

A male scientist with a beard, wearing safety glasses and blue gloves, is focused on using a pipette to transfer liquid into a small vial. He is wearing a white lab coat over a light-colored shirt. In the background, another person wearing safety glasses is partially visible. The setting is a clean, modern laboratory with white shelves and equipment. A large, semi-transparent white circle is overlaid on the left side of the image, containing the text.

Together for a better healthcare journey

Sysmex is deeply committed to its supporting role as provider of each individual lifetime “healthcare journey,” utilizing its proprietary technology and solutions in better and better ways.

Sysmex will also continue to innovate in testing and diagnosis as important functions within the healthcare journey, collaboratively creating unique values in the areas of personalized medicine and novel treatments.

We will continue to grow as a sustainable company creating social and economic value, providing a greater sense of security among people and the society in which they live.

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Editorial Policy

The Sysmex Report, an integrated report that summarizes financial and non-financial information, is intended to help stakeholders understand Sysmex's medium- to long-term value creation. For more detailed information, please visit our website or see our Sustainability Data Book. In editing this publication, we referred to the International Integrated Reporting Council's International Integrated Reporting Framework, as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry.



Information Disclosure System

Financial Information	Non-financial Information
Sysmex Report (an integrated report, published annually)	
Investor Relations Site https://www.sysmex.co.jp/en/ir/index.html This site discloses details of financial, stock and shareholder information. <ul style="list-style-type: none"> • Financial statements • Financial data, etc. 	Sustainability Site https://www.sysmex.co.jp/en/csr/index.html <ul style="list-style-type: none"> • Sustainability Data Book (PDF, published annually) https://www.sysmex.co.jp/en/csr/report/index.html
	Corporate Governance Report https://www.sysmex.co.jp/en/corporate/governance.html



Sustainability Data Book

Organizations Covered

In principle, this report covers the Sysmex Group (including Group companies in Japan and overseas). In this report, "Sysmex" refers to the Sysmex Group as a whole. "Sysmex Corporation" refers to the Company on a stand-alone basis.

Accounting Standards and Accounting Policies

In fiscal 2016, we voluntarily adopted the International Financial Reporting Standards (IFRS). In this report, figures presented up to fiscal 2014 are in accordance with the Japanese GAAP. From fiscal 2015, figures are presented in accordance with the IFRS.

Forward-Looking Statements

Statements in this report pertaining to Sysmex's future strategies, plans, business performance and other items are based on currently available information and involve certain risks and uncertainties. Actual results may differ materially from those anticipated in these statements.

In the fiscal year ended March 31, 2022, the Sysmex Group changed its method of recognizing the costs of configuration or customization services in cloud computing contracts as an expense when these services are received. Figures for the fiscal year ended March 31, 2021 have been retroactively adjusted.

Period Covered

The target period is fiscal 2022 (April 1, 2022 to March 31, 2023), but the report also covers some activities conducted after April 2023.

Cover Story



Sysmex is committed to establishing and promoting testing and diagnostic technologies that put less of a burden on patients, both in Japan and overseas. As part of these efforts, we have introduced a diagnostic reagent that examines the accumulation in the brain of amyloid beta, which is known to be a cause of Alzheimer's disease, from a small amount of blood. We aim to help realize personalized healthcare, which is optimized to the individual, through our unique technologies and solutions, empathizing with the universal desire of people to live a long and healthy life, and improving their healthcare journey.

>>Website: Brand Concept Movie

Corporate Philosophy of the Sysmex Group

“Instilling confidence in stakeholders”

—A Sysmex Ideal Unchanged Since Our Founding—

The “Sysmex Way,” the corporate philosophy of the Sysmex Group, carries forward the spirit of our founder, Taro Nakatani, which calls for us to instill confidence among our customers, associates, and employees. We have always been conscious of our stakeholders and have conducted our business and actions with their interests in mind. Mr. Nakatani emphasized that in this ever-changing world nothing lasts forever, and it is customary for things to wax and wane, including companies. To ensure corporate sustainability in a constantly changing society, he stressed the importance of taking on challenges and continuing to transform ourselves. Sysmex is in alignment with the universal desire of people to be healthy and live long lives. In this spirit, we will continue to push forward in providing personalized healthcare and driving advances in healthcare.

The Founder’s Purpose

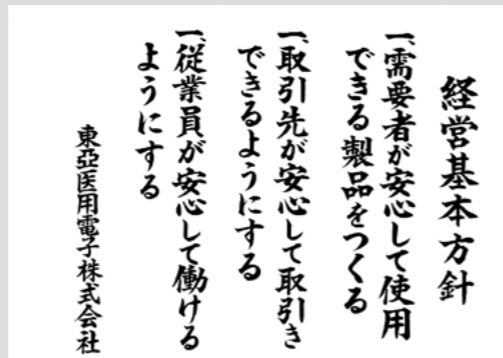


Founder: Taro Nakatani

Our founder, Taro Nakatani, defined our corporate objective thus: “By providing the products we create, we will help resolve the issues society faces and make our own lives more fulfilling.” This objective forms the basis for our founding philosophy, the “Three Aspects of Confidence.”

The “Three Aspects of Confidence:”

- | | | |
|--------------------------------|------------------------------|-----------------------------|
| Confidence among our customers | Confidence in our associates | Confidence of our employees |
|--------------------------------|------------------------------|-----------------------------|



Our founding philosophy, the “Three Aspects of Confidence:”

- Total customer confidence in all of our products.
- Total confidence in our associates in all our business transactions.
- Total confidence of our employees in themselves and all their work.

In 2007, we formulated the “Sysmex Way,” the corporate philosophy for the Sysmex Group, carrying forward and expanding the perspective of our founding philosophy. Our current corporate philosophy consists of three parts: Mission, which defines our social raison d’être and states how we hope to contribute to society: Value, which describes the values and management style that we must abide by, and Mind, which expresses the mindset and code of conduct that every employee within the Sysmex Group must observe. Shared Values* encompass the customers, business partners and employees expressed in our original company philosophy, the “Three Aspects of Confidence.” In addition, they declare our objective of instilling confidence in other stakeholders, our shareholders, and society.

Sysmex Way

Mission

Shaping the advancement of healthcare.

Value

We will continue to create unique and innovative values, and ensure *anshin* for individuals in society.

Mind

With passion and flexibility, we demonstrate our individual competence and unsurpassed teamwork.

Shared Values

To our Customers

Ensure *anshin* with unmatched quality, advanced technology, mindful support, and actions that reflect the needs of our customers. We constantly seek to better understand what our customers require so that we may generate new and more satisfactory solutions.

To our Employees

Ensure *anshin* by honoring a diversity of employees, respecting their personality, and providing a workplace where they can fulfill their potential. We value independence and a challenging spirit, provide employees with opportunities for self-fulfillment, growth, and reward for their accomplishments.

To our Business Partners

Ensure *anshin* based on fairness and impartiality in a broad range of partnerships. We strive to grow as a company in step with our business partners through respect and mutual trust.

To our Shareholders

Ensure *anshin* by promoting the proper disclosure of information and keeping closer communication with shareholders with sound and transparent management. We are committed to an innovative yet consistent style of management for sustainable growth and increased shareholder value.

To Society

Ensure *anshin* as a responsible member of society by conducting our business adhering to the highest ethical standards in addition to laws and regulations. We play an active role in addressing environmental and other issues facing our society.

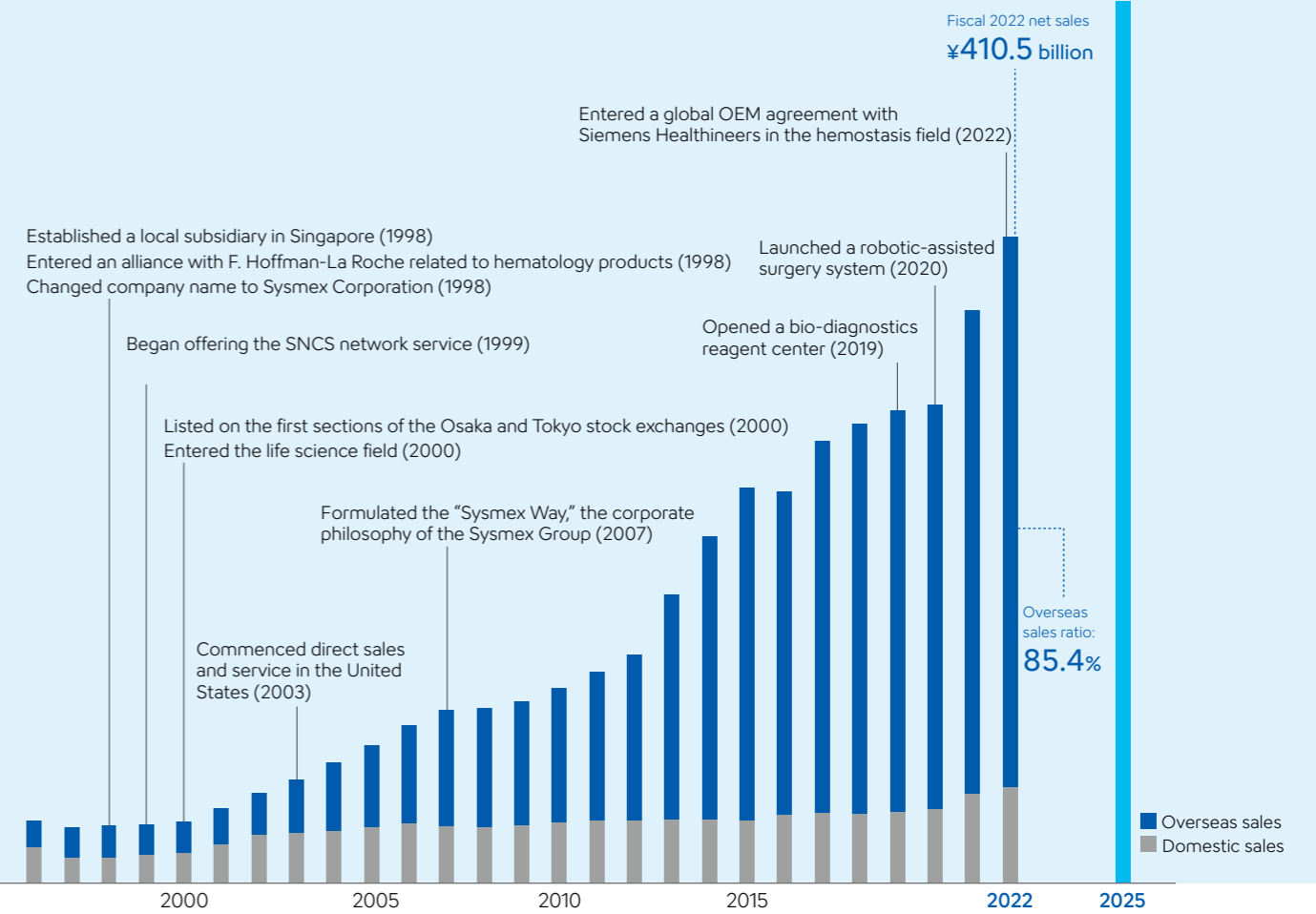
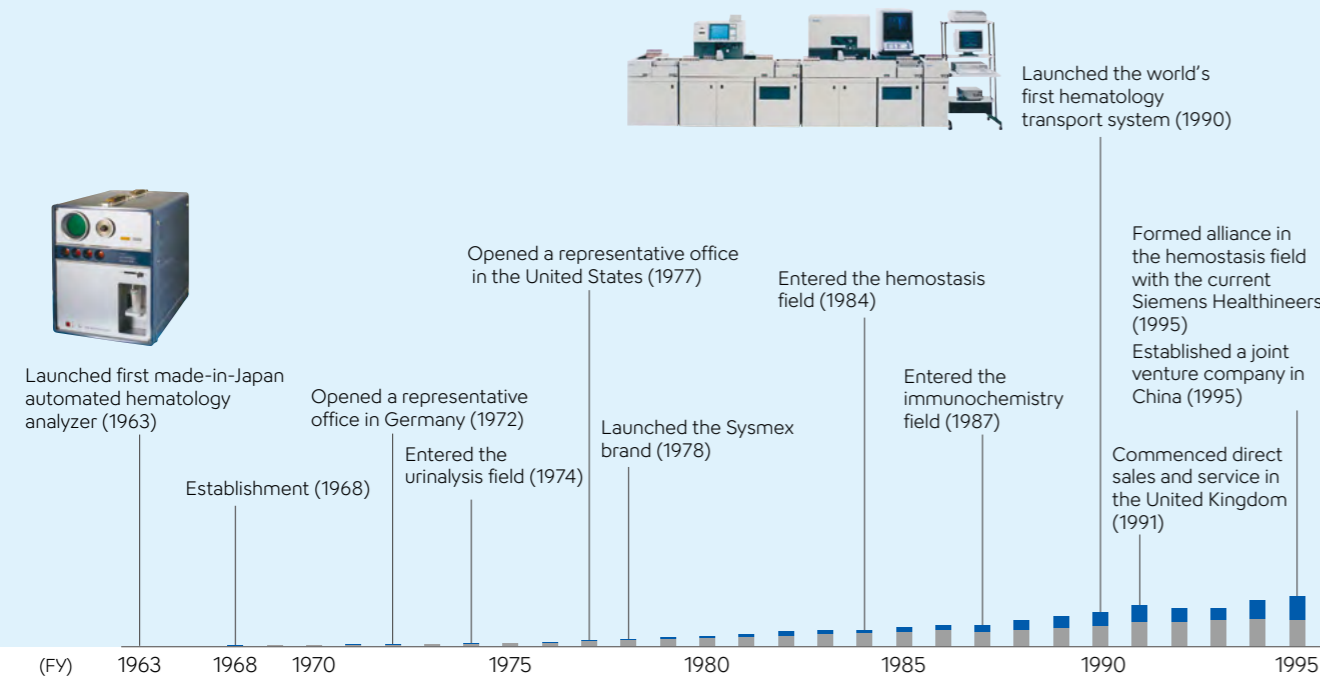
Anshin is a word at the core of the Sysmex corporate philosophy that embodies the essence of what we have been pursuing since our foundation, and has the following meanings:

- A state in which customers have **no concerns about the safety and quality** of our products and services.
- A state in which stakeholders can **trust, be confident and reassured** in our relationship, transactions, interaction, and all other matters.
- A state in which individuals in society can be **in a calm state of mind with little or no anxiety** about their own health, lives, or other matters.

* To communicate more clearly that these are the values we provide to each stakeholder, in fiscal 2023 we changed our “Core Behaviors” to “Shared Values.”

Sysmex's History

Since its founding, Sysmex has always been committed to providing products and services that meet the needs of the times, by anticipating changes in the operating environment. It all began with the commercialization of Japan's first automated hematology analyzer. Nowadays, in addition to diagnosis, our offerings span multiple fields, and our value proposition extends into the areas of prevention and treatment.



1963—1980'

Changes in the Operating Environment
Enrollment in National Health Insurance (Japan)
Growth in Healthcare Demand

Value Provided by Sysmex
Automation of Blood Cell Testing (Hematology)

- Launched first made-in-Japan automated hematology analyzer
- Developed reagents as well as instruments, realizing increases in testing quality and performance

Changes in Sales by Field

FY1980

Hematology	100%
(including some sales from other fields)	

1980'—1990'

Increasingly Diverse Healthcare Needs
Efforts to Optimize Medical Expenses

Increasing Value Provided to Laboratories in Addition to Testing

- Developed the world's first hematology transport system, making the testing process more efficient and safer
- Expanded into the fields of urinalysis, hemostasis and immunochemistry

FY1990

Hematology	90.8%
Non-hematology (urinalysis, hemostasis, immunochemistry, and others)	9.2%

1990'—2010'

Promotion of Globalization
Advent of the IT Revolution

Expanding the Sales and Service Area
Beginning to Provide Services Utilizing IT

- Expanded our direct sales and service structure, and expanded offerings to more than 190 countries and regions
- Began using IT to provide proprietary services and support

FY2002

Hematology	54.0%
Urinalysis/ fecal occult blood	5.0%
Hemostasis	15.5%
Immunochemistry	9.0%
Clinical chemistry	4.8%
Others	11.7%

2010'—

Medical Application of Innovative Technologies
Increasingly Diverse Healthcare and More Diverse Needs

Taking on Challenges in Personalized Medicine and Other Areas to Further Expand Our Business Domain

- Developed and commercialized a gene testing system in the cancer domain
- Expanded into testing for Alzheimer's disease and malaria
- Launched a medical robotics business

FY2022

Hematology	58.8%
Urinalysis	8.3%
Hemostasis	16.3%
Immunochemistry	5.7%
Clinical chemistry	0.8%
FCM	0.6%
Life science	4.9%
Others	4.0%
Medical robotics	0.6%

Snapshot (Sysmex's Management Resources)

Note: Unless indicated otherwise, figures are as of the end of fiscal 2022.

R&D Capabilities and Intellectual Property



Global R&D bases, technologies and knowhow

R&D bases: **24 locations**

Three-year total R&D investment (Fiscal 2020-2022): **¥80.3 billion**

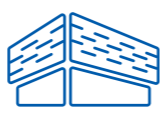
Average number of development projects per year: **Around 65** (Average over the past five years)

Number of patents: **3,832** (Total number of patents, utility model rights and design rights)

Issues

- Acquire and strengthen technologies through open innovation and others

Production and Distribution Structure



Commitment to quality and stable supply

Instrument production bases: **8 locations**

Number of items produced (reagents): **1,253 items**


Reagent production bases: **14 locations**

Suppliers (Tier 1): **Approximately 250 companies**

Issues

- Step up the use of IT with a view to global cost competitiveness
- Shift manufacturing overseas (in some regions)

Global Sales and Service Structure



Access to healthcare needs that varies by region and facility

Sales and service bases: **62 locations**

Customer needs addressed: **Approximately 13,600** (non-consolidated basis)

Countries and regions where business is conducted: **More than 190**


Alliance partners: **Roche, EIKEN CHEMICAL, Siemens Healthineers, others**

Issues

- Strengthen the sales and service structure in China, India, and other countries
- Expand services through more sophisticated IT



Diverse Human Resources



Realizing growth and respecting individuals, and building a human resource portfolio

Engagement score: **71%**

Number of Employees: **10,522**

Female managers ratio: **19.5%** (excluding Russia)

Training time per employee: **30.0 hours**

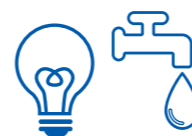
Composition of Employees by Destination

- Japan: 38.7%
- Asia Pacific: 10.3%
- China: 7.6%
- EMEA: 29.1%
- Americas: 14.3%

Issues

- Strengthen engagement
- Respond to global competition for talent

Environmental Resources



Efficient use of environmental resources

Percentage reduction in CO₂ emissions from business activities: **55% reduction** (Base year: Fiscal 2016)

Percentage reduction in CO₂ emissions when using instruments: **27% reduction** (Base year: Fiscal 2016)

Decreased electricity consumption by new products in the hematology field: **Approximately 40%** (Compared with Sysmex's older products)

Issues

- Establish a medium- to long-term roadmap that contributes to the realization of a circular resource society



Stable Financial Foundation



Sustainable growth and high profitability

Net sales: **¥410.5 billion**

Operating margin: **17.9%**

Market capitalization: **¥1.8 trillion**

ROE: **12.4%**

Percentage of recurring sales: **77.6%** (Sales of reagents, services and support, others)

Issues

- Further improve profitability and capital efficiency

Brand strength



Trust from stakeholders

Customer Assessment in the United States: **Top rating for the past 17 years** (Source: IMV ServiceTrak™ 2023, Hematology)

Rollout of the Sysmex Way Translated into: **9 languages**

Corporate Culture Survey Ratio of favorable responses to the Sysmex Way: **81%**

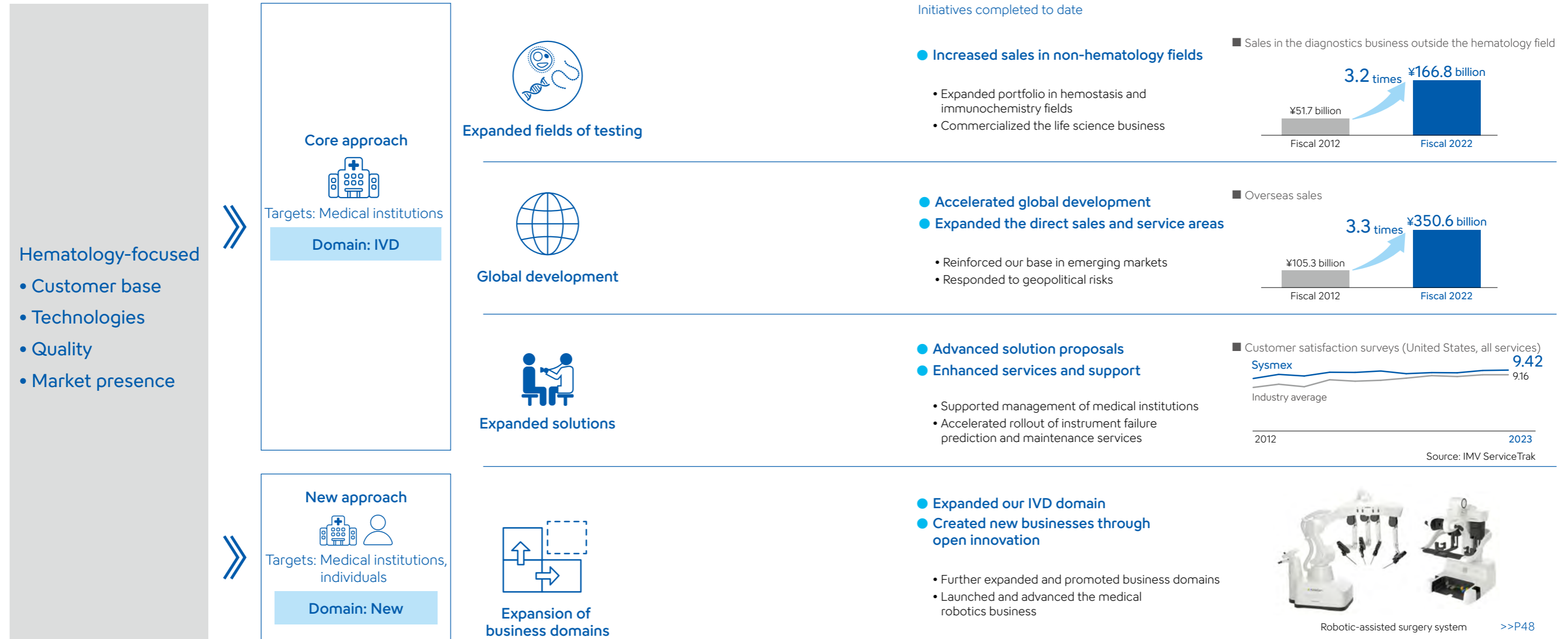
Issues

- Further enhance brand value

About Sysmex
Sysmex's Value Creation
Mid-Term Management Plan and Initiatives
Corporate Governance
Activity Report and Corporate Overview

Sysmex's Business Model

Flow of Business Expansion



Sysmex entered the *in vitro* diagnostics (IVD) hematology field in 1963 through its successful launch of the first made-in-Japan automated hematology analyzer. To meet medical needs as demand for healthcare grew and diversified, we later applied the cell measurement and robotics technologies we had cultivated in the field of hematology. We also expanded our fields of testing in the aim of contributing further to laboratories as a whole. As part of our efforts to expand our portfolio in the hemostasis and immunochemistry fields, we welcomed International Reagents Co., Ltd. (absorbed in fiscal 2022) into the Sysmex Group. This company developed and produced the biological reagents used in these fields. To reinforce our own development and production capabilities, we also established a

bio-reagent center. Through these initiatives, we have succeeded in expanding sales in the diagnostics business outside the hematology field by 3.2 times over the past decade. Owing to this substantial growth, these sales now account for 40.9% of net sales.

Global development has also driven Sysmex's growth. Soon after our establishment, we set up representative offices in Europe and the United States. In the 1990s, we entered into alliances with F. Hoffman-La Roche and Dade (now Siemens Healthineers), facilitating our development in various countries whose business customs differ from Japan's. Later, we began transitioning to a direct sales and service structure in Europe, North America and other regions, starting with the United Kingdom, developing our global business

further. We entered China and the Asia Pacific region in the 1980s, leveraging our standing as the only company in the IVD domain with its headquarters in Asia. Responding to economic situations and medical systems in different countries and regions, we have helped to raise the quality of healthcare throughout entire countries by supporting laboratory configuration, holding scientific seminars, and developing products that help standardize testing and make it more efficient. As the culmination of efforts spanning many years, over the past decade overseas sales have grown 3.3 times, and now account for 85.4% of net sales.

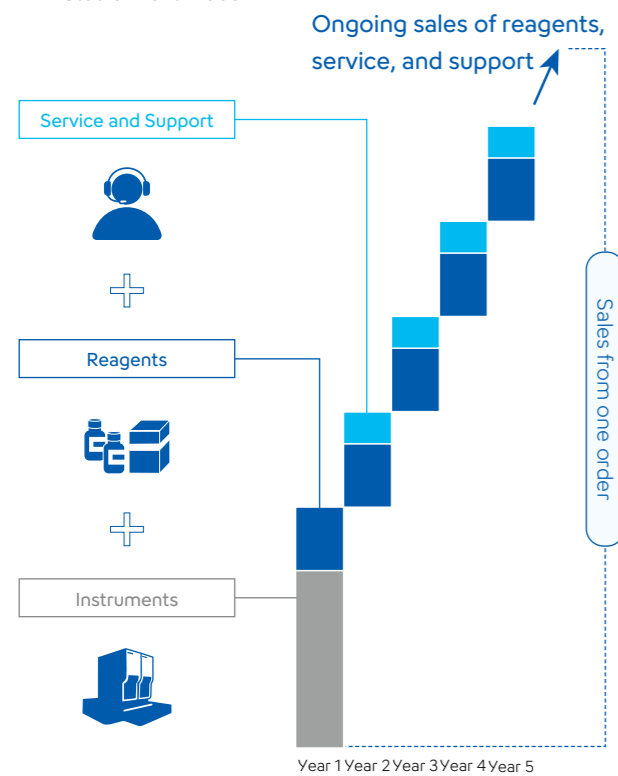
To become the company of choice for its customers, Sysmex emphasizes the provision of value (problem-solving) rather than just products, as well as

providing a testing environment that offers peace of mind. For example, to prevent equipment malfunctions and provide a reassuring testing environment for medical institutions and patients, Sysmex proposes solutions to improve productivity and quality in laboratories, and is expanding its services and support utilizing IT. These efforts contribute to Sysmex's strong brand power and support high customer satisfaction.

Furthermore, Sysmex is embracing increasingly diverse healthcare needs and technological innovation through open innovation that leverages the expertise and strengths we have cultivated to date to create new businesses.

Earnings Structure

■ A Stable Profit Model



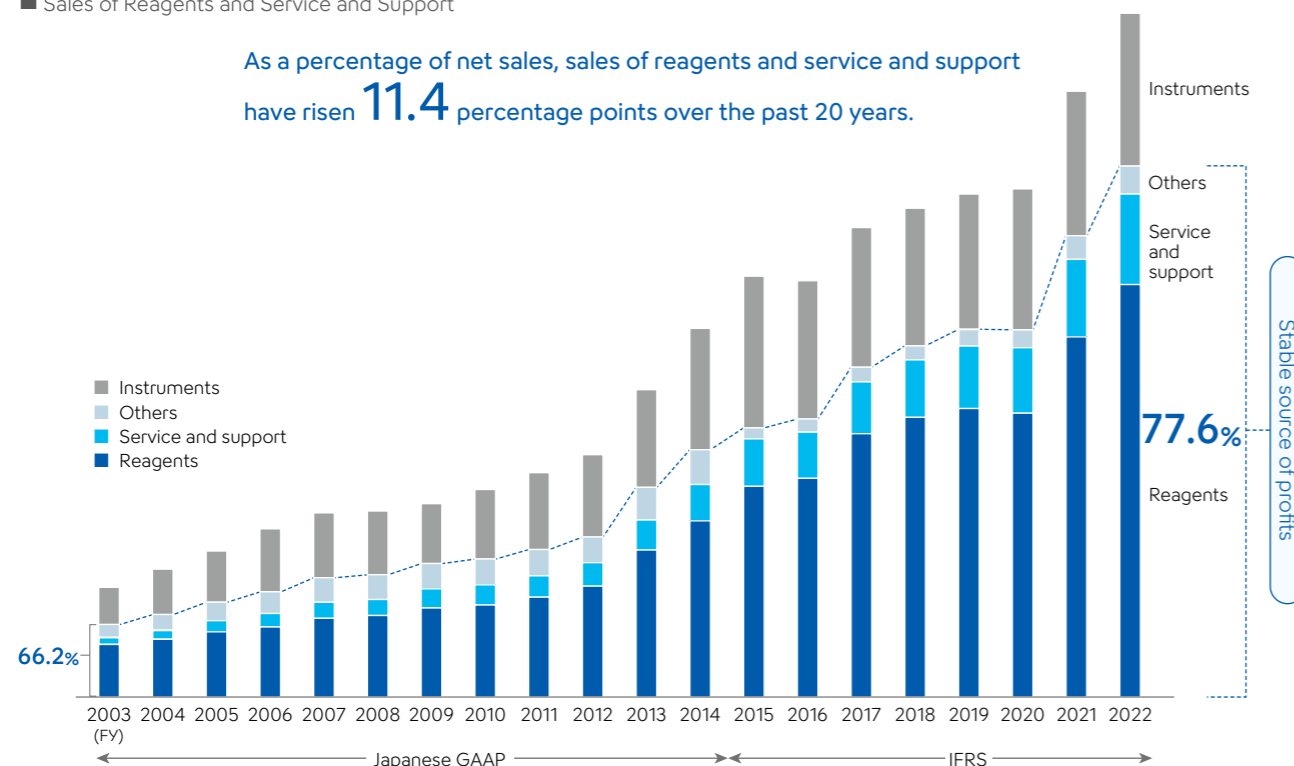
Our earnings structure is characterized by stable and ongoing revenue sources and high profitability. In our mainstay field of hematology, even after customers purchase instruments, we generate ongoing revenue by selling specialized reagents and providing service and support.

As reagents are more profitable than instruments, Sysmex has grown more profitable as reagent sales have risen as a proportion of net sales. To boost this proportion, we are expanding our share of business with large-scale facilities (where reagent use is high) and growing our portfolio of clinically significant reagents. In the hemostasis and immunochemistry fields, new testing parameters can be added to existing instruments, allowing us to add reagents to meet customers' needs.

We enjoy a high level of customer satisfaction for our service and support using IT. In addition to new customers, numerous ongoing customers continue to use Sysmex products, which contributes to our stable earnings.

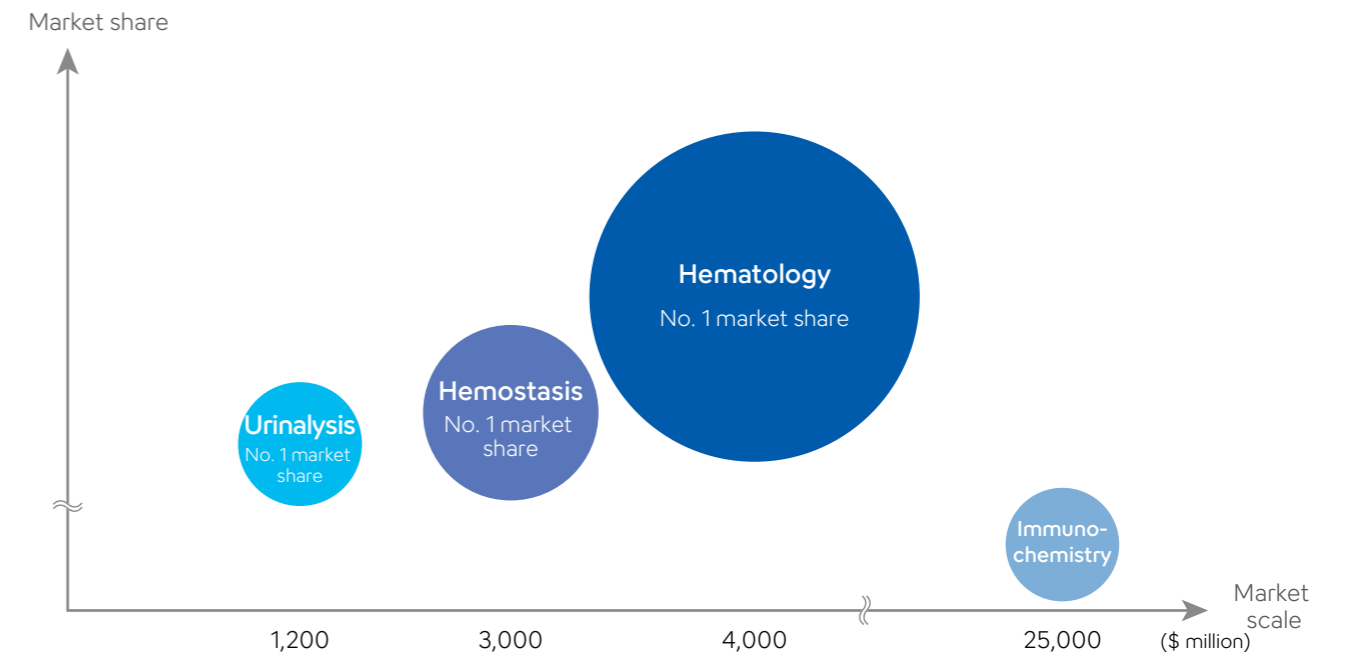
■ Sales of Reagents and Service and Support

As a percentage of net sales, sales of reagents and service and support have risen **11.4** percentage points over the past 20 years.



Note: In the past, charges to customers based on the number of tests were included in "Others." From fiscal 2015, amounts have been divided and presented as "Instruments," "Reagents," and "Service and Support." "Others" includes consumables.

Market Position



Notes: The size of the circle indicates the amount of sales. Market size reflects our own estimates based on disclosed information (as of 2022). Calculations are based on the exchange rates during the year of the survey, so simple year-on-year comparisons of market size are not possible. Sales in the hemostasis field include sales through our alliance with Siemens Healthineers.

■ Position in the *in vitro* diagnostics market

10th globally*

1. Roche (Switzerland)
2. Abbott (United States)
3. Danaher (United States)
4. Siemens Healthineers (Germany)
5. Thermo Fisher (United States)
6. Becton Dickinson (United States)
7. QuidelOrtho (United States)
8. bioMérieux (France)
9. Hologic (United States)
10. **Sysmex (Japan)**

*Sysmex's estimates are based on information disclosed for 2022

■ Status by Field

Main Alliance Partners	
● Hematology	Roche, Cellavision
● Urinalysis	EIKEN CHEMICAL, Siemens Healthineers
● Hemostasis	Siemens Healthineers
Major Competitors	
● Hematology	Danaher, Mindray, Siemens Healthineers, Abbott
● Urinalysis	Danaher, Siemens Healthineers
● Hemostasis	Welfen, Stago
● Immunochemistry	Roche, Abbott, Siemens Healthineers, Danaher
● Clinical FCM	Becton Dickinson, Danaher

The IVD market, which has an estimated value of around \$80 billion, tends to be relatively unaffected by global events and economic trends, and continues to grow in tandem with advances in healthcare. The market is dominated by major global companies, mainly from Europe and the United States. Sysmex is the only Asian company to rank in the top 10. We have established a particularly strong position in the hematology field,

where we have a global market share of more than 50%. In the urinalysis and hemostasis fields, Sysmex has also expanded its product portfolio and increased its market presence by collaborating with alliance partners, achieving the No. 1 share in the global market. We are also developing unique reagents to expand our business in the immunochemistry field.