

Questions and Answers (Summary) on the Financial Results Presentation for the
First Nine Months of the Fiscal Year ending March 31, 2026

Q: What were the main factors behind the downward revision to the full-year forecast for the fiscal year ending March 31, 2026?

A: The primary factor behind the downward revision was the decline in sales in China. First, the rapid rollout of the Chinese government's "principle of minimal necessity" had a significant impact on our performance in the hemostasis field, particularly in D-Dimer testing. In addition to reagents, this test requires highly profitable consumables such as cuvettes for each measurement. As a result, the decline in testing volumes has affected both sales and profitability. The impact has been greater than we initially anticipated and is expected to expand through the fourth quarter. In addition, against the backdrop of ongoing efforts to curtail healthcare costs, we have experienced distributor inventory adjustments due to deteriorating business conditions and changes in primary distributors. Although distributors typically purchase many units of instruments and large volumes of reagents in the fourth quarter, we determined that such purchases would not materialize this year and revised our forecast downward.

Q: What is your outlook for China?

A: We expect the impact of distributor inventory adjustments to peak in the fourth quarter and gradually ease from the first half of the next fiscal year. There has been no noticeable decline in testing volumes in hematology, as this is a fundamental testing category, and reagent consumption at hospitals continues as usual. Of the Chinese government's efforts to curtail healthcare spending, the "principle of minimal necessity" has had the most significant impact. The decline in testing volumes began in the second quarter and is expected to spread across China by the fourth quarter. Until these effects have run their course in the first half of the next fiscal year, we expect year-on-year performance to remain negative. From the second half, however, we expect performance to recover to previous-year levels. That said, we will continue to closely monitor developments regarding the potential unification of testing prices, which may be implemented in the next fiscal year.

Q: What have been the main factors behind the deterioration in the cost of sales ratio this fiscal year?

A: The deterioration in the cost of sales ratio has been the result of multiple factors, but the most significant was a change in product mix. We were particularly affected by a decline in demand for reagents such as D-Dimer in China, which led to a larger-than-expected decrease in sales of high-margin reagents and consumables. As a result, the proportion of instrument sales increased relative to reagents, leading to a higher cost of sales ratio. In addition, additional U.S. tariffs on imports to the United States affected performance, particularly in the second half of the fiscal year.

Q: What is your outlook for the cost of sales ratio next fiscal year?

A: Although we have not yet finalized next year's forecast, a sharp recovery in the cost ratio for the next fiscal year from the full-year figure for this fiscal year (48.8%) is not expected. Among positive factors, we anticipate an absence of temporary negative factors such as the inventory valuation adjustment recorded in the first quarter of this fiscal year. In addition, if the China business stabilizes in the second half of next fiscal year and other regions continue to grow, the proportion of reagent sales may increase. Looking at negative factors, the additional U.S. tariffs will affect performance throughout the next fiscal year. Furthermore, the clinical chemistry business we are taking over from JEOL will initially have a relatively high proportion of instrument sales and a comparatively lower gross margin, which will put downward pressure on profitability. Although profitability in the medical robotics business has been improving year by year, its gross margin remains lower than that of the IVD business and therefore continues to affect the cost of sales ratio.

<Other frequently asked questions>

1. The reason why the Chinese yuan has higher exchange rate sensitivity than other currencies

This is because transactions between Sysmex headquarters in Japan and the regional headquarters in China are conducted in U.S. dollars, not yuan. Therefore, both USD–CNY and USD–JPY exchange rate fluctuations affect consolidated results. In cases like yen depreciation, both sales and SG&A rise, partially offsetting the forex impact on operating profit. However, since SG&A expenses are relatively low in China, the offsetting effect is limited, making operating profit more sensitive to currency movements compared to other regions.

2. Regarding operating profit by regional headquarters

Operating profit by regional headquarters includes the impact of transfer pricing adjustments and therefore does not directly reflect actual business activities. However, for example, in China, the use of indirect sales through distributors results in a lower SG&A expense ratio compared to other regions, and similar differences in sales channels across regions also influence the margin.

*Please note that profit by region is not disclosed; please refer to the group's consolidated operating profit.

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