

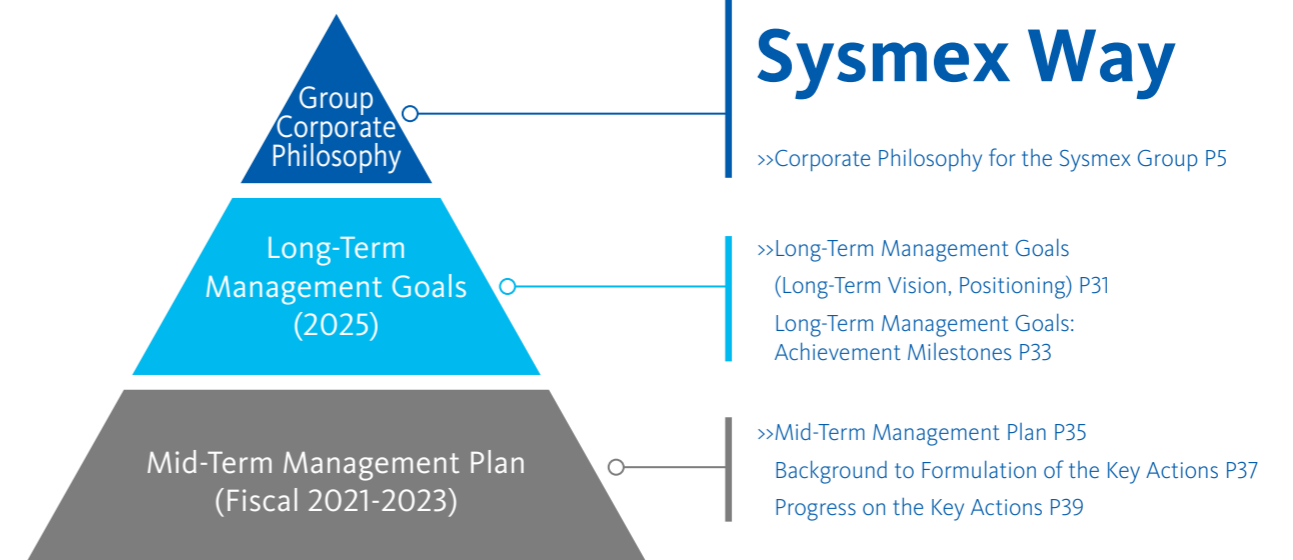


Strategies for Value Creation

Based on the “Systemex Way,” the corporate philosophy for the Systemex Group, we have formulated long-term management goals as part of our aim to contribute toward the advancement of healthcare and a fulfilling and healthy society. To reach the positioning targets set by the long-term management goals under our mid-term management plan, we have established key actions as three-year initiatives to promote specific implementation measures. We are currently working to achieve the objectives of our mid-term management plan, which concludes in fiscal 2023. Under this strategy, Systemex aims to achieve sustainable growth, enhance corporate value and resolve social issues.

Group Corporate Philosophy

Systemex Way



Long-Term Management Goals

Based on the “Sysmex Way,” the corporate philosophy for the Sysmex Group, in May 2018 we announced long-term management goals to be achieved by fiscal 2025 and aimed at achieving sustainable growth.

We have set our positioning on the basis of our long-term vision. Specifically, as a unique company undertaking leading initiatives, we aim to contribute to the advancement of healthcare and a fulfilling and healthy society.

The market environment is changing rapidly, due to the COVID-19 pandemic and other factors that we had not anticipated when our goals were formulated. However, we will continue with our initiatives until the final year.

– Long-Term Management Goals (2025) –

Long-Term Vision

A “Unique & Advanced Healthcare Testing Company”

Unique

A unique company having its own strengths and advantages
(Continue to be a unique existence different from other global companies)

Advanced

An industry leader constantly demonstrating advanced capabilities
(Embody new diagnostic value, original business models and innovative corporate management)

Healthcare Testing

A company contributing to healthcare advancement
(Continuously provide testing/diagnostic technologies conducive to enhancing the quality and efficiency of healthcare)

Positioning

- 1 Creating innovative diagnostic value as a global top-five company in IVD
- 2 A leading company in personalized diagnostics for optimizing medical treatment
- 3 A solution provider contributing to the advancement of primary care diagnostics
- 4 An attractive company providing value and instilling confidence
- 5 “One Sysmex” carrying out high-speed management

Analysis of the Market Environment

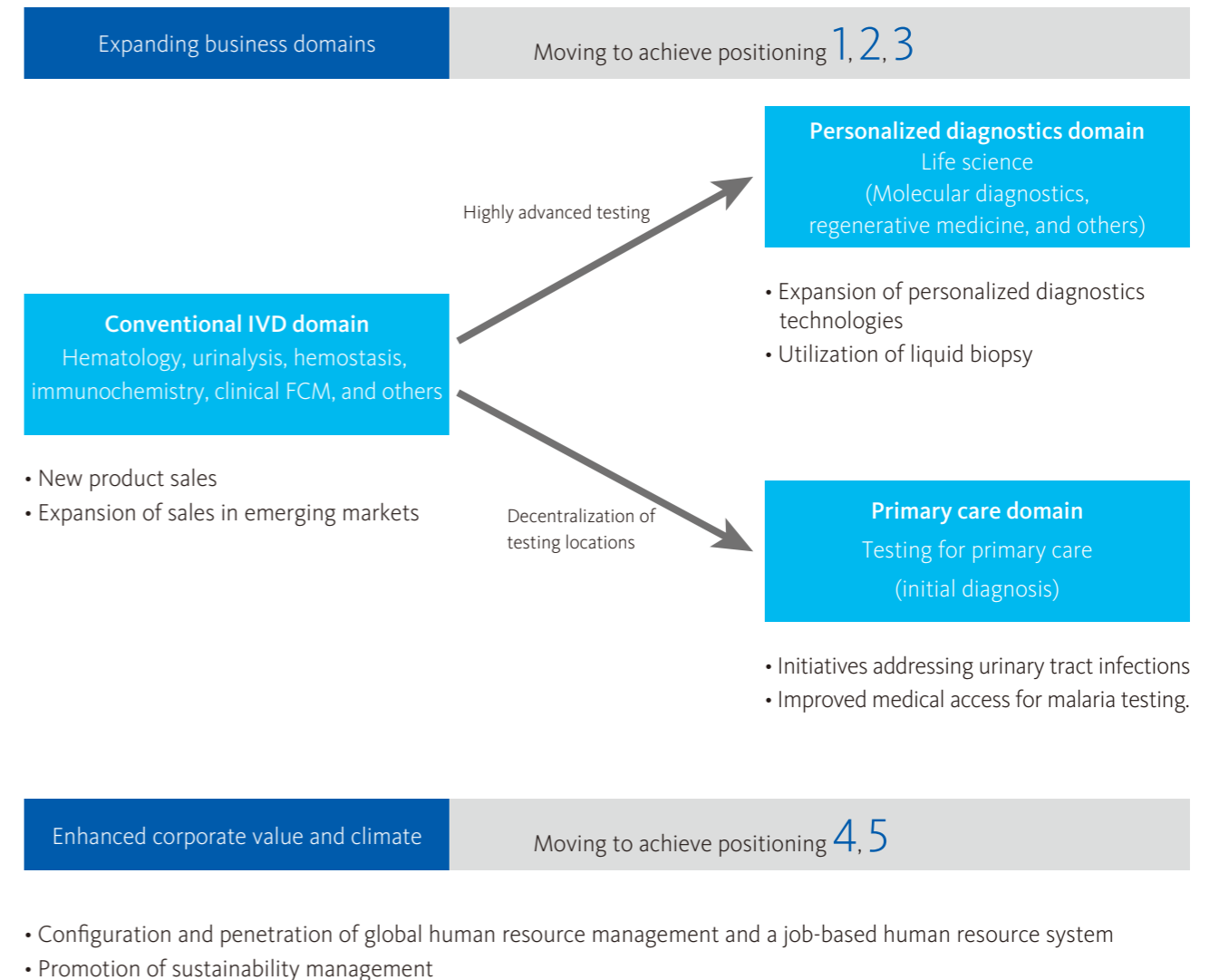
The COVID-19 pandemic has altered the healthcare market substantially, but medical issues remain to be addressed. Emerging markets are characterized by expanding populations and rapid economic growth, while developed countries have aging populations and face the need to optimize medical costs. In terms of technological advances, personalized medicine is spreading, and we are seeing a full-fledged adoption of cancer genomic medicine, big data analysis and robotics are being utilized, and DX is being promoted in a host of industries.

Sysmex is responding to this changing market environment by leveraging its global sales network and alliances

to increase its market share in emerging markets, including China, India, and Central and South America. We are also striving to expand into new business domains with a view to realizing personalized medicine. To this end, we are expanding our life science portfolio by leveraging our Group companies’ liquid biopsy technologies. In addition, recognizing that human resource management is a source of competitiveness, we are continuously reforming and expanding our systems to create an attractive organizational climate that makes the most of a diverse workforce. We are also formulating a vision to strengthen and implement sustainable management that can respond to changes in the market environment.

Main Initiatives to Realize Our Positioning

In anticipation of changes in the external environment surrounding healthcare, we are expanding business in three domains: the conventional IVD domain and the new domains of personalized diagnostics and primary care. Our long-term management goals approach this focus from two perspectives: highly advanced testing and the decentralization of testing locations.



Long-Term Management Goals: Achievement Milestones

Target Positioning	Directions	Monitoring Items	Achievement Milestones																																																
<p>1</p> <p>Creating innovative diagnostic value as a global top-five company in IVD</p>	<ul style="list-style-type: none"> Aim to become a global top-five company through sustained growth in our conventional IVD businesses In addition to increasing our share of the IVD market, which continues to grow globally, create new diagnostic value 	<ul style="list-style-type: none"> Sales growth rate Hematology market share Sales composition by business R&D expenses as a percentage of net sales Expansion of unique testing parameters in the immunochemistry field Operating cash flow, which is a source of investment Market trends of other companies 	<ul style="list-style-type: none"> Reinforcement and growth of the hematology field Accelerated global development in non-hematology fields Expanded product portfolio Concentration of investment in growth markets Expansion of direct sales and service area <p>■ Net Sales Growth Rate</p> <table border="1"> <tr><th>FY</th><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr> <tr><th>Rate (%)</th><td>12.8</td><td>4.1</td><td>2.9</td><td>1.0</td><td>19.2</td></tr> </table>	FY	2017	2018	2019	2020	2021	Rate (%)	12.8	4.1	2.9	1.0	19.2																																				
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<p>2</p> <p>A leading company in personalized diagnostics for optimizing medical treatment</p>	<ul style="list-style-type: none"> Create new testing and diagnostic value that contributes to the selection of treatment methods Fuse our measurement platforms with new technologies and knowledge acquired through open innovation and other methods 	<ul style="list-style-type: none"> New product development pipeline toward the realization of personalized medicine Percentage of net sales from life science Configuration of a diverse business model, such as lab assay services Number of joint research projects with academia and research results Publication in leading medical guidelines 	<ul style="list-style-type: none"> New product development in life science Development of a companion diagnostic system Expansion of cancer genome profiling Realization of liquid biopsy More efficient development process and accelerated commercialization cycle <p>■ Number of Cancer Genomes Analyzed Using the NCC Oncopanel</p> <table border="1"> <tr><th>FY</th><td>2019</td><td>2020</td><td>2021</td></tr> <tr><th>Cases</th><td>1,368</td><td>1,580</td><td>1,615</td></tr> </table>	FY	2019	2020	2021	Cases	1,368	1,580	1,615																																								
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<p>3</p> <p>A solution provider contributing to the advancement of primary care diagnostics</p>	<ul style="list-style-type: none"> Leverage the diagnostic technologies and IT we have cultivated in the IVD domain, and contribute toward preventive medicine and initial treatment, as well as patients in chronic or stable phases of care Provide solutions that contribute to increased access to healthcare 	<ul style="list-style-type: none"> Primary care product portfolio Service and support structure using IT Medical clinics and other primary healthcare networks Healthcare systems in countries around the world 	<ul style="list-style-type: none"> Development of products that realize primary care productivity and efficiency Establishment of new customer cultivation process for clinics and other targets Expansion and cultivation of excellent distributors Realization of solutions that use healthcare data and IT <p>■ Sales in Emerging Markets</p> <table border="1"> <tr><th>FY</th><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr> <tr><th>¥ billion</th><td>110.5</td><td>115.9</td><td>119.7</td><td>122.0</td><td>142.9</td></tr> </table>	FY	2017	2018	2019	2020	2021	¥ billion	110.5	115.9	119.7	122.0	142.9																																				
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<p>4</p> <p>An attractive company providing value and instilling confidence</p>	<ul style="list-style-type: none"> Earn support from diverse stakeholders through distinctive technologies and business models, dynamic human resources and sound and advanced corporate management 	<ul style="list-style-type: none"> Customer satisfaction External assessments of ESG External assessments of DX Number of recalls Response to regulatory systems in countries around the world External advanced technologies and treatment modalities Number of dialogue with stakeholders 	<ul style="list-style-type: none"> Ascertainment of expectations and requests from customers, business partners, shareholders, employees, and others Establishment of materiality and strengthening of initiatives Achievement of sustainability targets Continuous evolution of how business and departmental plans are managed <p>■ Customer Assessment in the United States (Overall Service Performance)</p> <table border="1"> <tr><th>FY</th><td>2007</td><td>2008</td><td>2009</td><td>2010</td><td>2011</td><td>2012</td><td>2013</td><td>2014</td><td>2015</td><td>2016</td><td>2017</td><td>2018</td><td>2019</td><td>2020</td><td>2021</td></tr> <tr><th>Score</th><td>4.8</td><td>4.8</td><td>5.0</td><td>5.2</td><td>5.2</td><td>5.4</td><td>8.5</td><td>8.5</td><td>8.5</td><td>8.5</td><td>8.5</td><td>8.5</td><td>8.5</td><td>8.5</td><td>9.06</td></tr> <tr><th>Score</th><td>5.0</td><td>5.2</td><td>5.2</td><td>5.4</td><td>5.4</td><td>5.6</td><td>9.0</td><td>9.0</td><td>9.0</td><td>9.0</td><td>9.0</td><td>9.0</td><td>9.0</td><td>9.0</td><td>9.27</td></tr> </table> <p>Note: Scale of 1 to 6 from 2007 to 2012, scale of 1 to 10 from 2013 to 2021 Source: IMV ServiceTrak</p>	FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Score	4.8	4.8	5.0	5.2	5.2	5.4	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	9.06	Score	5.0	5.2	5.2	5.4	5.4	5.6	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.27
FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021																																				
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<p>5</p> <p>“One Sysmex” carrying out high-speed management</p>	<ul style="list-style-type: none"> Provide attractive workplaces where diverse human resources can exercise their talents Make use of sophisticated teamwork to achieve efficient and high-speed management 	<ul style="list-style-type: none"> Degree of penetration of the Sysmex Way Employee engagement score D&I index and health management index Training time per employee Productivity (operating profit per employee) 	<ul style="list-style-type: none"> Introduction and operation of new personnel system Reinforcement of local management and HR management individual bases Recruitment of personnel for necessary positions and cultivation of next-generation leaders Business promotion process innovation in response to environmental changes <p>■ Degree of Penetration of the Sysmex Way (Sysmex Corporation on a Non-Consolidated Basis)</p> <table border="1"> <tr><th>FY</th><td>2014</td><td>2016</td><td>2018</td><td>2020</td><td>2021</td></tr> <tr><th>(%)</th><td>48</td><td>53</td><td>55</td><td>71</td><td>68</td></tr> </table>	FY	2014	2016	2018	2020	2021	(%)	48	53	55	71	68																																				
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Mid-Term Management Plan

In May 2021, we announced a new mid-term management plan for the Group, ending in fiscal 2023. The plan aims to reinforce a management base that supports sustainable growth for the Group.

Framework for Determining Key Actions for the Group



Long-Term Management Goals (2025) >>P31

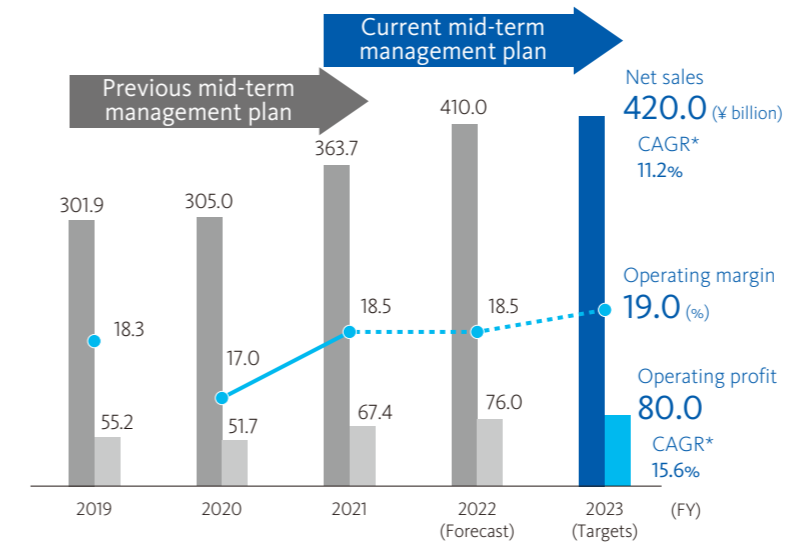
- ### Main Factors Considered when Formulating the Mid-Term Management Plan
- Recognition of change in the operating environment
 - Progress on important priorities under the previous mid-term management plan and ongoing issues
 - Elucidation of risks and opportunities
 - Review of materiality items

Mid-Term Management Plan (Fiscal 2021 to Fiscal 2023) >>P36



Annual Management Plan

Financial Targets



Targets for Fiscal 2023	
Net sales:	¥420.0 billion
Operating profit:	¥80.0 billion
Operating margin:	19.0%
ROE:	15.0%
Free cash flow:	¥40.0 billion
Operating cash flow:	¥90.0 billion

Note: Assumed exchange rates: 1USD=¥106, 1EUR=¥125, 1CNY=¥16
*Average annual growth rate from fiscal 2020 to fiscal 2023 (As of May 2021 announcement)

Sales Targets for Fiscal 2023 (by Business)

	Fiscal 2020 (Actual)	Fiscal 2021 (Actual)	Fiscal 2022 (Forecast)	Fiscal 2023 (Targets)
Hematology	180.0	210.3	231.0	220.0
FCM	1.4	2.0	3.0	7.0
Urinalysis	21.8	29.9	37.0	36.0
Hemostasis	54.3	62.0	66.5	67.0
Immunochemistry	15.4	20.4	25.0	30.0
Clinical chemistry	2.7	2.9	3.0	3.5
Life science	13.0	17.9	22.0	30.0
Others	15.3	16.6	15.5	16.5
Diagnostics business	304.2	362.4	403.0	410.0
Medical robotics business	0.7	1.2	7.0	10.0

Assumed exchange rates for fiscal 2022: 1USD=¥120, 1EUR=¥130, 1CNY=¥18
Assumed exchange rates for fiscal 2023: 1USD=¥106, 1EUR=¥125, 1CNY=¥16

Sales Targets for Fiscal 2023 (by Destination)

	Fiscal 2020 (Actual)	Fiscal 2021 (Actual)	Fiscal 2022 (Forecast)	Fiscal 2023 (Targets)
Japan	48.7	55.6	65.0	76.5
Americas	65.8	83.6	101.0	95.5
EMEA	82.1	101.5	106.0	100.0
China	83.8	93.3	105.5	112.0
Asia Pacific	24.4	29.6	32.5	36.0

Assumed exchange rates for fiscal 2022: 1USD=¥120, 1EUR=¥130, 1CNY=¥18
Assumed exchange rates for fiscal 2023: 1USD=¥106, 1EUR=¥125, 1CNY=¥16

Mid-Term Management Plan: Background to Formulation of Key Actions

Major Key Factors of Environmental Change (Opportunities and Risks)	Assumed Risk Scenarios	Main Factors of Environmental Change	Key Actions	Related Materiality				
				1	2	3	4	5
(1) Continuing IVD market expansion, more intense competition for market share	<ul style="list-style-type: none"> Delays in our business portfolio strategy Stalled product development Delayed market cultivation in emerging markets Rise of competitors in emerging markets Unsuccessful alliance partner strategy Rising cost of sales promotion activities 	(1) (2) (3) (4)	1 Accelerate the introduction of new products aimed at improving growth and profitability, and promote emerging market strategies.	○	○			
(2) Healthcare needs that are increasingly diverse by region, and the promotion of dispersed testing locations	<ul style="list-style-type: none"> Slow adaptation to regional and customer needs Delays in establishing a direct sales structure Decline in customer satisfaction Sluggish rollout in the primary care market 	(2) (3) (4) (5)	2 Achieve high growth through proactive investment in key fields (hemostasis, immunochemistry, and life science).	○	○			
(3) Advancement of sophisticated testing	<ul style="list-style-type: none"> Inconsistencies in selection and concentration of capital allocation Stagnation of R&D in focus areas such as gene testing Underperformance in technology development and joint research 	(2) (3) (5)	3 Introduce new business to achieve dynamic growth.	○				
(4) Changing regulatory and medical assistance systems in locations around the world Changing healthcare infrastructure investment	<ul style="list-style-type: none"> Reinforcement of policies to reduce healthcare costs in individual countries Declines in selling prices and profitability Delays in obtaining approvals and increased costs due to stricter compliance with regulatory systems in various countries Stalled dialogue with regulators and key opinion leaders 	(1) (4) (5)	4 Promote digitalization in the Group and develop DX to create customer value.	○	○			
(5) Advancement of technological innovation (AI, big data, gene analysis, others)	<ul style="list-style-type: none"> Slow uptake of digital and advanced technologies Failure of alliances and M&A Increased costs related to R&D Dramatic changes in the market environment due to entry from different industries 	(1) (2) (3) (4) (5) (6)	5 Enrich the talent portfolio, which contributes to strategy execution, and create an attractive organizational climate that leverages diverse talent.			○		○
(6) Growing demand for sustainability, emphasis on ESG activities Increasing calls for stronger governance and disclosure	<ul style="list-style-type: none"> Loss of stakeholder trust Slowdown in ESG activities and decline in external evaluations Falling employee engagement and motivation Compliance violations 	(6)	6 Formulate a vision and roll out measures to reinforce and implement sustainability management.	○	○	○	○	○

Materiality: ① Resolution of medical issues through products and services ② Responsible provision of products and services ③ Realization of an attractive workplace ④ Environmental consideration ⑤ Strengthening of governance

Message
 What Sysmex Aims for
Strategies for Value Creation
 Management Resources and Business Activities
 Corporate Governance
 Activity Report and Corporate Overview

Mid-Term Management Plan: Progress on Key Actions

1 Accelerate the introduction of new products aimed at improving growth and profitability, and promote emerging market strategies

Focus of Initiatives

- In the hematology field, increase sales through a global rollout of high-end models.
- Launch new products for low-end markets and increase direct sales in India.
- Work to create new clinical value through collaboration with clinical flow cytometry, such as the selection of optimal treatment methods and the monitoring of treatment effects.
- Promote a hematology-plus strategy aimed at further innovations in such areas as operational value and clinical value.
- Develop products that foster better accessibility to healthcare in emerging markets and help curtail medical costs.

Major Indicators

- Hematology and FCM sales
- Hematology and FCM gross profit
- Hematology market share*
- Sales in emerging and developing markets*
- SG&A expense ratio
- Number of new and focused products introduced into the market
- Number of joint research projects with academia on clinical value creation
- Number of recalls*

* Same as the sustainability targets

Key Progress

In addition to promoting the global rollout of high-end and compact models in the hematology field, we have developed and begun selling transportation system modules that improve the efficiency of the entire testing workflow. Based on the development concept of “operational value (improved efficiency of laboratory operations),” we have developed the world’s first* automatic measuring function for quality control materials, aimed at minimizing manual work by customers. This instrument fully automates the quality control, storage, and transportation of materials for cleaning, which were previously performed by the customer, helping to reduce manual work. *Sysmex research

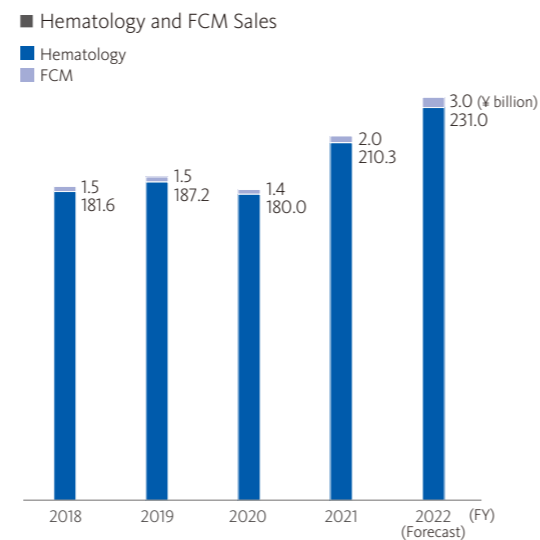
>>P98 Providing “Operational Value” That Boosts Efficiency in Laboratory Operations

By building a direct sales and service structure in India, which we are positioning as a priority market, we have boosted sales by 48% year on year. As well as the high-end market, where we strengthened direct sales, we were able to steadily promote the introduction of instruments in mid-range and low-end markets by winning tenders and through other projects. Going forward, we will promote sales measures that are more tailored to local needs.

In addition, in high-end clinical FCM instruments we have obtained regulatory approval in Europe and commenced sales as *in vitro* diagnostic medical devices.



Automated hematology analyzers



2 Achieve high growth through proactive investment in key fields (hemostasis, immunochemistry, and life science)

Focus of Initiatives

- Hemostasis field:
 - Increase market share by accelerating the global rollout of new products.
- Immunochemistry field:
 - In China and other parts of Asia, increase the installed instrument base and the number of test parameters.
 - Promote the commercialization of testing for Alzheimer’s disease.
- Life science field:
 - Expand the market in China for the cancer lymph node metastasis test system.
 - Increase sales of cancer gene testing.
- Promote agile development with the aim of boosting product development speed and meeting customer needs.

Major Indicators

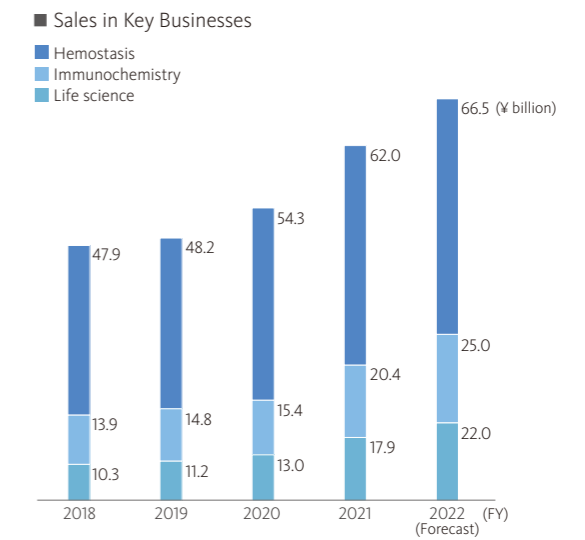
- Sales composition and growth rate in three key fields
- Market share and rollout regions in three key fields
- R&D investment in three key fields
- Number of new products developed in three key fields
- Number of cancer genomes analyzed*
- Number of biomarkers
- Number of conference presentations and research paper mentions

* Same as the sustainability targets

Key Progress

In this mid-term management plan, we have designated hemostasis, immunochemistry, and life science as key fields, and to generate results we will give them priority when allocating resources. In the hemostasis field, we are promoting global regulatory applications for high-end models. In immunochemistry, expanding the number of test parameters that can be loaded onto instruments is an important factor. In fiscal 2021, we launched 18 new parameters in China that we developed jointly with a local company, bringing the total to 37. In the future, we look forward to medical institutions adopting these new parameters, which will contribute to earnings. We are also developing our own reagent parameters. In December 2021, we submitted an application in Japan for manufacturing and marketing approval of a diagnostic reagent for Alzheimer’s disease. We are also preparing to expand business involving this reagent in the United States and Europe.

In life science, we have enhanced our portfolio of tests related to COVID-19, as part of our effort to resolve social issues.



Realizing Personalized Medicine through Liquid Biopsy

Liquid biopsy is a testing method that involves highly sensitive analysis to detect disease-affected areas present in minute quantities in blood and bodily fluids. Compared with conventional physical biopsy, which is carried out on samples taken from tumors or other tissue, liquid biopsy is in the spotlight for its potential for imposing less of a physical, emotional, and economic burden on patients. It also increases opportunities for testing and helps to determine drug administration and other treatment methods at an early stage.

Examples of Initiatives

In 2016, Sysmex and Eisai Co., Ltd. entered into a comprehensive non-exclusive collaboration agreement for the creation of new diagnostic reagents in the field of dementia by utilizing each company’s technologies and knowledge. By using blood tests to detect structural abnormalities in minute proteins, which are thought to impact disease state, we have been engaged in the development of next-generation diagnostic reagents that will enable early diagnosis, selection of treatment options, and the monitoring of the effects of treatment for dementia.

3 Introduce new business to achieve dynamic growth

Focus of Initiatives

- Medical robotics business:
 - Accelerate market introduction by increasing the number of surgical instructors.
 - Increase the number of applicable medical departments by enhancing robotic forceps and peripheral software.
 - Prepare for regulatory application and market introduction in Europe, China and Asia-Pacific.
- Cultivation of new business domains:
 - Step up initiatives targeting regenerative medicine and genomic medicine.
 - Consider initiatives for utilizing healthcare data through open innovation outside the Company.

Major Indicators

- Sales in the medical robotics business
- Number of medical departments using the robotic-assisted surgery system
- Number of surgeries performed using the robotic-assisted surgery system
- Number of joint research projects with academia in regenerative and cellular medicine
- Number of demonstration experiments for digital medical solutions
- Amount of investment in new businesses

Key Progress

To achieve further growth, we are pursuing new businesses outside the conventional IVD domain. These efforts center on introducing more robotic-assisted surgery system into the market and increasing the number of medical departments using them. In fiscal 2021, the cumulative number of units deployed since launch reached 18 in Japan. Feedback from the market has been positive, with many KOLs supporting the program, and we feel that we are off to a good start in our first year. In October 2021, Mediaroid Corporation filed an

application to expand regulatory approval to gynecology and gastroenterology. By increasing the number of medical departments utilizing our systems, we aim to further accelerate market uptake.

In addition, we are stepping up our initiatives in the fields of regenerative medicine and genomic medicine promoting other efforts to develop new businesses. For example, we have submitted an application for manufacturing and marketing approval of a gene panel testing system for inherited retinal dystrophy.

4 Promote digitalization in the Group and utilize DX to create customer value

Focus of Initiatives

- Set up a specialized organization to promote DX, and strengthen internal and external functions for promoting digitalization.
- Accelerate the digitalization of internal business processes to optimize and improve the efficiency of the entire Group.
- Increase value creation for customers by expanding Caresphere's applications.

Major Indicators

- Productivity per employee
- Amount of DX investment
- Number of digital human resources recruited
- Number of information security trainees*
- Number of facilities using Caresphere
- Number of Caresphere applications

* Same as the sustainability targets

Key Progress

In fiscal 2018, we began working to digitalize internal processes. We have completed the global standardization of core systems, and we have now advanced to the implementation and operational phase in some regions. To improve efficiency and add value throughout our value chain, we have also implemented individual systems for product design information, customer management, the global human resource management system, and document management. As individual systems become operational, we expect to substantially improve productivity in such areas as making design changes

and transitioning to mass production in the development and manufacturing divisions, reducing work-hours by approximately 25% compared to the previous system. In the area of DX for customers, we are leveraging the knowhow we accumulated from our previous service, SNCS, to develop new applications for the Caresphere platform. In fiscal 2021, we began offering Caresphere XQC, an external quality assessment application. Introducing this application enables customers to obtain more highly reliable test results and facilitates efficient laboratory operations.

5 Enrich the talent portfolio, which contributes to strategy execution, and create an attractive organizational climate that leverages diverse talent

Focus of Initiatives

- Strengthen human resource management by establishing a job-based HR management system and expanding its application to the general workforce.
- Expand opportunities to acquire highly specialized human resources through the realization of diverse work styles.
- Provide educational opportunities and expand content for all generations.
- Promote diversity, inclusion, and health and productivity management.

Major Indicators

- Engagement score*
- Turnover ratio*
- Female managers ratio*
- Training time per employee*
- Total annual working hours*
- Lost-time injury frequency rate*
- Lost work day rate*

* Same as the sustainability targets

Key Progress

Systemex has been promoting various human resource measures in line with its business expansion and globalization. As a further initiative, in fiscal 2021 we expanded our job-based HR management system from only managers to include the general workforce, creating an environment in which diverse human resources can demonstrate their abilities, show results and achieve self-fulfillment. This enables all employees to choose a way of working that suits their individual life stages

and values. Internal discussions are underway to make this system conducive to strengthening the expertise of employees by enabling them to acquire and improve the skills necessary for the jobs they are aiming for. We will continue to improve the mental and physical health and engagement of our employees, and aim to enhance the ability to execute strategies and create innovation through richer communication.

6 Formulate a vision and roll out measures to reinforce and implement sustainability management

Focus of Initiatives

- Formulate a vision to reinforce sustainability management.
- Create new long-term management goals based on our vision for sustainability management.
- Engage in activities to reach sustainability targets.

Major Indicators

- Number of dialogues with stakeholders
- CSR survey response rate (Tier 1 raw material suppliers)*
- Reduction of CO₂ emissions (instruments/business activities)*
- Reduction of water consumption (instruments/business activities)*
- Number of internal reports*
- Number of unethical incidents*

* Same as the sustainability targets

Key Progress

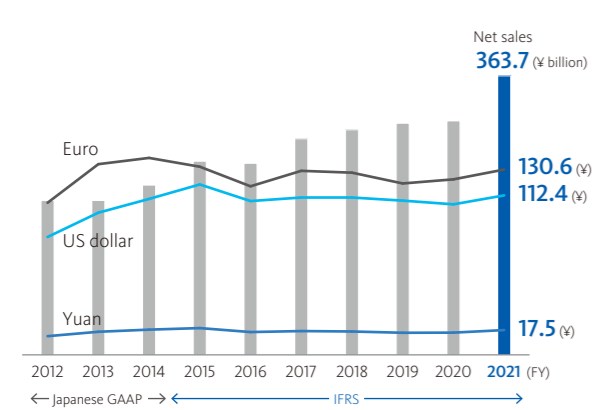
Demand for environmental responsiveness has been growing, from both within and outside the Company. Answering this call, in May 2022 we set and declared the goal of becoming carbon neutral (reducing greenhouse gas emissions to zero in real terms) by 2040. To improve the effectiveness of governance, we have revised our structure so that the majority of members on the Nominating and Compensation committees are outside members of the Managing Board. Furthermore, we

have deliberated on strengthening our sustainability management to realize a sustainable society and achieve sustainable growth for Sysmex. We are moving forward with the formulation of a long-term management strategy and mid-term management plan that will integrate Sysmex's unique sustainability management and growth strategy, with a view to announcing these plans in May 2023.

Financial Performance

■ Net Sales

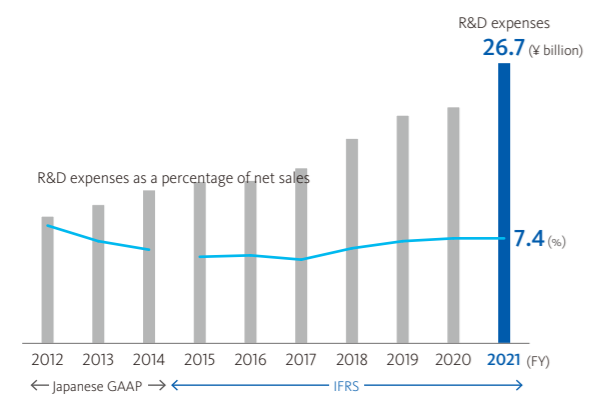
¥363.7 billion
(Up 19.2% year on year)



Reagent sales grew substantially, thanks to a recovery in testing demand. Net sales rose significantly, owing to an expansion of the direct sales area, an increase in the installed instrument base and a boost from demand for testing related to COVID-19.

■ R&D Expenses/
R&D Expenses as a Percentage of Net Sales

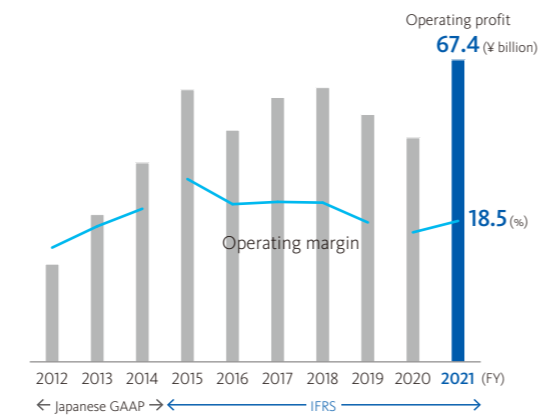
¥26.7 billion 7.4%
(Up 19.0% year on year) (Same level as in the previous year)



These expenses rose due to new product development and an increase in expenses for global regulatory application activities.

■ Operating Profit/Operating Margin

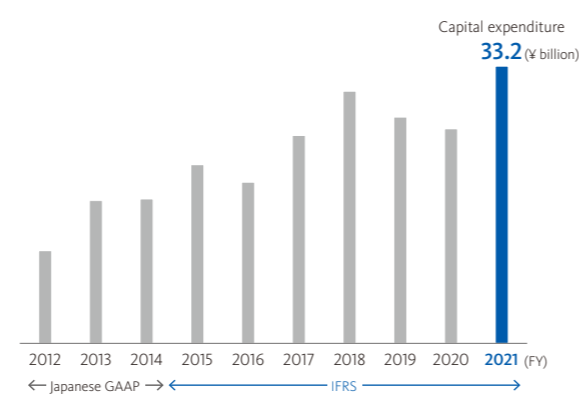
¥67.4 billion 18.5%
(Up 34.8% year on year) (Up 2.1 percentage points year on year)



Higher sales and an improved cost of sales ratio pushed up gross profit substantially. Additionally, our sales activities grew more efficient as a result of COVID-19, which has led a significant increase in operating profit.

■ Capital Expenditure (including tangible and intangible)

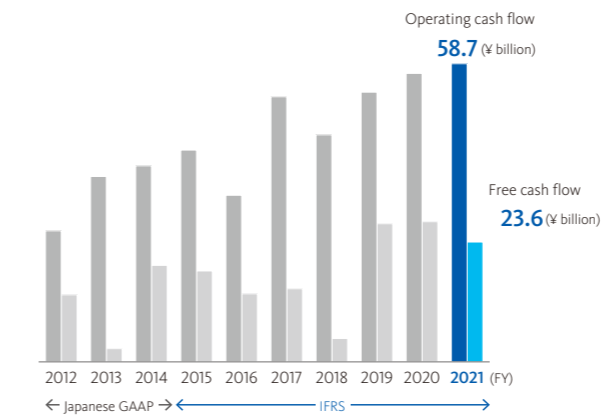
¥33.2 billion
(Up 29.4% year on year)



In addition to DX investment, customer lease assets grew as a result of a recovery in instrument demand.

■ Operating Cash Flow/Free Cash Flow

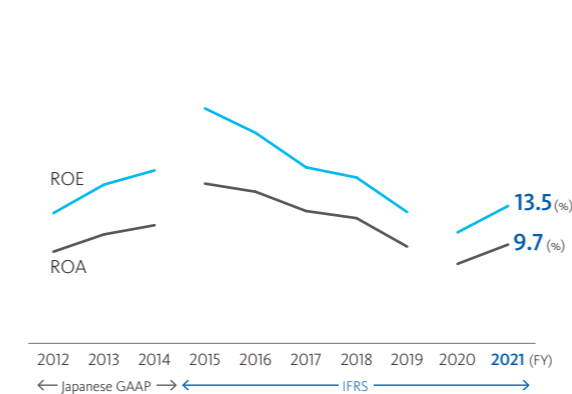
¥58.7 billion ¥23.6 billion
(Up 3.3% year on year) (Down 14.5% year on year)



Operating cash flow rose, due mainly to increases in profit before tax and depreciation and amortization. However, investing cash flow also rose, owing to purchases of property, plant and equipment and intangible assets. Free cash flow decreased as a result.

■ ROE/ROA

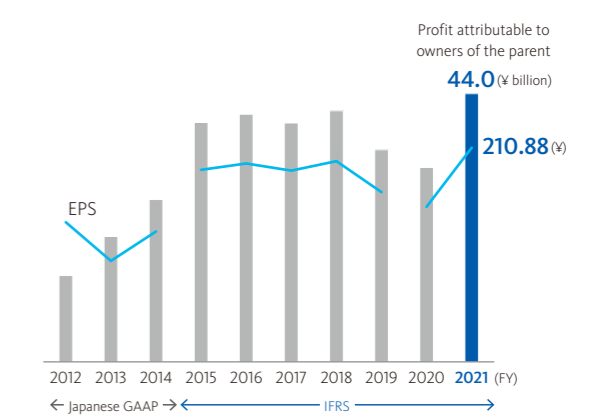
13.5% 9.7%
(Up 2.6 percentage points year on year) (Up 1.9 percentage points year on year)



Total equity attributable to owners of the parent and assets increased, but profit expanded, causing ROE and ROA to rise.

■ Profit Attributable to Owners of the Parent/
Basic Earnings per Share (EPS)

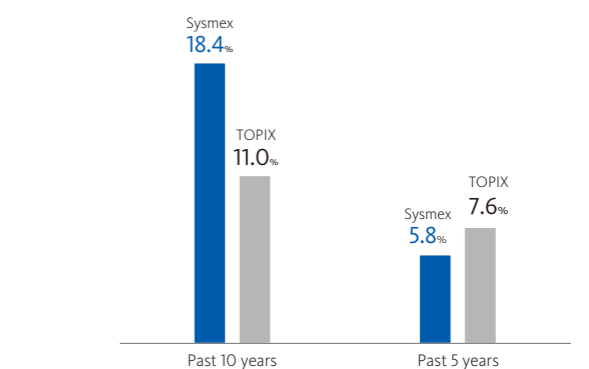
¥44.0 billion ¥210.88
(Up 38.2% year on year) (Up 38.1% year on year)



Operating profit rose and foreign exchange losses (gains) improved, leading to higher profit.

■ Total Shareholder Return (TSR) (Annualized Rate)

18.4% 5.8%
(Past 10 years) (Past 5 years)

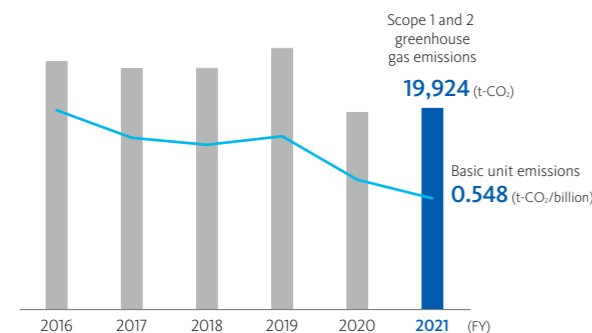


Owing to our steady payment of dividends, our yield has outperformed TOPIX over the past 10 years.

Non-Financial Performance

Scope 1¹ and 2² Greenhouse Gas Emissions/ Basic Unit Emissions

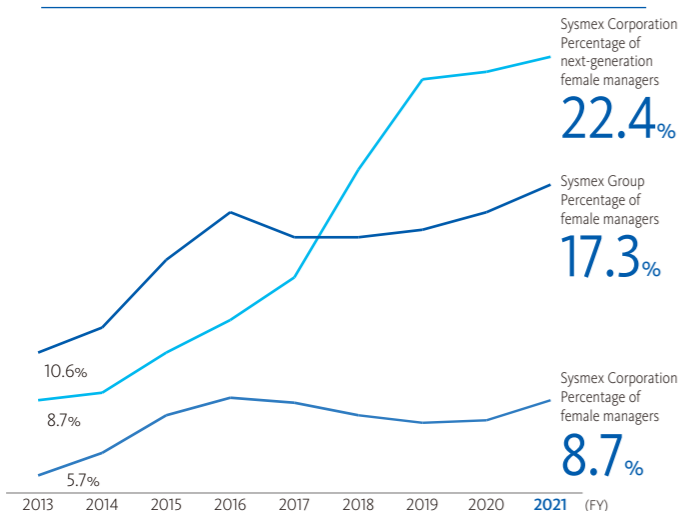
19,924 t-CO₂ **0.548 t-CO₂/billion**
(Up 2% year on year) (Down 14% year on year)



Total emissions rose, due to a worsening of CO₂ emission factors (mainly at bases in Japan) and an increase in PCR testing operations at CoviLab. Basic unit emissions decreased, owing to higher sales.

1. Scope 1: Greenhouse gases emitted directly by Company facilities, factories and company vehicles
2. Scope 2: Greenhouse gases emitted indirectly by the Company due to energy use

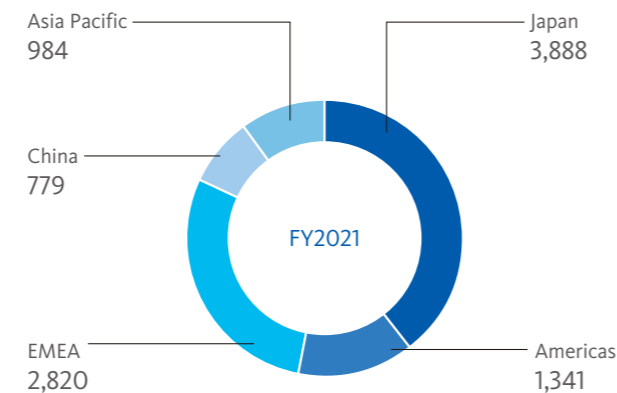
Percentage of Female Managers/Percentage of Next-Generation Female Managers



These percentages increased, particularly in Japan, owing to the introduction of a job-based human resource system and a “smart work” system.

Number of Group Employees/ Percentage of Overseas Employees

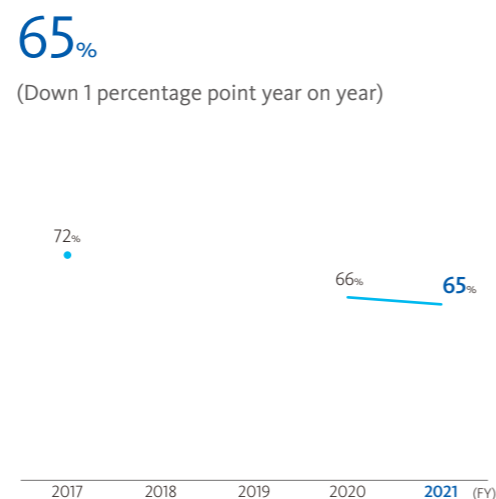
9,812 **60.4%**



Employee numbers continued to rise in tandem with our scale of business, such as our expanding direct sales and service area.

Engagement Score

(EMEA excluded in fiscal 2020 and fiscal 2021)



The score was down mainly in China and other parts of Asia.

Topics in Fiscal 2021

Expanding Our Portfolio in the Hematology Field

In the hematology field, we introduced a compact model in March 2021. In April, we rolled out our next-generation flagship model (multiparameter automated hematology analyzer). In June 2022, we launched sample transportation system modules equipped with the world's first automated measurement function for quality control material. Sysmex holds the leading share of the global market in the hematology field. Even now that we have reached the apex of this field, we continue expediting the market introduction of new products in global markets in the aim of providing more valuable test results and creating a laboratory environment that can make the best use of these results.



TARC Assay Kit Approved for an Additional Indication as an Auxiliary for Assessment of COVID-19 Aggravation Risk

In June 2021, the Th2 chemokine (TARC) kit that we developed jointly with Shionogi & Co., Ltd. was approved for an additional indication as an auxiliary for assessment of aggravation risk in patients who have tested positive for COVID-19. This new diagnostic method is useful for predicting the aggravation risks of COVID-19 in the initial stage of onset, which can lead to optimal measures, such as inpatient treatment for those at high risk and hotel quarantine or at-home treatment for low-risk patients. As a result, the method is expected to help optimize medical resources.



Development of Gene Panel Testing for Inherited Retinal Dystrophy

In September 2021, genetic diagnosis for inherited retinal dystrophy using a gene panel testing system we developed jointly with Kobe City Eye Hospital has been approved as Advanced Medical Care B in Japan. This is one example of how we are expanding our portfolio in the domain of hereditary disease within life science field by leveraging our experience in the clinical implementation of cancer genome profiling and the synergy within Group companies. In June 2022, we submitted an application for manufacturing and marketing approval in Japan for this gene panel testing system for inherited retinal dystrophy.

Capital and Business Tie-up with KAINOS Laboratories

In February 2022, we formed a capital and business tie-up with KAINOS Laboratories, Inc. with a view toward strengthening capabilities to develop and produce diagnostic reagents in the immunochemistry field. Sysmex and KAINOS have been collaborating in the immunochemistry field, with KAINOS assuming responsibilities for the development and production of selected diagnostic reagents for Sysmex's immunochemistry analyzers. The capital tie-up will further advance this collaborative relationship and accelerate the expansion of our lineup of immunochemistry diagnostic reagents.

Establishment of a Subsidiary in Saudi Arabia

Sysmex is working to reinforce its sales and service structure in the Middle East, with the aim of expanding business in this growing market. Following on from earlier initiatives in the Middle East market, where high rates of growth are expected (Dubai in 2008 and Egypt in 2018), in February 2022 we established a subsidiary in Saudi Arabia. In Saudi Arabia, we are moving from sales and service via distributors to conduct direct sales and services. By capturing customer needs with precision, we aim to gain a greater market share for its mainstay hematology business in the region, while at the same time creating a stronghold in the urinalysis and hemostasis markets there and seeking opportunities for other businesses.



Status of Sustainability Targets

Materiality	KPI	Target		Results					Progress and Future Initiatives		
		Fiscal 2023	Fiscal 2025 (Eco-Vision)	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021			
Resolution of Medical Issues through Products and Services	Resolution of medical issues through innovation	Hematology market share ¹⁵	Percentage of consolidated sales to market size of instruments, reagents, and services in a single year in the field of hematology	—	—	52.7%	53.8%	54.7%	55.6%	55.7%	Though the impact of the COVID-19 pandemic remains in some regions, our share of the hematology market slightly increased in fiscal 2021 compared to the previous fiscal year, as sales of hematology products grew due to the expansion of direct marketing and service areas. In the future, new flagship models will be sequentially introduced. In addition, the number of tests for breast cancer using the OSNA method increased because the number of surgeries has returned to its previous level. In conjunction with business activities, the numbers of patents held and patent applications have steadily increased.
		Number of patents	Total number of patents, utility model rights and design rights obtained	—	—	2,709	2,987	3,143	3,485	3,680	
		Number of new patents	Total number of patents, utility model rights and design rights applied for	—	—	301	346	306	287	298	
		Number of cancer genomes analyzed ²	Number of cancer genomes analyzed by the NCC OncoPanel	—	—	—	—	—	1.6 thousand	1.6 thousand	
		Number of breast cancer tests using the OSNA™ method	Number of breast cancer tests using the OSNA method	—	—	—	—	—	46 thousand	54 thousand	
	Improvement in accessibility to healthcare	Sales in emerging and developing markets	Consolidated sales in emerging and developing markets	—	—	—	—	¥122.0 billion	¥143.0 billion		
Responsible Provision of Products and Services	Pursuit of quality and trust	Number of recalls	Number of voluntary recalls/repairs for products sold (instruments and reagents)	—	—	—	—	—	4	2	There were only two recalls in fiscal 2021, which was half the number as in the previous fiscal year. Of these recalls, none were Class I; two were Class II (one for an instrument and one for a reagent). As in the previous fiscal year, no FDA warning letters were issued. As well as constructing a framework to fully comply with regulations in each country around the world, defective products are prevented from entering the market by conducting regular quality audits, timely collection of information from the market through our global quality complaint processing system, and full investigations into the causes of defective products. We will maintain and improve the safety and quality of our products in the future.
		Number of FDA warning letters	Number of FDA warning letters issued to Sysmex	—	—	—	—	—	0	0	
	Strengthening of supply chain management	CSR survey response rate	Percentage of raw material suppliers that responded to CSR surveys (primary suppliers in Japan and overseas)	90%	—	81%	84%	85%	89%	90%	
		Number of training sessions for suppliers ³	Number of briefings, training, and other training sessions for domestic suppliers (single year)	6	—	—	—	—	2	5	
		Third-party certification rate of suppliers ³	Percentage of primary raw material suppliers (domestic) obtaining third-party certification for manufacturing and product quality	—	—	—	—	—	86%	88%	
Realization of an Attractive Workplace	Provision of a comfortable working environment	Engagement score	Corporate culture survey results	75%	—	72%	—	—	66% (except EMEA ⁴)	65% (except EMEA)	The engagement score in fiscal 2021 decreased by 1% compared to the previous fiscal year. This was mainly due to a decrease in the scores in China and West Asia. The turnover rate increased by 0.6%. This is a result of activation of the human resource market, which had slumped due to the COVID-19 pandemic. However, our turnover rate is lower and the employee retention rate is considered to be high compared to an average turnover rate of about 9% in the manufacturing industry. We will continue to promote establishment of a globally consistent job-based human resource management system, conversion to a globally competitive remuneration system, securing and training talented personnel, creating a comfortable working environment, and engaging in labor-management dialogues in the future.
		Turnover ratio ²	Turnover ratio of regular employees, excluding those who have reached the mandatory retirement age	—	—	—	—	—	2.7%	3.3%	
	Percentage of days of paid leave taken ²	Percentage of days of annual paid leave taken per regular employee	—	—	—	—	—	61.3%	62.4%		
	Percentage of men taking childcare leave ³	Percentage of male employees (including part-time workers) taking childcare leave after their spouse bears a child	30.0%	—	—	—	—	33.8%	57.1%		
	Promotion of diversity and inclusion	Female managers ratio	Ratio of women at director level or above	17.0%	—	15.2%	15.2%	15.5%	16.2%	17.3%	
		Percentage of employees with disabilities ⁵	Percentage of employees with physical, intellectual or mental disabilities	2.38%	—	2.04%	2.21%	2.30%	2.30%	2.31%	

1 Some figures have been revised from previous reporting.
2 Target: Group companies in Japan
3 Target: Sysmex Corporation on a non-consolidated basis
4 Europe, the Middle East, and Africa
5 Source: Clearstate and Sysmex's assumption

Materiality		KPI		Target		Results					Progress and Future Initiatives
				Fiscal 2023	Fiscal 2025 (Eco-Vision)	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	
Realization of an attractive workplace	Development of human resources	Training time per employee	Average training time per employee for training provided by HR and each division (including online training)	40.0 hours		—	—	—	24.5 hours	31.4 hours	The outcome for fiscal 2021 increased by 6.9 hours compared to the previous fiscal year. Expansion of mission leader training, on-board training, and online training was carried out in Japan, and specialized education was enhanced in each division. We will continue to expand and enhance our employee training in the future.
	Promotion of health and occupational safety	Total annual working hours ²	Total annual hours worked per regular employee	1,950 hours	—	—	—	—	2,030 hours	2,045 hours	The outcome for fiscal 2021 increased by 15 hours compared to the previous fiscal year. We were not able to alleviate staff shortages in response to the COVID-19 pandemic while also taking actions for technological innovation and business restructuring. In the future, we aim to reduce working hours by introducing a system to monitor a value-added labor productivity index, in addition to promoting "smart work" system, managing working hours, and conducting employee training.
		Lost-time injury frequency rate ²	Number of employee death or injuries resulting from work-related accidents per million hours actually worked	0.58		—	—	—	0.78	0.91	The lost-time injury frequency rate increased by 0.13 points for fiscal 2021, and there were seven industrial accidents (six in the previous fiscal year), including injuries in factories. As a measure to prevent industrial accidents, we held training sessions by industrial physicians to prevent falls. In order to reduce the lost-time injury frequency rate, we are enhancing risk forecast training and will continue to provide training sessions by external lecturers in the future.
		Lost work day rate ²	Number of days absent from work due to work-related injuries per 1,000 hours actually worked	0.02		—	—	—	0.05	0.04	
Environmental consideration	Environmental consideration through product lifecycles	Reduction of CO ₂ emissions (instruments)	Percentage reduction of CO ₂ emissions per instrument unit with FY2016 as the base year	Cut 20%	Cut 15%	Cut 12%	Cut 10%	Cut 2%	Cut 8%	Cut 22%	CO ₂ emissions per instrument decreased by 14% in fiscal 2021 from the previous fiscal year. This reduction was mainly due to increased sales of power-saving products and global improvement in CO ₂ emission factors. Going forward, we will continue to promote reductions in CO ₂ emissions and water consumption by developing and selling new products requiring less electricity and water.
		Reduction of water consumption (instruments)	Percentage reduction of water consumption per instrument unit with FY2016 as the base year	Cut 10%	Cut 15%	Cut 8%	Cut 2%	Cut 4%	Cut 6%	Cut 13%	
	Reduction in environmental burdens through activities at business offices	Reduction of CO ₂ emissions (shipping)	Percentage reduction of CO ₂ emissions per S-Corp sales with FY2016 as the base year	Cut 20%	Cut 15%	Cut 17%	Up 1%	Cut 17%	Cut 25%	Cut 1%	The outcome for fiscal 2021 increased by 24% from the previous fiscal year. This increase was mainly due to delays in instrument production due to a shortage of semiconductors and an increase in the use of air transport in response to a fire at a contracted distribution center. We are reducing CO ₂ emissions associated with product transport by promoting modal shifts and a shift in reagent production from Japan to local production sites.
		Reduction of packaging and labeling materials	Percentage reduction of total packaging material weight with FY2019 as the base year	—	—	—	—	—	Cut 4%	Up 9%	The outcome for fiscal 2021 increased by 13% from the previous fiscal year. This was due to an increase in product packaging materials (paper packages) due to growing reagent sales. We are promoting a reduction in packaging materials by downsizing boxes to best fit products and changing packing methods.
	Reduction in environmental burdens through activities at business offices	Reduction of CO ₂ emissions (business activities)	Percentage reduction of CO ₂ emissions from business activities per consolidated sales with FY2016 as the base year	Cut 40%	Cut 50%	Cut 14%	Cut 17%	Cut 13%	Cut 35%	Cut 44%	The Scope 1 and 2 emissions in fiscal 2021 increased by approximately 2% from the previous fiscal year, because CO ₂ emission factors worsened at our main business locations in Japan, and there was an increase in PCR tests after our CoviLab started operation at the Research and Development Center. CO ₂ emissions per unit were reduced due to an increase in consolidated sales. We continue to promote optimization of our operations and energy-saving measures. At the same time, we are strengthening our approach to achieving carbon neutrality by gradually switching the electricity consumed at our business locations to renewable energy sources.
		Reduction of water consumption (business activities)	Percentage reduction of water consumption from business activities per consolidated sales with FY2016 as the base year	Cut 5%	Cut 15%	Cut 8%	Cut 7%	Up 6%	Cut 7%	Cut 19%	The outcome for fiscal 2021 increased by approximately 3% from the previous fiscal year due to an increase in production. Water consumption per unit decreased by 12% due to an increase in consolidated sales. We are taking actions to reduce water consumption by revising production methods and introducing equipment to optimize the efficiency of water usage and using recycled water at each business site.
		Recycling rate	Resources recycled per total waste generated	85% or higher	93% or higher	89%	76%	67%	78%	79%	The recycling rate for fiscal 2021 increased by 1% from the previous fiscal year. The total volume of waste increased by approximately 11% due to an increase in PCR tests after starting operation of the CoviLab at our Research and Development Center, while waste generated per unit decreased due to an increase in consolidated sales.
		Reduction of total waste ¹	Percentage of reduction of total waste generated by business activities per consolidated sales with FY2019 as the base year	Cut 10%		—	—	—	Cut 8%	Cut 15%	We are continuing to take measures to reduce waste and to increase recycling rates by utilizing recyclable materials and consumables, implementing appropriate inventory management, and extending expiry dates for reagent products.
		Ratio of product waste to sales	Ratio of product waste caused by expiry and other reasons to consolidated sales	—		—	—	—	0.6%	0.6%	
	Reinforcement of governance	Corporate governance	Number of meetings with investors and analysts ³	Number of meetings with institutional investors and securities analysts	—		—	—	—	506	485
Compliance		Number of internal reports	Number of internal reports of incidents received	—	—	32	14	11	12	28	There were 14 unethical incidents in fiscal 2021, but none were significant violations. A total of 28 internal reports were received in Japan and from overseas. We conducted investigations regarding these reports and dealt with each of them appropriately.
		Number of unethical incidents	Total number of incidents in which the violations of the law were found, and disciplinary actions were taken for the violation of the Global Compliance Code	—		—	9	7	5	14	We conduct training and educational activities for our employees as a foundation to promote and ensure compliance, and provide continuous training to employees to act in accordance with the Global Compliance Code.
Risk management		Number of information security trainees ²	Number of participants in information security training (gross)	—		—	—	—	2,720	3,601	In fiscal 2021, we held e-learning on cyber security in multiple languages for all our Group employees, as well as temporary employees and independent contractors. We provide regular training for employees to strengthen the information security management structure throughout the Group.
	Participation rate in disaster drills ²	Percentage of participants in training using safety confirmation tool assuming a disaster, etc. (including employees on long-term leave)	—		—	—	—	98.7%	98.7%	In fiscal 2021, disaster drills and e-learning were conducted. We continue to enhance our response to risks in business continuity by conducting regular exercises and training, introducing a system to confirm employees' safety, and setting out rules and manuals to respond to disasters.	

Financial and Capital Strategies

(Message from the Executive in Charge of Finance)



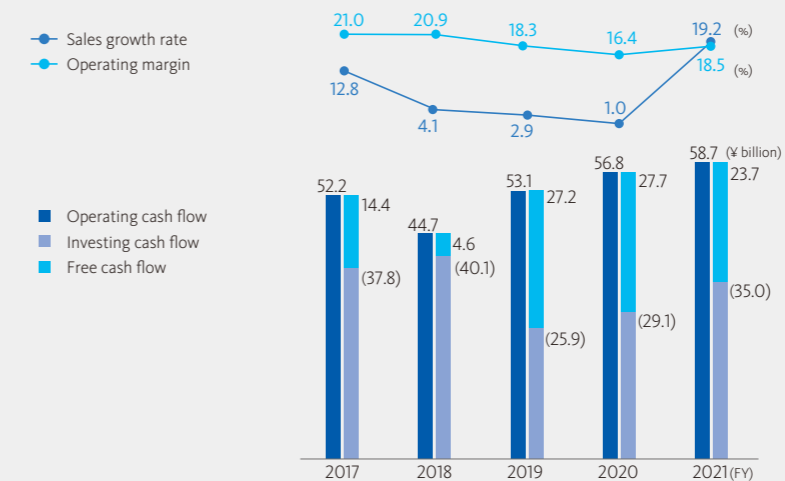
We will invest management resources that contribute to the advancement of healthcare and achieve increased corporate value through a cycle of growth and investment.

Kenji Tachibana

Member of the Managing Board and Senior Executive Officer
Senior Managing Director
Corporate Management, Regulatory Affairs & Quality Assurance and DX Strategy Development

Major KPIs

Net Sales	Double-Digit Growth Augment the portfolio, expand fields and regions, develop new businesses
Operating Margin	Around 20% Expand reagents and services and support, and improve the cost of sales ratio for products
Free Cash Flow	Reinvest in growth by increasing operating cash flow



Fundamental Financial Policies

System's business domain, healthcare, has been characterized by ongoing development of treatment methods and diagnostic technologies over many years. Recent years have seen the emergence of genomic medicine, regenerative medicine and other innovative technologies, and pre-symptomatic and preventive medicine have gained importance. The mission of System Group, as set out in our corporate philosophy, the "System Way," is "Shaping the advancement of healthcare." As such, in addition to competing in existing markets, we also play an important role in creating and developing new markets ourselves, such as in the fields of FCM and life science. To this end, technology-oriented management with an eye on the evolution of the healthcare field is essential, and we must continue to make up-front investments in technology. Additionally, our sources of funds must continue to increase.

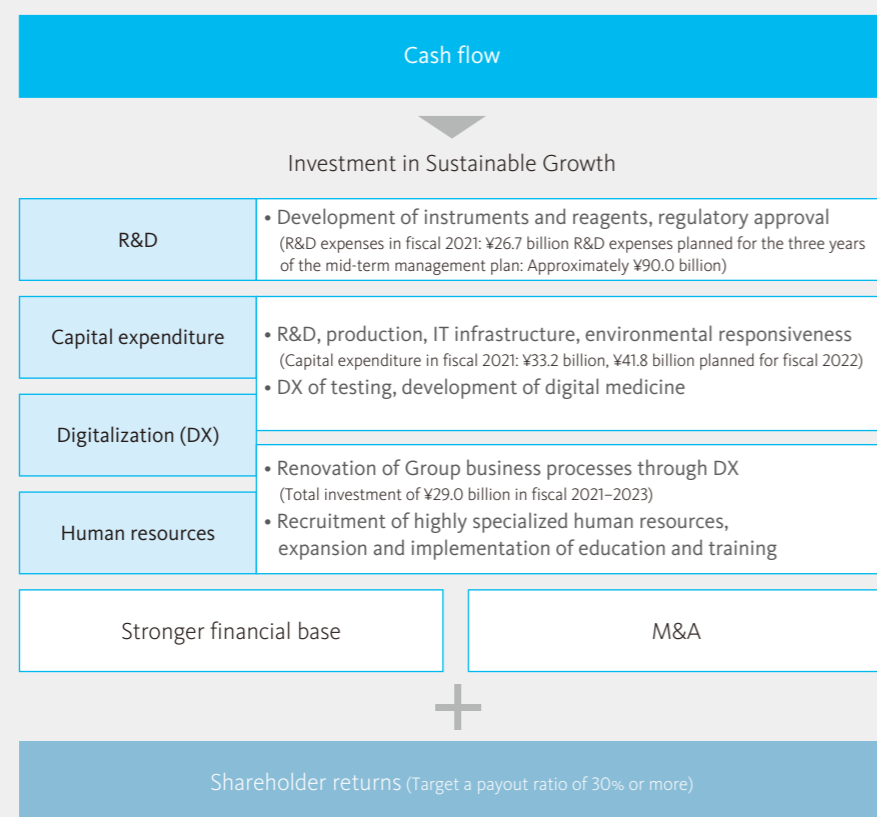
Based on this thinking, System has set net sales, operating margin, and free cash flow as its major KPIs. We are focused on consistently repeating a cycle of generating double-digit or higher net sales growth that outpaces market growth, generating profits such that the operating margin is around 20%, and reinvesting cash.

System's revenue model, which is the basis for this investment cycle, is a stable business model that generates ongoing sales of reagents and service and support after the customer

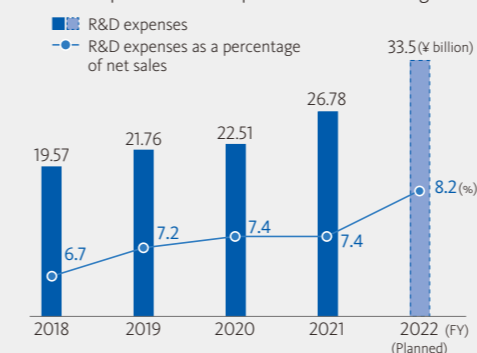
purchases an instrument. Reagents and service and support are more profitable than instruments, and by expanding testing parameters and working to add higher value to service and support, we reached a point where these items accounted for 76.1% of net sales in fiscal 2021. To maintain and reinforce this highly profitable structure, we will continue working to increase sales of reagents and service and support and to make them more profitable. Even with reagents, we benefit from economies of scale in our mainstay field of hematology. We are not yet enjoying the same benefits in other fields, so we will focus on building the scale of testing in non-hematology fields.

Improving the cost of sales ratio is an important theme with regard to increasing profitability. System manufactures instruments in Japan to ensure rapid production in conjunction with development, and to maintain high quality. Although manufacturing in Japan has advantages in terms of functionality and quality, labor and logistics costs are higher than overseas production. Therefore, we will continue our efforts to improve the cost of sales ratio by concentrating on improving production efficiency through automation and seamless linkage with logistics. With regard to improving labor productivity and increasing the efficiency of indirect costs, although these items are currently not at problematic levels, we see them as essential themes for establishing a profitable structure in the future. Accordingly, we will continue to review DX and business processes.

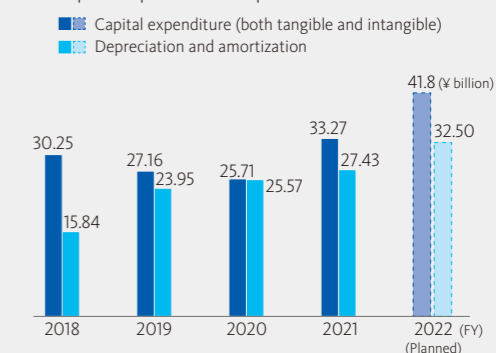
■ Investment in Growth



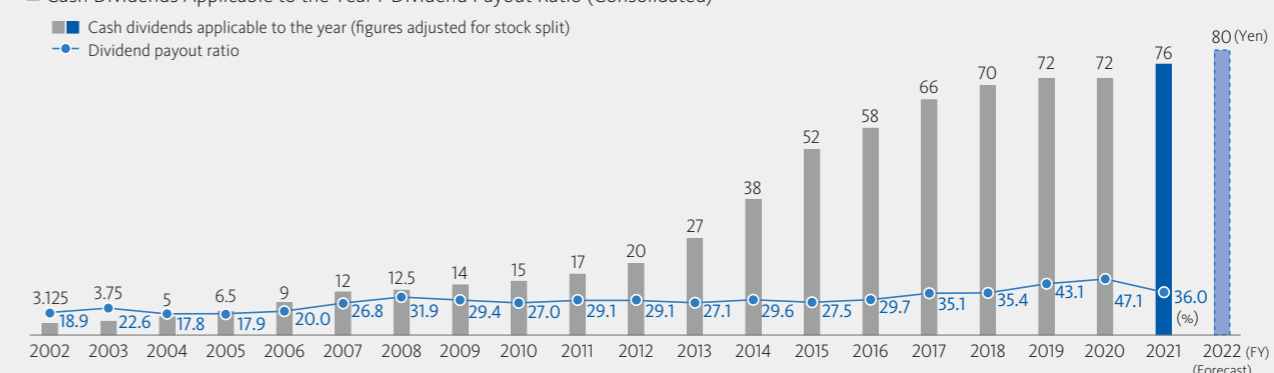
■ R&D Expenses/R&D Expenses as a Percentage of Net Sales



■ Capital Expenditure/Depreciation and Amortization



■ Cash Dividends Applicable to the Year / Dividend Payout Ratio (Consolidated)



Note: Two-for-one stock splits conducted on November 18, 2005, April 1, 2011 and April 1, 2014.

Cash Allocation and Capital Policy

Among the areas for cash allocation are R&D, facilities, DX, human resources, the financial base, M&A, and shareholder returns.

In accordance with its financial policy, Sysmex's growth-oriented resource allocation is focused on R&D to support its growth, production facilities to ensure performance and quality, a service and support network covering more than 190 countries and regions worldwide, and investment in its most important management resource, human capital.

The specific allocation of resources is set according to the strategy of each mid-term management plan. This mid-term management plan places particular emphasis on R&D and DX.

R&D investment centers on expenses, mainly to expand our product portfolio and for expenses for the associated regulatory approvals in countries around the world. During the three years of our current mid-term management plan, we anticipate R&D expenses of approximately ¥90.0 billion. (These expenses totaled ¥63.8 billion in fiscal 2018–2020.) In fiscal 2021, we launched new hematology products in Japan. We also invested proactively in our three key fields: hemostasis, immunochemistry, and life science. For instance, in the immunochemistry field, global competitors have a large share of the market, and market competition is intensifying. Accordingly, the expansion of unique and competitive testing parameters will be the key to our advantage in this market. Increasing the

number of testing parameters a single instrument can measure will also boost profitability. Sysmex positions China as an important market in addition to Japan, and in fiscal 2021, we began offering 18 new reagents in China, bringing the total number of reagents to 37. In life science, we also made steady progress in the development of tests related to COVID-19. In the medical robotics business, in 2021 we began the full-fledged introduction in Japan of a robotic assisted surgery system, and Mediaroid Corporation filed an application to expand regulatory approval to gynecology and gastroenterology. Going forward, we will make up-front investments to increase the number of medical departments utilizing this system and promote its adoption overseas.

In DX, in addition to building an IT infrastructure to improve the efficiency of internal business processes, we are developing a new IT platform, Caresphere. We are promoting DX through this core platform for our customers by focusing on investments in AI, big data utilization, and the advancement of digital medicine. We expect our DX investments to peak from fiscal 2022 to fiscal 2023.

Our capital expenditure will go toward DX investment, the expansion of reagent factories, and the establishment of R&D bases. In April 2022, we established a new R&D base in Singapore (RDCAP). As a result, we have developed a global R&D network that encompasses Japan, the Americas, EMEA, China and Asia Pacific.

As for strategic investments, we will execute M&A with the primary objective of acquiring new technologies. In February 2022, we formed a capital and business tie-up with KAINOS Laboratories, Inc. with a view toward accelerating growth in the immunochemistry field. In May, we purchased additional shares in Astrego Diagnostics AB (presently Sysmex Astrego AB), which possesses antimicrobial susceptibility testing technology, making it a wholly owned subsidiary.

Meanwhile, Sysmex supplies products in more than 190 countries and regions around the world, so it is important to manage asset liquidity, including inventory turnover and inventory trends for each region. With particular regard to inventory optimization, each overseas site precisely assesses fluctuations in product demand and links them to production and supply chain plans, while non-resident inventory is managed centrally in Japan, where we oversee the supply chain.

Investment in human resources includes the acquisition of highly specialized human resources, the expansion and implementation of education and training, capital expenditure to improve the working environment, and DX investment to enhance productivity. Our goal is to increase engagement, create opportunities and an environment in which each employee can demonstrate their abilities, and build a corporate culture in which employees can think and grow on their own. In fiscal 2021, we expanded the scope of the job-based HR management system to all employees Japan. We will strengthen talent

management to create an environment that makes it easy for individual employees to draw up career plans.

Through these efforts and improved profitability, we will work to increase our ROE.

Shareholder returns are based on increasing corporate value and returning profits to shareholders based on cash flow growth. To date, we have been striving to continuously increase dividends with a target payout ratio of 30% or more, and we will continue to promote a dividend policy that focuses on continued stable dividends.