

Operating Performance

In fiscal 2022, Sysmex was affected by the growing number of COVID-19 infections in China, as well as sharply higher costs on a various items stemming from geopolitical and other issues. However, demand for testing rebounded and the installed instrument base rose, leading to higher sales of reagents, particularly in the hematology, urinalysis, hemostasis, and immunochemistry fields. These factors, plus yen appreciation, pushed net sales up ¥46.7 billion year on year (up 12.8%), to ¥410.5 billion. Foreign exchange rates had the effect of raising net sales by ¥38.89 billion compared with the previous fiscal year.

Cost of sales improved, as reagents accounted for a larger proportion of net sales, owing to increased number of instruments installed through the previous fiscal year, but we were negatively affected by soaring raw material and transportation costs. As a result, the cost of sales ratio was 47.4% (down 0.2 percentage point).

Selling, general and administrative (SG&A) expenses expanded ¥18.1 billion (up 19.2%), to ¥112.3 billion. Expenses rose due to the recommencement of sales and service activities, as well as to reinforcement of our direct sales structure. We also saw an increase in expenses related to in-house digitalization.

R&D expenses grew ¥4.2 billion year on year (up 16.0%), to ¥31.0 billion, owing to ongoing investments in

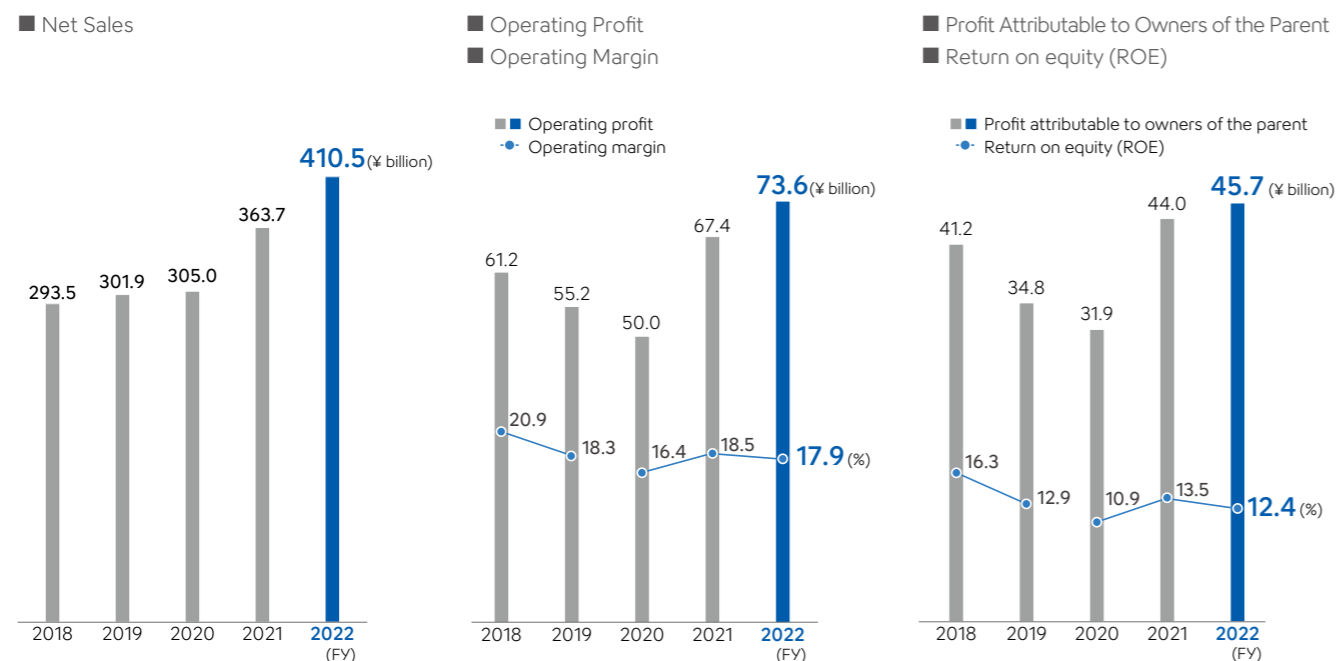
product development and higher costs related to regulatory affairs. R&D expenses as a percentage of net sales were 7.6% (up 0.2 percentage point).

Operating profit grew by ¥6.2 billion (up 9.3%) to ¥73.6 billion, as higher sales and yen depreciation caused the cost of sales ratio to improve. The operating margin came to 17.9% (down 0.6 percentage point). Exchange rates had a ¥16.9 billion positive impact on operating profit compared to the preceding fiscal year.

Profit before tax rose ¥4.3 billion (up 6.8%) to ¥68.7 billion, buoyed by higher operating profit, and despite a foreign exchange loss of ¥1.3 billion. (In the previous year, the Company recorded a foreign exchange gain of ¥0.8 billion.) Profit attributable to owners of the parent rose ¥1.6 billion (up 3.8%) year on year to ¥45.7 billion, due to such factors as a year-on-year rise in income tax expenses of ¥2.7 billion (up 13.4%) to ¥22.9 billion.

For details on the operating environment, please see the Message from the Group CEO on page 18

Exchange Rates		(Yen)				
(FY)	2018	2019	2020	2021	2022	
1USD	110.9	108.7	106.1	112.4	135.5	
1EUR	128.4	120.8	123.7	130.6	141.0	
1CNY	16.5	15.6	15.7	17.5	19.8	



Operating Results versus Forecasts and the Outlook for Fiscal 2023

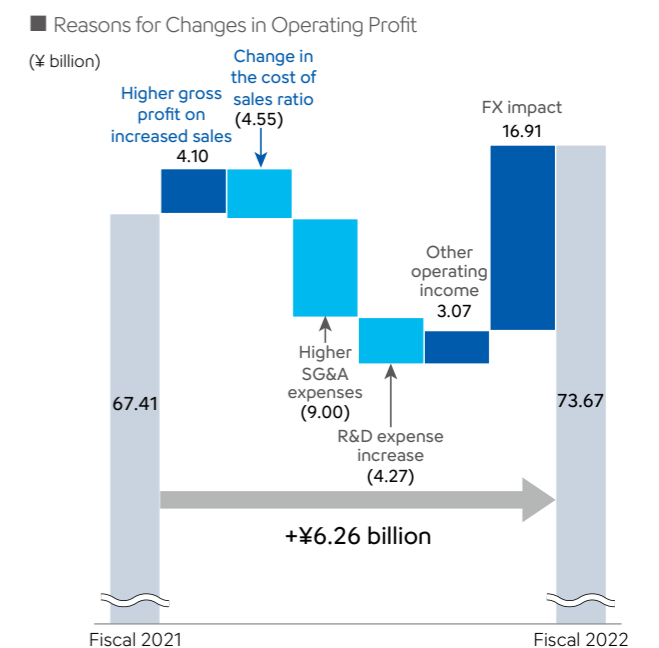
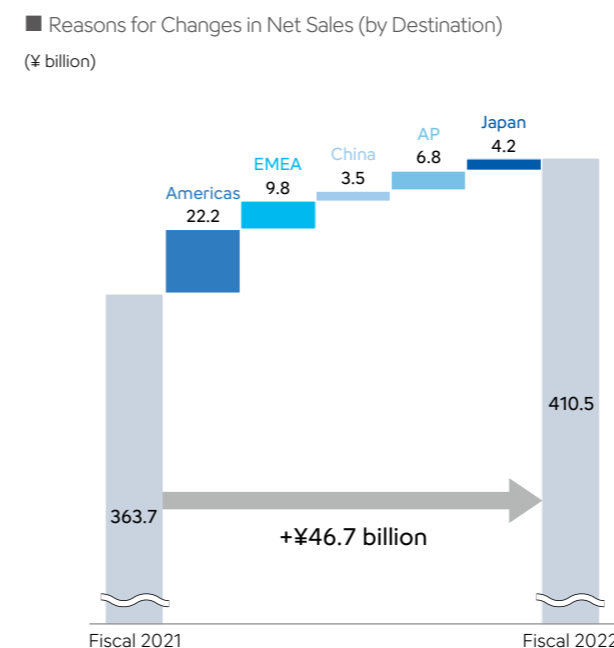
Sysmex's previous mid-term management plan set targets of ¥420.0 billion in net sales and ¥80.0 billion in operating profit by fiscal 2023, with numerical targets in fiscal 2022 of ¥420.0 billion in net sales and ¥77.0 billion in operating profit. Although net sales and operating profit both rose year on year, they were below forecast, affected by an increase in COVID-19 infections in China.

In fiscal 2023, we expect the external environment to be marked by a resurgence of testing demand and a rebound of investment in medical infrastructure. We expect testing demand to remain at a high level, centered on emerging markets. Against this backdrop, we plan a global rollout of new products in the hematology field, and expect to accelerate our launch in the medical

robotics business. In addition, we will expand our portfolio of locally manufactured products in China. We anticipate higher sales and profit as a result. For fiscal 2023, we forecast net sales of ¥460.0 billion, an operating profit of ¥83.0 billion, profit before tax of ¥78.0 billion, and profit attributable to owners of the parent of ¥52.0 billion. Our calculations assume full-year exchange rates of ¥133 per U.S. dollar, ¥143 per euro and ¥19.2 per yuan. Our forecast is based on currently available information; actual results may differ for a variety of reasons.

In April 2023, Sysmex commenced a new mid-term management plan (from fiscal 2023 to fiscal 2025). By promoting key actions during this period, we aim to achieve sustainable growth and strengthen the management foundation to support it.

>>Mid-Term Management Plan Targets P41



Americas

In the Americas, Sysmex obtained the No. 1 position in the hematology field by leveraging our outstanding customer service, such as services and support that make use of online tools. In fiscal 2022, sales of hematology instruments increased in North America, and reagent sales rose in the urinalysis field due to expansion of our installed instrument base. Reagent sales were also robust in the hematology and urinalysis fields in Central and South America, where we reinforced our direct sales structure. As a result, sales for the region were ¥105.9 billion (up 26.6% year on year). Sales were up 5.2% on a local currency basis.

EMEA

In the EMEA region, Sysmex's business covers more than 100 countries, including developed countries and emerging markets, and we are creating sales and service and support structures tailored to regional characteristics. In addition to our mainstay hematology field, we strengthened operations in the hemostasis field by leveraging our alliance with Siemens Healthineers. In fiscal 2022, performance was affected by geopolitical risks, but the acquisition of large tenders and an increase in the installed instrument base due to a larger direct sales region led to higher sales of instruments and reagents in the hematology and urinalysis fields. Accordingly, regional sales amounted to ¥111.3 billion (up 9.7% year on year). Sales were up 1.6% on a local currency basis.

China

Sysmex recognized the growth potential of the Chinese market early on, and we took the lead over competitors in developing local business structures in the country. We have built a robust infrastructure in China, working with numerous sales distributors to provide products and services throughout the country. We have created a structure to manufacture instruments locally using a

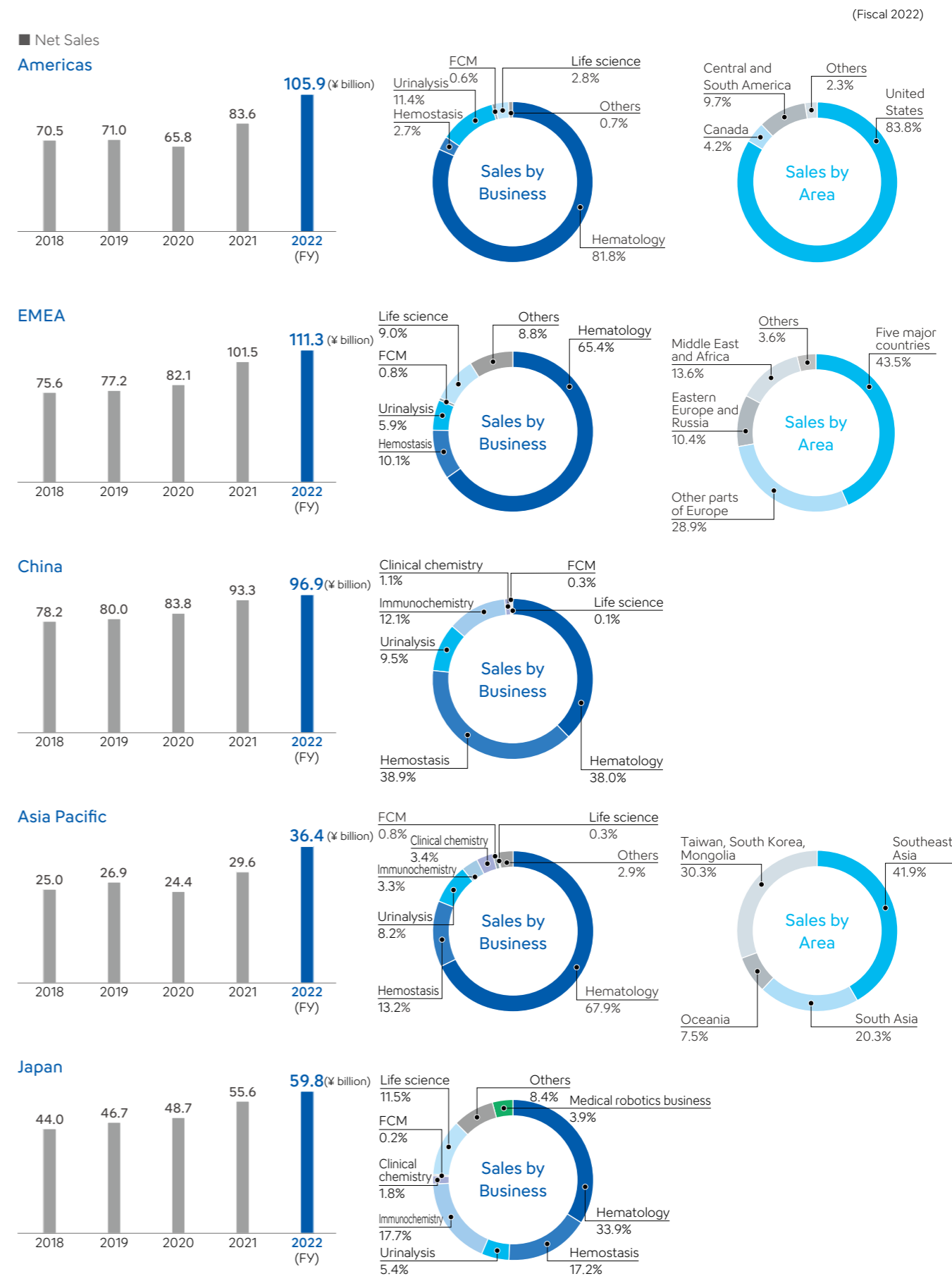
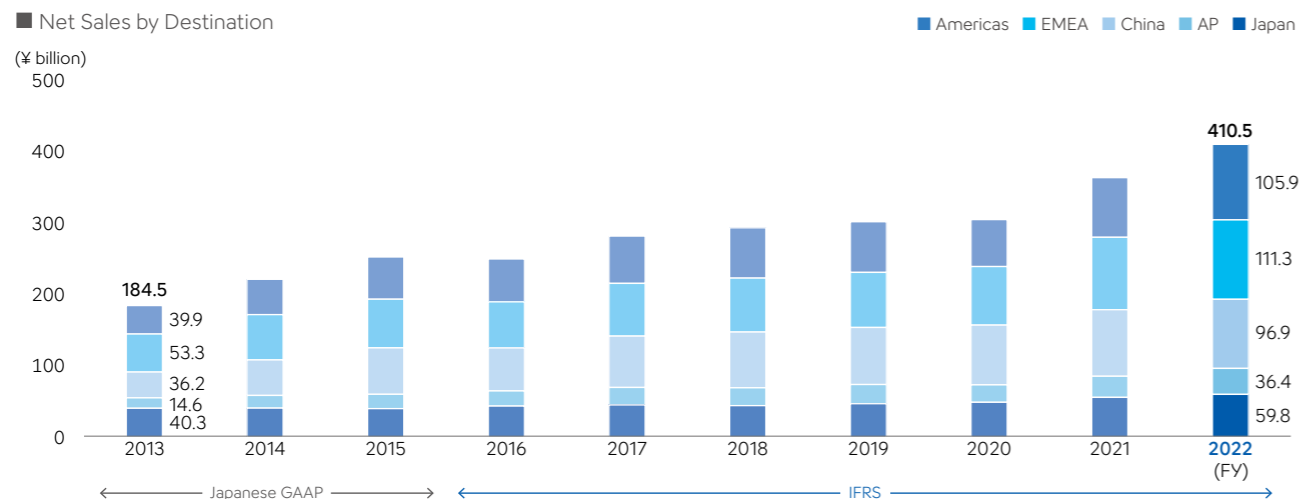
knockdown production method, applying a product supply scheme to meet market characteristics, and increasing the number of products that use this scheme. In fiscal 2022, a rise in COVID-19 infections and the impact of government procurement policies caused instrument sales to fall. However, we saw a rise centered on the hemostasis field, of reagents used to predict COVID-19 aggravation. Performance was also affected by foreign exchange movements. As a result, sales in China came to ¥96.9 billion (up 3.8% year on year). (Sales were down 7.6% on a local currency basis.)

Asia Pacific

The Asia Pacific region has a large population, and the market is expected to expand going forward. This market is diverse, with economic levels, languages, and health-care systems differing by country. Nevertheless, we are reinforcing our position by providing solutions from a customer viewpoint and meeting local needs. In fiscal 2022, performance was favorable in India, where we transitioned to a direct sales structure in fiscal 2019. Also, an increase in the installed instrument base pushed up reagent sales in Southeast Asia in the hematology, urinalysis, and immunochemistry fields. As a result, sales in the Asia Pacific region amounted to ¥36.4 billion (up 23.2% year on year).

Japan

Aiming to establish an undisputed No. 1 position in the IVD market in Japan, Sysmex differentiates itself from competitors. We are also working to capture new markets by promoting developments in such areas as cancer genomic medicine and the medical robotics business. In fiscal 2022, new products in the hematology field and demand for testing related to COVID-19 pushed up instrument sales. In addition to immunochemistry and hemostasis reagents, we also experienced a rise in instrument sales in our medical robotics business. Accordingly, sales in Japan came to ¥59.8 billion (up 7.6% year on year).



Fund Procurement and Liquidity Management

Systemex raises working capital as necessary through short-term bank loans and other means. Consolidated subsidiaries obtain bank loans as needed to secure working capital, but in October 2003, the Company introduced a cash management system (CMS) to increase efficiency by unifying financing and capital management at affiliates in Japan.

Systemex Corporation currently holds an issuer rating of AA- from Rating & Investment Information, Inc. (R&I), with the rating updated based on an annual review. To maintain and increase our rating going forward, we will take the balance between sales, profit, assets, liabilities, and capital into consideration. For long-term capital requirements such as capital investment, the Company decides the funding method after considering the investment recovery period and risk.

In fiscal 2022, the Company mainly funded its capital expenditure and R&D activities out of cash generated through operating activities.

Assets, Liabilities, and Equity

As of the end of fiscal 2022, total assets amounted to ¥531.0 billion, up ¥47.3 billion from the previous year. This increase was attributable mainly to increases of ¥7.6 billion in trade and other receivables, ¥11.3 billion in inventories, and ¥16.2 billion in intangible assets.

Meanwhile, total liabilities were up ¥8.0 billion from the previous fiscal yearend, to ¥142.7 billion. Principal increases included income taxes payable, which rose ¥1.8 billion, other short-term financial liabilities, which increased ¥2.0 billion, and contract liabilities, which were up ¥1.6 billion.

Total equity came to ¥388.3 billion, up ¥39.3 billion from the end of fiscal 2021. Among the principal reasons, retained earnings rose ¥28.4 billion, and other components of equity increased ¥10.6 billion. Equity attributable to owners of the parent to total assets rose 1.0 percentage point, from 72.0% to 73.0%.

Cash Flows

At the end of fiscal 2022, cash and cash equivalents amounted to ¥69.4 billion, down ¥4.2 billion from one year earlier.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥68.8 billion, up ¥10.0 billion from the preceding fiscal year. As principal factors, increases in trade receivables and inventories used more cash than in the previous fiscal year, while profit before tax and depreciation and amortization provided cash.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥51.7 billion (up ¥16.6 billion). Among major factors, the Company used more cash for purchases of property, plant and equipment, and for purchases of intangible assets.

Cash Flows from Financing Activities

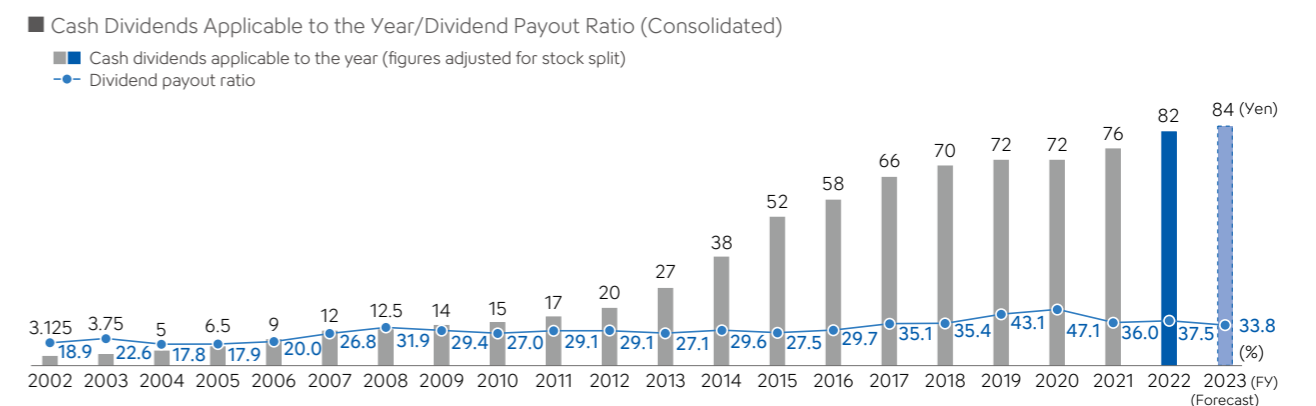
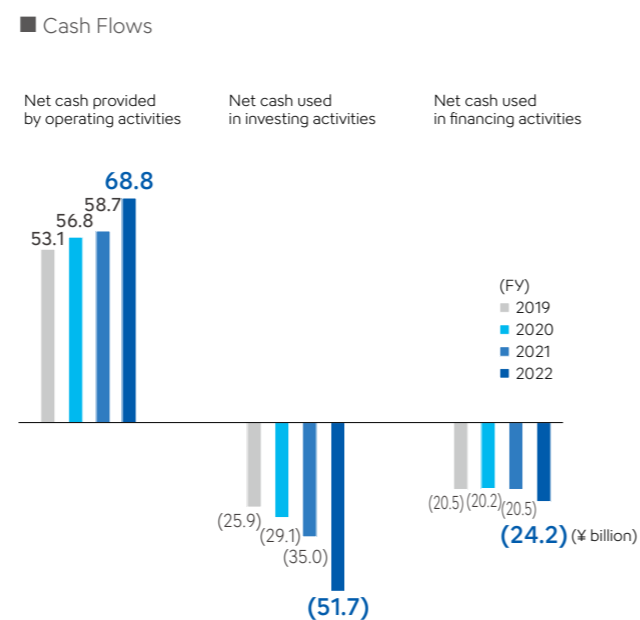
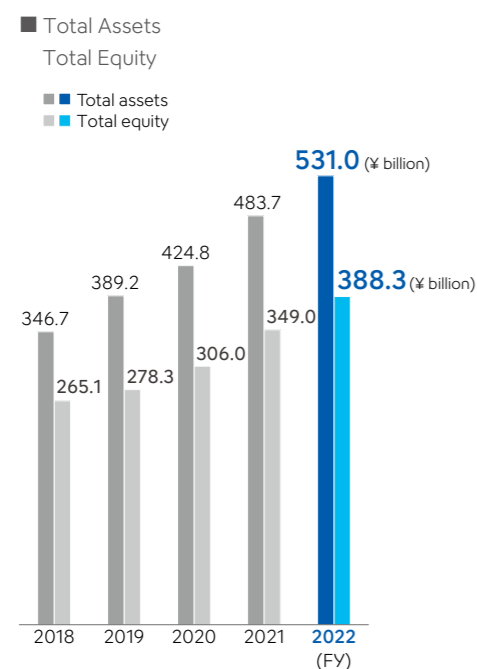
Net cash used in financing activities was ¥24.2 billion (up ¥3.6 billion). This was mainly due to dividends paid of ¥16.5 billion (up ¥1.2 billion) and ¥7.9 billion in repayments of lease liabilities (up ¥1.3 billion).

Returns to Shareholders

Systemex aims to maintain an appropriate balance between shareholder returns as profitability increases, internal reserves to invest in research and development, and capital expenditures to maintain high rates of stable growth. In terms of returns to shareholders, we intend to provide a stable dividend on a continuous basis and aim for a consolidated payout ratio of 30% under our basic policy of sharing the successes of our operations in line with business performance.

As a basic policy, Systemex pays twice-yearly dividends from retained earnings, an interim dividend and a year-end dividend. The year-end dividend is decided upon approval of the annual shareholders' meeting, and the interim dividend upon approval by the members of the Managing Board. In accordance with this policy and considering business performance during fiscal 2022, we announced dividends for the year of ¥82 per share, which includes an interim dividend of ¥40. As a result, the dividend payout ratio came to 37.5%.

Going forward, Systemex will continue to effectively invest its internal reserves in the implementation of highly competitive product development and global business strategies, aiming to respond to anticipated changes in the business environment.



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

Consolidated Financial Data (10 Years)

Japanese GAAP				IFRS										
			(¥ billion)											(¥ billion)
Fiscal years	2013	2014	2015	Fiscal years	2015	2016	2017	2018	2019	2020	2021	2022		
For the year:				For the year:										
Net sales	184.5	221.3	253.1	Net sales	252.6	249.8	281.9	293.5	301.9	305.0	363.7	410.5		
Operating income	32.8	44.4	56.9	Operating profit	60.7	51.7	59.0	61.2	55.2	50.0 ⁸	67.4	73.6		
Net income ¹	20.5	26.6	36.2	Profit attributable to owners of the parent	39.2	40.6	39.2	41.2	34.8	31.9 ⁸	44.0	45.7		
Capital expenditure ⁵	17.1	17.3	19.9	Capital expenditure ⁵	21.4	19.3	24.9	30.2	27.1	25.7	33.2	42.0		
Depreciation	9.9	11.2	12.2	Depreciation and amortization	12.1	12.3	14.6	15.8	23.9	25.5	27.4	31.8		
R&D expenses	13.2	14.6	17.7	R&D expenses	15.4	15.5	16.7	19.5	21.7	22.5	26.7	31.0		
Net cash provided by (used in) operating activities	36.5	38.6	39.5	Net cash provided by (used in) operating activities	41.7	32.8	52.2	44.7	53.1 ⁷	56.8 ⁸	58.7	68.8		
Net cash provided by (used in) investing activities	(33.9)	(19.5)	(21.6)	Net cash provided by (used in) investing activities	(23.8)	(19.4)	(37.8)	(40.1)	(25.9)	(29.1) ⁸	(35.0)	(51.7)		
Net cash provided by (used in) financing activities	(2.8)	(7.5)	(8.7)	Net cash provided by (used in) financing activities	(8.7)	(10.8)	(11.5)	(14.0)	(20.5) ⁷	(20.2)	(20.5)	(24.2)		
At year-end:				At year-end:										
Total assets	210.7	247.9	267.6	Total assets	263.9	279.8	321.9	346.7	389.2 ⁷	424.8 ⁸	483.7	531.0		
Cash and cash equivalents, end of year	36.5	50.2	56.4	Cash and cash equivalents, end of year	56.4	57.9	61.4	51.0	56.5	66.4	73.7	69.4		
Total equity	146.2	169.5	188.0	Total equity	182.8	210.2	241.4	265.1	278.3	306.0 ⁸	349.0	388.3		
Interest-bearing liabilities	1.9	0.7	1.3	Interest-bearing liabilities	1.3	1.1	0.9	0.8	23.1 ⁷	22.5	22.8	23.5		
Per share data:				Per share data:										
Equity (yen)	703.7 ³	812.3	899.5	Equity attributable to owners of the parent (yen)	879.32	1,005.86	1,154.57	1,267.07	1,329.78	1,460.88 ⁸	1,664.85	1,852.68		
Net income (basic) (yen)	99.4 ³	128.4	174.4	Profit attributable to owners of the parent (basic) (yen)	189.08	195.31	188.29	197.60	167.10	152.73 ⁸	210.88	218.83		
Net income (diluted) (yen)	99.1 ³	128.0	173.7	Profit attributable to owners of the parent (diluted) (yen)	188.30	194.74	187.84	197.29	166.93	152.47 ⁸	210.49	218.73		
Cash dividends applicable to the year (yen)	27.00 ³	38.00	52.00	Cash dividends applicable to the year (yen)	52.00	58.00	66.00	70.00	72.00	72.00	76.00	82.00		
Dividend payout ratio (%)	27.1	29.6	29.8	Dividend payout ratio (%)	27.5	29.7	35.1	35.4	43.1	47.1 ⁸	36.0	37.5		
Other data:				Other data:										
Operating margin (%)	17.8	20.1	22.5	Operating margin (%)	24.0	20.7	21.0	20.9	18.3	16.4 ⁸	18.5	17.9		
Overseas sales ratio (%)	78.2	81.7	84.3	Overseas sales ratio (%)	84.2	82.6	84.0	85.0	84.5	84.0	84.7	85.4		
Equity ratio (%)	69.2	68.0	69.9	Equity ratio (%)	69.3	74.8	74.8	76.3	71.3	71.9 ⁸	72.0	73.0		
Return on equity (ROE) (%)	15.6	17.0	20.4	Return on equity (ROE) (%)	23.1	20.7	17.4	16.3	12.9	10.9 ⁸	13.5	12.4		
Return on assets (ROA) ⁴ (%)	10.7	11.6	14.1	Return on assets (ROA) ⁶ (%)	15.7	14.9	13.0	12.3	9.5	7.8 ⁸	9.7	9.0		
Number of employees (Including part-time and other employees)	6,211	6,742	7,446	Number of employees (Including part-time and other employees)	7,446	7,930	8,445	8,715	9,231	9,510	9,812	10,522		
Exchange rates:				Exchange rates:										
US dollars (yen)	100.2	109.9	120.1	US dollars (yen)	120.1	108.4	110.9	110.9	108.7	106.1	112.4	135.5		
Euros (yen)	134.4	138.8	132.6	Euros (yen)	132.6	118.8	129.7	128.4	120.8	123.7	130.6	141.0		
Chinese Yuan (yen)	16.3	17.8	18.9	Chinese Yuan (yen)	18.9	16.1	16.8	16.5	15.6	15.7	17.5	19.8		

1. Figures shown for fiscal 2015 is "net income attributable to owners of the parent."
2. Dividend (actual) converted to post-split basis.
3. Two-for-one stock split
4. ROA = Net income attributable to owners of the parent/total assets (yearly average)×100

5. Including tangible and intangible items
6. ROA = Profit attributable to owners of the parent/total assets (yearly average)×100
7. Adopted IFRS 16 (from fiscal 2019)
8 In fiscal 2021, Sysmex changed its accounting policy for configuration or customization costs in cloud computing contracts to recognize costs as expenses when services are received. Accordingly, we have by retroactively adjusted the figures for the fiscal 2020.

Consolidated Statement of Financial Position

Sysmex Corporation and Its Subsidiaries
As of March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Assets			
Current assets			
Cash and cash equivalents	¥ 69,460	¥ 73,752	\$ 518,358
Trade and other receivables	126,319	118,697	942,679
Inventories	73,310	61,944	547,090
Other short-term financial assets	875	1,498	6,530
Income taxes receivable	600	470	4,478
Other current assets	24,924	18,728	186,000
Total current assets	295,491	275,092	2,205,157
Non-current assets			
Property, plant and equipment	102,106	98,525	761,985
Goodwill	16,842	13,010	125,687
Intangible assets	73,530	57,260	548,731
Investments accounted for using the equity method	92	986	687
Trade and other receivables	17,895	16,403	133,545
Other long-term financial assets	9,777	9,157	72,963
Asset for retirement benefits	614	841	4,582
Other non-current assets	3,842	3,910	28,672
Deferred tax assets	10,880	8,520	81,194
Total non-current assets	235,583	208,614	1,758,082
Total assets	¥531,074	¥483,707	\$3,963,239
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	¥ 31,678	¥ 32,111	\$ 236,403
Lease liabilities	7,149	6,439	53,351
Other short-term financial liabilities	3,537	1,482	26,396
Income taxes payable	14,662	12,813	109,418
Provisions	1,123	1,234	8,381
Contract liabilities	14,469	12,852	107,978
Accrued expenses	18,772	17,498	140,090
Accrued bonuses	11,360	10,985	84,776
Other current liabilities	8,348	6,663	62,299
Total current liabilities	111,102	102,082	829,119
Non-current liabilities			
Lease liabilities	15,442	15,840	115,239
Other long-term financial liabilities	305	30	2,276
Liability for retirement benefits	1,959	1,183	14,619
Provisions	398	366	2,970
Other non-current liabilities	7,059	8,537	52,679
Deferred tax liabilities	6,450	6,613	48,134
Total non-current liabilities	31,615	32,571	235,933
Total liabilities	142,718	134,654	1,065,060
Equity			
Equity attributable to owners of the parent			
Capital stock	14,282	14,112	106,582
Capital surplus	20,580	20,483	153,582
Retained earnings	334,192	305,710	2,493,970
Treasury stock	(314)	(312)	(2,343)
Other components of equity	18,925	8,309	141,231
Total equity attributable to owners of the parent	387,665	348,303	2,893,022
Non-controlling interests	690	750	5,149
Total equity	388,356	349,053	2,898,179
Total liabilities and equity	¥531,074	¥483,707	\$3,963,239

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to \$1, the approximate rate of exchange at March 31, 2023.

Consolidated Statement of Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Net sales	¥410,502	¥363,780	\$3,063,448
Cost of sales	194,419	173,195	1,450,888
Gross profit	216,082	190,585	1,612,552
Selling, general and administrative expenses	112,371	94,235	838,590
Research and development expenses	31,060	26,784	231,791
Impairment losses	2,368	—	17,672
Other operating income	4,103	1,409	30,619
Other operating expenses	705	3,557	5,261
Operating profit	73,679	67,416	549,843
Financial income	863	550	6,440
Financial expenses	1,566	909	11,687
Share of loss on equity method	(2,923)	(3,561)	(21,813)
Foreign exchange gain (loss)	(1,339)	850	(9,993)
Profit before tax	68,713	64,346	512,784
Income tax expenses	22,988	20,274	171,552
Profit	¥ 45,725	¥ 44,071	\$ 341,231
Profit attributable to			
Owners of the parent	¥ 45,784	¥ 44,093	\$ 341,672
Non-controlling interests	(59)	(21)	(440)
Profit	¥ 45,725	¥ 44,071	\$ 341,231
Earnings per share		Yen	U.S. Dollars
Basic	¥218.83	¥210.88	\$1.63
Diluted	218.73	210.49	1.63

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to \$1, the approximate rate of exchange at March 31, 2023.

Consolidated Statement of Comprehensive Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Profit	¥45,725	¥44,071	\$341,231
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Net (loss) gain on financial assets measured at fair value through other comprehensive income	484	(213)	3,612
Remeasurements of defined benefit plans	(774)	(66)	(5,776)
Total	(289)	(280)	(2,157)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	10,117	12,647	75,500
Share of other comprehensive income of investments accounted for using the equity method	12	3	90
Total	10,130	12,650	75,597
Total other comprehensive income	9,841	12,370	73,440
Comprehensive income	¥55,566	¥56,442	\$414,672
Comprehensive income attributable to			
Owners of the parent	¥55,625	¥56,463	\$415,112
Non-controlling interests	(59)	(21)	(440)
Comprehensive income	¥55,566	¥56,442	\$414,672

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to \$1, the approximate rate of exchange at March 31, 2023.

Consolidated Statement of Changes in Equity

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2023

	Millions of Yen							
	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of March 31, 2021	¥13,229	¥19,581	¥276,897	¥(307)	¥ (4,082)	¥305,318	¥771	¥306,089
Profit	—	—	44,093	—	—	44,093	(21)	44,071
Other comprehensive income (loss)	—	—	—	—	12,370	12,370	0	12,370
Comprehensive income (loss)	—	—	44,093	—	12,370	56,463	(21)	56,442
Exercise of warrants	882	502	—	—	—	1,384	—	1,384
Stock-based compensation	—	399	—	—	—	399	—	399
Cash dividends	—	—	(15,258)	—	—	(15,258)	—	(15,258)
Purchase of treasury stock	—	—	—	(4)	—	(4)	—	(4)
Transfer to retained earnings	—	—	(21)	—	21	—	—	—
Total transactions with the owners	882	901	(15,280)	(4)	21	(13,478)	—	(13,478)
As of March 31, 2022	14,112	20,483	305,710	(312)	8,309	348,303	750	349,053
Profit	—	—	45,784	—	—	45,784	(59)	45,725
Other comprehensive income (loss)	—	—	—	—	9,841	9,841	(0)	9,841
Comprehensive income (loss)	—	—	45,784	—	9,841	55,625	(59)	55,566
Exercise of warrants	170	97	—	—	—	267	—	267
Stock-based compensation	—	—	—	—	—	—	—	—
Cash dividends	—	—	(16,528)	—	—	(16,528)	—	(16,528)
Purchase of treasury stock	—	—	—	(1)	—	(1)	—	(1)
Transfer to retained earnings	—	—	(774)	—	774	—	—	—
Total transactions with the owners	170	97	(17,302)	(1)	774	(16,263)	—	(16,263)
As of March 31, 2023	¥14,282	¥20,580	¥334,192	¥(314)	¥18,925	¥387,665	¥690	¥388,356

	Thousands of U.S. Dollars							
	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of March 31, 2022	\$105,313	\$152,858	\$2,281,418	\$(2,328)	\$ 62,007	\$2,599,276	\$5,597	\$2,604,873
Profit	—	—	341,672	—	—	341,672	(440)	341,231
Other comprehensive income (loss)	—	—	—	—	73,440	73,440	(0)	73,440
Comprehensive income (loss)	—	—	341,672	—	73,440	415,112	(440)	414,672
Exercise of warrants	1,269	724	—	—	—	1,993	—	1,993
Stock-based compensation	—	—	—	—	—	—	—	—
Cash dividends	—	—	(123,343)	—	—	(123,343)	—	(123,343)
Purchase of treasury stock	—	—	—	(7)	—	(7)	—	(7)
Transfer to retained earnings	—	—	(5,776)	—	5,776	—	—	—
Total transactions with the owners	1,269	724	(129,119)	(7)	5,776	(121,366)	—	(121,366)
As of March 31, 2023	\$106,582	\$153,582	\$2,493,970	\$(2,343)	\$141,231	\$2,893,022	\$5,149	\$2,898,179

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to \$1, the approximate rate of exchange at March 31, 2023.

Consolidated Statement of Cash Flows

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
	Operating activities		
Profit before tax	¥ 68,713	¥ 64,346	\$ 512,784
Depreciation and amortization	31,807	27,431	237,366
Impairment loss	2,368	—	17,672
Interest and dividend income	(704)	(408)	(5,254)
Interest expenses	1,133	740	8,455
Share of loss on equity method	2,923	3,561	21,813
Loss on disposal of property, plant and equipment	265	2,245	1,978
(Increase) in trade receivables	(2,980)	(10,297)	(22,239)
Decrease (increase) in advance payments	(983)	832	(7,336)
(Increase) in inventories	(10,558)	(12,495)	(78,791)
(Decrease) in trade payables	(13)	(5,055)	(97)
Increase (decrease) in accounts payable – other	(713)	1,108	(5,321)
Increase in accrued expenses	747	2,044	5,575
Decrease/increase in consumption taxes receivable/payable	766	(2,417)	5,716
Increase in contract liabilities	1,450	158	10,821
Increase in accrued bonuses	125	1,984	933
Other – net	(920)	70	(6,866)
Subtotal	93,425	73,850	697,201
Interest and dividend received	676	298	5,045
Interest paid	(985)	(704)	(7,351)
Income taxes paid	(24,281)	(14,705)	(181,201)
Net cash provided by operating activities	68,835	58,739	513,694
Investing activities			
Purchase of property, plant and equipment	(17,485)	(12,768)	(130,485)
Proceeds from sales of property, plant and equipment	337	545	2,515
Purchase of intangible assets	(25,020)	(19,266)	(186,716)
Increase in long-term prepaid expenses	(646)	(1,896)	(4,821)
Purchase of investments in equity instruments	(5,189)	(320)	(38,724)
Purchase of investments in debt instruments	—	(1,199)	—
Acquisitions of subsidiaries or other businesses	(2,984)	—	(22,269)
Payments into time deposits	(711)	(640)	(5,306)
Proceeds from withdrawal of time deposits	811	755	6,052
Other – net	(863)	(260)	(6,440)
Net cash used in investing activities	(51,751)	(35,052)	(386,201)
Financing activities			
Exercise of warrants	267	1,384	1,993
Dividends paid	(16,528)	(15,258)	(123,343)
Repayment of lease liabilities	(7,959)	(6,577)	(59,396)
Other – net	(13)	(90)	(97)
Net cash used in financing activities	(24,234)	(20,542)	(180,851)
Foreign currency translation adjustments on cash and cash equivalents	2,858	4,139	21,328
Net (decrease) increase in cash and cash equivalents	(4,291)	7,284	(32,022)
Cash and cash equivalents, beginning of year	73,752	66,467	550,388
Cash and cash equivalents, end of year	¥ 69,460	¥ 73,752	\$ 518,358

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to \$1, the approximate rate of exchange at March 31, 2023.

Diagnostics Business

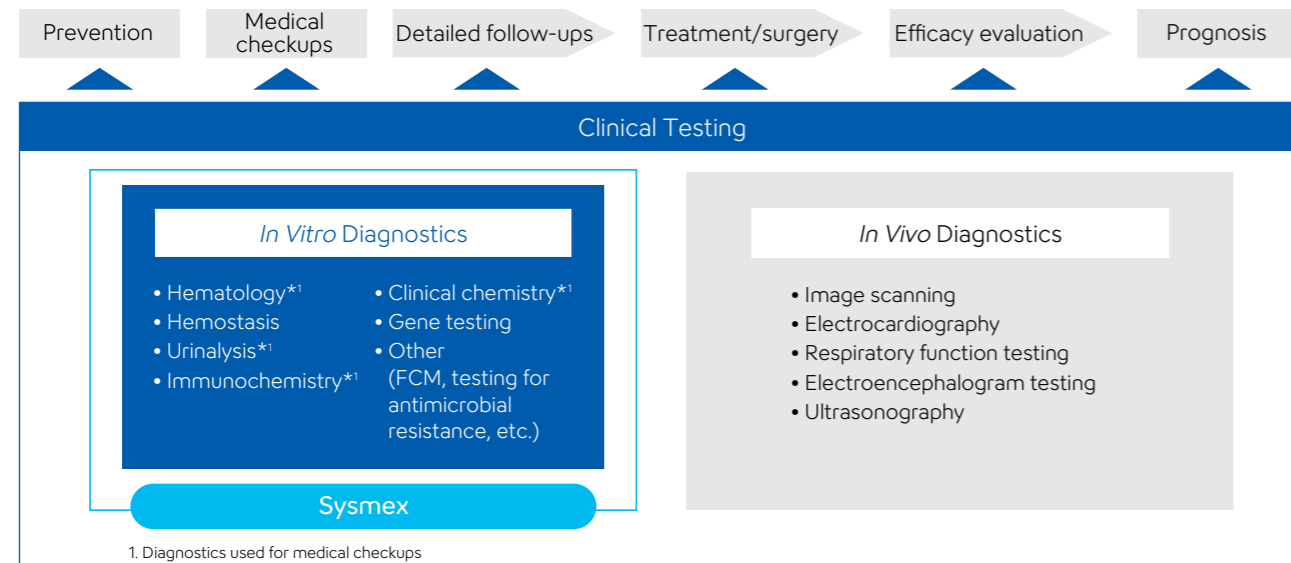
Clinical testing, which is essential to healthcare, can be broadly divided into two categories: *in vitro* diagnostics (IVD) that involve the examination of blood, urine, and other samples taken from the body, and *in vivo* diagnostics, which involve direct examination using X-rays or electrocardiograms. Sysmex is developing its diagnostics business, centered on the IVD domain, where we provide medical institutions and other customers with instruments, reagents, and software on a global basis.

IVD is used in a variety of ways. It is used during medical checkups to help prevent disease. IVD is also used in diagnosing diseases, determining treatment methods, measuring the results of drug administration, predicting aggravation, and for post-treatment monitoring. Healthcare without accurate test results is like walking through fog; the path is uncertain. IVD is essential because it allows medical professionals to assess a patient's state of health accurately and swiftly, and to determine optimal treatment methods.

In IVD, within Sysmex's main business fields of hematology, urinalysis, and immunochemistry, testing is conducted to check a patient's physical condition. They are used for a wide range of other purposes, such as disease prevention and early-stage detection through medical checkups, and in treating diseases or managing their prognoses. In fields such as hemostasis and gene

■ Sysmex's Diagnostics Business Domain

Healthcare Activities



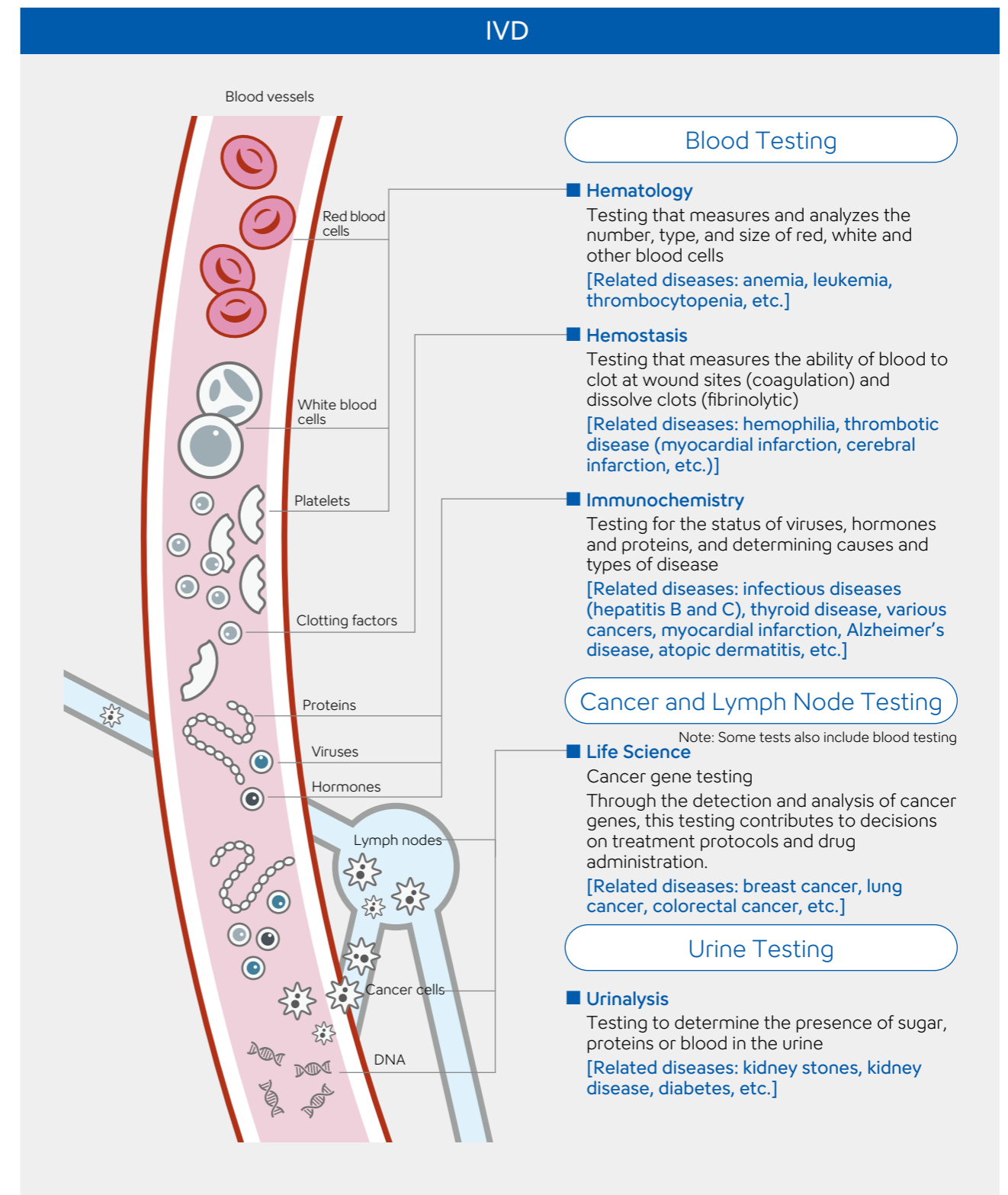
testing, tests are performed to measure a person's physical condition in greater detail and are mainly used in the process of diagnosing and treating diseases.

Medical Robotics Business

In recent years, it has become common to perform minimally invasive laparoscopic surgery to reduce the physical burden on patients. However, this surgery requires a high degree of technical skill, and surgical-support robots that complement these skills are attracting attention from medical workers. Currently, insurance coverage of surgical procedures using these robots has been extended to include urology, gastroenterology, and gynecology, and the number of surgeries performed using surgical support robots is gradually increasing. In addition, from the viewpoint of improving access to medical care, such robots are being considered for use with remote medicine. It may not be long before surgeries can be performed with doctors and patients in different locations.

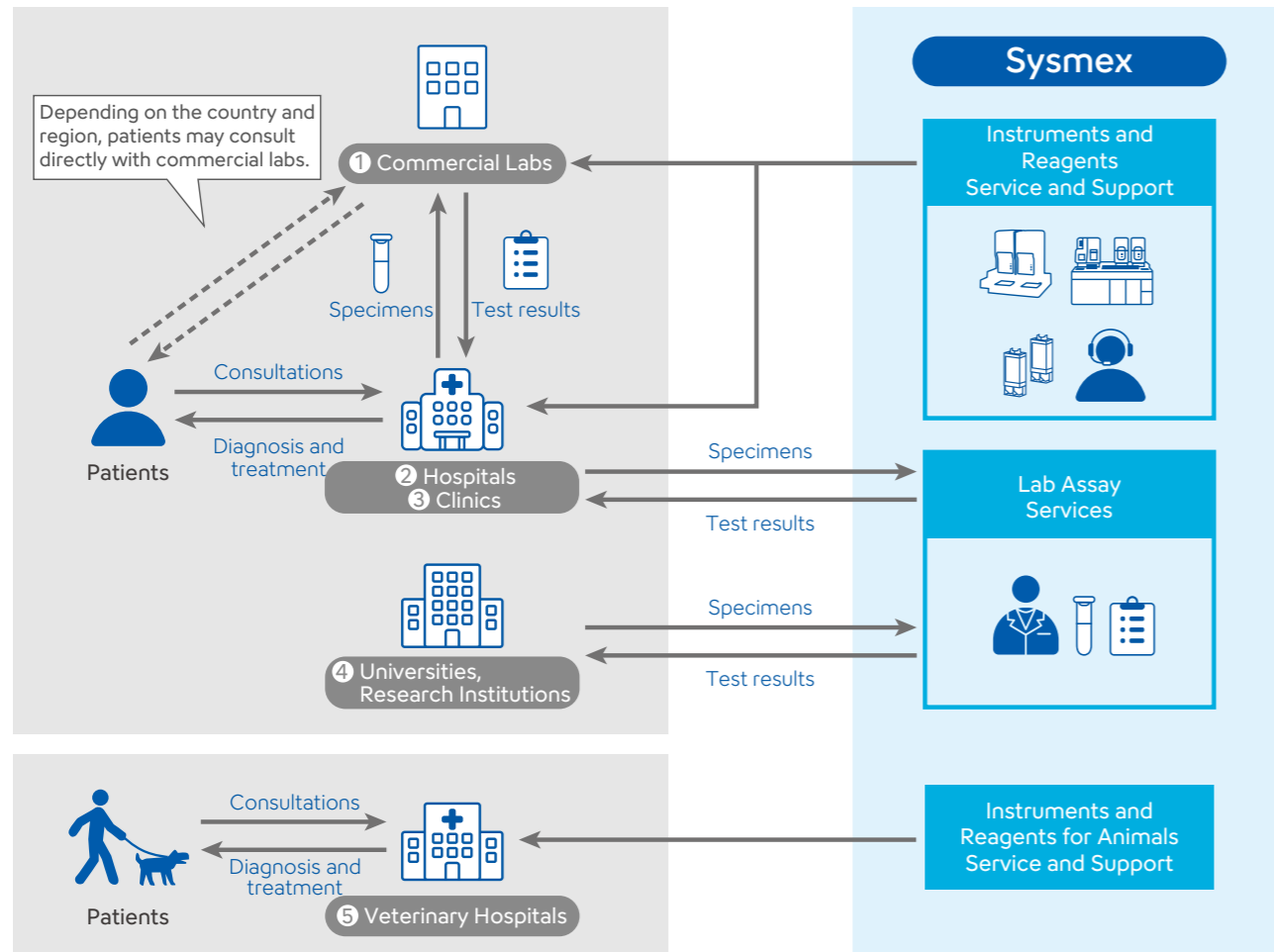
Under these circumstances, Mediaroid Corporation, a joint venture between Sysmex and Kawasaki Heavy Industries, Ltd., developed the first made-in-Japan robotic-assisted surgery system. As the global general distributor for this product, Sysmex began its launch in Japan in 2020.

What can be determined from samples (blood, urine, and cancer tissue)



Primary Products and Services

Sysmex's Products in Use



1 Commercial Labs

Commercial labs conduct testing for small-scale medical institutions that do not have their own analyzers, as well as handling specialized tests. Large-scale labs, which handle tens of thousands of samples each day, use high-productivity transport systems.

2 Hospitals

In addition to blood tests used in medical checkups and for in- and out-patient treatment and diagnostics, our products are used to test for cancer lymph node metastasis, and in cancer genome profiling.

3 Clinics

Clinics typically use products that are compact and simple.

4 Universities and Research Institutions, etc. (Lab Assay Services)

We are developing a lab assay business, in which we receive samples from medical institutions, test them at our labs and our affiliated companies (such as Sysmex Inostics and RIKEN GENESIS), and send back the results of protein or gene analyses performed on those samples. In addition to medical institutions, we handle measurements on behalf of universities, research institutes, and pharmaceutical companies, providing information to assist their drug discovery and R&D efforts.

5 Veterinary hospitals

Our products are used in maintaining the health of dogs, cats, and other pets, as well as aquarium and zoo animals.

Diagnostics Business

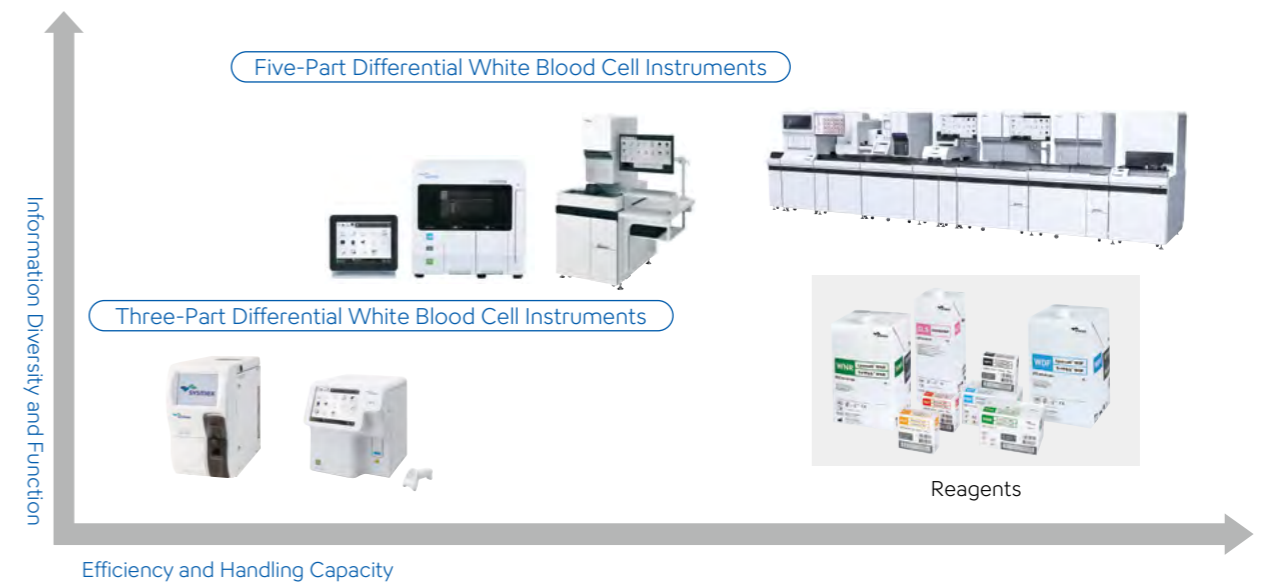
Hematology

For small- and medium-sized institutions, Sysmex offers three-part white blood cell differential models, used for determining basic parameters, as well as five-part white blood cell differential models, used to deliver a high degree of clinical significance and require numerous reagents. In addition, we offer a wide-ranging lineup, including transport systems that can be used for rapid, high-volume testing in large-scale labs. In Japan in 2021, we launched a new five-part white blood cell differential flag-ship model, as well as a compact model providing three-part white blood cell differentiation. In 2022,

we launched sample transportation system modules equipped with the world's first automated measurement function for quality control materials. Beginning with the launch of these products in the EMEA region in 2023, going forward we plan to roll out these models globally.

In 2018, we launched the first products to have received CLIA-waiver certification to clinics and other small-scale facilities in the United States. We are also rolling out products to help realize early-stage detection and treatment of malaria. In EMEA in 2019, and in Japan in 2020, we launched an analyzer that supports standardization and improved efficiency in malaria testing.

Product Lineup of Multiparameter Automated Hematology Analyzers



A Manufacturing System That Supports the Global Supply of Products

In order to deliver safe, high-quality products globally, Sysmex has established a robust production system for both instruments and reagents to ensure a stable supply.

Instrument Manufacturing	Reagent Production
<p>Centered on eight locations in Japan</p> <p>Instruments must meet high quality standards to ensure accurate test results. Sysmex has established an efficient production system utilizing ICT to manufacture diverse, high-quality and failure-resistant products in small lots. Additionally, we work to achieve efficient and robust collaboration from our instrument manufacturing facility in Hyogo Prefecture, which is also our hub for R&D, service and support.</p>	<p>14 locations in 10 countries (Chemical: 8 locations; biological: 6 locations)</p> <p>IVD requires reagents, and medical institutions require a steady supply to ensure uninterrupted daily testing. Taking contingency systems into consideration, we have established global production bases to achieve a stable supply.</p>

>> Expansion of Our Procurement, Production and Distribution Structures P49

Flow Cytometry (FCM)

We are developing products that utilize the flow cytometry method. Areas of business include clinical FCM (clinical testing to perform detailed analysis in diagnosing leukemia, malignant lymphoma, and HIV/AIDS), industry FCM (used in the quality control of food and other industrial applications) and research FCM (analyzing the function of cultured cells and other research applications). In 2020, we launched an FCM analyzer for research in North America, the world's largest market for FCM testing. In 2022, we received the EU's In Vitro Diagnostic Medical Device Regulation (IVDR) certification and began our market launch in Europe. Sales in Japan commenced in 2023.



Flow cytometer

Hemostasis

Sysmex handles products offering a wide range of processing capabilities to meet the needs of various facilities. Demand for hemostasis testing has increased and grown more diverse due to a rise in thrombotic diseases stemming from lifestyle diseases, as well as to the development of new blood preparations.

In 2018, we launched a new product offering enhanced productivity, reliability and operability, and we are working toward a global roll-out. In addition to an alliance with Siemens Healthineers in the area of reagents, we work with Group company HYPHEN BioMed SAS to develop products offering high clinical value.



Automated blood coagulation analyzer

Reagents

Urinalysis

We developed the world's first automated urine particle analyzer using the flow cytometry method. We are also adding to our portfolio of urine chemistry products by making use of alliances as we work to expand our lineup in response to diverse urinalysis needs. In 2020, we signed a distributorship agreement with Siemens Healthineers for the North American market. In 2022, we launched new products for the mid- and low-end markets in Japan. We are rolling these out to the EMEA region, and we plan to further expand our market scale.



Fully automated urine particle analyzer
Fully automated urine chemistry analyzer
Fully automated imaging unit for formed elements in urine



Reagents

Immunochemistry

We are working to develop our business in Asia, including Japan and China, through sales of a fully automated immunoassay system, which performs highly sensitive, high-speed assays on minute sample quantities.

In addition to reagents to test for infectious disease and tumor markers, we are developing proprietary markers to test for measuring progression of hepatic fibrosis and atopic dermatitis. We are also developing new testing parameters, such as reagents to test for Alzheimer's disease, which we began selling in Japan in 2023.

In China we are working to differentiate ourselves by augmenting the number of parameters tailored to regional needs. To do so, we are pursuing development through our local R&D bases and joint development with local companies.



Automated immunoassay system

Reagents

Cancer Gene Testing

Using our proprietary technology, the OSNA method, we provide a system that automatically and easily detects information to assist in diagnosing lymph node metastasis. We launched this system in China in 2020.



Cancer Lymph Node Metastasis Testing System

We have developed a system for use in cancer gene profiling in collaboration with the National Cancer Center Japan. The system's targets for analysis are solid tumors. By obtaining a comprehensive cancer genomic profile of tumor tissue, the system analyzes abnormalities in cancer-specific genes in patients to provide information that is useful in determining treatment methods, including diagnoses and the selection of anti-cancer drugs. In 2019, this became the first such system to be covered under Japanese health insurance to be used in clinical settings.

Other Lab Assays

We offer services making use of highly sensitive digital PCR technology to detect gene mutations to a high degree of sensitivity that are present in minute samples of blood, and ultrahigh-sensitivity NGS technology.

>>Lab Assay Services P103

Antimicrobial Susceptibility Testing

In June 2023, we launched in Europe a system to rapidly detect antimicrobial susceptibility. The system detects the presence or absence of bacteria and assesses the effectiveness of antimicrobials using urine samples from patients suspected of having urinary tract infections. This system delivers test results in as little as 30 minutes, compared with the several days that were previously required. This assists the appropriate use of antimicrobials during initial patient visits at clinics and other primary care settings.



Analyzer Reagent cartridge (Test panel)
Rapid antimicrobial susceptibility testing system

Medical Robotics Business

Robotic-Assisted Surgery System

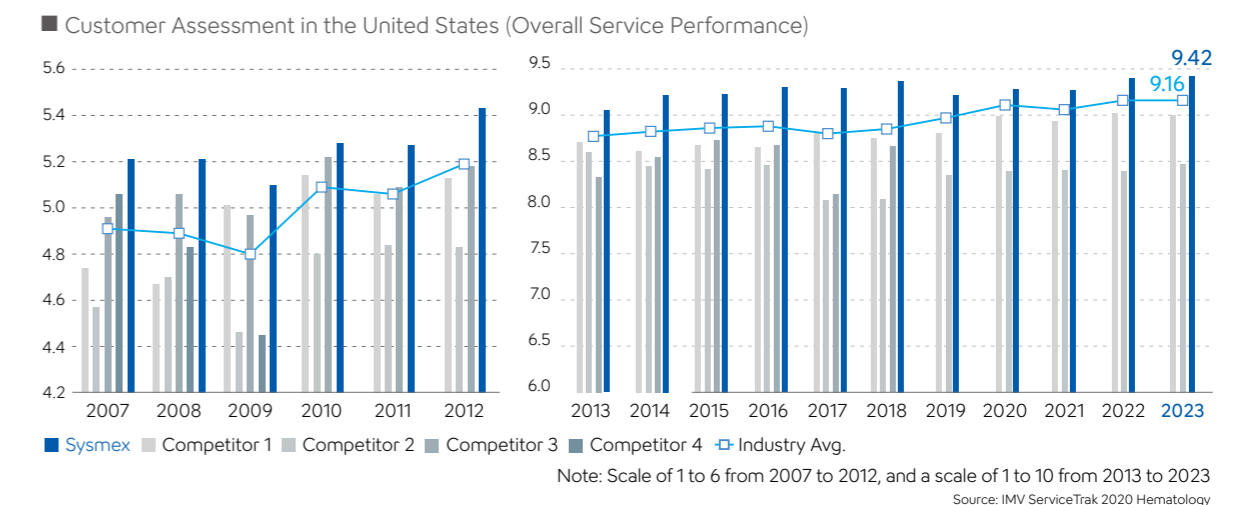
Compact enough to fit in standard Japanese operating rooms, this system is equipped with user-friendly robot arms and a high-definition 3D videoscope. Furthermore, the system has been designed to be network compatible, to support more accurate treatment by medical workers.



Robotic-assisted surgery system

Products, Service, and Support That Enhance Customer Satisfaction

In addition to expanding its product portfolio, Sysmex is enhancing its service and support offerings. As a result, we have earned high customer satisfaction in Japan and overseas. In a customer satisfaction assessment in the United States, we have been at the top for 17 consecutive years.



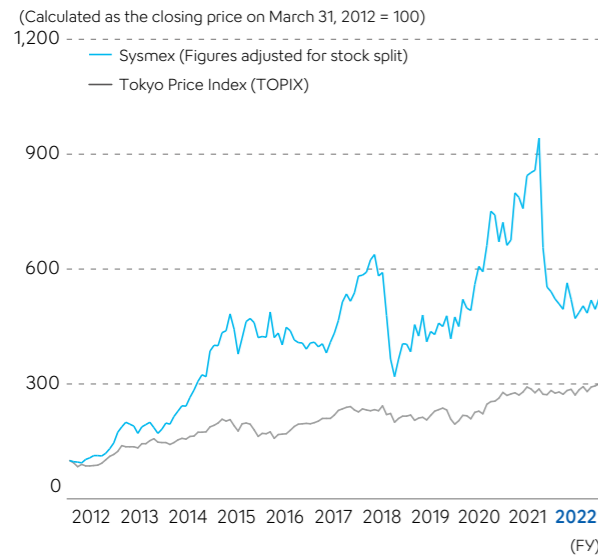
Terminology

Antimicrobial resistance	This phenomenon occurs when living organisms develop a resistance to a drug, whose efficacy is decreased or neutralized as a result. Bacteria that have developed microbial resistance are known as antimicrobial-resistant bacteria.
Antimicrobial susceptibility test	A test to determine the efficacy of various antimicrobial drugs against pathogenic bacteria detected in a sample.
Application	Corresponds to a test parameter in Sysmex's various technology platforms.
Cancer genome profiling	Analysis of information about genes significant to cancer diagnostics by looking at mutations, amplifications, and fusion of multiple genes in cancer tissue.
Caresphere	Caresphere utilizes IoT and the cloud to establish a platform for the real-time linking and analysis of a variety of information managed using testing instruments and clinical laboratory information systems. It is a new network solution that provides support for increasing the operational efficiency of professionals involved in testing and healthcare, enhancing quality and raising patient satisfaction.
Clinical FCM	Refers to FCM used in a clinical testing setting for analysis in such areas as hemophilia, lymphoma, HIV, and hematopoietic stem cells.
Commercial lab	A company that specializes in testing operations, performing IVD on behalf of medical institutions, research institutes, and other facilities.
Companion diagnostics	Tests performed to identify patients who may benefit from or experience side effects from a drug and to determine whether to change the method of administration or discontinue the drug.
Complete blood count (CBC)	This refers to eight parameters in peripheral blood: red blood cell count, white blood cell count, platelet count, hemoglobin volume, hematocrit value, mean corpuscular volume, mean corpuscular hemoglobin and the mean corpuscular hemoglobin concentration. These are basic test parameters to determine the presence of anemia, infections, and blood diseases.
EMEA	Europe, the Middle East, and Africa
Flow cytometry (FCM)	Method involving the flow dispersion of minute particles and the use of laser light to optically analyze minute flows.
Fluorescence <i>in situ</i> hybridization (FISH) testing	Testing method using fluorescent material binding only specific genes to detect abnormalities within a chromosome.
Genomic medicine	Medicine that allows the prevention of disease or the effective treatment of individual patients by analyzing their genetic information.
Hematology	The field of <i>in vitro</i> diagnostics that determines whether precise testing is necessary, by analyzing the number, type, and size of red, white, and other blood cells.
<i>In vitro</i> diagnostics (IVD)	In general, IVD refers to the testing of blood, urine and other samples to determine physical condition. IVD may also refer to the domain of laboratory testing in which IVD is performed.
Knockdown production method	A production method in which the principal parts are exported from Japan for local assembly into finished products.
Laboratory developed test (LDT)	A test performed in the clinical laboratories of medical institutions, commercial labs, and other facilities based on their own quality control regulations.
Liquid biopsy	This is a general name for technology using blood or body fluid samples for diagnosis and the prediction of treatment impacts, rather than through the conventional practice of tissue biopsy, in which diagnosis is performed on diseased tissue that has been collected. Liquid biopsy is less invasive than tissue biopsy, but more highly sensitive detection technologies are required.
Manufacturing and marketing approval (regulatory approval)	In Japan, the manufacturing and marketing of medical devices and reagents requires approval from the Ministry of Health, Labour and Welfare. Such approval necessitates confirmation of a product's function and safety. Other countries have their own regulatory procedures: approval from the Food and Drug Administration in the United States, obtaining the CE Mark in Europe (which indicates compliance with the <i>In Vitro</i> Diagnostic Medical Device Directive (IVDD) and the <i>In Vitro</i> Diagnostic Medical Device Regulation (IVDR)), and in China, approval from the National Medical Products Administration (NMPA).

One-Step Nucleic Acid Amplification (OSNA) method	A technique developed by Sysmex that does not require extraction or purification of nucleic acid in the pre-treatment process, enabling one-step amplification.
Panel testing	A test that allows multiple markers to be measured at once. Particularly in genomic medicine, cancer panels are used to analyze the mutation, proliferation, and fusion of multiple genes having diagnostic significance.
Personalized medicine	Different from the conventional practice of providing selected predetermined or uniform treatment for a given disease, personalized medicine aims to select treatment methods optimized to individual patient characteristics, based on genetic and other data.
Polymerase chain reaction (PCR)	A gene amplification technology for copying small quantities of DNA to produce larger quantities.
Precision management	A management method used to guarantee the values measured by customers' testing equipment and to confirm that a customer's equipment is functioning correctly. External quality control is a method under which the same specimens (such as artificially produced blood) are distributed to multiple clinical laboratories, and the measurement results obtained are analyzed using statistical methods, thereby allowing the precision of individual laboratories' measurement results to be evaluated. The results are provided as feedback to these laboratories, helping to increase the quality of testing.
Primary care	The initial care provided at clinics or other locations when a patient first falls ill.
PSS	Acronym for "Plasma Safe Sequencing." This pretreatment technology is used to discern between gene mutations and read errors by attaching tags to genes to be amplified.
Quality of life (QOL)	Refers to the maintenance of human dignity and improved wellbeing.
Reagent	A pharmaceutical product for medical use in laboratory testing, also called an <i>in vitro</i> diagnostic product. It is not used directly on the human body, but on samples of blood or other bodily fluids.
RFID	Automatic recognition system that calls, registers, deletes, and updates media data via wireless communication.
Self-medication	Taking responsibility for your own health and examine and treat minor physical ailments on your own.
Specimen	Material necessary for testing. May include blood, cerebrospinal fluid, pus, punctured fluid, urine and feces.
Sysmex Network Communication Systems (SNCS)	An online support service that connects the Sysmex Customer Support Center and customers' instruments via an Internet connection to provide real-time external quality control and scientific information, and to monitor instrument conditions.
Technology platforms	Sysmex's three technology areas (cell measurement, protein measurement, and gene measurement) and the measurement platforms that use them.
Transport system	A system that links multiple analyzers, allowing testing to be automated. In addition to making testing operations more efficient, automation helps reduce the risk of infection when samples are handled manually, and prevents mishandling.
Urinary tract infections	The urinary tract runs between the kidneys and the urethral outlet. Inflammations due to the incursion of bacteria into the urinary tract are known as urinary tract infections. Such infections can lead to cystitis and pyelonephritis (inflammation of the kidneys).
Urine sediment testing	Testing performed to analyze formed elements in the urine, including blood and other cells. Urine chemistry testing, on the other hand, is conducted by using a test paper to analyze for the presence of sugar, protein, or blood cells in urine.

Stock Information (As of the End of Fiscal 2022)

Stock Price Range



Stock Price Movements

Fiscal years	High (Yen)	Low (Yen)	Closing price (Yen)	Volatility (%)
2012	5,800	2,900	5,790	25.7
2013	7,180	3,130	3,290	37.5
2014	6,880	3,070	6,670	27.6
2015	8,640	5,430	7,040	39.2
2016	8,170	6,010	6,750	29.9
2017	9,730	6,080	9,640	24.7
2018	11,110	4,810	6,690	38.7
2019	8,420	5,814	7,846	38.4
2020	13,310	7,024	11,925	27.8
2021	15,725	7,970	8,923	41.6
2022	9,815	7,380	8,643	41.0

Note: Volatility refers to the annualized standard deviation based on daily closing prices.

Total Shareholder Return (TSR*) (Annualized Rate) (%)

Investment period	Past 1 year	Past 3 years		Past 5 years		Past 10 years	
	Cumulative/Annual rate	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Sysmex	-3.0	10.5	3.4	-9.9	-2.1	201.9	11.7
TOPIX	5.8	53.4	15.3	31.8	5.7	142.1	9.2
TOPIX (Electrical equipment)	1.6	77.6	21.1	56.4	9.4	254.5	13.5

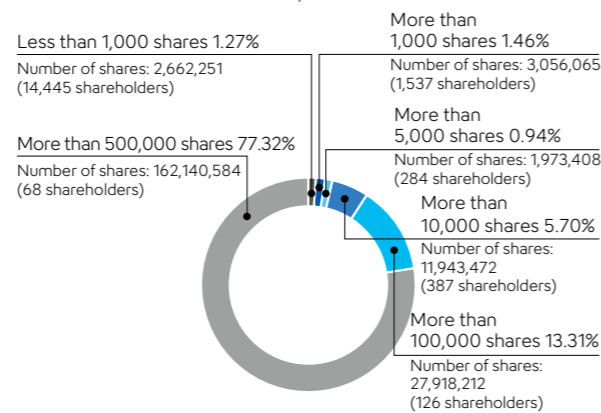
* TSR: Total shareholder return, including capital gains and dividends
 • Prepared by Sysmex based on data from Nikkei NEEDS-Financial QUEST
 • Base date of March 31, 2023
 • TSR calculated on the assumption that dividends are reinvested in shares

Principal Shareholders (Top 10)

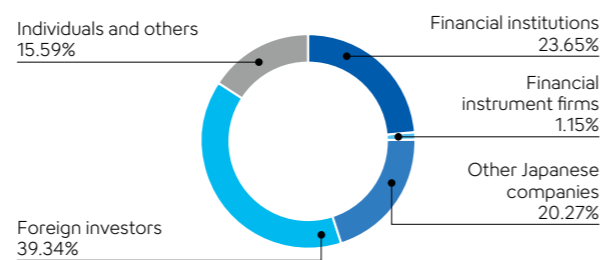
Shareholders	Number of shares held (Thousands)	Percentage of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,874	13.3
Custody Bank of Japan, Ltd. (Trust Account)	12,075	5.8
The Kobe Yamabuki Foundation	12,000	5.7
Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	11,830	5.7
Nakatani Kosan, Ltd.	10,519	5.0
Kazuko Ietsugu	6,094	2.9
Taeko Wada	6,094	2.9
Rusoru, Ltd.	4,750	2.3
Tadako Nakatani	4,012	1.9
SSBTC CLIENT OMNIBUS ACCOUNT	3,665	1.8

Note: Percentage of shareholding excludes treasury stock (447,492 shares).

Distribution of Shares by Number of Shares Held



Composition of Shareholders



Corporate Information (As of the End of Fiscal 2022)

Sysmex Corporation

Established	February 20, 1968
Head Office	1-5-1, Wakinohama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan
Inquiries	IR Department: TEL: +81-78-265-0500
Website	https://www.sysmex.co.jp/en/
Number of Employees	10,522 (consolidated basis) (including part-time employees and others)
Fiscal Year	April 1–March 31
Shareholders' Meeting	June
Number of Shares Authorized	598,688,000 shares
Number of Shares Issued	209,693,992 shares
Paid-in Capital	¥14,281.2 million
Stock Listings	Tokyo Stock Exchange, Prime Market
Ticker Code	6869
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditor	Deloitte Touche Tohmatsu LLC
Rating	AA- (Rating and Investment Information, Inc. (R&I))
Major Indexes	Dow Jones Sustainability World Index Dow Jones Sustainability Asia Pacific Index FTSE4Good Index Series FTSE Blossom Japan Index FTSE Blossom Japan Sector Relative Index MSCI ESG Leaders Indexes MSCI SRI Indexes MSCI Japan ESG Select Leaders Index MSCI Japan Empowering Women Index (WIN) S&P/JPX Carbon Efficient Index ISS ESG "Prime" Status Ethibel Excellence Ethibel Pioneer Ethibel Sustainability Index (ESI) Euronext Vigeo Eiris World 120 Index iSTOXX MUTB Japan Platinum Career 150 Index

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



>>Sysmex Sustainability Data Book 2023 > Evaluations and Results Related to Sustainability P90