Questions and Answers (Summary) on the Financial Results Presentation for the Fiscal Year Ended March 31, 2026

Q: How was growth, excluding the impact from China?

A: Excluding China's impact, the Group's business continued to grow steadily. For the fiscal year ended March 31, 2026, sales were up 5.1% year on year excluding China, with the Americas, EMEA, and AP all growing on a local currency basis. In the Company's core fields, including hematology and hemostasis, sales also rose in all regions except China, indicating that the underlying competitiveness supporting the business remains intact. In China, on the other hand, sales declined significantly due to the impact of policies aimed at containing healthcare costs and adjustments to inventories within the distribution chain. Even so, we maintained our market share among Tier 3 and higher hospitals, showing that our brand strength persists.

Q: What were the factors behind the deterioration in the cost of sales ratio?

A: Factors behind the decline in profit, including the deterioration in the cost of sales ratio, can be categorized into one-off factors and structural factors. One-off factors included goodwill impairment losses of ¥11.2 billion and the impact of a review of a Q1 inventory revaluation. These two factors are transient, and will not be present from the current fiscal year. Structural factors include a decline in gross profit due to lower sales. These were due to healthcare cost containment policies in China, deterioration in product mix caused by lower sales of highly profitable reagents, increases in service costs, and external factors such as U.S. tariffs and higher logistics costs. These structural factors continue to weigh on the cost of sales ratio and profits. In addition to benefiting from the absence of the one-off factors, going forward, we aim to improve profitability by addressing these structural challenges.

Q: What was the background behind the recognition of goodwill impairment losses at affiliated subsidiaries, and what are your plans for the future?

A: The goodwill impairment losses were a result of our efforts to reassess business plans under the new management structure and introduce stricter capital allocation discipline with a stronger emphasis on capital efficiency. Specifically, we evaluated businesses using hurdle rates based on metrics such as ROIC, IRR, and payback period, and we recorded full impairment losses for certain subsidiaries. These losses do not negate the technological or market significance of these businesses, but rather reflects the tightening of our investment criteria. Going forward, we plan to uphold the same level of discipline for business selection and concentration.

Q: What is your thinking on reviewing the business portfolio, and how is progress on this front?

A: Our review of the business portfolio is an effort to institutionalize selection and concentration as part of an ongoing management process, and discussions are currently underway in this regard. In this review, we are assessing consistency with our medium- to long-term growth strategy, hurdle rates tailored to the characteristics of each business, and the market environment and associated uncertainties. In addition, we are evaluating businesses comprehensively from the perspectives of competitiveness, growth potential, profitability, and capital efficiency. The review process is currently underway. We plan to finalize this assessment, in broadbrush terms, during the first half of the current fiscal year.

Q: To what extent have you incorporated the standardization of testing prices in China into the full-year earnings forecast?

A: There is some uncertainty surrounding the standardization of testing prices in China, with respect to both implementation timing and pricing levels. Accordingly, we have had to make certain assumptions when incorporated its impact into our earnings forecast. Our forecast assumes implementation beginning in the second half of the current fiscal year, and the impact has been estimated conservatively together with the continued effects of healthcare cost containment policies. At the same time, we recognize the potential for downside risk; the impact could be greater than we anticipate if implementation is accelerated or if pricing levels are reduced beyond current assumptions. We will continue to closely monitor policy developments and promptly disclose any new information that has a material impact on earnings should significant changes arise.

<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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