Questions and Answers (Summary) on the Financial Results Presentation for the Fiscal Year Ended March 31, 2025

Q: What were the factors behind lower-than-expected sales in China for the fiscal year ended March 31, 2025?

A: There has been no significant change in the market or in testing volume in China. As our sales are to distributors, we believe the fluctuation falls within the typical quarterly range. Instrument sales grew significantly in the second half, supported by the impact of knockdown production for key products. As for reagents, the impact of volume-based procurement (VBP) in the immunochemistry field began to appear slightly in the fourth quarter, but the effect was limited for this fiscal year. Looking ahead to the fiscal year ending March 31, 2026, we expect VBP to have an impact starting from the first quarter, but we plan to offset this by expanding the product lineup and through other measures.

Q: What impact do you anticipate from the U.S. reciprocal tariffs in the fiscal year ending March 31, 2026?

A: The additional 10% tariffs are expected to apply to instruments exported to the United States and to steel and aluminum products. We are currently working to counter this impact through measures such as building up several months' worth of inventory in the United States. We estimate the annual tariff burden to be around ¥3.0–4.0 billion, although this may be mitigated depending on how the situation evolves.

Q: What is the breakdown of the ¥4.0 billion in cost of sales improvements planned for the fiscal year ending March 31, 2026?

A: We expect a reduction of approximately ¥1.0–1.5 billion from the liquidation of our affiliated company, Sysmex Inostics, ¥0.5–0.7 billion from the expiration of patent-related licensing fees, and ¥0.5–1.0 billion in cost improvements for consumables in the medical robotics business as the number of surgeries increases. We also anticipate additional cost reductions in other diagnostics businesses.

Q: What is your expected timeline for the launch of the XR-Series and the CN-Series in the Americas?

A: Both are currently under regulatory review. We are hopeful that approvals will be granted as early as possible.

Q: What directions will you take to improve profitability under the next mid-term management plan?

A: Having completed investments in digitalization in April 2025, we expect to begin seeing benefits going forward. These include curtailing both existing and future costs. While we will continue to invest actively and strategically in human capital, we aim to enhance profitability by improving productivity toward reducing SG&A expense ratio. In addition, through growth strategies, reagents are making up a steadily increasing proportion of total sales. Also, by raising the in-house production ratio of reagents, we expect to improve profitability further.

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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.

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