Questions and Answers (Summary) on the Financial Results Presentation for the First Nine Months of the Fiscal Year Ending March 31, 2025

*Red text: revised unclear sections (March 13, 2025)

Q: What are the factors that led to the deterioration of the cost ratio in the third quarter, excluding the impact of exchange rates?

A: The primary factor was the impact of exchange rates on unrealized profits, which resulted in a +¥2.92 billion effect for the cumulative third quarter. Rapid yen appreciation has magnified the positive impact of the estimated exchange rates, potentially affecting gross profit. Specifically, this impact was related to products exported from Japan, influencing product related and other. While we saw a year-on-year improvement in the first half, product costs worsened excluding the impact of the exchange rates in the third quarter because of this. However, we do not believe product related and other costs have actually deteriorated.

Q: What is the outlook for SG&A and R&D expenses?

A: We do not expect any significant changes regarding labor costs and the impact of inflation. We plan to manage SG&A and R&D expenses as a whole, maintaining control over overall costs. While ensuring thorough cost management, we will continue making necessary investments to enhance profitability.

Q: What was the status of the Chinese market in the third quarter, and what is your outlook for the full year?

A: In the first quarter, we experienced a somewhat slow start due to delays in shipments of hemostasis instruments. However, we saw a solid recovery in performance in the second and third quarters. Sales of locally produced low-end models in the hematology field have been strong. Additionally, from January 2025, we commenced shipments of locally produced HISCL models, in the immunochemistry field, and we expect this positive trend to continue.

Q: How is progress under your OEM agreement in the hemostasis field?

A: In the EMEA region, the transition from other suppliers is progressing smoothly. In the Americas, the initial rollout has been slower than expected, but orders are increasing, and we anticipate a full-fledged launch of business in the hemostasis field next fiscal year.

Q: What is your growth outlook for the Indian market?

A: Business has grown by 33% this 3Q. We are on track to achieve our target of ¥10.0 billion for the fiscal year ending March 31, 2026, the final year of our mid-term management plan, one year ahead of schedule. A new production facility is also scheduled to begin operations next fiscal year, and we expect strong growth to continue.

Q: How is progress of your rollout in the medical robotics business in Europe and the Americas?

A: We plan to enter the European market in the fiscal year ending March 31, 2026, and regulatory approval is now in the final stages. In the Americas, we will enter the market after obtaining FDA approval and making the necessary preparations. We expect our expansion into the European and American markets to progress smoothly.

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