This is the scale goal that we are strongly committed to as a group going forward.

In the following pages, under appendix, we have included supplementary materials to make hemostasis field testing a little easier to understand, including the history and sales chronology of the devices I explained today. You can refer to these pages when you have time.

That is all from me. Thank you for your attention.

[END]

Question & Answer

Moderator [M]: We will now begin the question-and-answer session.

Now, the first question is from Mr. Yamaguchi, Citigroup Global Markets, please go ahead.

Yamaguchi [Q]: From Citi, this is Yamaguchi. Thank you for your explanation.

I am sorry to ask a basic question, but I understand that the target market will be doubled due to this change in business structure, but I think that Siemens' sales force, or rather sales, has been in the market until now. I have a feeling that there is not much difference in instrument between your company and Siemens. I guess that the situation is already changing in Europe because of Sysmex's service and support. Is it correct to think that the situation has already changed in Europe?

I'm a little confused about the difference between the initial current situation and how your company entered, so please tell me about that.

Ono [A]: My name is Ono. Thank you for your question.

Yes, you are right. While we believe that we can further expand in the European and US markets, there are still areas where we are unable to meet the needs of our customers, and we believe that by expanding directly, Sysmex can take advantage of its strengths in service and support.

Rather than competing with Siemens, we believe that we can grow by meeting the needs of our customers in the US and EMEA in the spirit of “for the customer.” Since April, we have received feedback from customers with high expectations, which has strengthened our confidence that we will be able to success.

Yamaguchi [Q]: I understand.

I think it would be better for your company to take from Stago and other existing players than to take from Siemens, but what is the current situation? Maybe not much time has passed yet, but comparing the share that can be taken from other players and the share that switches from Siemens, which is greater?

Matsuo [A]: Thank you for your question. This is Matsuo, Executive Officer, and I will answer your earlier question.

We are not yet in a position to give a specific percentage, as the number of cases is still small, but as mentioned earlier, there have been many cases of customers switching from competitors other than Siemens.

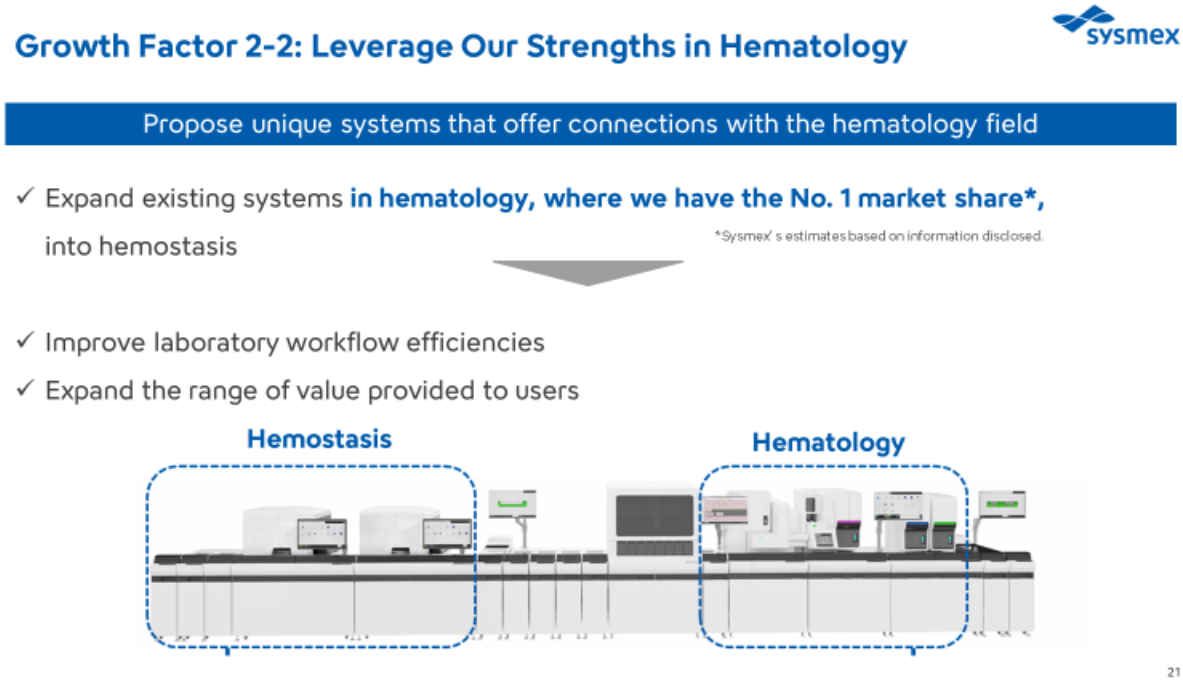
In the market, Siemens is positioned as a competitor offering the same products, so we must not compete with them in terms of sales, which is prohibited under competition law, so we are competing in a fair manner. However, since we also sell our own products through Siemens, we will try to enter into areas where Siemens has been struggling to acquire customers, by taking advantage of our strengths. We are now in a situation where we are strengthening those activities.

Yamaguchi [M]: I understand. Thank you very much. That is all.

Moderator [M]: Thank you very much.

Now we move on to the next question. SMBC Nikko Securities, Mr. Tokumoto, please go ahead.

Tokumoto [Q]: Nikko Securities, this is Tokumoto.



I have a question on page 20 of the presentation material, regarding the linkage between hematology and hemostasis field, which you also introduced as blood science at the R&D briefing in March.

Looking at Chinese manufacturers such as Mindray, I believe that they have recently begun to launch automated labs like TLA that link hemostasis, hematology, immunochemistry, and so on. I have the impression that the movement toward laboratory automation by Chinese players, especially those in emerging countries, and the movement toward laboratory automation by your company are similar, but the content of the two may be quite different. I am wondering if the movement to connect with other companies in this hemostasis field is an important issue in terms of competition. And in particular, what are your strengths? I wish I could ask you a question on this point.

Matsuo [A]: Thank you for your question. Matsuo here will answer your question.

We are well aware that other companies are building similar systems and appealing to customers to improve their workflow as a total solution.

As shown on slide 20, we have been appealing to our customers for the high reliability and operability of our products, and affinity with hematology, such as the conveyance system.

The most important point is that, as you may have seen in our products, they are very compact. This compactness is one of our most important features, and we are proceeding with the idea of providing great value to our customers by combining this with reliability.

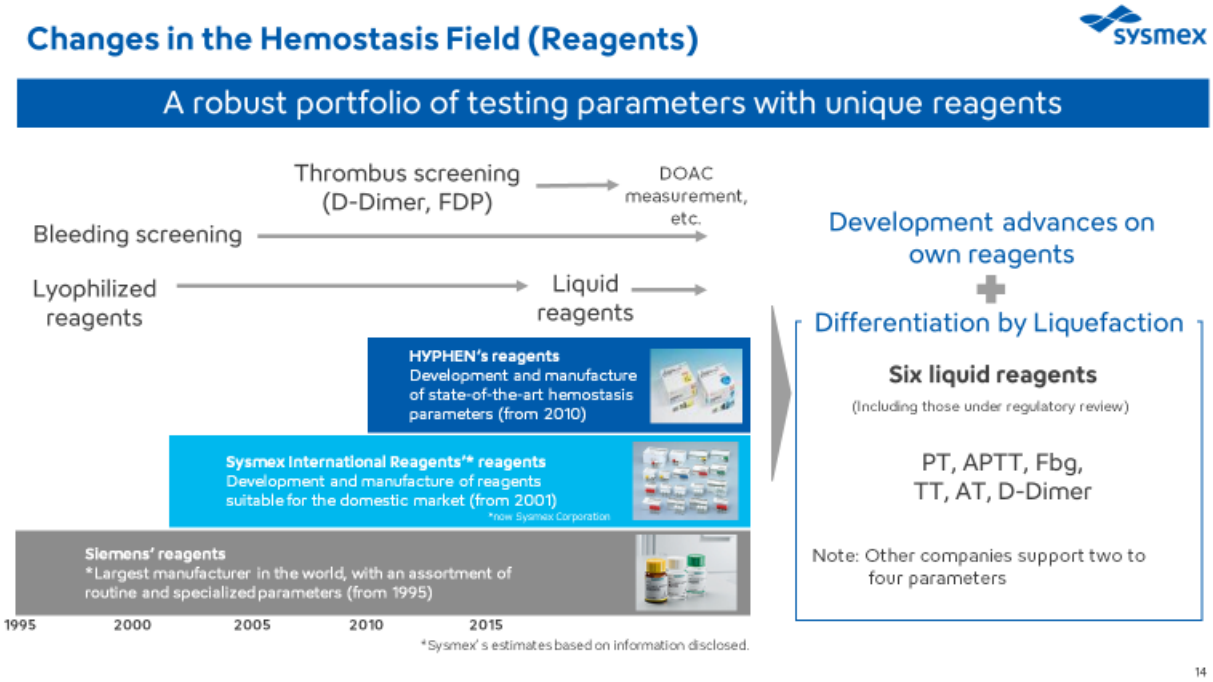
Tokumoto [Q]: So, in relation to the above, I think that you are not only connecting machines, but also combining various sample sorting and storage devices to improve the total system. How much of what you sell per year is provided as a total solution, including hematology, hemostasis, and then “BT-50,” “TS-01,” “TA-01,” etc.? I don't think you have detailed figures, but can you give us some indication of how many are now starting to offer integrated testing in terms of sales?

IR [A]: We apologize for refraining from giving a specific response to the numbers on this matter, but we hope you will understand.

Tokumoto [M]: I understand. That is all.

Moderator [M]: Okay, we will move on to the next question. Nomura Securities, Mr. Mori, please go ahead.

Mori [Q]: I am Mori from Nomura Securities. Thank you very much.



My question is concerning slide 13, the transition of reagents. Currently, the majority of the reagents you sell are made by Siemens, but how quickly will you switch over to your own reagents?

Matsuo [A]: Matsuo will answer your question.

We will refrain from discussing specific plans for market introduction in each region, but as a general idea, since forming an alliance in 1995, both companies have been studying the design of reagent and instrument combinations to ensure optimal performance. As this is a combination that has been very highly evaluated, our basic idea is to make the most of this combination for future business development.

There are also some reagents that Siemens does not actually have. For example, there is the liquefied reagent in the hemostasis routine section shown on slide 13. Siemens' portfolio is limited, so we will prioritize the development of items that complement Siemens' portfolio on a global basis.

The order of priority for these items in each area differs depending on the conditions of competition and the level of need for liquefaction reagents, etc. Therefore, plans will be made and promoted based on these factors.

Mori [Q]: Just to confirm, even if your company were to sell Siemens reagents directly, you would still be able to earn a reasonable gross profit, so is it correct to say that you can expect improvement in profitability in that aspect as well?

Matsuo [A]: Yes, as you understand. In general, gross margins for reagent products are higher than gross margins for instrument. For example, in the US, Siemens has been selling our instrument in combination with Siemens reagents, so that for us, we have only sold instrument for Siemens. Under the new global OEM agreement, we are now able to provide Siemens reagents directly to our customers, and the gross profit from these reagents will be added to our revenue.

Mori [Q]: Thank you.

Next question is regarding page 23. As for the raw materials, you mean the in-house reagent part, right?

Matsuo [A]: Yes, that is correct.

Mori [Q]: For example, this means using cultured cells instead of animal organisms, right?

Matsuo [A]: Yes, that's right. In the production of antibodies used for items such as the D-dimer, for example, the traditional way to produce antibodies is to generate them from mouse ascites fluid and utilize them as diagnostic agents. On the other hand, we do not use the solid of the mouse itself, but use cultured cells to manufacture the product.

There is a limit to the number of mice, and of course, the instrument required for production is also large due to such factors as breeding. When utilizing these cultured cells and incubating them to increase antibodies, relatively small-scale facilities can be used to produce large quantities. In this sense, it will contribute greatly to the reduction of CO2 emissions and water resources.

Mori [Q]: It would be less costly to produce polyclonal ascites with mouse ascites. However, if you use animal cells, will you be able to obtain a constant yield, and if improvements are made, will you be able to obtain benefits beyond those of mice?

Matsuo [A]: Yes, that's right. Individual mice naturally differ, and we believe that bio-cells will stabilize such differences, and although there is of course the issue of yield, if this can be improved, the cost will be greatly reduced.

Mori [Q]: From an ethical point of view, is there a possibility that you will no longer be able to use live animals in the future?

Matsuo [A]: In Europe, for example, people are very sensitive about the direct use of animals and have been asked to refrain from doing so. Therefore, we believe that such a trend will spread not only in Europe but also globally in the future, and we are taking a lead in this regard.

Mori [M]: Thank you. That is all.

Moderator [M]: Okay, next question. Morgan Stanley MUFG Securities, Mr. Hayashi, please go ahead.

Hayashi [Q]: Morgan Stanley MUFG Securities, this is Hayashi. Thank you for your explanation.

The first point is about the connection with hematology instrument on page 20. At first glance, I think that sales of hemostasis field instrument would certainly increase if they were connected to hematology devices, but your devices have been sold in Europe and the US, and even a layman like myself could have thought about connecting a hemostasis testing device to a hematology testing device.

But, when you say that you are going to strengthen your proposal, do you mean that Siemens was not able to propose this kind of connection, but now you will be able to do so?

Matsuo [A]: This is Matsuo.

Hematology and hemostasis field systems had different sales channels. As you know, in the US, we have been selling hematology products and Siemens has been selling hemostasis products. This is one reason.

Ono [A]: Siemens has its own hematology, so there was no case of connecting Sysmex's hematology with the hemostasis they handle. This time, by handling hemostasis ourselves in Europe and the US, we will be able to introduce this kind of system for the first time.

Hayashi [Q]: I understand. Thank you very much.

I am aware that the need for this type of connection is limited to large hospitals and large testing centers, but I would like to know what percentage of the market as a whole has this type of connection need.

Matsuo [A]: Matsuo will answer your question.

It is difficult to give you a specific percentage, but as you can see on slide 20, most of the systems that are connected to our hemostasis field analyzers and hematology systems are in the medium scale customers. Since hemostasis and hematology are originally performed in the same laboratory,

our compact transport system, which is our specialty, has been highly evaluated in such mid-size facilities, and thus we have entered mid-size hospitals.

As you are well aware, large hospitals are widely using systems that combine total laboratory automation including immunochemistry. Our systems are mainly used by customers who require compactness.

Hayashi [Q]: I understand.

Second, on page 21, I thought the proposal for a system that incorporates an immunization module into a hemostasis testing device was a sales plus for immunochemistry field rather than a sales plus for hemostasis field. Is that a misunderstanding?

I don't think your company has such a large installed base of immunochemistry instrument HISCL in Europe and the US. It sounded like you were talking about increasing immunochemistry sales in such regions based on the installed base of hemostasis testing systems, but let me confirm this.

Matsuo [A]: Thank you for your question. Matsuo will answer your question.

As you can see, this immunochemistry module is our HISCL immunochemistry module. The reagents that can be measured on this module are HISCL reagents that can also be measured on the “HISCL-5000” that we are currently selling.

When that reagent is sold, it is sales of HISCL reagents, which can be taken to mean that sales of immunochemistry field have increased, but in reality, the number of orders for tests for items that require high sensitivity such as HISCL, as used in hemostasis test, is itself very small compared to other routine hemostasis items. Such special tests are the main focus.

Therefore, what we expect is that even if the number of orders for such special tests is small, they will become essential for diagnostics and treatment of hemostasis, so we hope that the adoption rate of the CN-Series will rise. If the adoption rate of CN-Series increases and the installed base of CN-Series increases, we can expect an increase in sales of reagents used in combination with these analyzers and routine reagents for hemostasis field. We are aiming to develop such business.

While we are aiming to increase sales through the sale of the reagent itself, we are also aiming to increase the adoption rate of our hemostasis analyzers and thereby boost the overall sales of reagents used in hemostasis analyzers, leading to a significant increase in sales. This is what we are aiming for with this product.

Hayashi [M]: I see. I understood it well. Thank you very much. That's all from me.

Moderator [M]: Okay, next question, Ms. Saito, JP Morgan Securities, please go ahead.

Saito [Q]: My name is Saito from JP Morgan Securities. Thank you very much. I would like to ask a few things briefly.

First, regarding the long-term target of JPY200 billion in sales and 35% market share, as of March 2023, I believe the target was set for around 2030. I believe this has now changed to the fiscal year ending March 31, 2034, but have there been any changes in the outlook or plans?

IR [A]: The secretariat will answer.

We once explained in the topic of the OEM contract that one of the guidelines was around 2030, but since we have issued a specific long-term management strategy, we have clearly stated that we can certainly achieve JPY200 billion in this area in the fiscal year ending March 2034.

Saito [Q]: Thank you very much.

Second, how is the profit margin of the mid-size markets compared to the high-end markets?

Matsuo [A]: My name is Matsuo. Thank you for your question.

The high-end market has a large number of samples, which means a large amount of reagents with high gross margins are used, making this market very attractive from a profitability standpoint compared to the lower-middle market with a small number of samples.

Saito [Q]: I understand. Thank you very much.

Third, you have been renewing contracts since April this fiscal year, and you are feeling a certain level of response. Is there anything you can disclose about the timing of the PL impact in the short term?

IR [A]: The secretariat will reply to you.

We are now in the process of negotiating in each region to proceed with the installation of the instruments first. If the installation of the instruments goes smoothly, sales of reagents used in the instruments will follow, so H1 of the current fiscal year will focus on the installation of instruments. Toward the latter half of the year, reagent sales gradually will increase. We assume that this will continue to be the case in the current and next fiscal years.

Saito [Q]: Thank you very much.

Finally, the fourth point, how difficult is the technique for liquid reagents compared to lyophilized reagents? To what extent does the convenience differ for customers? Also, what barriers do you see for Mindray's entry into the hemostasis market in China?

Matsuo [A]: Matsuo will answer.

First of all, we have to go back to the meaning of lyophilization. The reagents are made from biological materials, and if nothing is done, the biological activity of the proteins in them will deteriorate. In order to prevent such deterioration over time, we freeze-dry them to stop time, or something like that.

Therefore, if liquefaction is used, it is not possible to stop such a time, and it usually deteriorates rapidly and becomes unusable in a short period of time. There are various innovations to maintain the longevity of these reagents, and patents are also involved, but the technical hurdles were very high. That is why, historically speaking, lyophilized reagents have been used for a long time.

As to the question of barriers to entry for other companies, I think the hemostasis reagent part is a very difficult one, as it is related to the liquid reagent I mentioned earlier.

As I mentioned earlier, for example, if reagents are adjusted and used immediately, they will have similar performance, but whether they can be used stably for a long period of time depends on the technological capability. In order to provide reagents with satisfactory stability that will be accepted by customers, it is necessary to develop and improve the technology over a very long period of time. This is not something that can be done overnight, and we believe that this will be a barrier to entry for other companies.

Saito [M]: I understand very well. Thank you very much.

Moderator [M]: Now we will conclude the hemostasis briefing.

Ono [M]: Thank you very much for your time today.

[END]