



System Report 2022

System Report 2022

Fiscal 2021 (April 1, 2021 to March 31, 2022)



System Corporation

System Corporation
1-5-1 Wakinohama-Kaigandori,
Chuo-ku, Kobe 651-0073, Japan
Tel +81 (78) 265-0500 Fax +81 (78) 265-0524
www.system.co.jp/en/

Printed in Japan.

Lighting the way **with diagnostics**



Lighting the way with diagnostics

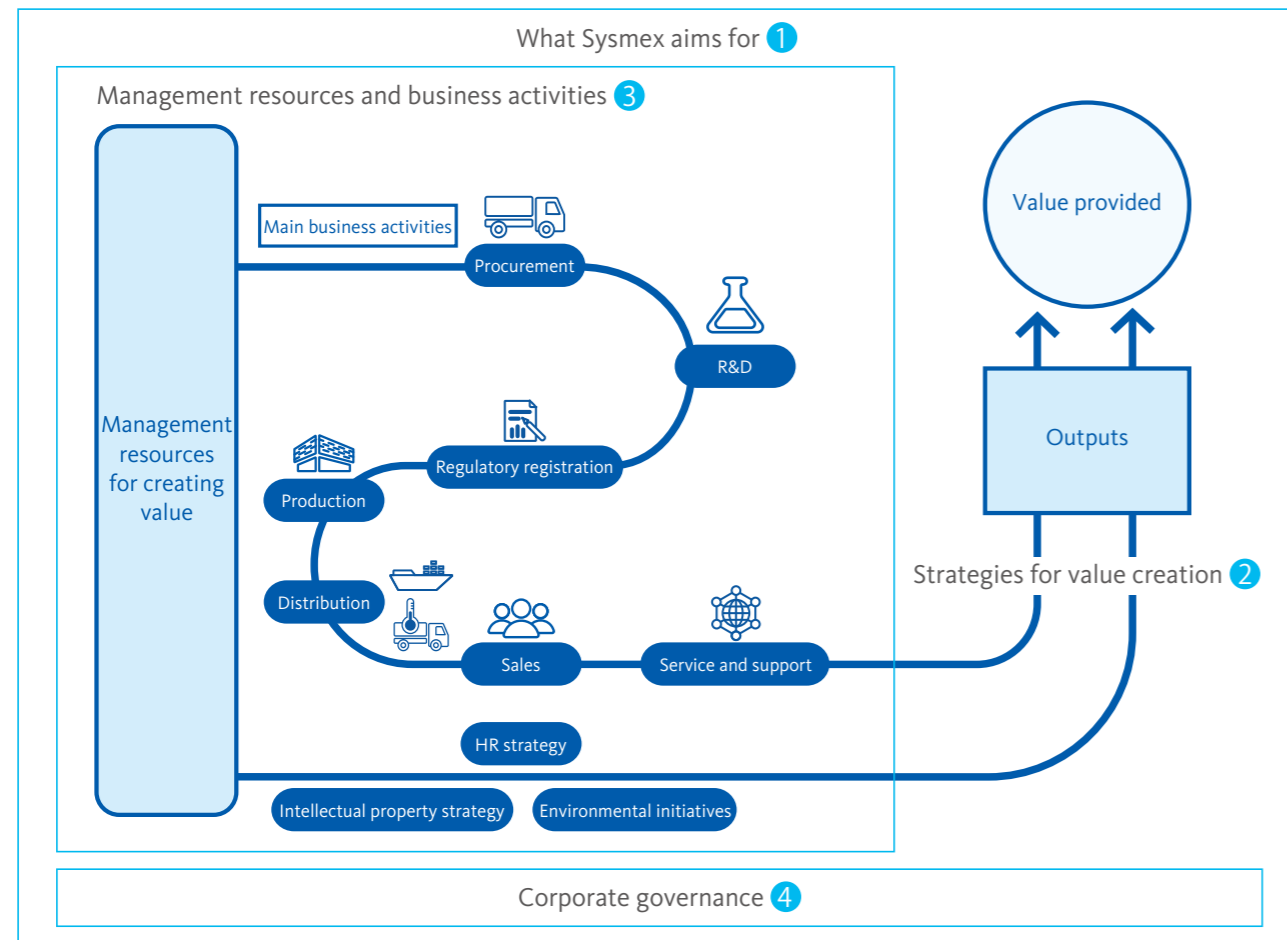
Sysmex enhances diagnostic value with innovative testing, to bring greater trust and confidence to healthcare.

Sysmex operates in the field of healthcare testing, which involves examining blood, urine, and other samples. We provide customers with a variety of products and services in more than 190 countries and regions.

We will undertake new challenges in the field of diagnostics as the future of healthcare unfolds.

Contents

Structure of Sysmex Report 2022



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 IIRC's International Integrated Reporting Framework, as well as the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.

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.

Independent Practitioner's Assurance

In addition to environmental and social data, we have obtained independent practitioner's assurance of compliance with the AA1000 AccountAbility Principles.

>>Sustainability Data Book > Independent Practitioner's Assurance P70

System of Disclosure

Financial information	Non-financial information
System 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. • Financial statements • Financial data, etc.	Sustainability Site https://www.sysmex.co.jp/en/csr/index.html • 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

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.

Period Covered

The target period is fiscal 2021 (April 1, 2021 to March 31, 2022), but the report also covers some activities conducted after April 2022.

Accounting Standards

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 Japanese GAAP. Figures from fiscal 2015, are presented in accordance with IFRS.

Forward-Looking Statements

Statements in this report pertaining to Sysmex's future plans, strategies, 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.



Sustainability Data Book

01 Message



- 01 ■ Corporate Message **Lighting the way with diagnostics**
- 05 ■ Corporate Philosophy for the Sysmex Group
- 06 ■ An Ideal Unchanged Since Our Founding
- 07 ■ Sysmex's History
- 09 ■ A Snapshot of Sysmex
- 11 ■ Sysmex's Business Model
- 13 ■ Message from the CEO

19 What Sysmex Aims for



- 21 ■ Materiality
- 23 ■ Sysmex's Value Creation: Aiming for Sustainable Growth
- 25 ■ Providing Value to Patients, Healthy People, Healthcare and Society
- 27 ■ Worksite Commentary

29 Strategies for Value Creation



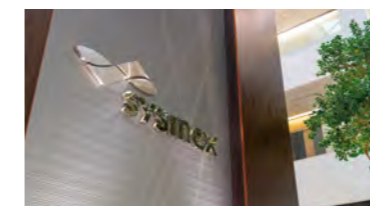
- 31 ■ Long-Term Management Goals
- 33 ■ Long-Term Management Goals: Achievement Milestones
- 35 ■ Mid-Term Management Plan
- 37 ■ Mid-Term Management Plan: Background to Formulation of Key Actions
- 39 ■ Mid-Term Management Plan: Progress on Key Actions
- 43 ■ Performance Highlights
- 46 ■ Topics in Fiscal 2021
- 47 ■ Status of Sustainability Targets
- 51 ■ Financial and Capital Strategies (Message from the Executive in Charge of Finance)

55 Management Resources and Business Activities



- 57 ■ Management Resources and Business Activities
- 59 ■ R&D Capabilities
- 61 ■ Production and Distribution System
- 62 ■ Sales and Service Structure
- 63 ■ Environmental Considerations
- 65 ■ Diverse Human Resources
- 67 ■ Intellectual Property

68 Corporate Governance



- 69 ■ Message from Outside Member of the Managing Board
- 71 ■ Corporate Governance
- 75 ■ Risk Management
- 77 ■ Members of the Managing Board
- 81 ■ Executive Officers

83 Activity Report, Corporate Overview



- 83 ■ Management's Discussion and Analysis
- 89 ■ Consolidated Financial Data (10 Years)
- 91 ■ Consolidated Financial Statements
- 95 ■ Sysmex's Businesses
- 98 ■ Primary Products and Services
- 101 ■ Stakeholder Engagement
- 103 ■ Terminology
- 105 ■ Stock Information
- 106 ■ Corporate Information

Corporate Philosophy for the Sysmex Group

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. Our Core Behaviors 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 continue to create unique and innovative values, while building trust and confidence.

Mind

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

Our Core Behaviors

To our Customers

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers. We constantly look out for our customers' true needs, and seek to generate new solutions to satisfy those needs.

To our Employees

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential. We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

To our Business Partners

We deliver commitment to our client companies through broad-ranging partnerships. We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.

To our Shareholders

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications. We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.

To Society

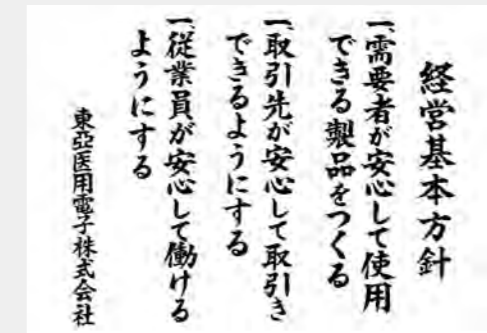
We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards. As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.

An Ideal Unchanged Since Our Founding

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.” These thoughts are carried forward in the “Sysmex Way,” the Sysmex Group's current corporate philosophy.



Founder: Taro Nakatani



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.

Our founding philosophy, the “Three Aspects of Confidence:” instills confidence among customers, business partners and employees and defines the basis of our management.

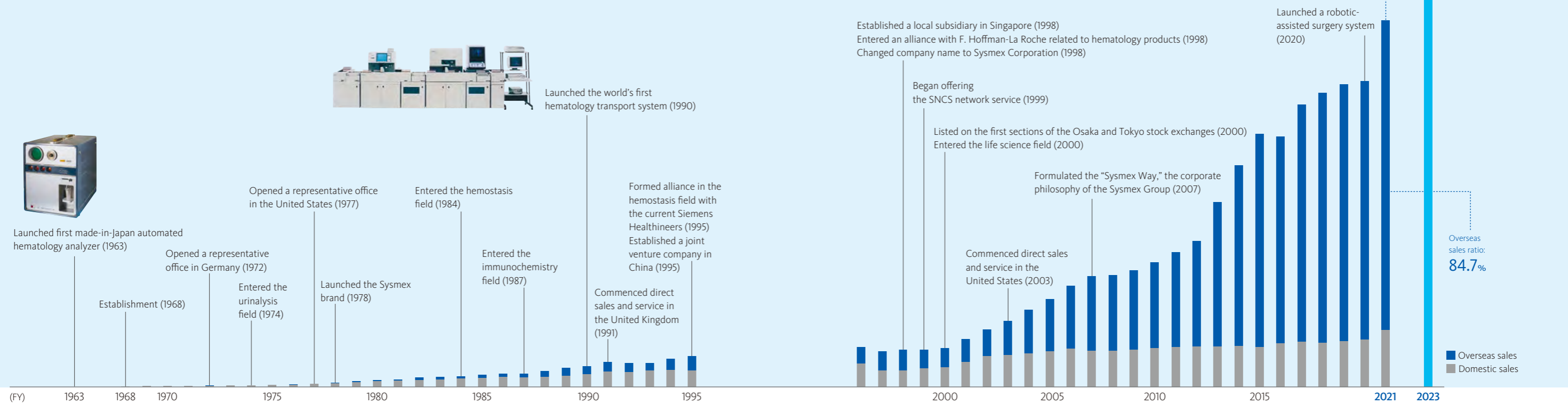
Mr. Nakatani noted that “There is no such thing as eternity in this world, and every flow must have its ebb. Companies are no exception to this rule.” He went on to share his thoughts on corporate management and confidence: “We will always strive to instill confidence. It is important to keep in mind that without this effort, the company cannot survive and proceed with its work.”



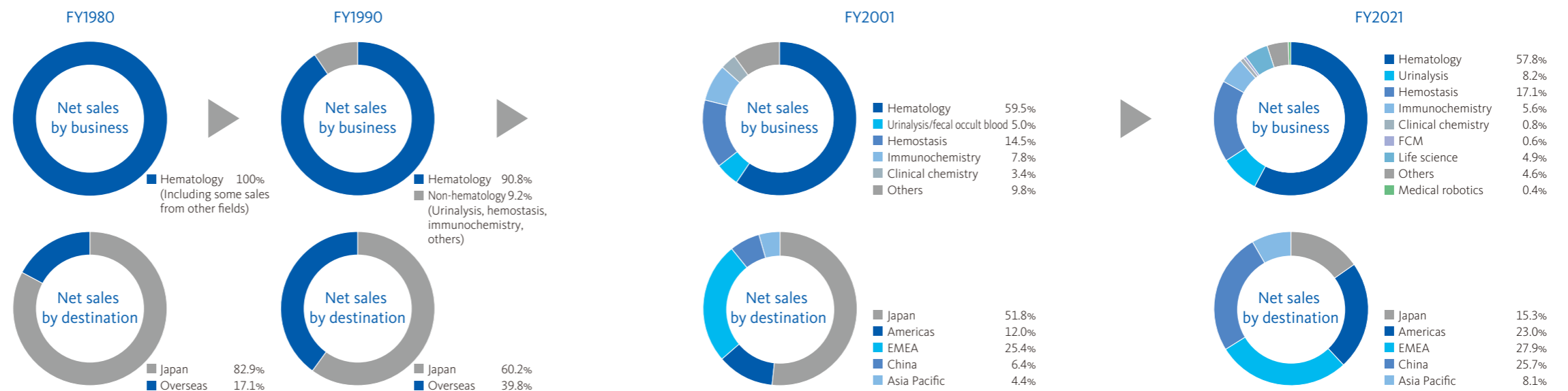
To ensure corporate sustainability in a constantly changing society, Mr. Nakatani believed it is essential that we ourselves continue to take on challenges. In that spirit, Mr. Nakatani visited the United States in 1960 in search of new business ideas. His attention was drawn to the field of medical electronic devices. When he returned to Japan, Mr. Nakatani began working with young researchers, conducting studies and engaging in development. In 1963, they succeeded in the commercialization of Japan's first blood cell counter, the CC-1001 automated hematology analyzer.

Sysmex's History

Since the time of its founding, Sysmex has grown by expanding its business portfolio in the domain of *in vitro* diagnostics and developing its business globally. Going forward, we will work to accelerate sustainable growth by quickly ascertaining changes in the business environment and developing our business.





Changes in Sales by Business and Destination



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

A Snapshot of Sysmex

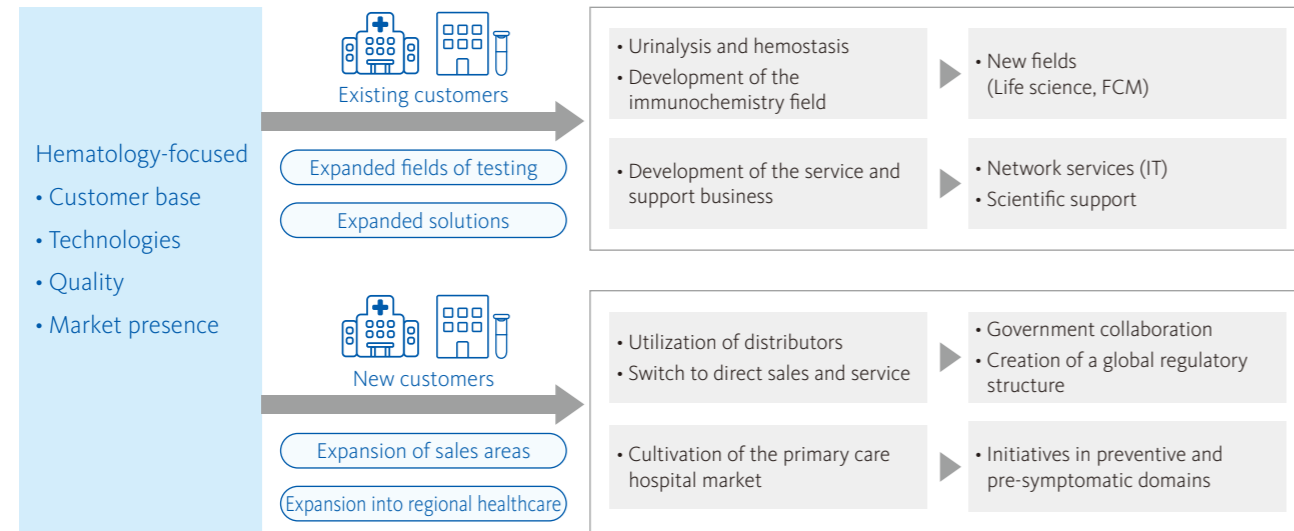
Note: Figures are as of March 31, 2022, unless otherwise indicated.

	Materiality	R&D	Production/Distribution	Sales	Service and Support	Companywide
Resolution of medical issues through products and services Responsible provision of products and services	<p>Three-year total R&D investment</p> <p>¥71.0 billion (Fiscal 2019–2021)</p> <p>Number of patents</p> <p>3,680 (Total number of patents, utility model rights and design rights)</p> <p>Average number of development projects per year</p> <p>Around 70 (Average over the past five years)</p>	<p>Instrument production bases</p> <p>7 locations globally</p> <p>Reagent production bases</p> <p>14 locations globally</p> <p>Production volume (reagents)</p> <p>Approximately 16.7 million units</p> <p>Number of unique items produced (reagents)</p> <p>1,174 items</p>	<p>Countries and regions where business is conducted</p> <p>More than 190</p> <p>Sales and service bases</p> <p>62</p> <p>Alliance partners</p> <p>Roche, Siemens Healthineers, EIKEN CHEMICAL, Cellavision, others</p>	<p>Customer Assessment in the United States</p> <p>No. 1 for 15 consecutive years Source: IMV ServiceTrak 2020 Hematology</p> <p>Customer needs addressed</p> <p>Approximately 14,000 (non-consolidated basis)</p> <p>Queries to the customer service center</p> <p>80,365 (non-consolidated basis)</p>	<p>Position in the <i>in vitro</i> diagnostics market</p> <p>9th globally*</p> <ol style="list-style-type: none"> 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. Holgic (United States) 8. bioMérieux (France) 9. Sysmex (Japan) <p><small>*Sysmex's estimates based on information disclosed for 2021</small></p>	
Realization of an attractive workplace	<p></p> <p>Approximately 900</p> <ul style="list-style-type: none"> • Diverse specializations and technical skills • Two acquisitions in the past five years (As of May 2022) 	<p></p> <p>Approximately 1,000</p> <ul style="list-style-type: none"> • Greater productivity through the introduction of ICT • Establishment of an attractive working environment and a focus on training 	<p></p> <p>Approximately 2,000</p> <ul style="list-style-type: none"> • Promotion of more local management • Hiring and development of regulatory affairs and clinical development personnel 	<p></p> <p>Approximately 1,700</p> <ul style="list-style-type: none"> • Addressing the individual needs of each region and facility • Increasing the number of people in charge of Caresphere™ and digital medicine 	<p>Engagement score</p> <p>65% (Excluding EMEA)</p> <p>Female managers ratio</p> <p>17.3%</p> <p>Training time per employee</p> <p>31.4 hours</p>	
Environmental consideration	<p>Results of decreased electricity consumption by new products</p> <p>Down by approximately 40% (Compared with Sysmex's older products)</p> <ul style="list-style-type: none"> • For new products in the hematology field (Specimen Transport Product Group), we realized an environmentally friendly design that consumes less electricity than conventional models. 	<p>Percentage reduction in CO₂ emissions in shipping and logistics</p> <p>Cut 1% (Base year: Fiscal 2016)</p> <ul style="list-style-type: none"> • Air transport increased, owing to delayed production of instruments stemming from semiconductor shortages. 	<p>Amount spent on product disposal as a percentage of net sales</p> <p>0.6%</p> <ul style="list-style-type: none"> • Ongoing efforts to reduce waste through appropriate inventory management and other means 	<p>Percentage reduction in CO₂ emissions when using instruments</p> <p>22% reduction (Base year: Fiscal 2016)</p> <ul style="list-style-type: none"> • Increased sales of power-saving products and global trend toward improvement in CO₂ emission factors 	<p>Percentage reduction in CO₂ emissions from business activities</p> <p>44% reduction (Base year: Fiscal 2016)</p> <ul style="list-style-type: none"> • Decrease due to installation of equipment to reduce CO₂ emissions from business offices, improved production efficiency at factories, etc. 	
Strengthening of governance Sustainable growth	<p>Percentage of outside members of the Managing Board</p> <p>41.7%</p>	<p>Percentage of executive compensation that is performance-linked or non-monetary (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board)</p> <p>73%</p>	<p>Financial results</p> <p>Net sales</p> <p>¥363.7 billion</p> <p>Free cash flow</p> <p>¥23.6 billion</p> <p>ROE</p> <p>13.5%</p> <p>Operating profit</p> <p>¥67.4 billion</p> <p>Percentage of recurring sales</p> <p>76.1% (Sales of reagents, services and support, others)</p> <p>Market capitalization</p> <p>¥1.9 trillion</p>			

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

Systemx's Business Model

Business Expansion That Leverages Systemx's Strengths



Status by Field

Hematology	Urinalysis	Hemostasis	Immunochemistry
Systemx has No. 1 share of sales	Systemx has No. 1 share of sales	Systemx has No. 1 share of sales	
Market growth rate (2021-2023) 4%	Market growth rate (2021-2023) 4%	Market growth rate (2021-2023) 4%	Market growth rate (2021-2023) 4%
Market scale \$4,000 million	Market scale \$1,200 million	Market scale \$3,000 million	Market scale \$23,000 million
Systemx's sales (FY2021) ¥210.3 billion	Systemx's sales (FY2021) ¥29.9 billion (Sedimentation, chemistry)	Systemx's sales (FY2021) ¥62.0 billion	Systemx's sales (FY2021) ¥20.4 billion

Notes: Systemx has compiled data on market scale and growth rates based on publicly disclosed information as of 2021. Exchange rates are used for the year in which research was conducted, so simple comparisons with market scales presented in previous years are not possible. Our share of sales in the hemostasis field includes sales through an alliance with Siemens Healthineers.

Main Alliance Partners

Hematology	Roche, Cellavision
Urinalysis	EIKEN CHEMICAL, Siemens Healthineers
Hemostasis	Siemens Healthineers

Major Competitors

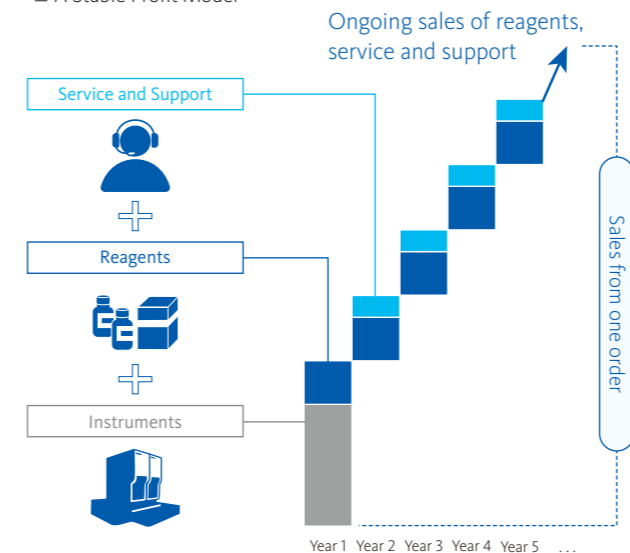
Hematology	Danaher, Siemens Healthineers, Abbott, Mindray
Hemostasis	Welfen (former Instrumentation Laboratory), Stago
Urinalysis	Danaher
Immunochemistry	Roche, Abbott, Siemens Healthineers
Clinical FCM	Becton Dickinson, Danaher

In the IVD market, demand tends to be relatively unaffected by global conditions and economic trends, and the market continues to grow along with advances in medicine. Systemx maintains a strong position in this market, particularly in the field of hematology, where we have a market share of more than 50% (No. 1). In the urinalysis and hemostasis fields, we are expanding our sales regions and product portfolios by collaborating with alliance partners. As a result, we have a No. 1 share of the global market in these fields, as well.

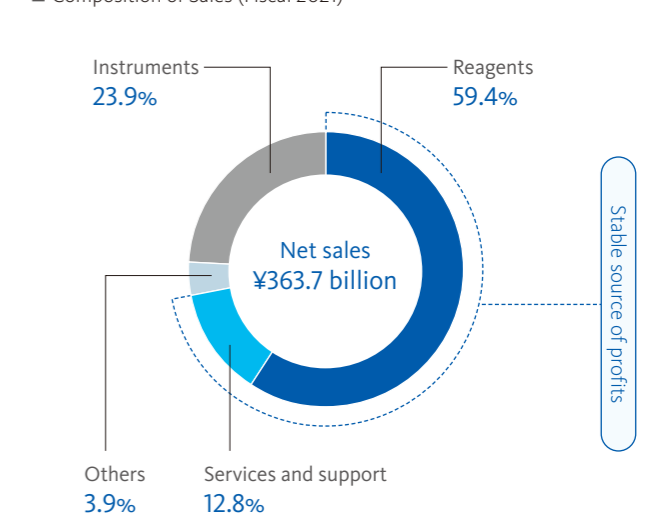
Systemx has continued to grow and established its market position since the time of its establishment, mainly by leveraging its expertise in the field of hematology, expanding its fields of testing and solutions, growing its sales regions, and developing its business in regional healthcare. (See the figure at left.)

Profit Model

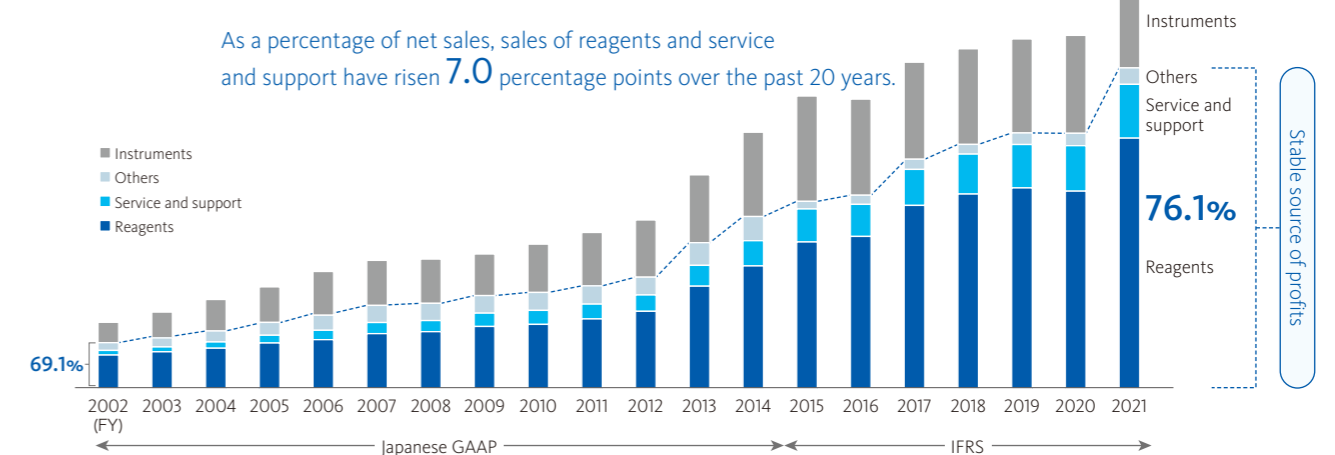
A Stable Profit Model



Composition of Sales (Fiscal 2021)



Sales of Reagents and Service and Support



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

Our earnings structure is characterized by stable and ongoing revenue sources and high profitability. In our mainstay fields of hematology and hemostasis, even after customers purchase instruments, we generate ongoing revenue by selling specialized reagents and providing service and support. Notably, Systemx is increasing its proportion of sales from reagents and service and support by expanding its share of business with large-scale facilities (where reagent use is high) and by growing its portfolio of clinically significant reagents. By increasing our proportion of sales from reagents, which are more profitable than instrument sales, we expect to generate stable earnings and maintain or increase profitability. Systemx's products and service and support earn high customer satisfaction, so in addition to new customers, we enjoy a high customer retention rate.

Message from the CEO



A handwritten signature in black ink, reading "Hisashi Ietsugu".

Hisashi Ietsugu
Chairman and CEO

By enhancing diagnostic value, we are contributing toward the extension of healthy lifespans, the improvement in accessibility to healthcare, the advancement of medical care and the optimization of medical costs, as well as promoting the overall advancement of healthcare.

Our mission is “Shaping the advancement of healthcare”. In line with this mission, we will enhance the value we provide to society, healthcare and patients.

I would like to extend my sincere sympathies to the people who are suffering from COVID-19. I also offer my heartfelt thanks to all of you who are working to help prevent this pandemic from spreading.

The “Sysmex Way,” the corporate philosophy of the Sysmex Group, defines our mission of “Shaping the advancement of healthcare.”

Sysmex operates in the healthcare domain, which continues to evolve and develop, constantly changing its form as new needs are created by advances in science and society. Looking around the world, although medical issues differ by country and region, emerging markets are following in the footsteps of developed countries, where healthcare levels continue to grow more sophisticated.

Within the healthcare domain, the value of diagnostics is also increasing. The *in vitro* diagnostics (IVD) market, which is worth an estimated \$80 billion, continues to grow steadily. Accurate diagnosis is essential for treatment, and the evolution of testing to support diagnosis is directly related to the development of medical care. In addition, the concept of personalized medicine, in which the selection of treatment methods is optimized for individual patients, has become a worldwide trend. Recently, calls have been mounting for progress in treatments that are early-stage and comprehensive, and that reduce patient burden. To realize these goals, R&D efforts are underway, including the automation and systematization of diagnostic instruments, the expansion of biomarkers, and the establishment of liquid biopsy. With primary care in the preventive and pre-symptomatic domains growing in importance, and telemedicine expected to become more widespread, increasingly diverse testing will play a major role in value creation.

Against this backdrop, the value Sysmex provides to society includes the extension of healthy lifespans, improvement in accessibility to healthcare, and advancement of medical care. We respond to the universal human desire to live long and healthy lives. At the same time, the optimization of medical costs is a theme of topmost importance. Providing testing that is optimal for each patient in terms of timing, location, and method can help ensure appropriate drug administration and the selection of treatment, reduce the physical and financial burden on patients, and lower medical costs. Sysmex, which aspires toward the advancement of diagnostics and healthcare, it can make a major contribution to these goals in countries around the world.

>>Sysmex's Value Creation P23

>>Providing Value to Patients, Healthy People, Healthcare, and Society P25



**To achieve sustainable growth,
we are aiming for double-digit sales growth and a 20% operating margin.**

Operating within the healthcare business domain, which is a growing market, Sysmex has based its management on double-digit sales growth for nearly 30 years.

Our main business domain, the IVD market, is growing in the mid-single digits. Basically, our goal is for sales growth to outpace the market's expansion, so we are concentrating on augmenting our portfolio and expanding our sales area. In the diagnostics business, our earnings structure is focused on generating ongoing stable revenue by providing reagents and service and support to customers after they purchase instruments, so sales growth is important.

Above all, I would like to emphasize the internal energy generated by our goal of double-digit growth. As we cannot achieve double-digit growth by simply following existing practices, Sysmex is committed to "generating wisdom." Given the changes that are occurring among customers and markets, we cannot reach this objective with short-term measures. Employees draw up new strategies and measures through dialogue, learning, and collaboration with customers and other stakeholders. Employees are motivated by the fact that their own efforts create value and contribute to customers and patients further down the road. We believe it is important to build this climate of constant thinking and growth to nurture the next generation 10 to 20 years in the future.

On the other hand, achieving growth also necessitates aggressive investment, which requires us to generate profits. In order to expand our portfolio globally and continue to create new value, our profitability target should be an operating margin of around 20%. Over the past few years, our operating margin has deteriorated as a result of new product development, regulatory application fees, proactive investment in digital transformation (DX), and deterioration in the cost of sales ratio. However, we believe that it is essential to improve our gross profit ratio and continuously raise profitability by boosting production efficiency (partly through DX) and through reagents accounting for a larger percentage of sales. We now have the environment in place to achieve our goals.

[»Financial and Capital Strategies \(Message from the Executive in Charge of Finance\) P51](#)

Mid-term management plan to realize our positioning under the long-term management goals (2025)

Based on these perspectives for value creation and growth, we established "A Unique & Advanced Healthcare Testing Company" as our long-term vision under the long-term management goals (2025) we formulated in fiscal 2018, and we set five positioning targets. Our mid-term management plan that commenced in fiscal 2021 is a promotion plan that incorporates specific measures for reaching these targets.

Expanding and advancing our business foundation are at the base of this strategy. Sysmex has a market share of more than 50% in the hematology field. We have also established a No. 1 global market position in the urinalysis and hemostasis fields, and we are steadily building our business foundation in the immunochemistry and life science fields. We have developed a sales and service network that spans more than 190 countries and regions, and a well-balanced regional portfolio, with the Americas, EMEA, China, and Japan and the Asia Pacific region each accounting for around one quarter of our business. In addition, we have cell, protein, and gene technology platforms and have built up manufacturing and quality control systems.

Leveraging these foundations, our mid-term management plan calls for us to continue reinforcing the hematology field. At the same time, the plan calls for growth in the key fields of hemostasis, immunochemistry, and life science. Meanwhile, we will advance the development of new businesses, such as medical robotics, and promote DX, both for customers and for ourselves internally. We will also focus on expanding our human resources portfolio and improving management quality, which will serve as the soil to nurture these growth strategies.

[»Long-Term Management Goals P31](#)
[»Mid-Term Management Plan P35](#)

**By augmenting our portfolio and expanding our sales regions,
we achieved record sales and profits in fiscal 2021.**

We made steady progress in fiscal 2021, which was the first year of our mid-term management plan. Net sales and operating profits both reached record levels, rising 19.2% and 34.8% year on year, respectively, and the operating margin recovered to 18.5%.

We faced difficult changes in the operating environment, such as the impact of COVID-19, raw materials shortages, sharply higher prices, disruption on the logistics front, rising geopolitical risks, and lockdowns in China, but we responded flexibly in each business and region. We believe we were successful in taking measures based on information we obtained from our customers around the world regarding their changing business environments and requirements.

In November 2021, a fire broke out at an outsourced storage facility in Japan, resulting in the loss of reagents and other inventory. However, due to an initial response based on our business continuity plan (BCP) and an expeditious revision to our supply plans, we were able to resume the provision of products several days later, and we quickly optimized inventory levels. Harnessing our Groupwide capabilities and realizing a stable supply to our customers provides us with a certain degree of resistance to environmental changes and risks.

In our diagnostics business, we worked steadily to take advantage of a recovery in testing demand, which had fallen off in fiscal 2020 due to COVID-19. In North America, we leveraged our alliances to grow in the urinalysis field. Sales increased in direct sales regions, such as Spain and Portugal, and a rise in testing related to COVID-19 also helped drive growth. By destination, sales grew by double digits year on year in each region except China. Meanwhile, in China we steadily undertook growth-oriented initiatives, such as instrument manufacture utilizing the knockdown production method and expansion of our reagent portfolio. Sysmex continues to focus on medium- to long-term growth in the Chinese market. This remains an important region for us, and we will accelerate our business development there going forward. In the medical robotics business, we began the full-fledged deployment of robotic-assisted surgery systems for the use in urology. We have

installed 18 units as of the end of fiscal 2021, and in October 2021 Mediaroid Corporation filed an application to expand regulatory approval to gynecology and gastroenterology.

With an eye to growth initiatives in fiscal 2022 and beyond, we will strive to expand our existing portfolio and sales areas, and we will focus on market development in India and other emerging markets. We have high expectations for Astrego Diagnostics AB (presently Sysmex Astrego AB), which became a wholly owned subsidiary in May 2022. With urinary tract infections, bacterial identification and other diagnoses can take time, making it difficult to prescribe appropriate antimicrobials at the first consultation. This can lead to antimicrobial resistance, which is a major medical issue. Astrego's proprietary microfluidic technology enables rapid antimicrobial susceptibility testing, and we aim to help resolve the antimicrobial resistance problem by commercializing the technology and introducing it to the market as soon as possible. Furthermore, we are stepping up our initiatives targeting Alzheimer's disease. Conventional testing requires cerebrospinal fluid, but we are working to reduce the burden on patients through liquid biopsy, which enables blood-based testing. We will accelerate development with a view to market introduction in the United States and Europe, as well as in Japan. In the medical robotics business as well, we are pursuing business development activities in the United States, Europe, and Asia Pacific.

[»Mid-Term Management Plan: Progress on the Key Actions P39](#)

Promoting sustainability management that aligns the vector of management strategy with the expectations and demands of society

One key action under our mid-term management plan is to “formulate a vision and roll out measures to reinforce and implement sustainability management.” Sysmex regularly reviews its materiality based on changes in the external environment, societal expectations and demands, and the progress of its strategies. In fiscal 2021, we revisited our KPIs alongside our new mid-term management plan, and set the reviewed KPIs as our new sustainability targets.

Society's expectations and demands are growing by the day with respect to the materiality items Sysmex has identified, such as the environment, diversity and inclusion (D&I), supply chain management, human rights, and governance. In light of these changes, Sysmex believes that sustainability management is of the utmost importance in order to build a sustainable structure while promoting efforts to address each issue from a long-term perspective and aligning the vector of our management strategy with these social trends.

In product development, it has become essential to create products that increase testing value while also being environmentally friendly. For example, new products in the hematology field that we launched in 2021 shorten the time to diagnosis, improve laboratory work efficiency, and lower environmental impact by reducing power consumption by 40%* compared to conventional products.

With D&I, it is important to have employees with diverse values and backgrounds who can share different ideas, and for each of them to demonstrate their abilities. For the Group as a whole, we will accelerate D&I initiatives. We will also promote human resource development and human resource strategies that leverage diversity from a D&I perspective. Gender is also an issue, especially in Japan, where the economic world has long been male dominated. We are working to create an environment and culture in which female employees can easily demonstrate their abilities, and are striving to increase the ratio of women among our employees and managers.

To continue these sustainability initiatives and integrate them with our growth strategy, we are working toward the May 2023 announcement of a new long-term management strategy. Following this announcement, we hope to receive candid feedback from our stakeholders and promote active dialogues.

*Sample transportation system modules

[»Materiality P21](#)

[»Status of Sustainability Targets P47](#)

Building a corporate culture and promoting strategies based on the Sysmex Way to enhance corporate value

Corporate culture and human resources are of particular importance for enhancing corporate value. Sysmex positions human resources as the source of value creation. Accordingly, we are focused on revamping our HR system, attracting a diverse workforce, and cultivating the next generation of managers. Looking beyond strategy and system design, we also emphasize the accumulation of various types of experience and opportunities and an environment that allows employees to build diverse contacts, including with customers.

Underpinning these efforts is the “Sysmex Way,” the corporate philosophy of the Sysmex Group. Our ideal is for employees to think and draw up strategy in terms of the Sysmex Way, and to align our corporate culture with this philosophy. Sysmex's management is unwavering in its corporate stance toward this philosophy; we share the Sysmex Way when recruiting human resources and conduct awareness activities at each Group location. In corporate culture surveys of employees, the rate of penetration for the Sysmex Way has remained at around 70% for the past few years. To improve this further, we will continue to promote dialogue with employees and increase engagement.

We strive toward the realization of a sustainable society and engage in initiatives to enhance corporate value, based on our mission as expressed in the Sysmex Way, of “Shaping the advancement of healthcare.” We would like to ask our stakeholders for their continued support and understanding of our endeavors.

[»Diverse Human Resources P65](#)





What Sysmex Aims for

Based on the “Sysmex Way,” the corporate philosophy of the Sysmex Group, Sysmex seeks to provide high-value-added products and services and to foster innovation. By doing so, we aim to realize a healthier and more fulfilling society through the enhancement of diagnostic value and the resolution of medical issues.

Column India’s Healthcare Environment

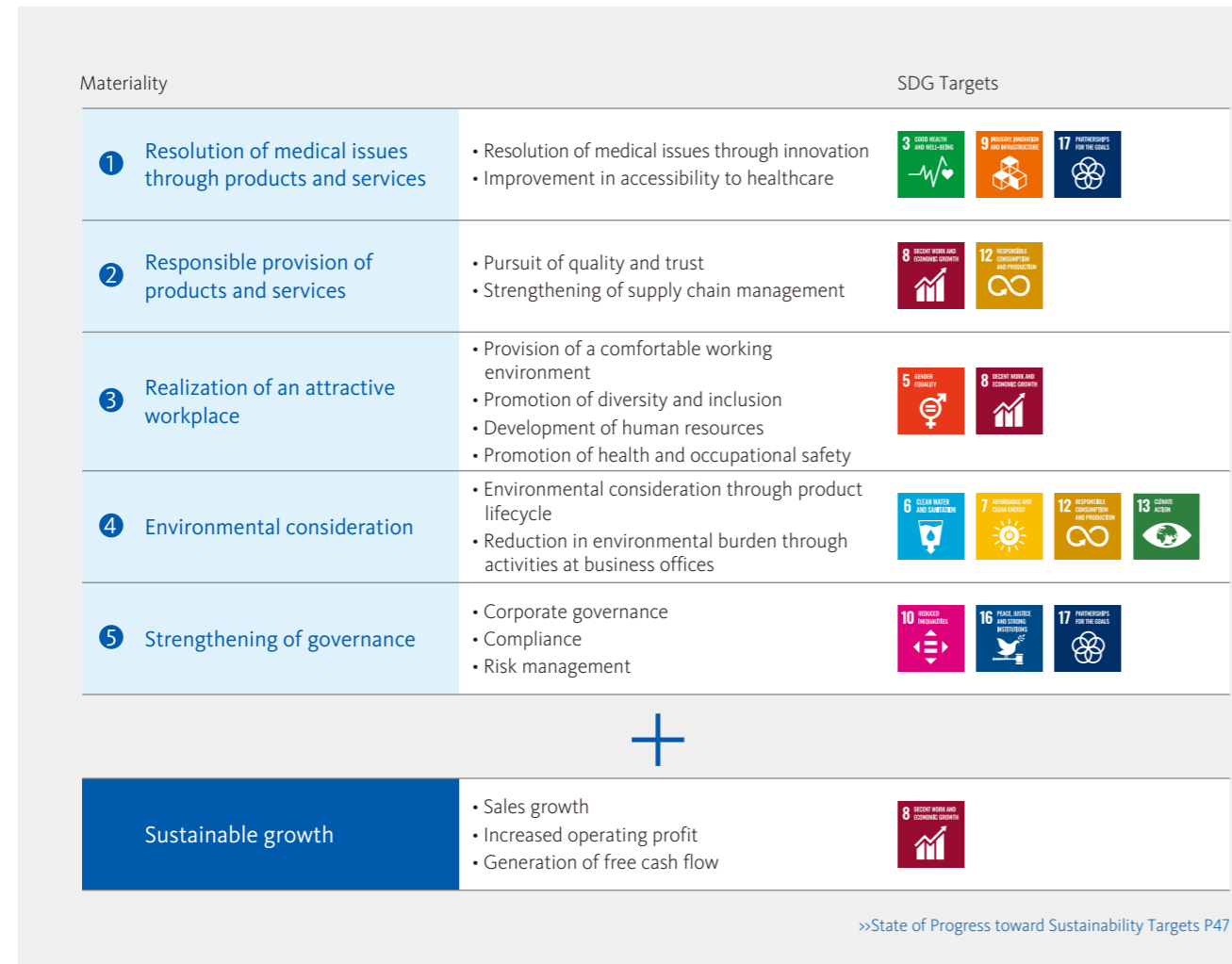
The spread of COVID-19 highlighted the issue of healthcare infrastructure development, particularly in rural areas. The Indian government responded by allocating approximately 860 billion rupees to its healthcare budget for fiscal 2022–2023 to promote an increase in primary healthcare facilities to improve standards in rural areas. Large private hospitals are also working with the government and their respective state governments to develop and enhance local healthcare systems. Demand for medical testing has been increasing significantly, and in addition to faster and more automated processing of multiple specimens, there is a growing need to standardize test quality.

 Sysmex will contribute to improving the quality of medical care in India by providing a stable supply of products and appropriate service and support to ensure stable operation of the testing systems at medical facilities.



Materiality

Materiality Items Supporting Sustainable Growth



Dialogue Targeting Stakeholder Engagement

Corresponding Materiality	Stakeholders	Main Dialogue with Stakeholders
1, 2, 4	Customers Medical institutions and commercial labs in more than 190 countries and regions	<ul style="list-style-type: none"> Communication through sales and service and support activities Collection of the voice of the customer (VOC) Holding of scientific seminars (online)
3, 5	Employees Sysmex Group employees (more than 9,000)	<ul style="list-style-type: none"> Corporate culture surveys and dialogues based on their results Creation of a global internal reporting system Creation of a labor-management council
2, 4, 5	Business Partners <ul style="list-style-type: none"> Joint research and development partners (more than 200 themes) Suppliers (approximately 250 Tier 1 suppliers) Distributors (more than 600 companies) 	<ul style="list-style-type: none"> Communication through open innovation and alliances Communication based on procurement policies Holding of meetings with distributors
1, 4, 5	Shareholders Shareholders and investors (approximately 14,000)	<ul style="list-style-type: none"> Proactive disclosure and dialogue Holding of various briefings
1, 2, 4	Society Governments and administrations Regions and societies (including NPOs)	<ul style="list-style-type: none"> Collaboration and dialogues with government agencies and international organizations Participation in local communities

(See P101 for details related to stakeholder dialogues.)

System's Materiality

System has identified priority issues (materiality) with a view to realizing a sustainable society and achieving sustainable growth for System.

System's materiality items are priorities we have identified by taking into account the needs and expectations elicited through stakeholder engagement and System's internal and external operating environments. We identified these priorities by making an overall assessment along two axes, the "degree of importance for System's stakeholders" from a medium- to long-term perspective, and from the perspective of risks and opportunities, the "degree of importance for System."

In addition, we review and verify these items when formulating mid-term management plans. These were previously verified in fiscal 2020. Some of the content was updated to reflect changes in the operating environment, such as growing demands from outside the Group.

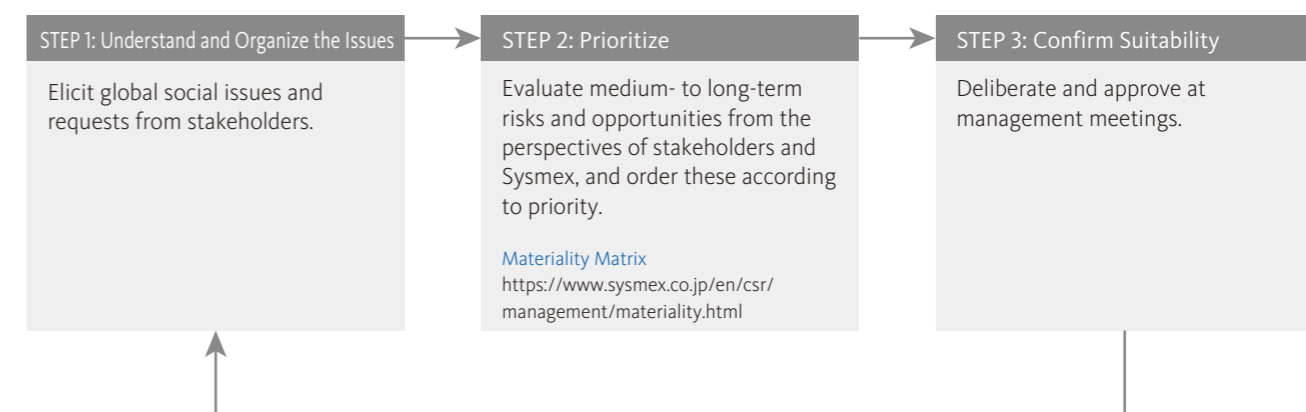
To make progress toward our targets more visual and

effective, in the fiscal 2021 revision we set "sustainability targets" as specific KPIs in line with the mid-term management plan. We also developed action plans and activities for responsible divisions. Members of the Managing Board confirm progress toward sustainability targets, which is reported regularly by each department at meetings of the Managing Board and at quarterly management meetings. In addition, the entire Company works together on initiatives when discussing new measures.

As our business expands, our stakeholders have grown more diverse. Nevertheless, our fundamental management philosophy of instilling confidence among our stakeholders has remained unchanged. As a Group conducting business in the healthcare sector, System works alongside its business partners and employees to provide products and services to medical institutions and other customers in an effort to resolve healthcare issues.

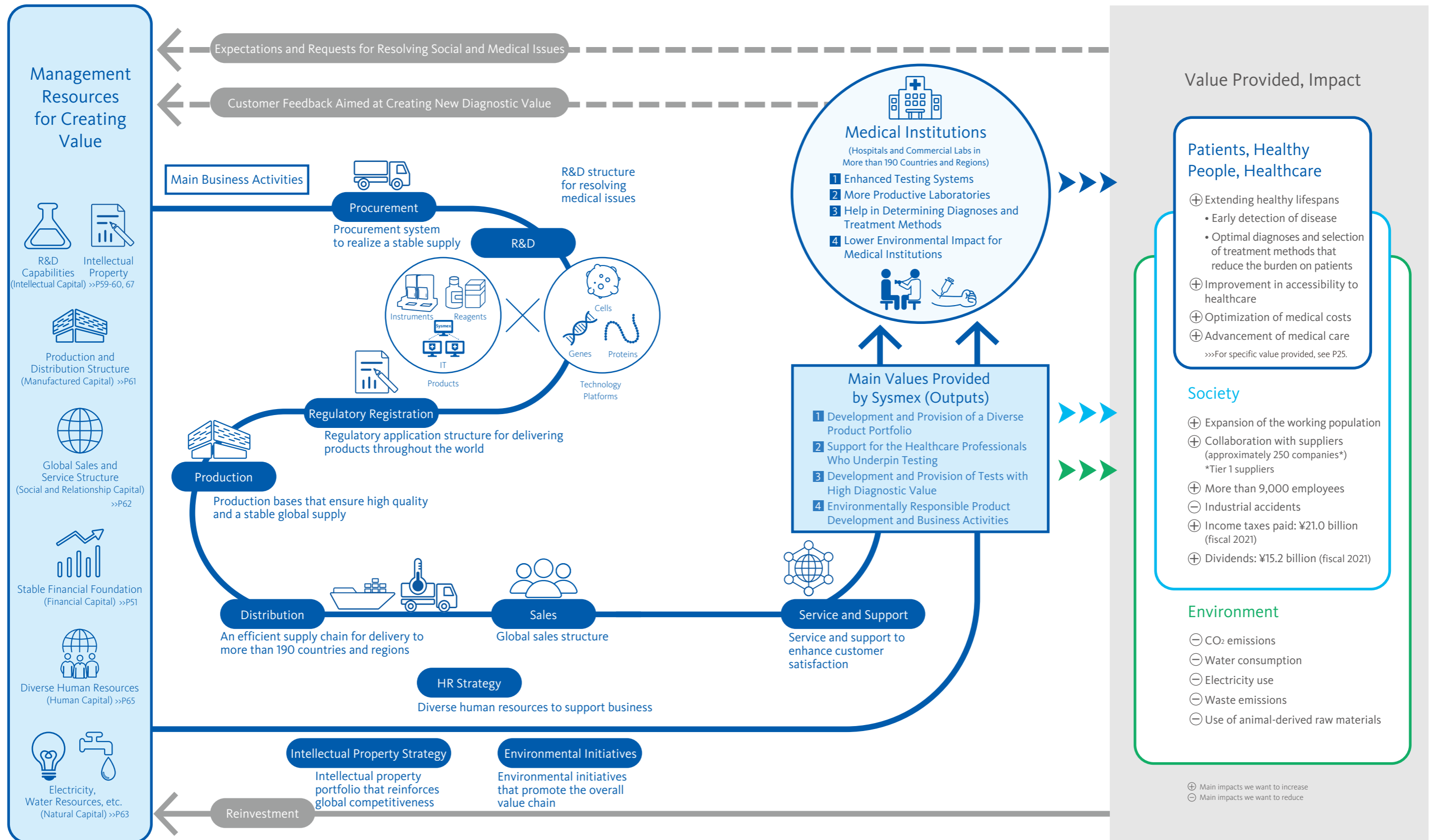
System will continue to engage proactively in dialogues with stakeholders to co-create value in a sustainable manner.

The Process of Identifying our Materiality



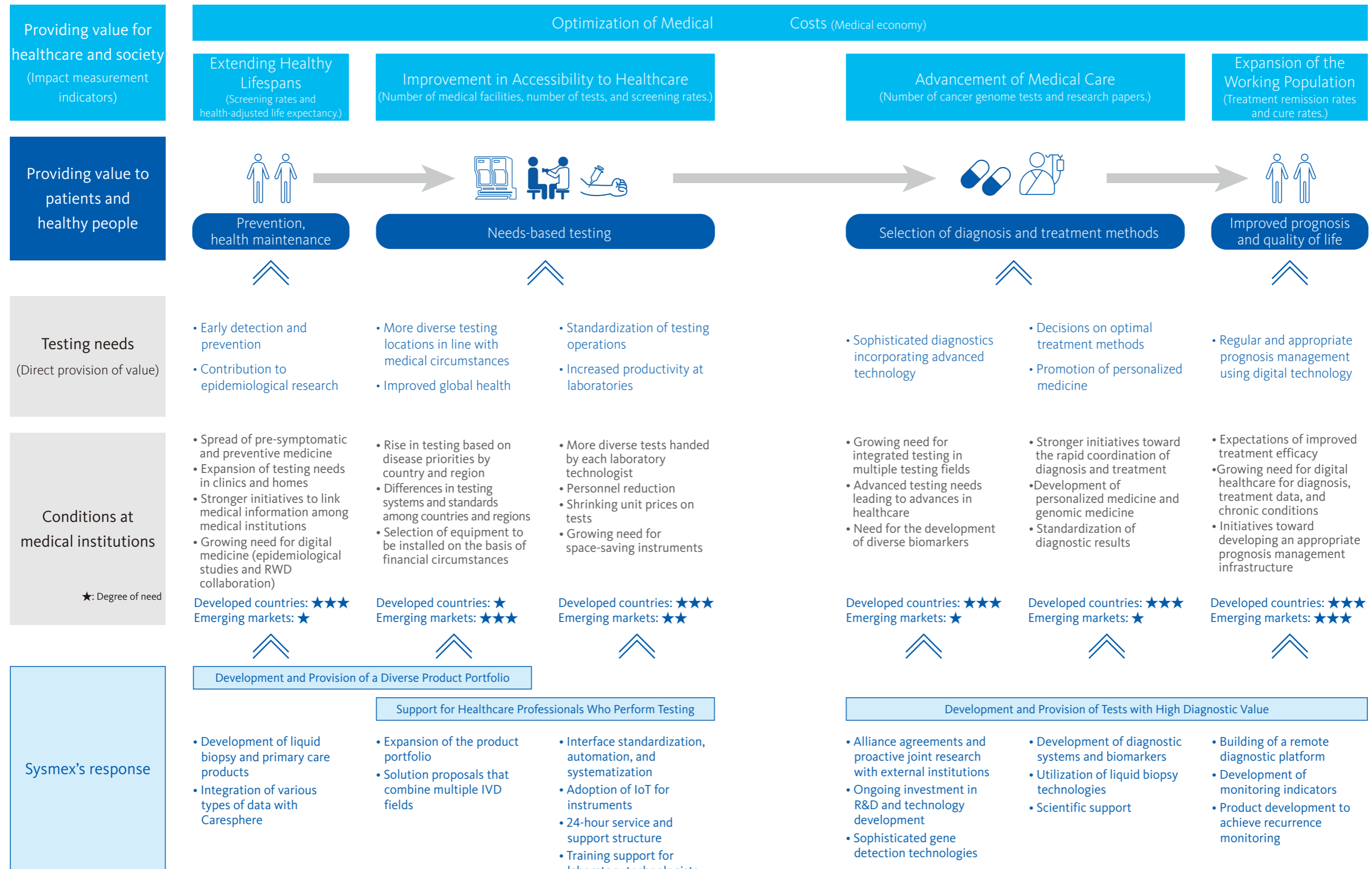
Sysmex's Value Creation: Aiming for Sustainable Growth

Our business centers on *in vitro* diagnostics (IVD), based on our mission of “Shaping the Advancement of Healthcare.” This mission is expressed in the “Sysmex Way,” the corporate philosophy of the Sysmex Group. By leveraging our unique management resources, we provide high-value-added products and services, aiming to extend healthy lifespans and optimize medical costs.



Providing Value to Patients, Healthy People, Healthcare and Society

By meeting the needs of medical institutions and providing various sorts of value corresponding to different life stages, we work to optimize medical costs, extend healthy lifespans and advance healthcare.



Worksite Commentary

Japan: Person in Charge of Regional Medical Care (Aomori Prefecture)

We help increase laboratory productivity and support community healthcare.



Yosuke Agatsuma
Morioka Sales Office
Sendai Branch
Sales & Marketing East/Japan

Under the Ministry of Health, Labour and Welfare's vision, the roles of regional medical care in Japan are being divided among different facilities, with laboratory needs varying by facility. In addition, as medical care grows increasingly sophisticated, the work of laboratory technologists is also becoming more diverse. In addition, the number of tests related to COVID-19 is increasing, making laboratory operations more complicated and increasing workloads.

With regional hospitals in these circumstances, Sysmex believes it is important for tests to simultaneously provide clinical value (high and multiple functionality) and to deliver value on the efficiency and cost fronts. With our new products in the hematology field that launched in March 2021, we have sought to reflect this feedback from medical facilities and laboratories by providing high-value-added products and promoting their adoption by new customers. We have worked to automate tasks that were previously performed manually, reducing the workload at laboratories while simultaneously boosting productivity and lowering operating costs. We aim to support regional medical care by proposing and expanding value in these ways.

India: Person in Charge of North and East India

We will identify the diverse needs of different regions and facilities to improve the value of diagnostics.



Vineet Malhotra
Deputy General Manager
Sales (North and East India)
Sysmex India Pvt. Ltd.

India faces major disparities in testing volume and parameters, depending on whether facilities are urban or rural, on whether they are privately run or government-affiliated, and on the size of the facility. One particular issue that India faces throughout the healthcare system is that of improving healthcare standards in rural and inland areas. Medical facilities in these regions are looking for ways to achieve high productivity and rapid testing, while at the same time reducing the cost of testing.

Sysmex has been working for some time to offer products and solutions that are precisely tailored to individual regions' needs. We have built a robust position by offering unique parameters, high quality, excellent service and scientific support. We will continue working to fully leverage these advantages to expand our product and service offerings and improve diagnostic value. In addition, we will support advances in diagnosis and treatment by sharing technical expertise and cutting-edge case studies at Group meetings and seminars.

Ghana: Person in Charge of the Entire Region

We aim to carefully respond to country risk and enhance medical standards.



Moustapha Abari Dan-Bouzoua
Manager
Country Sales/Marketing Department
Sysmex West and Central Africa Ltd.

In Ghana, medical treatment fees under the national health insurance system are low, and taxes on medical instruments are high. This situation makes it difficult to invest in testing equipment and increase testing fees. Against a backdrop of underdeveloped medical regulation, low product quality is the norm, and country risks (such as payment terms and currency) are also a factor.

Given these regional characteristics, Sysmex focuses on carefully responding to country risks and working to improve the standard of healthcare in Ghana. We are placing a particular emphasis on the need to provide accurate test results, the provision of test flows that support rapid diagnosis, the acquisition of expertise and technologies, and higher productivity in testing. Specifically, we provide a leasing and maintenance menu aimed at optimizing cost-effectiveness. We also help to enhance testing infrastructure through customer training, product workflow analysis, and technical support for testing systems.

United States: Person in Charge of Large and Medium-Sized Hospitals

We propose value-added solutions to meet needs for automation and labor saving.



Tom Tojo
Director
Corporate Accounts
Sysmex America, Inc.

Sysmex has acquired a major share of the US market. However, the ongoing management integration of medical institutions and the formation of groups is driving an increase in cases of bulk purchasing of medical instruments. We are concerned that these moves could affect our market share. That said, Sysmex's current position in the US market is robust, and we have a strong competitive advantage. Market competition is expected to intensify, as total laboratory automation (TLA) vendors roll out solutions that bundle clinical chemistry, immunochemistry, and hemostasis offerings along with hematology.

The United States is learning to live with COVID-19, but the acute care wings of large and medium-sized hospitals have growing needs for further automation and labor savings. Staff placement and personnel planning are essential parts of laboratory operations. Decisions to introduce hematology products are also made with an eye toward the future of the healthcare system and take into account the increasing call to minimize manual processes, except in pediatrics and other areas where physicians' orders are mandatory.

Sysmex will leverage its extensive customer touchpoints to ascertain laboratory needs through regular customer meetings and symposiums and incorporate them into product development and value-added proposals.

China: People in Charge of Tier 2 and 3 Hospitals

Amid growing demand for testing and healthcare cost reforms, we will meet expectations through careful communication.



Wu Wanqing
Marketing Promotion Department
Sysmex Shanghai Ltd.



Luo Chunmei
Sales Department (Region II)
Sysmex Shanghai Ltd.



Shi Changwen
Immunochemistry and
Clinical Chemistry Department
Sysmex Shanghai Ltd.



Chen Changhao
Hemostasis Department
Sysmex Shanghai Ltd.

As its population ages, China is working to rapidly enhance its healthcare infrastructure, and demand for testing is growing. At the same time, the country is working to curtail medical expenses through reforms to comprehensive medical fee reimbursements. This is likely to result in growing expectations for instrument manufacturers on the quality, quantity, and cost fronts. In this environment, Tier 2 and 3 hospitals (which Sysmex is focusing on) are playing a role in providing more advanced treatment, training future generations, and raising the level of regional medical care. For testing, we are seeing growing needs for high-precision, multi-parameter testing, increased efficiency, full automation, and scientific support. While customers indicate that the product solutions Sysmex currently provides are meeting these needs, technological innovation needs to continue. We will continue to communicate closely with customers, key opinion leaders and distributors. By sharing their requests with the product development team, we will contribute to the early detection of diseases, more efficient medical care, and higher added value at laboratories.

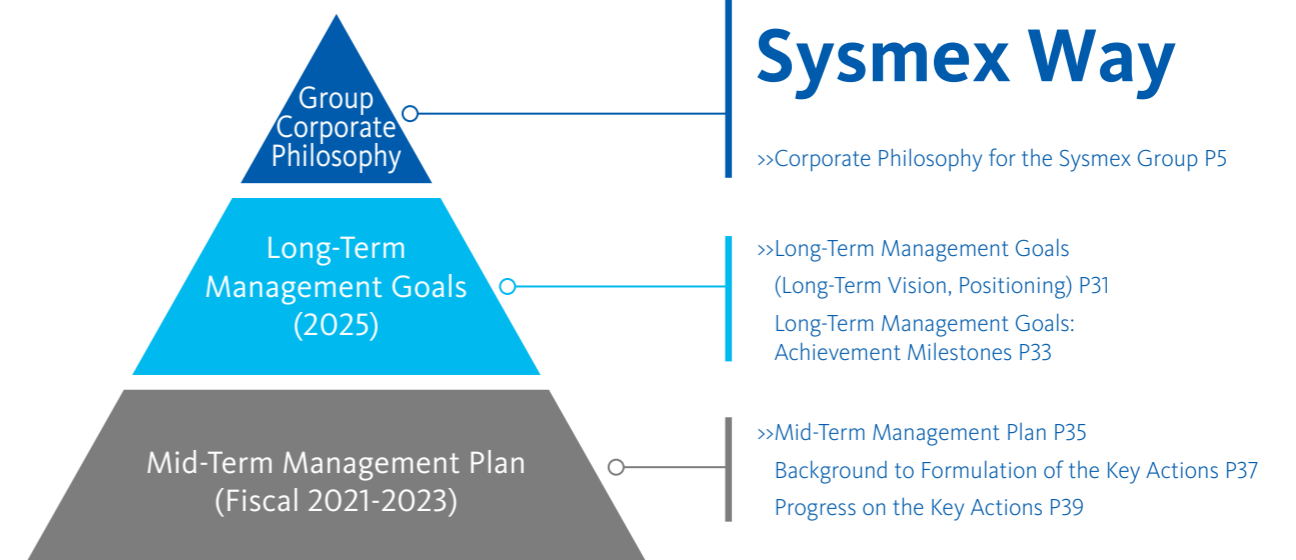


Strategies for Value Creation

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

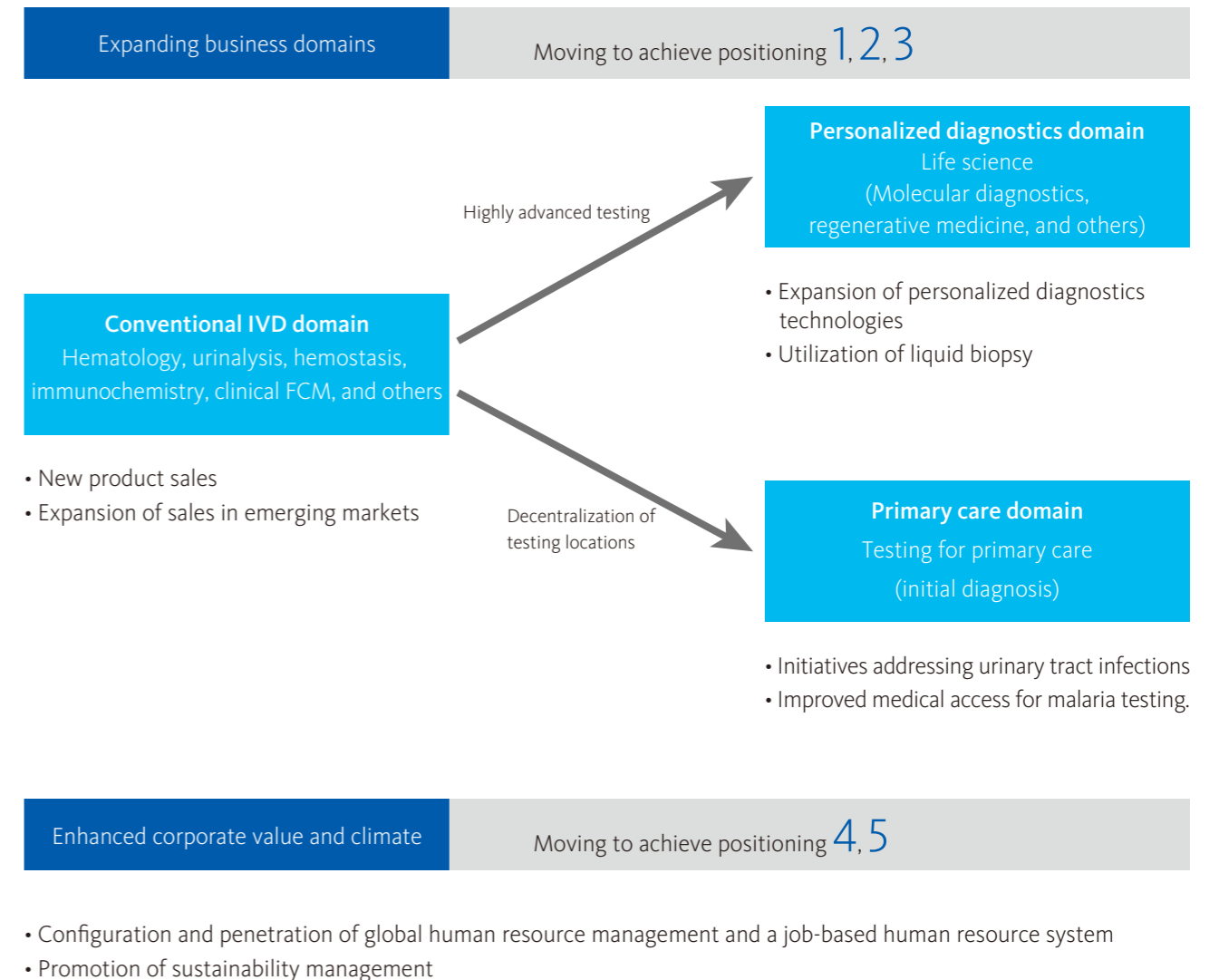
The COVID-19 pandemic has altered the healthcare market substantially, but medical issues remain to be addressed. Emerging markets are characterized by expanding populations and rapid economic growth, while developed countries have aging populations and face the need to optimize medical costs. In terms 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																																				
FY	2017	2018	2019	2020	2021																																														
Rate (%)	12.8	4.1	2.9	1.0	19.2																																														
<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																																								
FY	2019	2020	2021																																																
Cases	1,368	1,580	1,615																																																
<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																																				
FY	2017	2018	2019	2020	2021																																														
¥ billion	110.5	115.9	119.7	122.0	142.9																																														
<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>Sysmex</th><td>5.0</td><td>5.1</td><td>5.2</td><td>5.3</td><td>5.4</td><td>5.5</td><td>5.6</td><td>5.6</td><td>5.6</td><td>5.6</td><td>5.6</td><td>5.6</td><td>5.6</td><td>5.6</td><td>5.6</td></tr> <tr><th>Industry Average</th><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>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></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	Sysmex	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	Industry Average	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021																																				
Sysmex	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6																																				
Industry Average	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5																																				
<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																																				
FY	2014	2016	2018	2020	2021																																														
(%)	48	53	55	71	68																																														

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

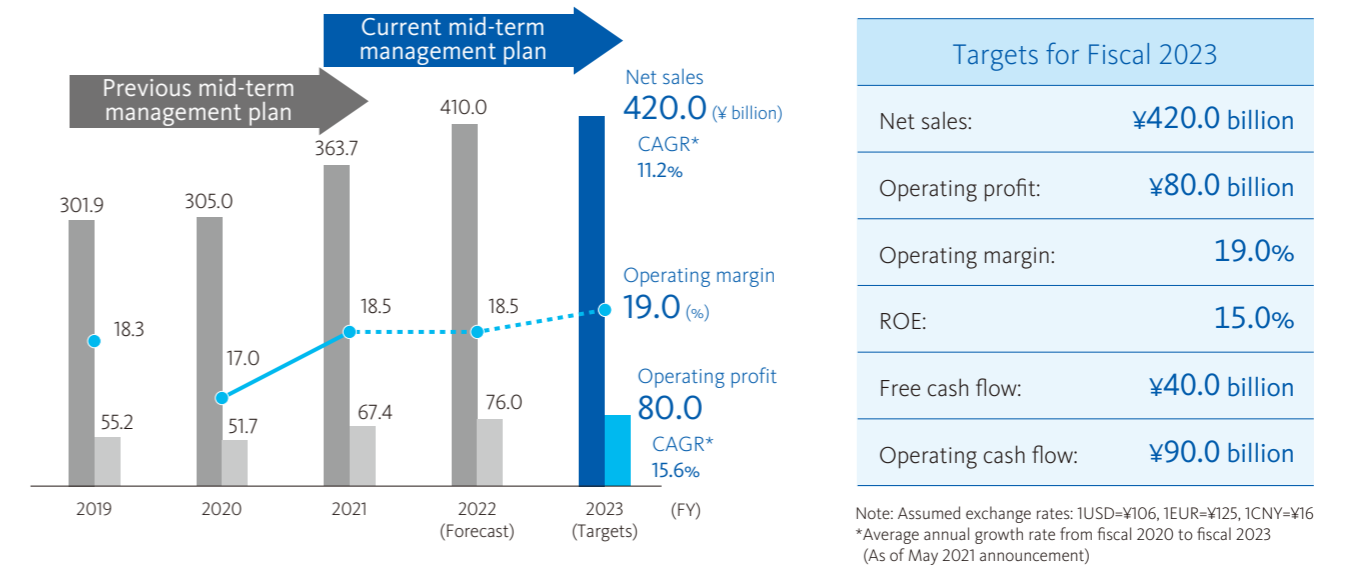
- Recognition of change in the operating environment
- Progress on important priorities under the previous mid-term management plan and ongoing issues
- Elucidation of risks and opportunities
- Review of materiality items

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



Annual Management Plan

Financial Targets



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

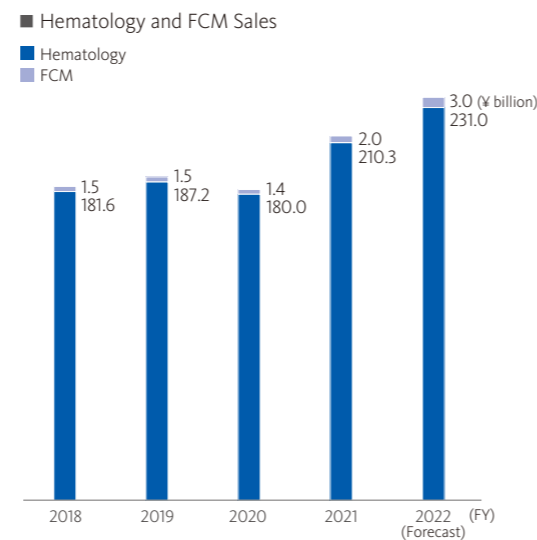
>>P98 Providing “Operational Value” That Boosts Efficiency in Laboratory Operations

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

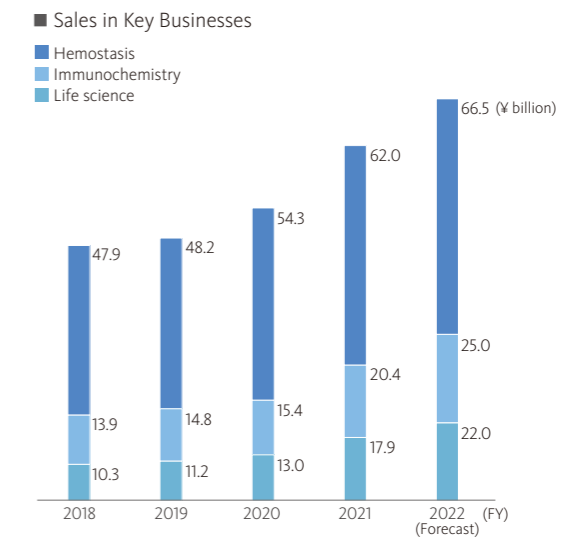
- Sales composition and growth rate in three key fields
- Market share and rollout regions in three key fields
- R&D investment in three key fields
- Number of new products developed in three key fields
- Number of cancer genomes analyzed*
- Number of biomarkers
- Number of conference presentations and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

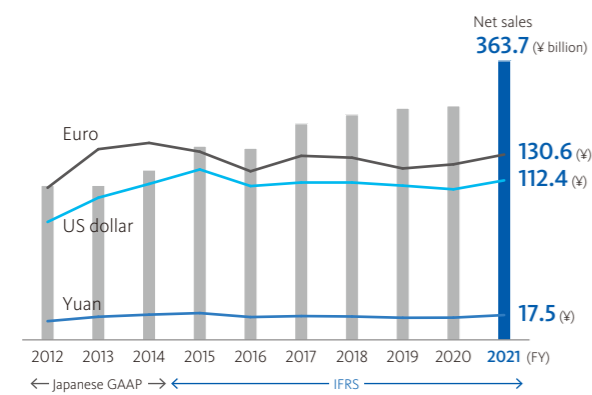
Demand for environmental responsiveness has been growing, from both within and outside the Company. Answering this call, in May 2022 we set and declared the goal of becoming carbon neutral (reducing greenhouse gas emissions to zero in real terms) by 2040. To improve the effectiveness of governance, we 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

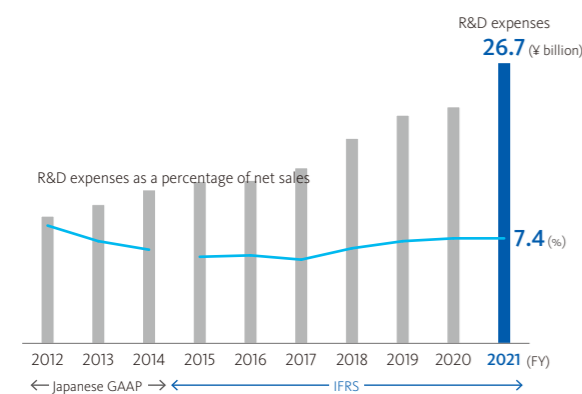
¥363.7 billion
(Up 19.2% year on year)



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

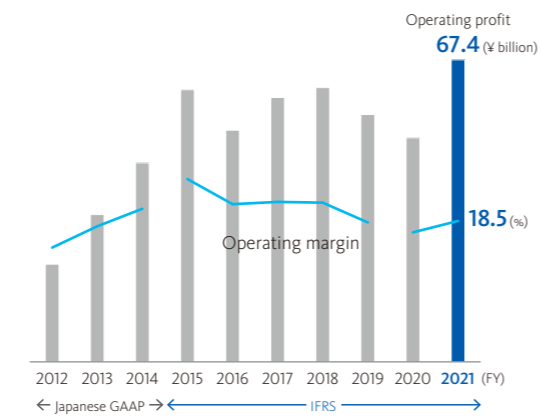
¥26.7 billion 7.4%
(Up 19.0% year on year) (Same level as in the previous year)



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

■ Operating Profit/Operating Margin

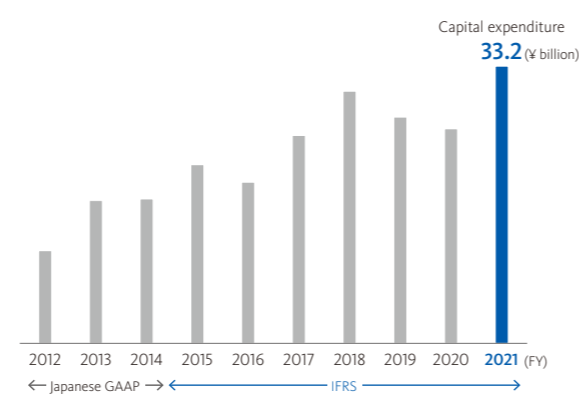
¥67.4 billion 18.5%
(Up 34.8% year on year) (Up 2.1 percentage points year on year)



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)

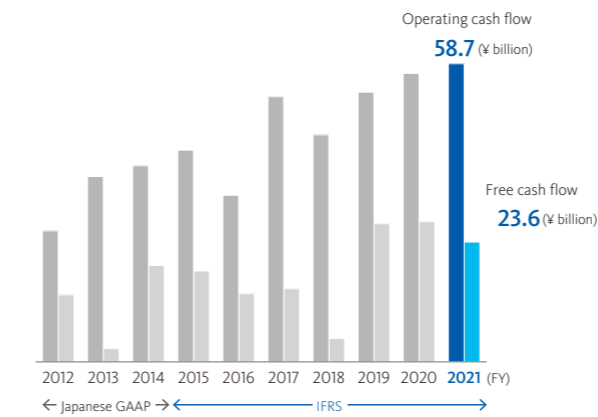
¥33.2 billion
(Up 29.4% year on year)



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

■ Operating Cash Flow/Free Cash Flow

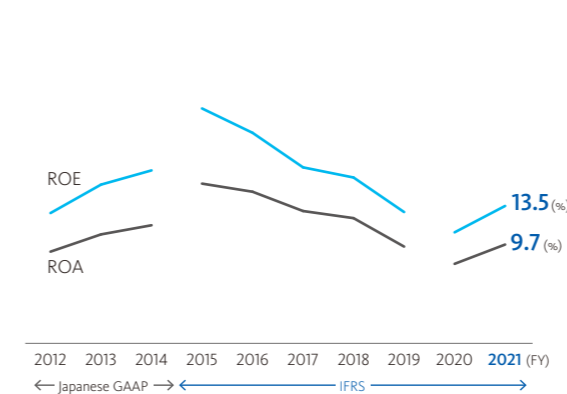
¥58.7 billion ¥23.6 billion
(Up 3.3% year on year) (Down 14.5% year on year)



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

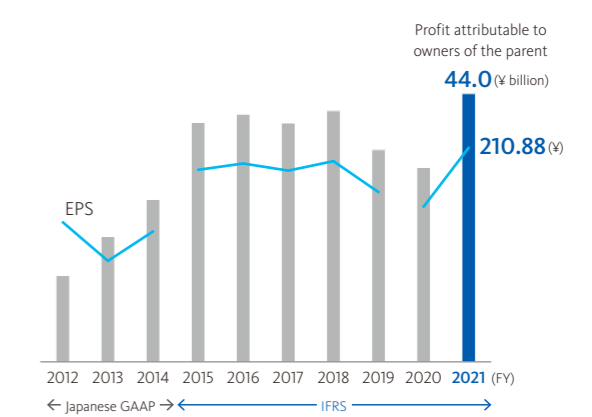
13.5% 9.7%
(Up 2.6 percentage points year on year) (Up 1.9 percentage points year on year)



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)

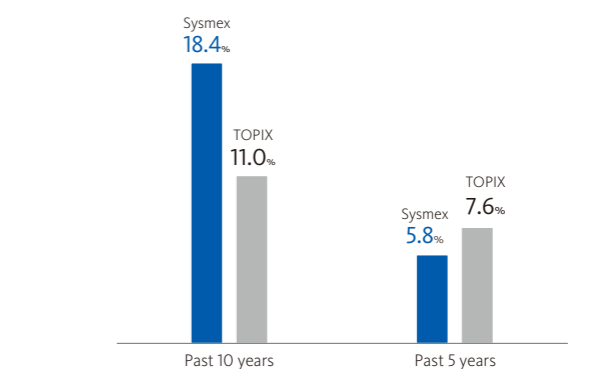
¥44.0 billion ¥210.88
(Up 38.2% year on year) (Up 38.1% year on year)



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)

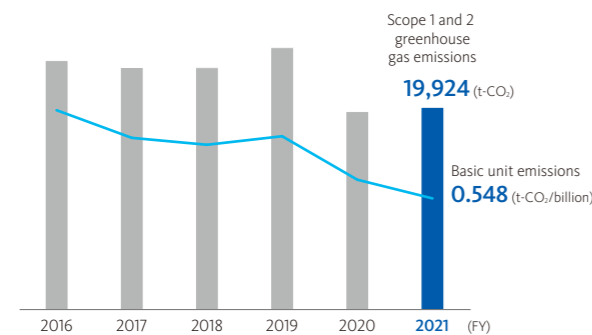


Owing to our steady payment of dividends, our yield has outperformed TOPIX over the past 10 years.

Non-Financial Performance

Scope 1 and 2 Greenhouse Gas Emissions/ Basic Unit Emissions

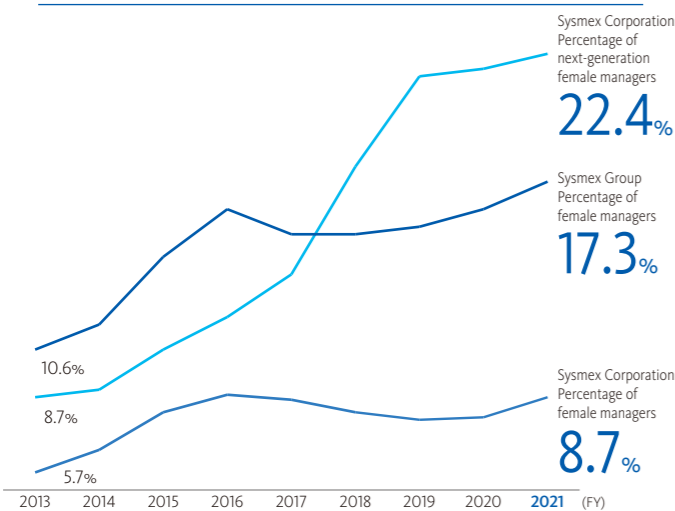
19,924 t-CO₂ **0.548 t-CO₂/billion**
(Up 2% year on year) (Down 14% year on year)



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

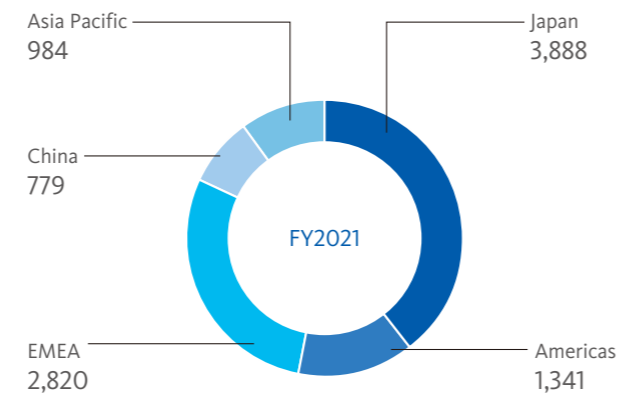
Percentage of Female Managers/Percentage of Next-Generation Female Managers



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

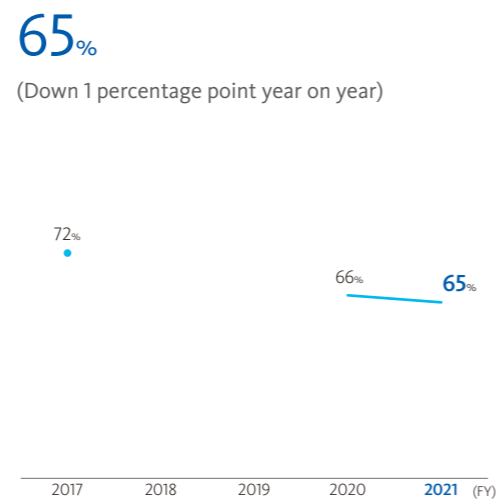
9,812 **60.4%**



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	In fiscal 2021, sales grew by approximately 12% for several reasons, including favorable business in the direct marketing and service areas in emerging countries such as India and the number of tests returning to its previous level in areas where the demand had fallen due to the COVID-19 pandemic. We are also taking actions to improve the quality of healthcare in collaboration with international institutions such as the WHO and JICA.	
			—	—	—	—	—	—	—	—	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.
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	The CSR survey response rate was 90% in fiscal 2021. This was a high rate, as in the previous fiscal year. The number of training sessions for suppliers increased from two in the previous fiscal year to five. We held BCP training for business partners, assuming a Nankai Trough megathrust earthquake, as well as explanatory meetings on sustainability, including SDGs and environmental issues, and approximately 250 business partners in total participated in these activities. We will continue to strengthen relationships between the Group and our business partners. 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. The outcome for fiscal 2021 increased by 1.1% compared to the previous fiscal year. Several measures were taken, including setting recommended dates for paid leave, sharing the results of this with division managers and proactively encouraging employees to take paid holidays. In addition to activities to raise awareness amongst our employees, we aim to increase the rate at which annual paid leave is taken due to improved productivity. The outcome for fiscal 2021 increased by 23.3% compared to the previous fiscal year. The rate at which male employees take childcare leave largely increased due to several measures such as changes in the awareness of working patterns as a result of the introduction of the "smart work" system, educational activities in the previous fiscal year (hosting a diversity roundtable discussion and issuing a guidebook for male employees), and training of managers. We will continue to take actions to improve the rate at which male employees take childcare leave in the future. The outcome for fiscal 2021 increased by 1.1% compared to the previous fiscal year. The achievement rate increased particularly in the Japan region due to the introduction of a job-based personnel system and "smart work" system. We promote the establishment of a comfortable working environment and the use of diversity training to facilitate diverse working patterns. The outcome for fiscal 2021 was at the same level as in the previous fiscal year, and Sysmex Harmony has continued to achieve a zero turnover rate. We will continue to create tasks and a comfortable working environment to allow persons with physical, intellectual, or mental disabilities to fulfill their potential in accordance with their individual abilities.
		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	
Realization of an Attractive Workplace	Provision of a comfortable working environment	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%	
		Engagement score	Corporate culture survey results	75%	—	72%	—	—	66% (except EMEA ⁴)	65% (except EMEA)	
		Turnover ratio ²	Turnover ratio of regular employees, excluding those who have reached the mandatory retirement age	—	—	—	—	—	2.7%	3.3%	
	Promotion of diversity and inclusion	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%	
		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 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)



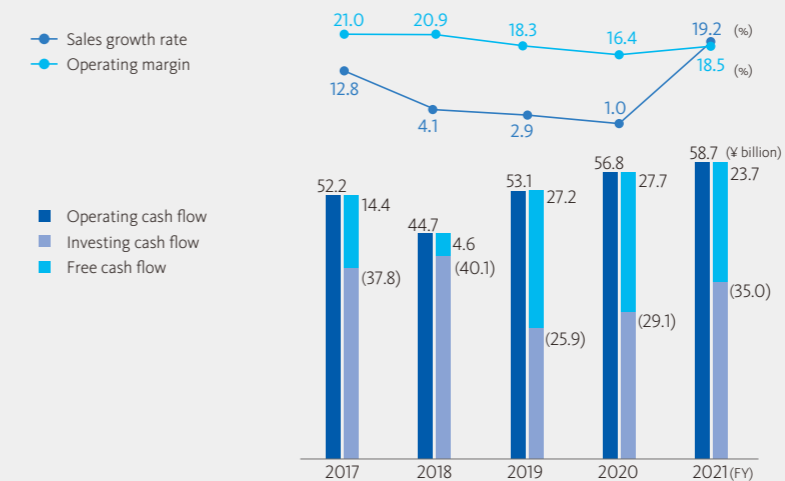
We will invest management resources that contribute to the advancement of healthcare and achieve increased corporate value through a cycle of growth and investment.

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 Sysmex Group, as set out in our corporate philosophy, the "Sysmex 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.

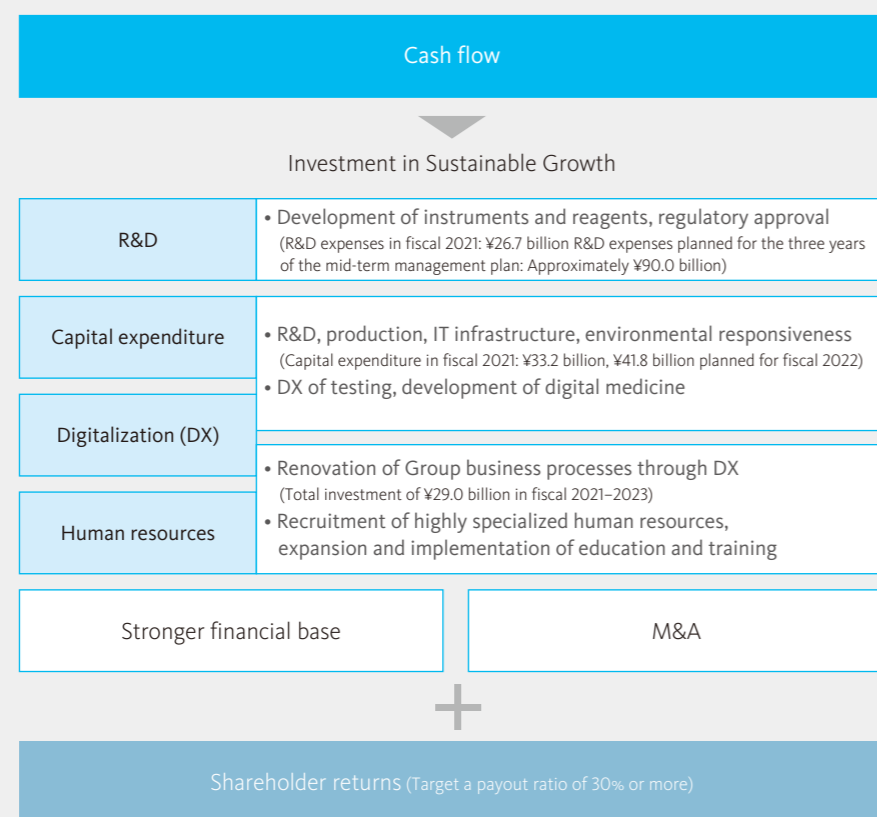
Based on this thinking, Sysmex has set net sales, operating margin, and free cash flow as its major KPIs. We are focused on consistently repeating a cycle of generating double-digit or higher net sales growth that outpaces market growth, generating profits such that the operating margin is around 20%,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

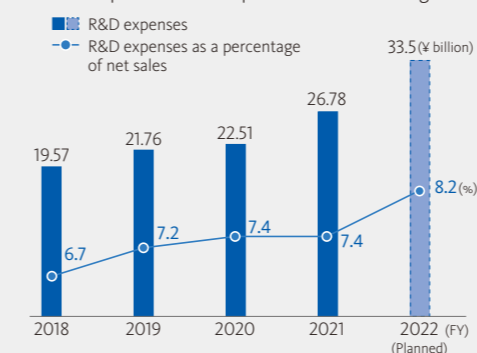
purchases an instrument. Reagents and service and support are more profitable than instruments, and by expanding testing parameters and working to add higher value to service and support, we reached a point where these items accounted for 76.1% of net sales in fiscal 2021. To maintain and reinforce this 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. Sysmex 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.

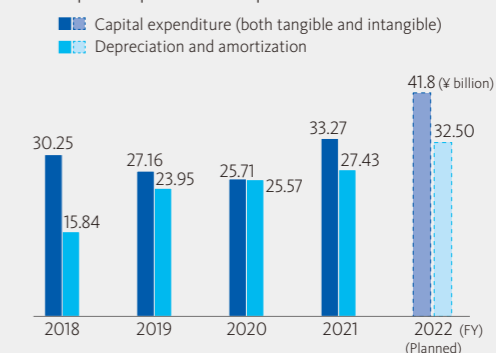
■ Investment in Growth



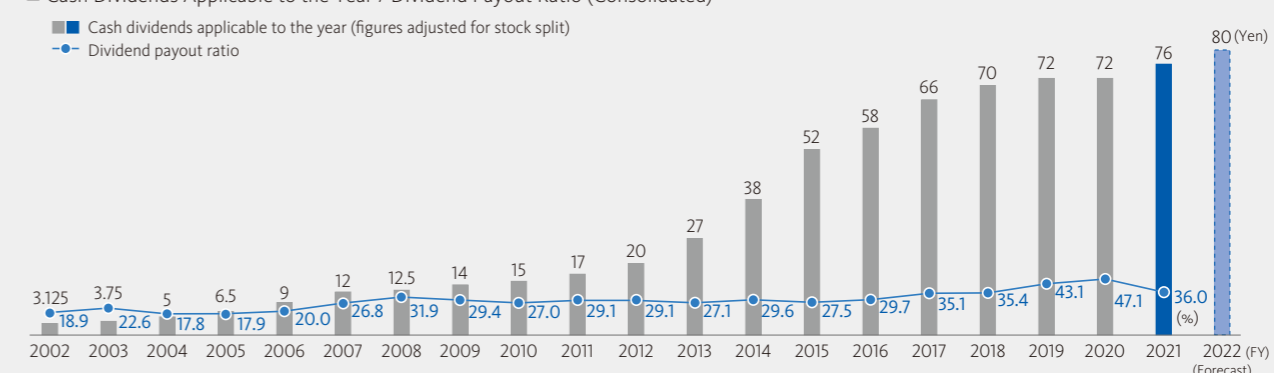
■ R&D Expenses/R&D Expenses as a Percentage of Net Sales



■ 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.

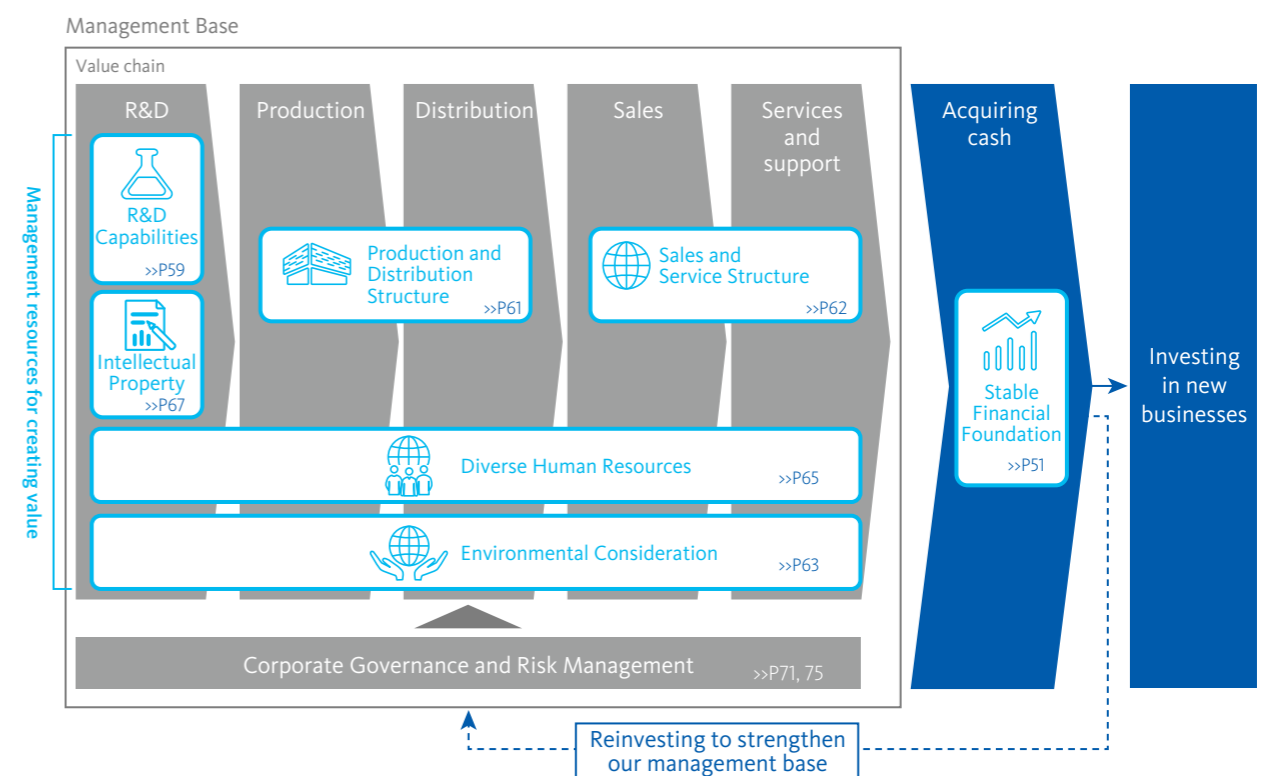
Through these efforts and improved profitability, we will work to increase our ROE.

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.



Management Resources and Business Activities

Sysmex has built a solid business foundation centered on the IVD business, particularly in the hematology field. Based on the management resources we have accumulated to date, we will further grow our existing businesses and invest in new businesses to establish growth drivers and strengthen our management base.

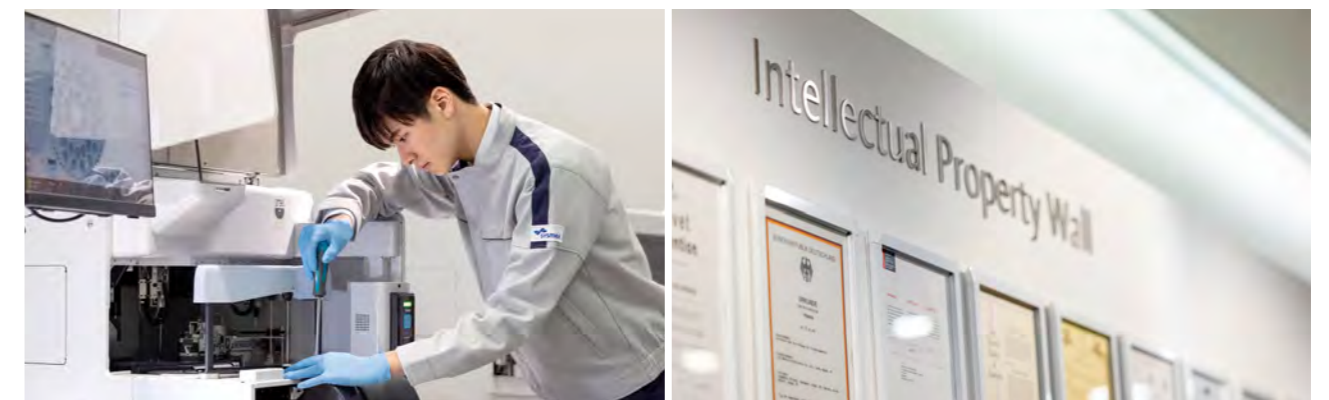


Management Resources and Business Activities

Management Resources	Main Growth-Supporting Resources and Issues	Results (as of March 31, 2022)
 <p>R&D Capabilities</p>	<p>In addition to proprietary technologies, through M&A we have acquired three technology platforms (for cells, proteins, and genes). In order to respond to rapidly changing technological innovations, we have established a global R&D base centered on Technopark (Kobe), and we engage in joint research with external organizations including universities, medical and research institutions, and pharmaceutical companies. We aim to develop and commercialize testing and diagnostic technologies that offer high clinical value.</p>	<p>R&D bases* 22 locations in 8 countries</p> <p>*As of April 2022</p>
 <p>Production and Distribution Structure</p>	<p>To remain cost competitive on a global scale while maintaining high quality, we have used information and communication technologies to build an efficient structure for manufacturing instruments in Japan. At the same time, we produce reagents on a global scale. We have factories at 14 locations in 10 countries, ensuring a stable provision of reagents to customers around the world. We are also working to strengthen our supply chain management by building relationships with suppliers.</p>	<p>Production bases Instruments: 7 locations Reagents, chemical: 8 locations biological: 6 locations</p>
 <p>Sales and Service Structure</p>	<p>Since our establishment, we have built sales structures tailored to individual regions, creating trust-based relationships with customers. To access medical networks in more than 190 countries and regions around the world, we are working to strengthen our sales and service structure and expand our product portfolio, not only by using our own resources but also by leveraging alliances with global majors and other companies.</p>	<p>Sales and service bases 62 locations in 44 countries (Number of affiliated companies)</p> <p>Area covered More than 190 countries and regions</p>
 <p>Environmental Consideration</p>	<p>We have established a long-term environmental vision and are working to reduce the environmental burden throughout the value chain. In recent years, given the importance of promoting integrated company-wide measures to combat climate change, we have promoted disclosure based on the TCFD. We have also set the goal of becoming carbon neutral, reducing greenhouse gas emissions to zero in real terms by 2040, and we are promoting environmental conservation.</p>	<p>Percentage reduction in CO₂ emissions from business activities Cut 44%</p> <p>(Base year: fiscal 2016)</p>



Management Resources	Main Growth-Supporting Resources and Issues	Results (as of March 31, 2022)
 <p>Diverse Human Resources</p>	<p>We have acquired diverse human resources through business globalization and M&A activities. We expect competition for global human resources to intensify. To address this, we will respond to the diversification of work styles and further enhance our childcare and nursing care support systems by creating a workplace environment where employees can work with peace of mind, and introduce and operate a globally consistent human resource management system.</p>	<p>Percentage of employees overseas 60.4%</p> <p>Percentage of female managers* 17.3%</p> <p>* Employees at director level or above (Entire Group)</p>
 <p>Intellectual Property</p>	<p>In line with our global business development, we actively engage in intellectual property activities, such as patent and trademark filings in countries around the world to protect our business model, ensure competitive advantage, and prevent imitation. We are also working to strengthen our governance of intellectual property in order to respect the intellectual property rights of third parties as well as our own rights.</p>	<p>Number of patents 298</p> <p>Trademark applications filed 93</p>
 <p>Stable Financial Foundation</p>	<p>We established a highly profitable business model involving the provision of reagents and service and support in addition to testing instruments. Leveraging this stable business model, we have invested proactively to bolster competitiveness in existing businesses, in new businesses to support our medium- to long-term growth, and in human resources and DX.</p>	<p>Cumulative free cash flow over three years ¥78.6 billion (Fiscal 2019–2021)</p> <p>Rating (Rating and Investment Information, Inc.) AA-</p>



R&D Capabilities to Create High-Value-Added Testing and Diagnostic Technologies

Through the technological expertise and technology platforms we have cultivated since establishment, as well as our R&D bases around the world, we have become more competitive in our existing businesses and are creating new testing and diagnostic technologies.

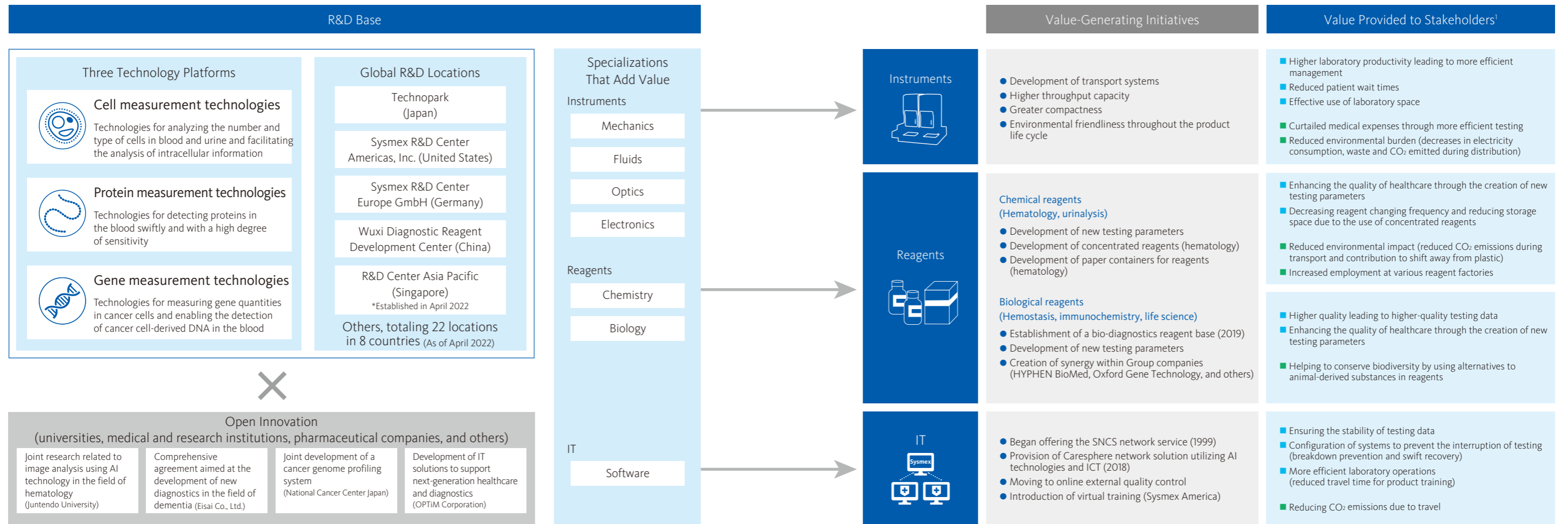
Related Materiality and Sustainability Target KPIs	Key Progress
Resolution of medical issues through products and services <ul style="list-style-type: none"> Number of cancer genomes analyzed 1.6 thousand (Group companies in Japan) Number of breast cancer tests using the OSNA method 54 thousand 	We maintained the number of cancer genomes analyzed at the previous year's level, and the number of breast cancer tests performed using the OSNA method increased year on year. Also, market introductions proceeded steadily. We launched new products in the hematology field, and increased our immunochemistry reagent parameters in China.

Provision of High-Value-Added Products and Services Leveraging Technologies Related to Instruments, Reagents, and IT

Since its establishment, Sysmex has acquired technologies related to instruments, reagents, and IT. By fusing these technologies, we work to ensure the provision of testing data that is accurate—a critical consideration in testing. These technologies also allow us to make improvements in response to customers' needs and to quickly determine the source of errors when they occur. In addition to creating new tests and diagnostic technologies, we provide high-value-added products and services that offer enhanced usability as well as a reduced environmental burden.

To raise laboratory productivity on the instrument front, we are increasing analyzer processing capacity, providing transport systems to enable the handling of more samples, and making instruments more compact. In addition to chemical reagents, we are focusing on the development of new test parameters for bio-reagents, which are produced from biologically derived substances. On the IT front, we were quick to promote the use of networks in medical settings, developing our SNCS network in 1999. We began providing the Caresphere network solution in 2018. We are also developing new applications and services for Caresphere that will increase the efficiency and quality of testing.

■ Value Provided through R&D



¹ ■ Value provided to customers (such as medical institutions) ■ Value provided to society

Working to Create New Value

Sysmex is working to develop and commercialize new diagnostic technologies using three technology platforms that measure cells, proteins and genes. In addition to Technopark, our hub, we have global R&D bases in Germany, the United States, China, Singapore and other countries, where we conduct R&D tailored to the needs of each region. To quickly promote technological development and commercialization in the fast-changing healthcare field, we have also promoted collaboration with external organizations through M&A, open innovation and alliances.

By combining newly acquired technologies with those used in existing businesses, we aim to create new value that is unique to Sysmex.



Production and Distribution System Capable of Achieving High Quality and Stable Supply

As a company that supports healthcare, we have established thorough quality control and a global production system to deliver high-quality products to the medical field in a timely manner and without interruption.

Related Materiality and Sustainability Target KPIs	Key Progress
Responsible Provision of Products and Services ● CSR survey response rate (Tier 1 raw material suppliers) 90% ● Number of training sessions for suppliers 5 (non-consolidated basis)	Our CSR survey response rate has been rising steadily. The rate was 81% in fiscal 2017, and we have reached our fiscal 2023 target of 90%. By utilizing online methods, the number of supplier training sessions rose by three year on year, to five sessions.




An Instrument Production System Capable of Achieving High Quality

Medical settings require accurate test results, so analyzers must be of the highest quality. For this reason, Sysmex has situated its factories in the Hyogo prefecture in Japan, which is also its hub for R&D and service and support. From here, we strengthen cooperation within the Company and manufacture small lots of highly varied, high-quality products. To win out in global price competition, we are increasing production efficiency by introducing leading-edge manufacturing and quality control technologies utilizing ICT. In parts procurement, we strive to strengthen relationships with suppliers by sharing information on Sysmex's business direction and procurement policies.

A Reagent Production Structure to Support Stable Supply

To perform tests, medical institutions require a stable supply of the reagents they use on a daily basis. We provide a stable supply of chemical reagents, which are used mainly in the hematology and urinalysis fields. We are promoting local production, and these reagents are produced at eight locations around the world. We have set up our system so that individual factories can supply each other as needed in the event of a disaster. In 2019, we established a bio-diagnostic reagent base in Kobe to produce the biological reagents used in the immunochemistry and life science fields. We provide a steady stream of high-quality, high-value-added products through an integrated structure, from the development of reagent substances to their production and distribution.

Major Production Initiatives

Major Initiatives	
Instrument Production 	<ul style="list-style-type: none"> An efficient production and distribution system that utilizes ICT Establishment of a knockdown production system that works with region-specific operations, such as in China Conformance to international standards and obtaining various types of qualification (quality, environment)
Reagent Production 	<ul style="list-style-type: none"> Building a global production system Starting operation of a bio-diagnostic reagent base to internalize production of substances and develop alternatives to animal-derived substances Conformance to international standards and obtaining various types of certification (quality, environment) 

BCP Enacted Due to a Fire at an Outsourced Distribution Center

To maintain a stable supply of products to the medical field, Sysmex has formulated a business continuity plan (BCP) for each function, including manufacturing and procurement, in anticipation of natural disasters and infectious disease outbreaks such as COVID-19. When a fire broke out in 2021 at an outsourced distribution center in Japan to which we had delegated product storage and other functions, we put our BCP into action. Based on the BCP, we took measures to leverage the overall strength of the entire supply chain, including production and distribution within the Group. As a result, we were able to supply products to our customers without interruption.



SCM Division members responding to the fire

Sales and Service Structure to Realize Global Growth

Through our global sales and service network and by leveraging the strength in branding afforded by our No. 1 share of the hematology market, we are working to capture an even greater market share.

Related Materiality and Sustainability Target KPIs	Key Progress
Resolution of medical issues through products and services ● Hematology market share 55.7% ● Sales in emerging and developing markets ¥143.0 billion	The expansion of our global sales network, among other factors, has led to continued growth in our share of the hematology market. Sales in emerging and developing markets increased by more than ¥20.0 billion from the previous fiscal year, owing to the establishment of a direct sales structure in India and an overall recovery in the number of tests, which had fallen as a result of COVID-19.

Sales and Service Network Covering More Than 190 Countries and Regions

The main reason for our global growth has been our ability to anticipate needs and quickly build business bases in individual regions. We began developing our business globally soon after our founding. We acquired the largest share of the global hematology market in 2006, and we have established affiliated companies in more than 40 countries. We are also expanding our sales network in response to regional characteristics by forming alliances with major global companies and collaborating with local distributors.

In services and support, we use our network solution, Caresphere, to link to customers' instruments. This system facilitates the analysis of instrument operational logs to help prevent breakdowns and enable the quality control of testing data. In this way, we contribute to the efficiency of our customers' testing operations and quality control.

Responding to Increasingly Stringent Regulatory Systems

In recent years, regulatory structures have been growing more stringent in developed countries, and emerging markets have been introducing their own systems, so it has become important to gather information and respond swiftly. Sysmex is reinforcing its regulatory affairs and clinical development functions to enable the timely launch of new products and facilitate sales activities. We are achieving business diversification and strengthening our response to regulatory trends by enhancing our structures for product evaluation on a global basis and cultivating specialized human resources.



Direct Sales Ratios and Main Initiatives for Sales, Service and Support by Region

	Direct Sales Ratio (As of the End of Fiscal 2021)	Main Initiatives
Japan	100%	With a focus on our mainstay hematology field, we are working to develop new markets by expanding our portfolio in the diagnostics business, providing cancer genomic medicine and other assay services, and expanding into the medical robotics business.
Americas	75% or higher	We are conducting sales activities tailored to the needs of each country by establishing a direct sales structure in North America and a sales structure utilizing alliances in Central and South America. In the United States, where medical institutions are scattered over a vast area, we have consistently earned high marks in customer satisfaction surveys for online training and other service innovation initiatives.
EMEA	70% or higher	In the EMEA region, which comprises more than 100 countries and includes both developed countries and emerging markets, we have established a sales and service structure tailored to the characteristics of each region. In recent years, we have been working to further strengthen our structure by establishing local subsidiaries, mainly in the Middle East, including Egypt and Saudi Arabia, as well as by collaborating with alliance partners and expanding our direct sales area.
China	Approximately 1%	In China, we have established a sales network utilizing numerous local distributors to provide products all over the country in our mainstay hematology field and in the urinalysis, hemostasis, immunochemistry and life science fields. In services and support, we have established an IoT-based system and regularly hold scientific seminars in Chinese to provide the latest medical information.
AP	50% or higher	In the Asia Pacific region, where economic levels and medical systems differ by country, subsidiaries in each country take the lead in establishing sales and service systems that meet local needs. We also engage in activities to improve medical standards, such as holding scientific seminars and supporting the quality control and standardization of testing.

Environmental Considerations in Our Business Activities

By promoting initiatives to reduce environmental burdens through our business activities, we will fulfill our social responsibilities as a company that does business globally, while establishing a competitive advantage in the market.

Related Materiality and Sustainability Target KPIs	Key Progress
Environmental Consideration <ul style="list-style-type: none"> Reduction of CO₂ emissions (instruments) Cut 22% Reduction of CO₂ emissions (shipping) Cut 1% (Base Year: Fiscal 2016) Reduction of packaging and labeling materials Up 9% (Base Year: Fiscal 2019) 	CO ₂ emissions when using instruments decreased due to a rise in sales of power-saving products and improvements in global CO ₂ emissions. However, the rate of reduction for packaging materials deteriorated due to an increase in the use of packaging materials (paper containers) in conjunction with an increase in reagent sales.

With protection of the global environment becoming an urgent issue, as a company with global operations Sysmex recognizes that reducing the environmental burden of its business activities is a priority.

Climate change is expected to have a significant impact on the healthcare market. Delays in addressing the issue of climate change will lead to an increase in people suffering from heat stroke due to rising temperatures. Areas where tropical diseases such as malaria and dengue fever are endemic will expand. Furthermore, air pollution will lead to a rise in respiratory diseases. Such a situation would increase medical costs and put pressure on medical infrastructures, thereby affecting the entire healthcare system.

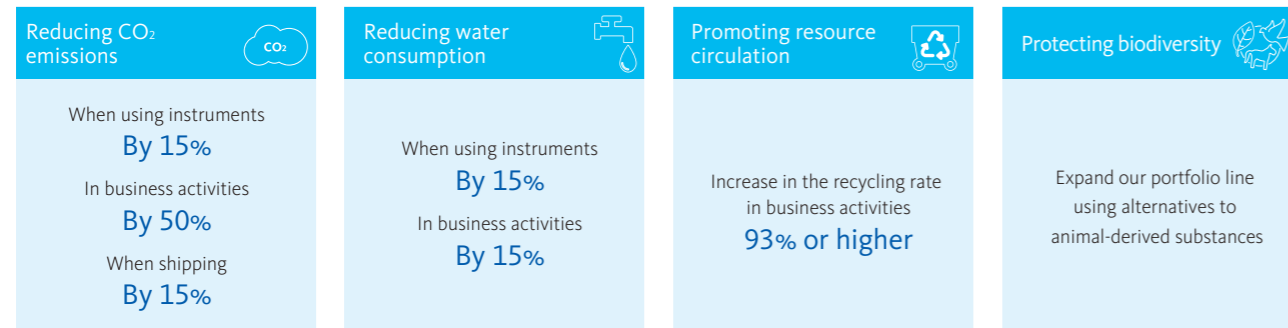
In addition to climate change, other environmental issues are also involved in Sysmex's business activities, such as reducing water consumption, promoting recycling, and preserving biodiversity.

We have formulated the Sysmex Eco-Vision 2025 as a long-term guideline for environmental management. We have identified "environmental consideration" as a materiality item, and are promoting measures such as reducing CO₂ emissions and water consumption throughout the product life cycle and promoting environmentally friendly procurement. We are also disclosing information in response to the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations. In 2022, we set the goal of becoming carbon neutral (reducing greenhouse gas emissions from our business offices to zero in real terms) by 2040.

It is our social responsibility as a company to promote such measures. At the same time, we create a competitive advantage in the market by undertaking unique initiatives. To help extend healthy lifespans for people around the world, we will continue to take on the challenge of reducing our environmental burden from a medium- to long-term perspective.

Long-Term Environmental Objectives (Fiscal 2025)

(Base year: Fiscal 2016)



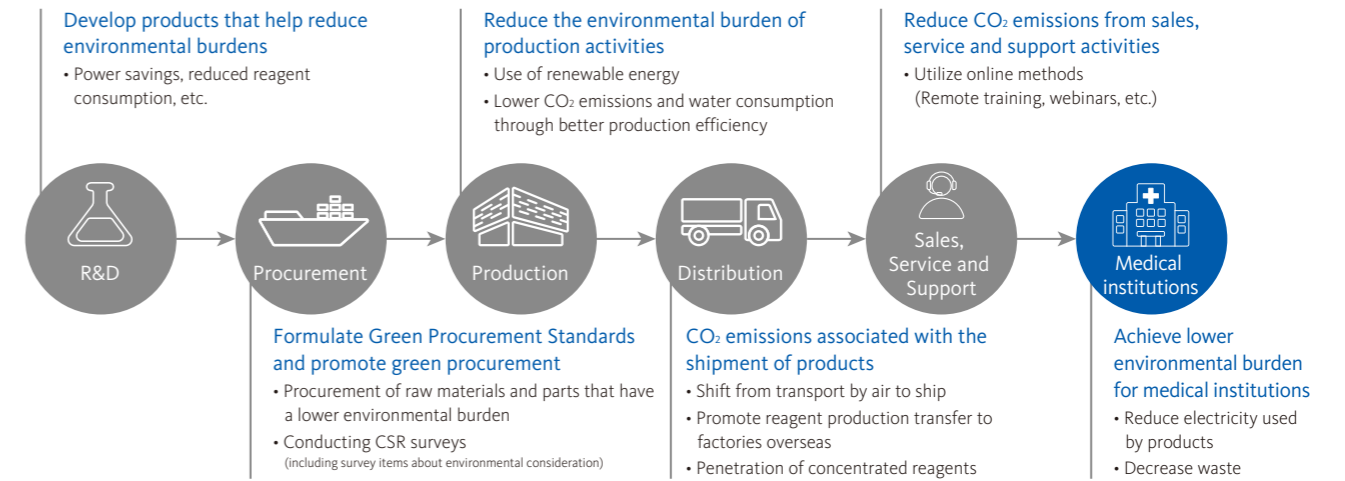
Response to TCFD Recommendations

In January 2021, Sysmex expressed its support for the TCFD recommendations and disclosed information based on this framework.

We identified climate change risks and opportunities at a management meeting chaired by Sysmex's chairman and CEO. These are reviewed twice each year by the Environmental Management Committee, whose officers are the Company's senior executive officers. The Environmental Management Committee and related departments take the lead in implementing the necessary initiatives for identified risks and opportunities.



Key Initiatives



Examples of Initiatives to Decrease Environmental Burden through Business

Enhanced competitive advantage

Promote the shift to local reagent production

Sysmex promotes the transfer of reagent production to overseas plants. As a result, we can provide a stable supply to customers, reduce costs and help reduce CO₂ emissions by shortening transportation distances. We have established production bases for reagents used in the hematology and urinalysis fields in eight countries around the world.

New environmentally friendly hematology analyzers

Our new hematology sample transportation system modules that launched in 2021 offer higher processing capacity than previous models. In addition, they are more compact and feature reduced power consumption.

- Space-saving: 15% reduction in width
- Reduced power consumption by approximately 40%

In addition, one of the modules has a flexible automatic shutdown function. This allows individually selected instruments to be shut down automatically at night when the number of samples is low, thereby reducing power consumption.



Consideration for the environment

Promote adoption of concentrated reagents

Some instruments in the hematology and immunochemistry fields make use of reagents that are concentrated to 25 times the level of conventional reagents. In addition to curtailing CO₂ emissions, concentrated reagents are more compact, so they require less material for containers and packaging, thus saving resources, and laboratories accordingly generate less waste. We have also transitioned from conventional polyethylene packaging to paper cartons to conserve oil resources.

Using concentrated reagents means that reagents need to be replaced less frequently. This saves storage space and contributes substantially to usability in other ways.

Reagent with 25 Times Concentration

Reagent volume (L)

Conventional reagent	20L
Concentrated reagent	4L

Less environmental impact

- Decreased frequency of reagent changing
- Reduction in storage space

1/25

Initiative to Achieve Dry Ice-Free Transportation

Sysmex had been using charter and other special delivery services to transport reagents for genetic testing, demands a high level of quality and temperature control. However, we faced numerous issues in relation transportation cost, flexibility in logistics, and efficiency, and we were also considering improvements in the use of dry ice for cold storage. In 2021, Sysmex and Yamato Transport developed a transportation model that is both ecofriendly and cost effective for the long-distance transportation of pharmaceuticals and other products at the ultralow temperature range of -70°C without using any dry ice, which was previously considered essential.

Diverse Human Resources Supporting Sustainable Growth

Employees with strong aspirations to help solve social issues through business and who have wide-ranging backgrounds are important management resources that support sustainable growth, and are a source of strength for Sysmex.

Related Materiality and Sustainability Target KPIs	Key Progress
Realization of an attractive workplace <ul style="list-style-type: none"> ● Percentage of Employees Overseas 60.4% (Groupwide)* ● Percentage of Mid-Career Recruits in Managerial Posts Approximately 40% (Sysmex Corporation)* ● Percentage of Female Managers 17.3% (Groupwide) 8.7% (Sysmex Corporation)* ● Percentage of Employees with Disabilities 2.31% (Group companies in Japan) *Indicator other than sustainability target	The percentage of female managers has increased, mainly in Japan, due to the introduction of job-based HR management and "smart work" systems. The percentage of overseas employees has also continued to rise due to the promotion of global business development, including the establishment of direct sales and service systems.

Efforts to Realize an Attractive Workplace

In recent years, the external environment has changed drastically due to the globalization of economic activities, the progress of digitalization, and a shrinking working population.

Sysmex's business has grown more global and its portfolio has rapidly become more diverse. As a result, recruiting, cultivating, and continuing to provide an attractive workplace for personnel with advanced specialties and next-generation leaders have become an increasingly important issue. Continuing to develop a work environment in which diverse human resources with different cultures, beliefs, values, and backgrounds can respect each other and maximize their abilities, and fostering a corporate culture in which employees can feel at ease and demonstrate their abilities while maintaining a sense of global unity, will directly contribute to strengthening our external competitiveness.

Strengthening Global Human Resource Management

The scope of Sysmex's overseas operations is growing: overseas sales account for more than 80% of the total and our percentage of overseas employees exceeds 60%. To support global business development, at overseas bases we hire and assign local personnel who are familiar with local markets rather than leading business promotion from Japan. We find that respecting the culture and values of each country and region leads to prompt and precise policy development. In Japan, meanwhile, approximately 40% of Sysmex Corporation's management personnel are mid-career hires. By utilizing their backgrounds and expertise developed in different organizations, these people bring a new sense of values to their work, thereby strengthening Sysmex's competitive edge.

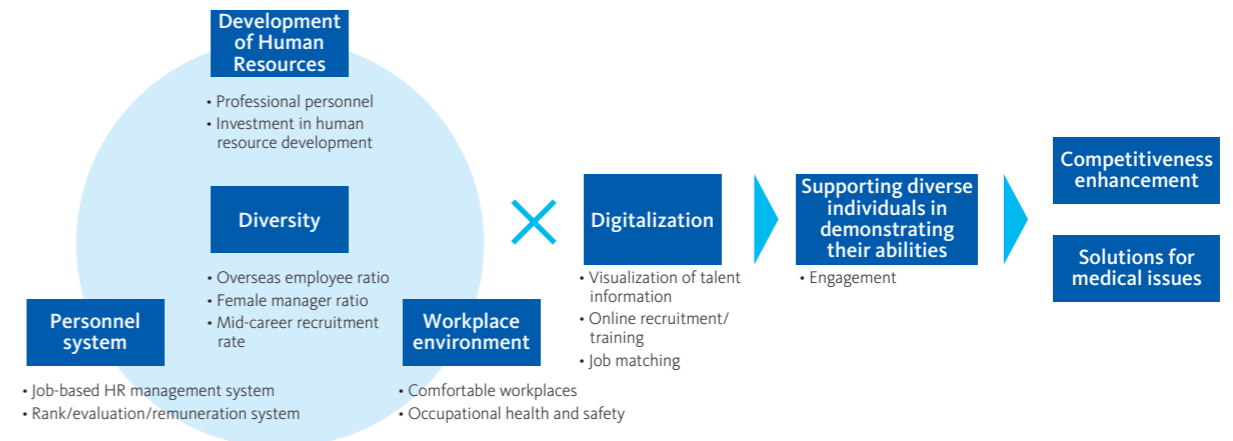
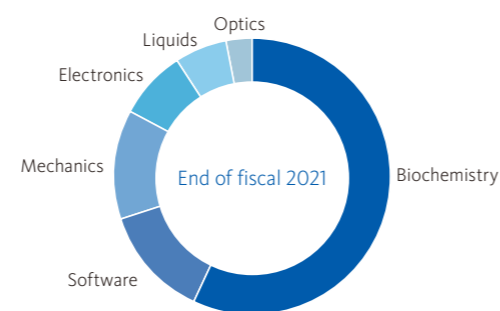
In human resource management, we are promoting the use of DX to digitalize many aspects of recruitment, HR development, HR systems, and engagement surveys, as well as to visualize employee talent information.

Promoting Diversity and Inclusion

Sysmex embraces diversity and inclusion, which involves creating a positive working environment for diverse human resources, and we promote these activities. One KPI in this area is the promotion of women's participation and advancement in the workplace. While the percentage of female managers at the Sysmex Group is 17.3% and rising each year, we need to improve this figure. We do not intend to raise this number hastily, however. Instead, we will gradually increase the number of female managers by building a comfortable work environment and expanding training programs for skill development.

In addition, by creating a workplace where people with various sorts of physical, intellectual, and psychological disabilities can work in keeping with their characteristics, we aim to foster an environment in which everyone, regardless of disability, can work and grow together enthusiastically and with peace of mind. In Japan, Sysmex Harmony, a special subsidiary, provides assistance at our factories in the production of instruments and reagents. Sysmex Europe works with an organization that endeavors to support the independence of people with disabilities. The company subcontracts packaging work in the manufacturing line of its reagent factory in Germany to such people.

■ Breakdown of Specializations among R&D Personnel



With R&D personnel, our major strength lies in the fact that we have people with diverse and highly specialized knowledge that enables us to develop instruments, reagents, and IT in-house for our different technology platforms: cells, proteins, and genes.

Introducing a New HR System and Enhancing HR Development to Drive Sustainable Growth

In fiscal 2020, Sysmex Corporation introduced a job-based HR management system for people in managerial posts. This system determines employees' ranks based on their roles and what their jobs entail. In fiscal 2021, we expanded its application to the general workforce. Going forward, we will implement a grade policy, evaluation system, and human resource development for all key positions in the Group according to our Group-wide HR policy, thereby establishing consistent personnel management applied to all Group companies across the globe. With regard to HR development, Sysmex is implementing a variety of measures in individual regions. For example we are fostering a sense of unity at business offices and workplaces and developing the next generation of human resources, based on a Groupwide global human resource development system.

Making Work More Comfortable under the New Normal

Sysmex believes that diversity and a sense of identity will become more important values in the future, given the increase in the number of Millennial and Gen Z employees. We have worked to make the workplace more sustainable, as evidenced by the fact that more than 50% of male employees at Sysmex Corporation take paid leave for childcare. Even so, we see a continuing need to facilitate individuals' own career choices and working styles based on their sense of values and life events.

Based on the Sysmex Declaration of a Healthy Company, we have introduced a variety of measures in each region to balance comfortable work environment and improved productivity. In fiscal 2021, Sysmex Corporation introduced a "smart work" system designed to help employees achieve a good work-life balance. The system adopts a hybrid work style that combines in-office work with telecommuting from home. Our overseas Group companies, particularly Sysmex Europe and other subsidiaries in the EMEA region, have earned external accolades on this front, receiving "Great Place to Work" awards for their fulfilling work environments and high levels of employee satisfaction.

Sysmex strives to achieve high productivity and performance and strengthen its corporate competitiveness by enabling a diverse workforce to demonstrate their abilities. At the same time, we will work to resolve medical issues through our business.

LGBTQ Initiatives

In fiscal 2020, Sysmex Corporation established a partnership registration system, under which partners in same-sex relationships are recognized as spouses. We are working to create a safe working environment for LGBTQ people by providing information to deepen understanding of sexual minorities.

In 2021, Sysmex Group companies incorporated rainbow flags into the profile images of their official social networking accounts (for a limited time) to show their support for LGBTQ people.



Changed official social network profile images to show support for LGBTQ

Strengthening Global Competitiveness and Supporting Sustainable Growth with Intellectual Property

In addition to strengthening our global competitiveness, we are working to create new value while protecting our technology, designs, brand, and intellectual property so that customers can use Sysmex products with confidence.

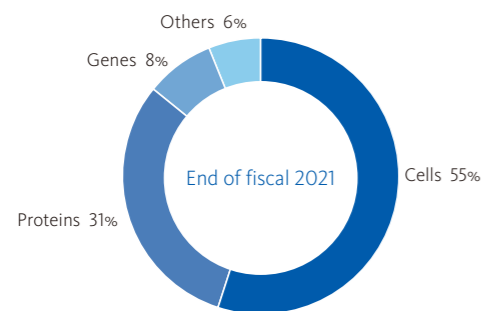
Related Materiality and Sustainability Target KPIs	Key Progress
Resolution of medical issues through products and services <ul style="list-style-type: none"> Number of new patents: 298 Total number of patents: 3,680 	In line with business expansion, we strategically promote patent applications, centering on hematology. As a result, the number of new patents increased 3.8% from the previous fiscal year. The number of patents rose 5.6% year on year, strengthening our global competitiveness.

Intellectual Property Underpinning our Global Development

Sysmex has been promoting the acquisition of intellectual property globally in line with the expansion of its business domains and overseas development. As a result, 85% of our patents, utility model rights, design rights, and trademarks are held overseas.

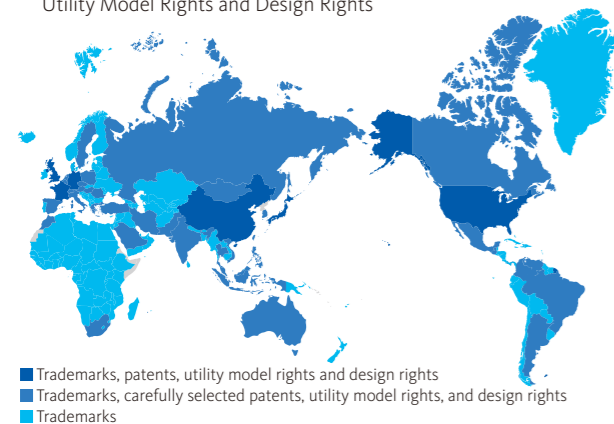
To strategically enhance the competitiveness of our cell, protein, and gene measurement technology platforms, we hold patent, utility model, and design rights. This intellectual property centers on Japan, the United States, Europe, and China, taking into consideration market size, the risk of counterfeit products, and the state of legal developments related to intellectual property.

Percentage of Patents Held by Technology Platform



We work to secure trademark rights globally, including in emerging and developing markets, to legally protect the Sysmex brand and to prevent damage to health stemming from the distribution of counterfeit products. In addition, we have applied for trademarks for our corporate brand in 193 countries and regions.

Regions Where We Have Filed for Trademarks, Patents, Utility Model Rights and Design Rights



Governance Related to Intellectual Property

Sysmex's Global Compliance Code stipulates that we respect the intellectual property of third parties as well as our own. To comply with and utilize intellectual property laws and to promote our R&D and business, we have introduced a review system for intellectual property. We strategically promote intellectual property activities while evaluating our own intellectual property, as well as that of third parties.

We are also working to strengthen governance related to intellectual property through regular meetings of the Intellectual Property Activities Promotion Committee, which consists of people from our R&D and business divisions. Annual intellectual property activities are also summarized and discussed at meetings of the Managing Board and other management meetings.

In addition, we disclose data on intellectual property activities, such as the number of new patent applications filed and the number of patents held, as monitoring indicators for our sustainability targets under the mid-term management plan.

Establishing Environments and External Assessments Related to Intellectual Property

Sysmex is expanding its intellectual property education system for R&D and business divisions, including training based on work experience and division-specific training. We have also enhanced our internal patent award and bonus systems to stimulate the creation of superior inventions. As a result of such improvements in our intellectual property environment, this fiscal year in Japan we received the Medal with Purple Ribbon in our mainstay hematology field. This is the second time we have received this award; the first was in the urinalysis field in fiscal 2018. In June 2022, we also received a National Commendation for Invention for the third consecutive year, demonstrating a high level of external regard.



Corporate Governance

Sysmex recognizes that reinforcing corporate governance is an important management issue. Based on the "Sysmex Way," the corporate philosophy of the Sysmex Group, we are working to maximize the corporate value of the overall Group by enhancing management soundness and transparency and raising management speed and efficiency. In our efforts to shore up corporate governance over the years, we have established an Audit and Supervisory Committee, enhanced the Managing Board's supervisory function through the introduction of outside members, and evaluated the Managing Board's effectiveness. We also established a Compliance Committee and an internal reporting system, augmented a Groupwide risk management function, and engaged in other initiatives to strengthen our base with a view to sustainable growth.

Message from Outside Member of the Managing Board



Hidekazu Fukumoto

Member of the Managing Board (Outside),
Independent Director
Member of the Nominating and
Compensation Committees

I will do my utmost to manage the Company so that we can experience growth together as we work toward the future Sysmex aims to achieve, laying the steppingstones to the future and engaging in initiatives aimed at inorganic growth.

My Appointment as an Outside Member of the Managing Board

I was appointed as an outside member of the Managing Board in June 2021. My involvement with Sysmex goes back more than a decade, to the time when I was a bank executive. This involvement made it clear that Sysmex was not a company satisfied with the status quo. Rather, it was always looking for new challenges. At that time, even though I was not directly involved with the Company, I saw it respond to environmental changes and continue to transform itself on a global scale. My own motto is to “do things with thought and passion,” and I see this idea reflected in a corporate culture that focuses on following through on the dreams and vision it has decided on. My empathy for Sysmex’s values and my expectations for the value it can provide in the healthcare field caused me to

respond immediately to the request that I serve as an outside member of the Managing Board.

As an outside member of the Managing Board, I will utilize my experience and expertise in corporate management, financial and capital strategies, and investment and risk management to help the Company realize its vision. In particular, my interest in manufacturing companies has led me to participate in factory tours and engage in dialogue with hundreds of companies. I will mobilize all of this experience to actively engage in dialogue with Sysmex’s management team and employees.

Progress and Highlights in Fiscal 2021

Fiscal 2021 was the first year of the mid-term management plan, and the Company got off to a good start. Despite the

ongoing impact of COVID-19, Sysmex steadily pursued its strategies in each field of testing and each region, resulting in record-level sales and profits. Each business base responded adroitly to rapid changes in the operating environment, including the pandemic and growing geopolitical risk and conflict. As a healthcare company, I feel that Sysmex has a strong belief in sustaining healthcare for patients.

On the other hand, we must not forget that these positive results are the result of efforts to lay foundations and initiatives based on a long-term perspective. In terms of building global alliances, expanding the direct sales structure, and integrating Sysmex International Reagents, many of the medium- to long-term strategies and investments made to date came to fruition in fiscal 2021.

Taking this perspective, as an outside member of the Managing Board I focus on the seeds for future growth. In testing, I look forward to developments in immunochemistry and gene testing. These are areas that are critical to the advancement of healthcare and the growth of Sysmex. A large gap exists in these fields between global companies and Sysmex; how the Company pursues commercialization and monetization and accelerates growth in these fields will be crucial. In the medical robotics business, in fiscal 2021 Sysmex gained recognition in Japan due to its full-fledged launch. From here, the expansion of applications and global development will be critical. This is an area where inorganic growth is needed, and the Company faces diverse risks. Nevertheless, Sysmex intends to steadily develop its business, so we are preparing to set specific KPIs and milestones and monitor them from various perspectives. We also consider IT and digitalization, which are still emerging themes, to be priority issues. At the moment, we are focusing on the establishment and maintenance of DX infrastructure. However, in the future, more than ever, we will need to have company-wide discussions on the use of big data, data collaboration with customer testing facilities, and the development of digital medicine. Digital, AI and image recognition technologies have the potential to be game changers in the healthcare domain, and we need to acquire and train more IT personnel and accelerate alliances and collaborations with other companies.

Sustainability Management

We have made reinforcing sustainability management one of the key themes of our mid-term management plan. Sysmex has a sustainability management culture. To solve social issues, the Company conducts management from a stakeholder-oriented and long-term perspective. Accordingly, it is important for Sysmex to make a strategy of continuously strengthening the PDCA cycle. Currently, specific targets and KPIs are set in light of each materiality issue, and the Managing Board follows up on progress.

In fiscal 2021, the Company made steady progress on each of its initiatives. I focused particular attention on the HR aspect, toward “realization of an attractive workplace.” Progress is being made on the appointment of local management personnel and delegation of authority at overseas locations. These efforts, combined with the Sysmex Way gaining traction, are leading to the agile responses to the changes in the operating environment I mentioned earlier. In Japan, the job-based HR management system has been extended to all employees, and I think the timing for this is perfect. Going forward, the Company will also focus on talent management and the use of human resource information on a global basis. When I visited Technopark, the Company’s R&D hub in Japan, I was encouraged to see the willingness of mid-career and younger employees to work through problems using trial and error. This fills me with great expectations for the future. One issue the Company faces is in the area of promoting diversity—specifically the promotion and success of female and non-Japanese employees. Sysmex has many excellent female employees at the managerial level, and the Company is doing its utmost to support them by creating an environment where they can demonstrate their abilities more than ever before.

On the governance front, succession planning is a challenge, as shareholders and investors have already alluded to. President Ietsugu is a manager of rare talent, and succession planning is one of the biggest challenges a company faces. Sysmex has an abundance of candidates with proven management track records in multiple departments, but in order to nurture the corporate culture and lead growth after Mr. Ietsugu steps down, we need to accelerate their experience and development. In April 2022, I was appointed to the Nominating and Compensation committees. In addition to expanding the succession plan, we will contribute to the development of candidate personnel through discussions on our next long-term management strategy and other topics.

Efforts to Enhance Corporate Value

Healthcare is a domain that commands some of the highest-level interest, as well as growth potential, for people and society.

Sysmex is leveraging its strengths—such as its “made-in-Japan” technologies and quality, its position as a leading company in hematology and other IVD fields, and its globally balanced sales network. In addition, the Company is accelerating DX and focusing on enhancing corporate value by accelerating activities in the key fields identified in the mid-term management plan (hemostasis, immunochemistry, and life science), and through growth in new businesses. This should enable the Company to provide greater value to society. DX in the healthcare domain itself is an important issue. I look forward to seeing the Company establish the Sysmex brand globally as the best healthcare company in the use of digital technology and IT.

Corporate Governance

Management Organization

Systemx has adopted an Audit and Supervisory Committee. Managing Board members who are also members of the Audit and Supervisory Committee have voting rights. This arrangement reinforces the Managing Board's audit and supervisory functions, as well as heightening management transparency and objectivity. In addition, we have appointed outside

members of the Managing Board, thereby strengthening the board's supervisory function. Furthermore, we have introduced an executive officer system to accelerate decision-making on business execution and respond swiftly to changes in the business environment.

The Company currently has 12 members of the Managing Board (of whom five are outside members). Also, three

board members are members of the Audit and Supervisory Committee. (Two members of the Audit and Supervisory Committee are outside members of the Managing Board.) The Company also has 17 executive officers (of whom five concurrently serve as members of the Managing Board).

In fiscal 2020 we established an Internal Control Committee tasked with overall internal control and risk management to ensure sustainable growth and enhance corporate value over the medium to long term. This arrangement will promote the systematic preparation, operation, and monitoring of internal controls, while taking a bird's-eye view of the overall Group.

We have also established a Nominating Committee (a Managing Board advisory body involved in executive appointments) and a Compensation Committee (a Managing Board advisory body involved with decisions on executive compensation). From fiscal 2022, the majority of members on these committees are independent outside members of the Managing Board.

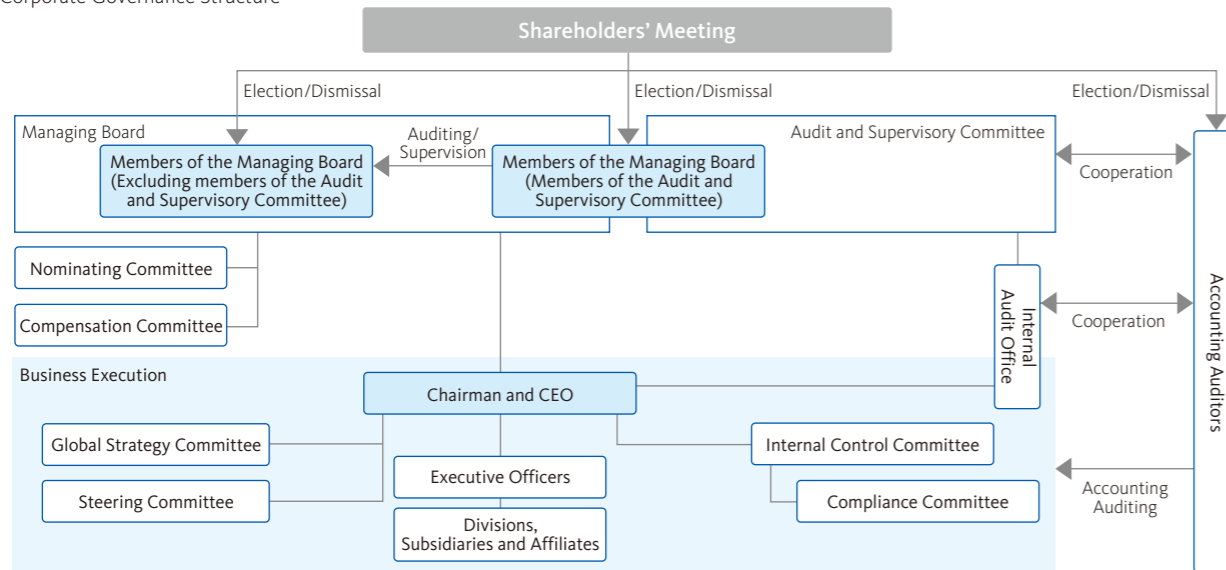
Corporate Governance Code, introduced by the Tokyo Stock Exchange. Please see our website for details.
[»Website »About Sysmex »Corporate Governance](#)

Effectiveness of the Managing Board

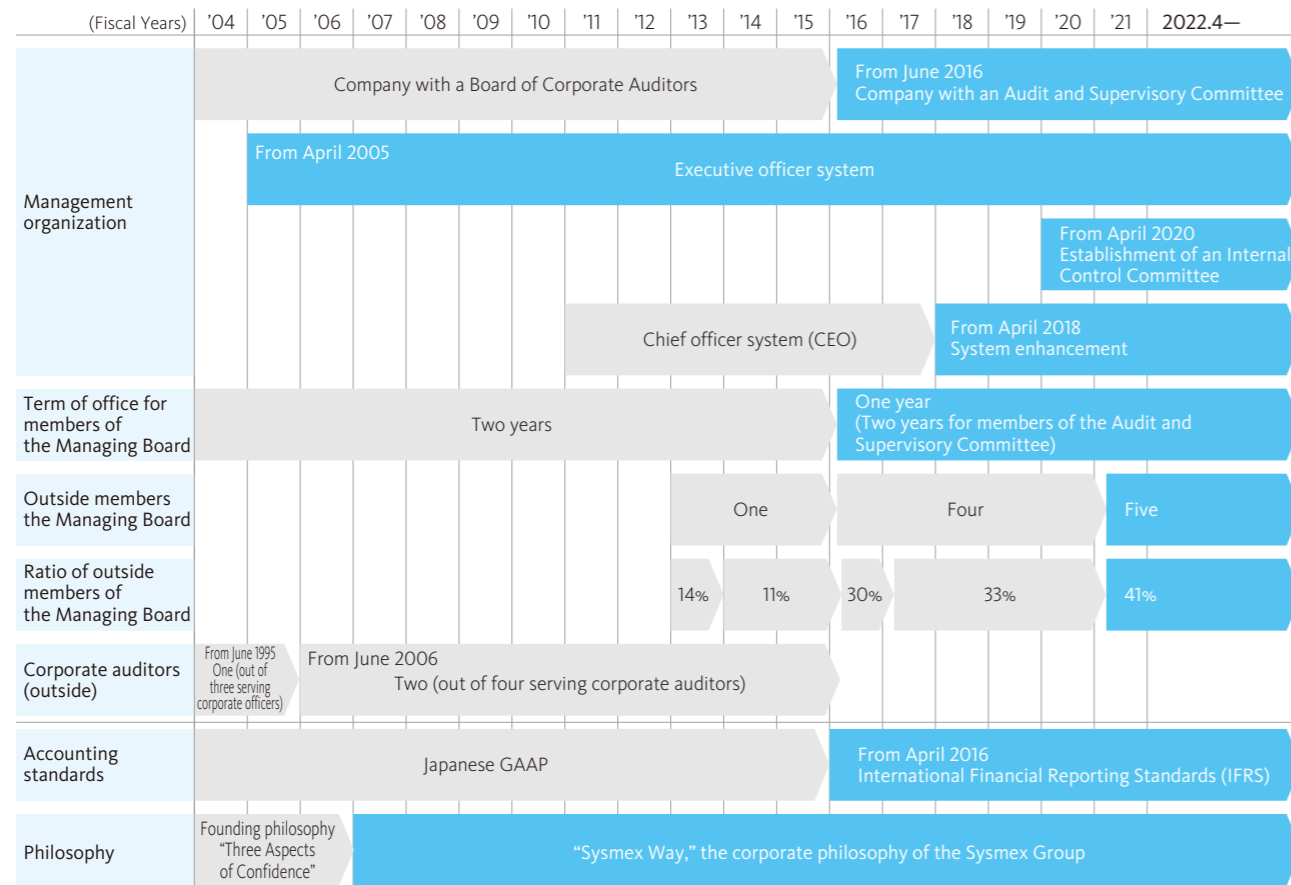
The Managing Board is composed of members having diverse knowledge, experience, and expertise. We strive to ensure appropriate diversity and scale, taking into account the overall balance of the Managing Board.

To enhance the functions of the Managing Board, the Company conducts a document-based survey of all members of the Managing Board (including members of the Audit and Supervisory Committee). The Board's effectiveness is determined on the basis of deliberation by the Managing Board of the aggregate results. In fiscal 2021, the Board was evaluated highly on many items, indicating that it is functioning effectively and filling its role appropriately. Meanwhile, the Company recognizes the need to persevere in initiatives to further increase the Board's effectiveness. We will continue to regularly evaluate the Managing Board with the aim of maintaining and increasing its effectiveness and continuing to enhance our corporate value.

■ Corporate Governance Structure



■ Advances in Corporate Governance



■ Major Boards

Organization	Function and Content	Composition	Meetings Held in Fiscal 2021
Managing Board	Deliberating on important matters related to management	Members of the Managing Board	15
Nominating Committee	A Managing Board advisory body involved in executive appointments	Chairman and CEO, members of the Managing Board (2), outside members of the Managing Board (4)	2
Compensation Committee	A Managing Board advisory body involved with decisions on executive compensation	Chairman and CEO, members of the Managing Board (2), outside members of the Managing Board (4)	1
Audit and Supervisory Committee	Independent institution for auditing the execution of operations, mainly by members of the Managing Board	Members of the Audit and Supervisory Committee	17
Global Strategy Committee	Deliberating on and discuss medium- to long-term Group management directions, important strategies and issues	Chairman and CEO, senior executive officers, member of the Audit and Supervisory Committee* (1)	13
Steering Committee	Discuss, deliberate on and report on projects that are important from the perspective of making progress on the Group's fiscal yearly plan	Chairman and CEO*, executive officers, member of the Audit and Supervisory Committee (1)	17

* Participates as an observer

■ Members of Major Boards (As of June 24, 2022)

Name	Board	Rate of Attendance at Meetings of the Managing Board	Rate of Attendance at Meetings of the Nominating Committee	Rate of Attendance at Meetings of the Compensation Committee	Rate of Attendance at Meetings of the Audit and Supervisory Committee
Internal	Hisashi Ietsugu	100%	100%	100%	—
	Kaoru Asano	100%	100%	100%	—
	Kenji Tachibana	100%	100%	100%	—
	Iwane Matsui	100%	—	—	—
	Hiroshi Kanda	100%	—	—	—
	Tomokazu Yoshida	100%	—	—	—
	Tomoo Aramaki	— ¹	—	—	— ¹
External	Yukitoshi Kamao ²	100%	—	—	100%
	Masayo Takahashi	100%	—	—	—
	Kazuo Ota	100%	— ³	— ³	—
	Hidekazu Fukumoto	100%	— ³	— ³	—
	Kazumasa Hashimoto	100%	— ³	— ³	100%
Michihide Iwasa	100%	100%	100%	100%	

Note: Rates of attendance are for fiscal 2021. 1 Member from June 2022 2 Stepped down in June 2022 3 Member from April 2022

■ Overview of Evaluation of Effectiveness

(Composition)

The scale of the Managing Board and the ratio of outside members of the Managing Board are generally appropriate, both in nature and level of experience. To further enhance the Managing Board's effectiveness, in addition to achieving a balance between knowledge, experience and capabilities the Company will continue to consider ensuring diversity, including such facets as gender and internationality, career history, and age.

(Operation)

The provision of information necessary to fully discuss the Managing Board's agenda is generally appropriate. To further improve effectiveness, the Company is continually working to improve the Managing Board's operation by providing advance explanations to outside members of the Managing Board and providing related information necessary to understand the background. We hold opinion-exchange meetings attended solely by outside members of the Managing Board and engage in initiatives to invigorate deliberations. We made progress during the year on the earlier provision of materials, which was raised as an issue the previous year.

(Status of Agenda and Deliberation)

The time for addressing and deliberating the Managing Board's agenda is appropriate, and we strive to provide individual members of the Managing Board with an understanding of agenda items and information prior to meetings, as well as to leverage their knowledge and experience to engage in deliberation. Decision-making on items of management importance is

conducted appropriately, taking into account the objective and rational opinions of outside members of the Managing Board.

■ Major Managing Board Agenda Items and Reporting Items (Fiscal 2021)

- Appointments and dismissals of members of the Managing Board, compensation-related matters
- Reports on the status of business execution by members of the Managing Board
- Evaluation of the Managing Board's effectiveness
- Audit policy, audit plan, and audit implementation report (members of the Audit and Supervisory Committee)
- Corporate governance policy
- Matters related to the Group's internal control
- Matters related to sustainability
- Group operating performance; quarterly, semiannual, and annual results
- Matters related to promoting digitalization in the Group
- Matters related to significant investment projects

Effectiveness of the Audit and Supervisory Committee

Members of the Audit and Supervisory Committee attend important meetings, such as meetings of the Managing Board; browse approval documents; audit subsidiaries; exchange opinions with members of the Managing Board and conduct other activities to confirm the status of business execution by members of the Managing Board.

The Audit and Supervisory Committee conducts audits using the Company's internal control system and other methods. The committee works closely with the accounting auditors to confirm

■ Skill Matrix for Members of the Managing Board (As of June 24, 2022)

	Name	Gender	Year	Initial appointment	Independent	Knowledge and experience								
						Corporate management	Management and business planning	Global	Sales and service	Research and development	Production/SCM	IT/DX	Finance/accounting	Human resources/general affairs
Internal	Hisashi Ietsugu	M	1949	1986		●	●		●				●	●
	Kaoru Asano	M	1958	2014		●	●			●				
	Kenji Tachibana	M	1957	2014		●	●	●	●		●			
	Iwane Matsui	M	1961	2019		●	●	●	●		●			
	Hiroshi Kanda	M	1957	2019		●	●	●	●		●			
	Tomokazu Yoshida	M	1964	2021		●	●						●	
External	Tomoo Aramaki	M	1966	2022				●					●	
	Masayo Takahashi	F	1961	2016		●	●	●		●				●
	Kazuo Ota	M	1955	2019	○	●	●	●			●	●	●	●
	Hidekazu Fukumoto	M	1955	2021	○	●	●		●			●	●	●
	Kazumasa Hashimoto	M	1953	2020	○	●	●		●			●	●	●
	Michihide Iwasa	M	1956	2020	○	●					●			

Note: The above represents the main skills and experience of each Member of the Managing Board and does not represent all skills and experience.

■ Definition of skills and experience

Item	Definition
Corporate management	Management experience as a representative, executive director, executive officer, etc. at a company, organization, etc.
Management and business planning	Experience and knowledge of management planning, business strategy, planning, promotion, etc. as a practicing, managing, or executive officer in charge, etc.
Global	Experience of overseas assignment
Sales and service	Experience and knowledge of domestic and overseas sales, marketing, technical services, etc. as a practicing, managing, or executive officer in charge, etc.
Research and development	Experience and knowledge of technology strategy, technology and product development, IT development, intellectual property, etc. as a practicing, managing, or executive officer in charge, etc.
Production/SCM	Experience and knowledge of production, procurement, logistics, quality, etc. as a practicing, managing, or executive officer in charge, etc.
IT/DX	Experience and knowledge of IT/DX, etc. as a practicing, managing, or executive officer in charge, etc.
Finance/accounting	Experience and knowledge of accounting, finance, business administration, etc. as a practicing, managing, or executive officer in charge, etc.
Human resources/general affairs	Experience and knowledge of human resources, labor affairs, human resources development, diversity, legal affairs, compliance, etc. as a practicing, managing, or executive officer in charge, etc.

Note: Judgment is made based on whether or not the Member of the Managing Board has a total of about three years of experience in each of the items stated on the left.

the accounting audit plans and results and internal controls related to financial reports, exchanging information and opinions.

Principal matters considered by the Audit and Supervisory Committee in fiscal 2021 included the appropriateness of audit policies and plans, preparation and state of operation of the internal control system, and methods and results of audits by the accounting auditors.

Executive Compensation

Compensation for members of the Managing Board makes a clear link between operating performance and responsibility for achievements. Compensation for members of the managing Board (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board) is divided into three broad categories: fixed compensation, performance-linked compensation, and non-monetary compensation.

Fixed compensation comprises compensation for members of the Managing Board and compensation for business execution. Position-specific factors (related to the scale and responsibility of members of the Managing Board, as well as the degree of their impact on Group management) are used to determine disbursements. Performance-linked compensation is linked to consolidated operating performance for the Group, using profit attributable to owners of the parent as an indicator. This indicator refers to net earnings for the consolidated fiscal year (sales net of expenses and profit or loss), which the Company considers an appropriate indicator for performance-linked compensation. As non-monetary compensation, Sysmex encourages officers to acquire Company shares. Sysmex's aims are to enhance corporate value from a shareholder perspective, boost the incentive to enhance corporate performance over the medium- to long-term, and augment personnel retention.

A certain portion of fixed compensation for members of the Managing Board and executive officers is applied toward the purchase of the Company's stock. The Company aims

for the Chairman, President, and CEO to hold shares worth five times his fixed compensation, and for other members of the Managing Board and executive officers to hold shares worth twice their fixed compensation, holding the acquired shares during their terms of office. As of March 31, 2022, the Chairman and CEO held 613,000 shares (104 times his fixed compensation), and other members of the Managing Board and executive officers (those who hold shares) held an average of 17,000 shares (8 times their fixed compensation).

>>Shares Held by Individual Directors P79

Compensation for members of the Managing Board who are members of the Audit and Supervisory Committee and outside members of the Managing Board comprises fixed compensation only.

The Managing Board has delegated to the Chairman and CEO the task of determining individual compensation and specific details of compensation for members of the Managing Board (excluding members of the Audit and Supervisory Committee). The Managing Board confirms the appropriateness of the process for determining officer compensation and compensation amounts via the Audit and Supervisory Committee. This committee has three members (of whom two are outside members of the Managing Board).

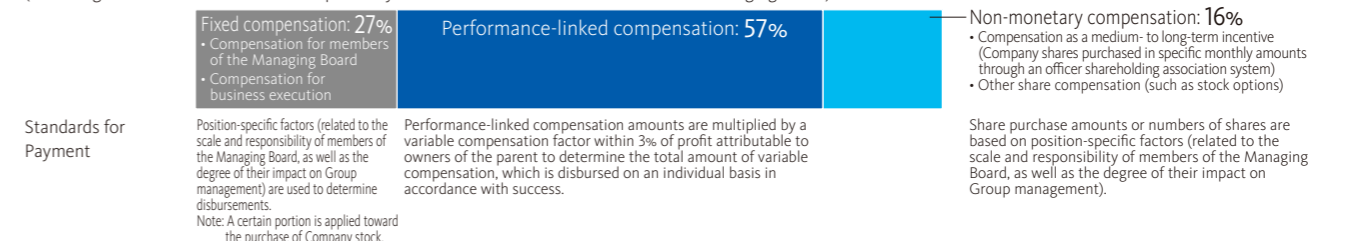
Compliance

Based on the corporate philosophy of the Sysmex Group, the "Sysmex Way," we define our view of compliance as "conducting business activities not only in compliance with applicable laws and regulations, but also based on fairness and high ethical standards." We have established a Global Compliance Code, in which particularly important conformance rules and behavioral guidelines for all Group executives and employees to abide by are set out, and we conduct training and work to instill this code.

>>Sustainability Data Book >Compliance P52

■ Breakdown of Executive Compensation

Compensation for members of the Managing Board (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board)



Members of the Audit and Supervisory Committee and outside members of the Managing Board



■ Actual Executive Compensation (Fiscal 2021)

Executive category	Total compensation	Amount of compensation by type			Number of executives receiving compensation
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Members of the Managing Board (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board)	698	191	395	111	8
Members of the Audit and Supervisory Committee (excluding outside members of the Managing Board)	24	24	—	—	1
Outside members of the Managing Board	34	34	—	—	5

■ Executives Receiving Total Compensation of ¥100 Million or More

Name	Executive category	Company category	Amount of compensation by type			Total compensation
			Fixed Compensation	Performance-linked Compensation	Non-monetary compensation	
Hisashi Ietsugu	Member of the Managing Board	Submitting company	52	131	27	211

Risk Management

Our Perspective on Operating Risks

Sysmex is responsible for the steady provision of products and services to customers in more than 190 countries and regions around the world, ensuring that testing operations (which are essential to healthcare) are not interrupted. For that reason, we have formulated countermeasures from a short- to long-term perspective to ensure that operations continue under any circumstances. In addition to natural disasters and geopolitical risks, we consider increasingly stringent healthcare restrictions in individual countries, the emergence of product quality issues, and information leaks to be important risks. Risk

management also supports our ongoing growth. By responding swiftly in a rapidly changing operating environment, we strive to earn the support of our stakeholders and to maintain or increase our position in the market.

Risk Management Structure

Sysmex established the Internal Control Committee to promote all risk management activities, including strategic risks. The committee is chaired by the president and CEO, and its members include relevant executive officers and Audit and Supervisory Committee members (excluding outside members

of the Managing Board). Outside members of the Managing Board serve as observers.

We have formulated a business continuity plan (BCP) to ensure the stable supply of products and services to medical institutions and the stable operation of Sysmex products at medical institutions, if risks such as disasters and cyber threats materialize. The BCP involves the establishment of regulations and manuals for responding to crises, and identifies important products to be given supply priority.

In fiscal 2021, a fire broke out at a warehouse in Japan to which we outsource product storage and other operations. Based on our BCP, we were able to respond swiftly and appropriately

and supply products to our customers without interruption.

We are also working on the information security front to ensure that our products can be used with peace of mind. In addition to strengthening internal measures, we have established the Product Security Incident Response Team (PSIRT) to prevent information leaks and cyber-attacks via Sysmex products used at customer facilities. In addition, we are reinforcing our diversification of risk by ensuring stable inventories and using multiple distribution bases.

We will continue to provide a BCP response that demonstrates the Group's comprehensive strength and ability to execute.

Principal Operating Risks

Risks	Major Content	Key Environmental Factors	Main Impacts if Risks Materialize	Principal Responses
The spread of infectious disease or emergence of other risks that could substantially affect business activities	<ul style="list-style-type: none"> The impact on operations of global pandemics such as COVID-19 and other unknown infectious diseases 	External	<ul style="list-style-type: none"> Halt of business operations due to enormous damage to Group facilities and infrastructure, or injuries to people Deterioration of operating performance and cash flow due to a halt in medical institutions' operations and decreasing testing demand Substantial downturn in productivity due to difficulty in continuing or maintaining human resources and the working environment 	<ul style="list-style-type: none"> We have configured a global risk management structure (such as reinforcing our BCP) aimed at reducing damage and facilitating an early recovery of business activities. We have built an infrastructure capable of responding flexibly to emergencies (such as by introducing remote working). We prevent infections from spreading by building testing structures involving the development and sale of reagents and opening of labs to provide assay services.
Disaster, severe accidents, geopolitical problems or other occurrences that disrupt product supply	<ul style="list-style-type: none"> Damage to manufacturing facilities and the stoppage of production activities due to severe accidents, such as natural disasters and fires Obstacles to the procurement of substances if suppliers suspend operations Suspension of distribution and stoppage of production activities due to geopolitical issues 	External	Suspension of product supply leading to a decline in sales and an inability to fulfill our supply responsibilities, leading to a decline in corporate value	<ul style="list-style-type: none"> We have introduced seismically isolated structures at instrument factories, diversified our reagent production function globally, and created a system of mutual supply. We procure materials and parts from multiple companies and maintain stockpiles. We also conduct CSR surveys of our business partners.
Exchange rate fluctuations	<ul style="list-style-type: none"> Overseas business accounting for more than 80% of total Group sales Growth in sales in emerging and developing markets leading to a higher proportion of sales taking place in non-key currencies 	External	Worsening of the Group's consolidated operating performance	<ul style="list-style-type: none"> Finance divisions and local subsidiaries minimize risks through forward exchange contracts. We have globally diversified our reagent production functions.
Acceleration of healthcare system reforms	<ul style="list-style-type: none"> Intensifying competitive environment due to efforts by governments and medical institutions to optimize medical expenses 	External	Loss of market acquisition opportunities and increased price pressure	<ul style="list-style-type: none"> We provide highly productive products and services that help make healthcare management more efficient.
Growing difficulty of obtaining regulatory approval due to increasingly stringent healthcare laws and restrictions, as well as the introduction of independent regulations	<ul style="list-style-type: none"> Delayed product launches due to longer approval periods 	External	Lowered ability to capture market opportunities and increasing cost of response	<ul style="list-style-type: none"> The regulatory affairs division and local subsidiaries remain abreast of new laws and regulations, and configure optimal systems.
Revisions to our business model due to changes in the market environment	<ul style="list-style-type: none"> Hematology field accounting for a high percentage of sales and profits 	Internal	Worsening of the Group's consolidated operating performance	<ul style="list-style-type: none"> We are expanding our business portfolio outside of hematology and into such fields as hemostasis and urinalysis. We provide products and services that meet the needs of countries and regions with weak medical infrastructures. We are accelerating development by establishing drives of growth.
Emergence of quality problems related to products or services	<ul style="list-style-type: none"> Major impact on test results 	Internal	Increasing cost of response and decline in corporate creditworthiness and brand power	<ul style="list-style-type: none"> We comply with individual countries' laws and regulations, as well as international restrictions, and we have created structures for maintaining and enhancing quality. We have enhanced our operational and design quality, bolstered mass-production quality, and reinforced our systems for checking quality prior to market launch. We hold supplier presentations aimed at increasing the quality of the materials and parts we procure.
Risks related to intellectual property rights	<ul style="list-style-type: none"> Intellectual property disputes arising from infringement by third parties of intellectual property rights held by the Company or unexpected infringement of intellectual property rights held by third parties 	Internal	<ul style="list-style-type: none"> Decrease in market share and brand strength due to outflows of in-house technology Litigation costs and compensation for intellectual property disputes 	<ul style="list-style-type: none"> We conduct thorough intellectual property training, particularly for employees in R&D and business divisions. We work to reduce the likelihood of third-party intellectual property disputes.
Information security risks	<ul style="list-style-type: none"> Impact on operations due to information leaks such as cyber threats and network breakdowns Network failure in a customer's facility due to cyber-attacks via the Company's products 	Internal	Halt of business activities and a decrease in corporate creditworthiness	<ul style="list-style-type: none"> We have alternative network routes and have implemented routine system administration procedures. We are implementing mechanisms for detecting unauthorized communications and isolating malware. We monitor 24 hours a day. We have established the Computer Security Incident Response Team (CSIRT). We have established the Product Security Incident Response Team (PSIRT). We educate our employees.
M&A-related risks	<ul style="list-style-type: none"> Impact on strategies and operating performance if the results of M&A fall below expected levels 	Internal	Worsening of the Group's consolidated operating performance and review of business strategies	<ul style="list-style-type: none"> We conduct thorough prior audits, both of the market environment and from a financial perspective. We configure administrative structures for management and finance.
Compliance infringements	<ul style="list-style-type: none"> Compliance infractions of laws and regulations 	Internal	Halt of business activities and a decrease in corporate creditworthiness	<ul style="list-style-type: none"> We provide comprehensive employee education. We have put in place a global internal reporting system.

Members of the Managing Board



Kaoru Asano

Member of the Managing Board and Senior Executive Officer
Senior Managing Director, CTO
R&D, Incubation and MR Business

Hisashi Ietsugu

Chairman and CEO

Kenji Tachibana

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



Kazuo Ota

Member of the Managing Board (Outside)
Independent Director

Masayo Takahashi

Member of the Managing Board (Outside)

Hidekazu Fukumoto

Member of the Managing Board (Outside)
Independent Director



Hiroshi Kanda

Member of the Managing Board and Senior Executive Officer
Managing Director
Business Strategy Development

Iwane Matsui

Member of the Managing Board and Senior Executive Officer
Managing Director
Global Marketing

Tomokazu Yoshida

Member of the Managing Board and Senior Executive Officer
Managing Director
R&D, Incubation and MR Business



Kazumasa Hashimoto

Member of the Managing Board (Outside)
(Member of the Audit and Supervisory Committee), Independent Director

Tomoo Aramaki

Member of the Managing Board
(Member of the Audit and Supervisory Committee)

Michihide Iwasa

Member of the Managing Board (Outside)
(Member of the Audit and Supervisory Committee), Independent Director

Members of the Managing Board (As of June 24, 2022)

Hisashi Ietsugu (born 1949)
Chairman and CEO
Number of Company shares held: 613,600

Sep. 1986 Joined the Company, Member of the Managing Board
Mar. 1990 Member of the Managing Board and Senior Executive Officer, Managing Director
Feb. 1996 Member of the Managing Board and Senior Executive Officer, Managing Director (Representative Director)
Apr. 1996 Member of the Managing Board and Senior Executive Officer, Senior Managing Director (Representative Director)
Jun. 1996 President and CEO
Apr. 2013 Chairman and CEO (current)

(Important concurrent position)
Chairman of the Kobe Chamber of Commerce and Industry

Reasons for Appointing

Holding the positions of Chairman and CEO of the Company, he has managed all of Sysmex and provided strong leadership for many years. He was appointed because he will be essential for increasing the corporate value with his sense of balance, enabling appropriate supervision and decision-making of the entire management based on his insight and abundant experience and achievements as a corporate manager.

Iwane Matsui (born 1961)
Member of the Managing Board and Senior Executive Officer
Managing Director
Global Marketing
Number of Company shares held: 2,500

Apr. 1985 Joined the Company
Jul. 2001 President of Sysmex Europe GmbH (presently Sysmex Europe SE)
Apr. 2011 Executive Officer, Executive Vice President of Corporate Business Planning
Apr. 2013 Executive Officer, Executive Vice President of International Business Management
Apr. 2017 Senior Executive Officer
Apr. 2019 Senior Executive Officer, Managing Director
Jun. 2019 Member of the Managing Board and Senior Executive Officer, Managing Director (current)

Reasons for Appointing

He has been involved in promoting businesses such as domestic and international sales and marketing serving as a sales manager for domestic sales and as a representative of overseas regional headquarters of the Group for many years, and has contributed to global business development. He was appointed because his abundant experience and wide-ranging insight will be essential for increasing the corporate value of the Group.

Kaoru Asano (born 1958)
Member of the Managing Board and Senior Executive Officer
Senior Managing Director, CTO
R&D, Incubation and MR Business
Number of Company shares held: 53,100

Aug. 1987 Joined the Company
Apr. 2009 Executive Officer, Manager of Central Research Laboratories
Apr. 2011 Executive Officer, Executive Vice President of R&D Strategic Planning
Apr. 2013 Senior Executive Officer
Jun. 2014 Member of the Managing Board and Senior Executive Officer
Apr. 2015 Member of the Managing Board and Senior Executive Officer, Managing Director
Apr. 2017 Member of the Managing Board and Senior Executive Officer, Senior Managing Director
Apr. 2018 Member of the Managing Board and Senior Executive Officer, Senior Managing Director, COO LS Business Unit and CTO
Apr. 2021 Member of the Managing Board and Senior Executive Officer, Senior Managing Director, CTO (current)

(Important concurrent position)
President of Medicaoid Corporation

Reasons for Appointing

He has been involved in research and technology development for many years and has contributed to business development. He was appointed because leveraging his experience and insight in new R&D will be essential for increasing corporate value.

Kenji Tachibana (born 1957)
Member of the Managing Board and Senior Executive Officer
Senior Managing Director
Corporate Management, Regulatory Affairs & Quality Assurance and DX Strategy Development
Number of Company shares held: 36,700

Mar. 1980 Joined the Company
Apr. 1998 President of Sysmex Singapore Pte Ltd. (presently Sysmex Asia Pacific Pte Ltd.)
Apr. 2011 Executive Officer, Executive Vice President of IVD Business Development
Apr. 2013 Senior Executive Officer
Jun. 2014 Member of the Managing Board and Senior Executive Officer
Apr. 2015 Member of the Managing Board and Senior Executive Officer, Managing Director
Apr. 2017 Member of the Managing Board and Senior Executive Officer, Senior Managing Director
Apr. 2018 Member of the Managing Board and Senior Executive Officer, Senior Managing Director, COO IVD Business Unit
Apr. 2021 Member of the Managing Board and Senior Executive Officer, Senior Managing Director (current)

Reasons for Appointing

He has been involved in business strategy development and international businesses and has contributed to strategic and global business development. He was appointed because he will be essential for increasing corporate value through the growth of businesses.

Tomokazu Yoshida (born 1964)
Member of the Managing Board and Senior Executive Officer
Managing Director
R&D, Incubation and MR Business
Number of Company shares held: 1,400

Jun. 2000 Joined the Company
Apr. 2017 Executive Officer, Executive Vice President of Central Research Laboratories and MR Business Development
Apr. 2020 Senior Executive Officer
Apr. 2021 Senior Executive Officer, Managing Director
Jun. 2021 Member of the Managing Board and Senior Executive Officer, Managing Director (current)

Reasons for Appointing

He has been involved in research and technology development for many years and has contributed to business development. He was appointed because his abundant experience and wide-ranging insight will be essential for increasing the corporate value.

Masayo Takahashi (born 1961)
Member of the Managing Board (Outside)
Number of Company shares held: N/A

Apr. 1992 Ph.D. of Medicine and Assistant professor of Ophthalmology, Kyoto University Hospital
Apr. 2006 Team Leader, Laboratory for Retinal Regeneration Research, RIKEN Center for Developmental Biology, Japan (presently RIKEN Center for Biosystems Dynamics Research, Japan)
Jun. 2016 Joined the Company, Member of the Managing Board (Outside) (current)
Dec. 2017 Director of Research Center, Kobe City Eye Hospital
Aug. 2019 President of Vision Care Inc. (current)
Aug. 2020 President, VCGT Inc. (current)
Mar. 2021 President, VCCT Inc. (current)
Apr. 2022 RARA fellow, Ritsumeikan Advanced Research Academy (RARA), and visiting professor, Research Organization of Science and Technology, Ritsumeikan University (current)
Apr. 2022 Visiting Scientist, Cell and Gene Therapy in Ophthalmology Laboratory, RIKEN Baton Zone Program (BZP), RIKEN Cluster for Science, Technology and Innovation Hub, (RCSTI) Japan (current)
Apr. 2022 Senior Adviser, Research Center, Kobe City Eye Hospital (current)

Reasons for Appointing

She was appointed to utilize her abundant experience and deep insight relating to advanced medical research, medical ethics and other fields as a clinician and researcher for management of the Company.

Tomoo Aramaki (born 1966)
Member of the Managing Board (Member of the Audit and Supervisory Committee)
Number of Company shares held: 3,000

Apr. 1989 Joined the Company
Apr. 2019 Executive Vice President of the Business Administration of the Company
Jun. 2022 Member of the Managing Board (Member of the Audit and Supervisory Committee) (current)

Reasons for Appointing

He has long been involved in the business administration department and has also served as the head of the business administration department of the Company's overseas subsidiaries. He was appointed to utilize his abundant experience and insight, which is necessary to increase the audit and supervisory functions.

Kazuo Ota (born 1955)
Member of the Managing Board (Outside)
Independent Director
Number of Company shares held: N/A

Apr. 1978 Joined Kawasaki Heavy Industries, Ltd.
Apr. 2013 Executive Officer, General Manager of Planning & Control Division, Aerospace Company of Kawasaki Heavy Industries, Ltd.
Apr. 2015 Managing Executive Officer, General Manager of Corporate Planning Division, In Charge of Finance & Human Resources (Corporate) of Kawasaki Heavy Industries, Ltd.
Jun. 2015 Senior Vice President, General Manager of Corporate Planning Division, In Charge of Finance & Human Resources (Corporate) of Kawasaki Heavy Industries, Ltd.
Apr. 2018 Director, Managing Executive Officer, President of Motorcycle & Engine Company of Kawasaki Heavy Industries, Ltd.
Jun. 2019 Advisor of Kawasaki Heavy Industries, Ltd.
Jun. 2019 Joined the Company, Member of the Managing Board (Outside) (current)

Reasons for Appointing

He was appointed to utilize his abundant experience and deep insight in corporate management for management of the Company.

Kazumasa Hashimoto (born 1953)
Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee), Independent Director
Number of Company shares held: N/A

Apr. 1976 Joined Sumitomo Bank (presently Sumitomo Mitsui Banking Corporation)
Apr. 2004 Executive Officer of Sumitomo Mitsui Banking Corporation
Apr. 2007 Managing Executive Officer of Sumitomo Mitsui Banking Corporation
Jun. 2010 President and Representative Director of Ginsen Co., Ltd.
Jun. 2014 President and Representative Director, and Chief Operating Officer of Kansai Urban Banking Corporation (presently Kansai Mirai Bank, Limited)
Jun. 2016 Chairman of the Board, President and Representative Director of Kansai Urban Banking Corporation
Apr. 2018 Representative Director and President of Kansai Mirai Financial Group, Inc.
Apr. 2019 Chairman of Kansai Mirai Bank, Limited. (current)
Jun. 2019 Outside Corporate Auditor of THE ROYAL HOTEL, LIMITED (current)
Jun. 2020 Joined the Company, Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee) (current)

Reasons for Appointing

He was appointed to utilize his abundant experience and deep insight into corporate management as a corporate manager of a financial institution.

Hidekazu Fukumoto (born 1955)
Member of the Managing Board (Outside)
Independent Director
Number of Company shares held: N/A

Apr. 1978 Joined The Sanwa Bank, Ltd. (presently MUFG Bank, Ltd.)
May 2005 Executive Officer of UFJ Bank Ltd. (presently MUFG Bank, Ltd.)
Jan. 2006 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (presently MUFG Bank, Ltd.)
Apr. 2008 Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jun. 2010 Managing Director and Chief Executive of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2012 Senior Managing Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2014 Deputy President Chief Executive of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2016 Deputy President (Director) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jun. 2017 Member of the Board of Directors, Deputy President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Apr. 2018 Member of the Board of Directors, Deputy President of MUFG Bank, Ltd.
Jun. 2019 Advisor of MUFG Bank, Ltd. (current)
Jun. 2019 President of SANSHIN Co., Ltd. (current)
Jun. 2021 Joined the Company, Member of the Managing Board (Outside) (current)

Reasons for Appointing

He was appointed to utilize his knowledge on finance, financial accounting, risk management, as a corporate manager of a financial institution, as well as his abundant experience and deep insight in the business world.













Michihide Iwasa (born 1956)
Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee), Independent Director
Number of Company shares held: N/A

Apr. 1979 Joined Kobe Steel, Ltd.
Apr. 2009 Senior General Manager of Raw Materials Purchasing Department of Kobe Steel, Ltd.
Apr. 2010 Executive Officer of Iron & Steel Business of Kobe Steel, Ltd.
Apr. 2012 Managing Executive Officer of Iron & Steel Business of Kobe Steel, Ltd.
Jun. 2014 Representative Director and President of Kobelco Logistics, Ltd.
Jun. 2020 Senior Advisor of Kobelco Logistics, Ltd. (current)
Jun. 2020 Joined the Company, Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee) (current)

Reasons for Appointing

He was appointed to utilize his abundant experience and deep insight into corporate management for audits of the Company.

Executive Officers (As of June 24, 2022)

	Mamoru Kubota Senior Executive Officer Deputy in charge of Business Strategy Development		Kensuke Iizuka Senior Executive Officer Deputy in charge of Corporate Management Executive Vice President of Corporate Business Planning Div. Corporate Business Administration Div. Corporate Executive Office
	Takashi Ono Senior Executive Officer In charge of Manufacturing and SCM		Peng Zuo Hui Executive Officer President and CEO, Sysmex Shanghai Ltd.
	Frank Buescher Executive Officer CEO, Sysmex Asia Pacific Pte Ltd. Deputy in charge of DX Strategy Development		Mitsuhisa Kanagawa Executive Officer Executive Vice President of Business Strategy Development Div.
	Alain Baverel Executive Officer CEO, Sysmex Europe SE		Reiko Watanabe Executive Officer Executive Vice President of Medical Affairs Div.
	Kaoru Watanabe Executive Officer Supervision of JEA		Takaaki Nagai Executive Officer Executive Vice President of System Engineering Div.
	Kinya Uchihashi Executive Officer Executive Vice President of Reagent Production		Andy Hay Executive Officer CEO, Sysmex America, Inc.

Executive Officers' Main Responsibilities

	Main Responsibilities Related to Key Actions for the Group						Main Responsibilities Related to Materiality				
	1	2	3	4	5	6	1	2	3	4	5
Posts and Responsibilities											
Kaoru Asano Member of the Managing Board and Senior Executive Officer Senior Managing Director, CTO R&D, Incubation and MR Business	●	●	●	●			●	●			
Kenji Tachibana Member of the Managing Board and Senior Executive Officer Senior Managing Director Corporate Management, Regulatory Affairs & Quality Assurance and DX Strategy Development				●	●	●	●	●	●	●	●
Iwane Matsui Member of the Managing Board and Senior Executive Officer Managing Director Global Marketing	●	●					●	●			
Hiroshi Kanda Member of the Managing Board and Senior Executive Officer Managing Director Business Strategy Development	●	●	●				●	●			
Tomokazu Yoshida Member of the Managing Board and Senior Executive Officer Managing Director R&D, Incubation and MR Business	●	●	●				●	●			
Mamoru Kubota Senior Executive Officer Deputy in charge of Business Strategy Development	●	●	●				●	●			
Kensuke Iizuka Deputy in charge of Corporate Management Executive Vice President of Corporate Business Planning Div. Corporate Business Administration Div. Corporate Executive Office				●	●	●	●	●	●	●	●
Takashi Ono Senior Executive Officer In charge of Manufacturing and SCM	●	●					●	●		●	
Peng Zuo Hui Executive Officer President and CEO, Sysmex Shanghai Ltd.	●	●					●	●	●		
Frank Buescher Executive Officer CEO, Sysmex Asia Pacific Pte Ltd. Deputy in charge of DX Strategy Development	●	●		●			●	●	●		
Mitsuhisa Kanagawa Executive Officer Executive Vice President of Business Strategy Development Div.	●	●	●				●	●			
Alain Baverel Executive Officer CEO, Sysmex Europe SE	●	●					●	●	●		
Reiko Watanabe Executive Officer Executive Vice President of Medical Affairs Div.	●	●					●	●			
Kaoru Watanabe Executive Officer Supervision of JEA	●	●					●	●			
Takaaki Nagai Executive Officer Executive Vice President of System Engineering Div.	●	●					●	●			
Kinya Uchihashi Executive Officer Executive Vice President of Reagent Production	●	●					●	●			
Andy Hay Executive Officer CEO, Sysmex America, Inc.	●	●					●	●	●		

Management's Discussion and Analysis

Net sales rose substantially in fiscal 2021, thanks to a recovery in general testing demand, an increase in the installed instrument base due in part to the expansion of our direct sales area, as well as demand to reinforce healthcare infrastructures in individual regions and a rise in testing demand related to COVID-19. As a result, net sales increased ¥58.7 billion (up 19.2%) year on year, to ¥363.7 billion. Foreign exchange rates had the effect of raising net sales by ¥21.35 billion compared with the previous fiscal year.

Despite soaring transportation costs and other negative factors, cost of sales improved due to a reagents accounting for a larger proportion of net sales. Cost of sales rose ¥22.4 billion (up 14.9%), to ¥173.1 billion. The cost of sales ratio was 47.6% (down 1.8 percentage points).

Selling, general and administrative (SG&A) expenses expanded ¥11.6 billion (up 14.1%), to ¥94.2 billion. Expenses rose due to the recommencement of sales and service activities in each area, as well as to reinforcement of the direct sales structure. We also saw an increase in expenses related to digitalization and the medical robotics business. SG&A expenses as a percentage of net sales were 25.9% (down 1.2 percentage points).

R&D expenses grew ¥4.27 billion year on year (up 19.0%), to ¥26.7 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 flat year on year, at 7.4%.

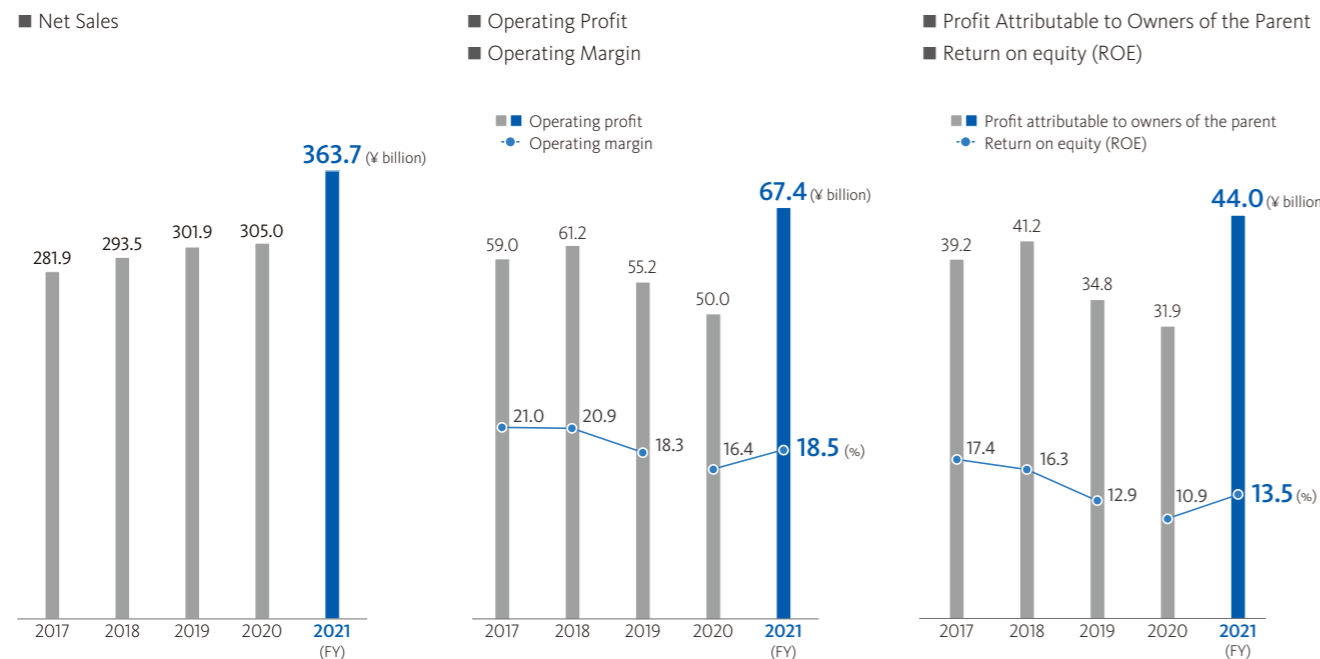
Operating profit increased substantially due to a number of positive factors: higher sales and an improved cost of sales ratio lifted gross profit substantially, and the pandemic suppressed SG&A expenses by prompting more efficient selling activities. Accordingly, operating profit surged ¥17.4 billion (up 34.8%), to ¥67.4 billion, and the operating margin came to 18.5% (up 2.1 percentage points). Exchange rates had a ¥9.18 billion positive impact on operating profit compared with the preceding fiscal year.

Profit before tax rose ¥18.0 billion (up 39.1%), to ¥64.3 billion, buoyed by higher operating profit and a foreign exchange gain of ¥0.85 billion. (In the previous year, the Company recorded a foreign exchange loss of ¥0.23 billion.)

Profit attributable to owners of the parent rose ¥12.1 billion (up 38.2%) year on year, to ¥44.0 billion, due to such factors as a year-on-year rise in income tax expenses of ¥5.8 billion (up 40.9%) to ¥20.2 billion.

For details on the operating environment, please see the Message from the CEO on page 14

(FY)	2017	2018	2019	2020	2021
1USD	110.9	110.9	108.7	106.1	112.4
1EUR	129.7	128.4	120.8	123.7	130.6
1CNY	16.8	16.5	15.6	15.7	17.5



Impact of COVID-19

COVID-19 continues to affect some regions, but the global market has generally returned to normal.

Since the start of the pandemic at the end of fiscal 2019, the curtailment of hospital visits by outpatients for reasons other than COVID-19 led to an ongoing decrease in testing numbers. With COVID-19 infections abating, testing demand in each region has returned to pre-pandemic levels, which resulted in higher sales, centering on hematology and urinalysis instruments and reagents. Meanwhile, demand was high for hemostasis testing, which is used to monitor indicators of increasingly severe COVID-19 infections. Accordingly, reagent sales in this field remained favorable.

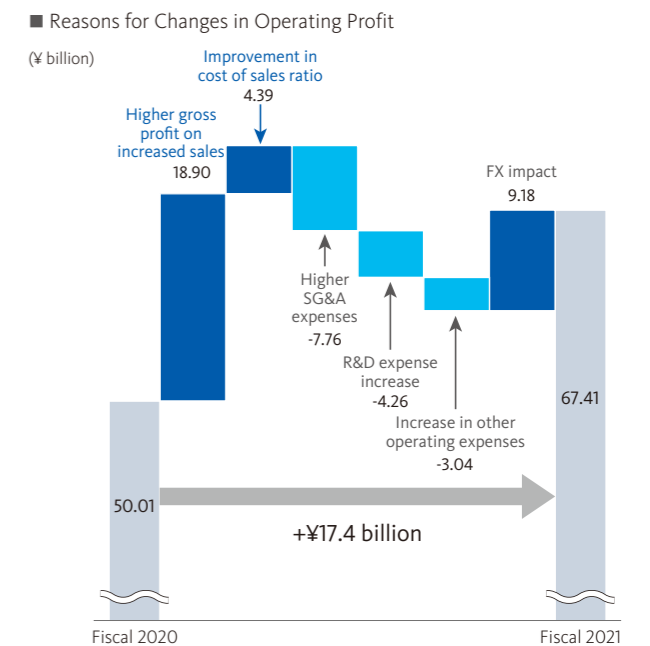
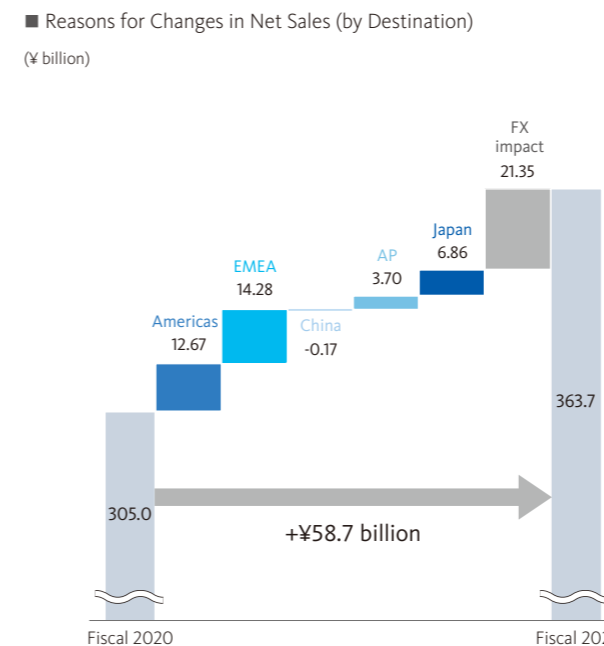
Looking forward, we will need to keep monitoring the situation as the disease continues to spread again, particularly in Japan and China, but demand for testing is expected to increase as economic activity resumes in individual regions. Over the medium- to long-term, we anticipate the need to expand medical systems to control infections, and we believe investment in medical infrastructure will increase. At the same time, as the pandemic abates we expect to see a decline in testing demand related to COVID-19, such as PCR and antigen tests.

Operating Results versus Forecasts and the Outlook for Fiscal 2022

In May 2021, Sysmex announced a mid-term management plan ending in fiscal 2023. In its final year, the plan targets net sales of ¥420.0 billion and operating profit of ¥80.0 billion. We set targets for fiscal 2021 as ¥360.0 billion in net sales and ¥66.0 billion in operating profit (announced in November 2021).

In fiscal 2021, a recovery in testing demand pushed up net sales, enabling us to reach our target. We also reached our target for operating profit, thanks to a rise in gross profit.

For fiscal 2022, we expect sales and profits to increase due to growth in testing demand, continued investment in medical infrastructure, and the ongoing depreciation of the yen, despite such factors as a downward trend in demand for COVID-19 testing and the impact of global inflation, higher raw material and other prices, and lockdowns in China. Specifically, we forecast net sales of ¥410.0 billion, operating profit of ¥76.0 billion, profit before tax of ¥72.5 billion and profit attributable to owners of the parent of ¥50.0 billion. This forecast assumes that the impact of COVID-19 will abate and economic activity will return to normal. Our calculations assume full year exchange rates of ¥120 per U.S. dollar, ¥130 per euro and ¥18 per yuan. Our forecast is based on currently available information; actual results may differ for a variety of reasons.



Overview of Operating Performance by Destination

Americas

In the Americas, Sysmex obtained the No. 1 position in the hematology field by leveraging outstanding customer service, such as services and support that make use of online tools. In fiscal 2021, sales increased substantially. Sales of hematology instruments and reagents increased, due to a recovery from the impact of COVID-19 and growth in the installed instrument base. In the urinalysis field, sales rose as our alliance with Siemens Healthineers in North America boosted instrument and reagent sales. As a result, sales for the region were ¥83.6 billion (up 27.0% year on year). (Sales were up 19.5% 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. We are working to accelerate the launch of new products in the urinalysis field, as well as in our mainstay field of hematology. We are also leveraging an alliance with Siemens Healthineers to strengthen business in the hemostasis field. In fiscal 2021, sales rose due to favorable results in the direct-sales areas of Spain and Turkey, as well to active investment in healthcare infrastructure in Eastern Europe. This situation led to favorable demand for instruments and reagents in the hematology, urinalysis and hemostasis fields, which boosted sales substantially. As a result, the region generated sales of ¥101.5 billion (up 23.6% year on year). (Sales were up 17.3% 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

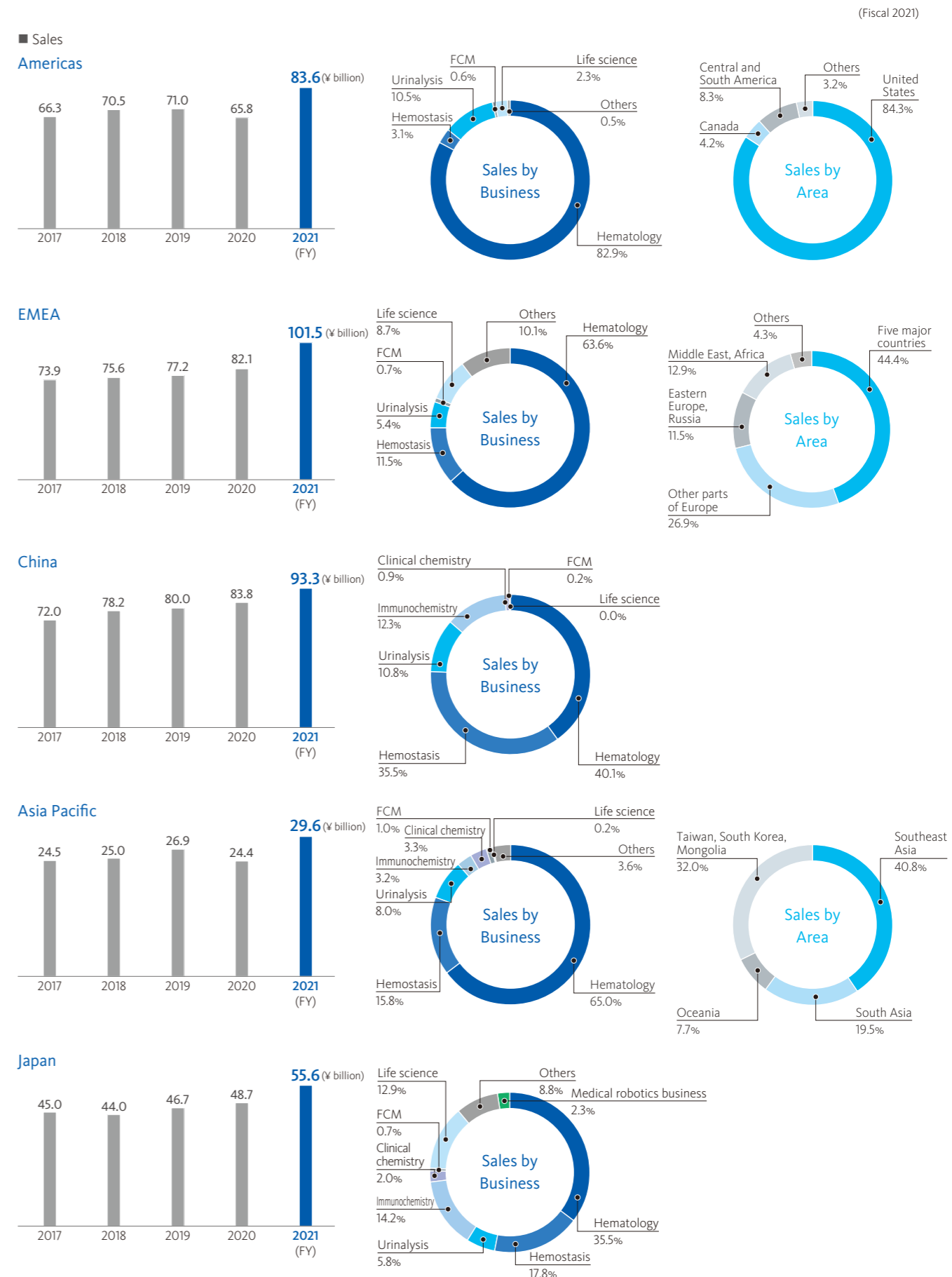
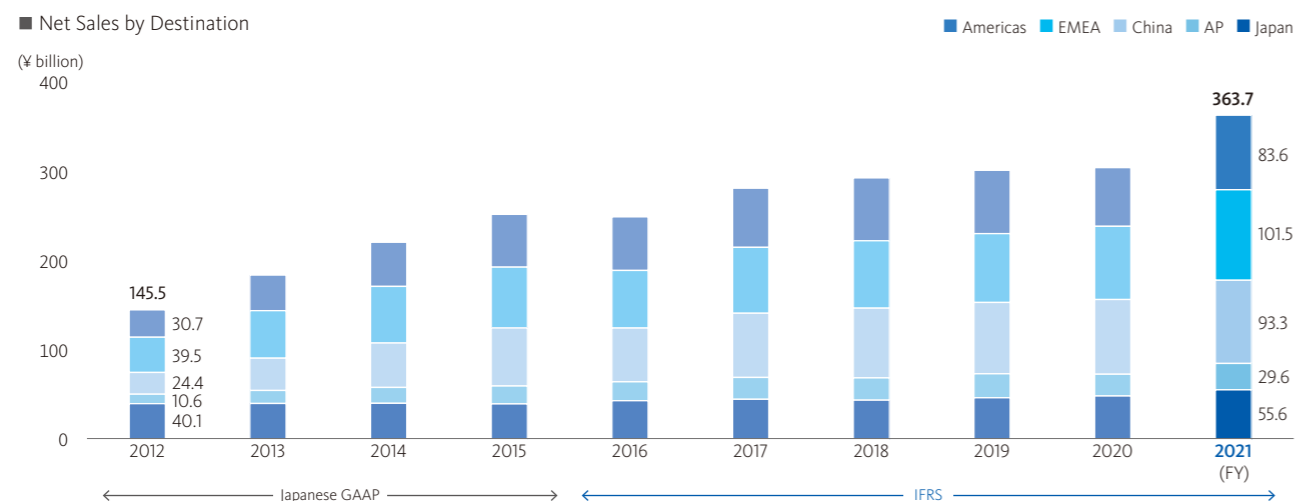
distributors to provide products and services throughout the country. We have created a structure to supply instruments using a knockdown production method, applying a product supply scheme to meet market characteristics, and we are increasing the number of products that use this scheme. In fiscal 2021, reagent sales were solid due to a recovery from the impact of COVID-19 and expansion of the installed instrument base in the hematology, urinalysis, and immunochemistry fields. However, instrument sales were down, and overall sales for the region were flat year on year as a result. Sales came to ¥93.3 billion (up 11.4% year on year). (Sales were down 0.1% 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 healthcare systems differing by country. Nevertheless, we are reinforcing our position by providing solutions from a customer viewpoint and meeting local needs. In fiscal 2021, instrument sales were favorable in the hematology field, centered on India. In addition to a recovery in testing demand, reagent sales grew thanks to an increase in the installed instrument base, leading to double-digit growth. Sales came to ¥29.6 billion (up 21.1% 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 2021, reagent demand was favorable, due to a recovery in testing demand and an increase in the installed instrument base. Also, we launched new products in the hematology field, and instrument sales in the medical robotics business contributed to higher sales. As a result, sales in Japan were ¥55.6 billion (up 14.1% year on year).



Fund Procurement and Liquidity Management

Sysmex 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.

Sysmex 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 the fiscal year ended March 31, 2021, 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 2021, total assets amounted to ¥483.7 billion, up ¥58.8 billion from one year earlier. This increase was attributable mainly to increases of ¥18.0 billion in trade and other receivables, ¥14.9 billion in inventories and ¥10.4 billion in intangible assets.

Meanwhile, total liabilities were up ¥15.8 billion from the previous fiscal year-end, to ¥134.6 billion. Principal increases included income taxes payable, which rose ¥6.2 billion, other non-current liabilities, which increased ¥4.4 billion, and accrued expenses, which were up ¥3.2 billion.

Total equity came to ¥349.0 billion, up ¥42.9 billion from the end of fiscal 2020. Among the principal reasons, retained earnings rose ¥28.8 billion, and other components of equity increased ¥12.3 billion. Equity attributable to owners of the parent to total assets rose 0.1 percentage point, from 71.9% to 72.0%.

Cash Flows

At the end of fiscal 2021, cash and cash equivalents amounted to ¥73.7 billion, up ¥7.2 billion from one year earlier.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥58.7 billion, up ¥1.8 billion from the preceding fiscal year. As principal factors, profit before tax and depreciation and amortization provided more cash than in the previous fiscal year, while increases in trade receivables and inventories used cash.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥35.0 billion (up ¥5.8 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

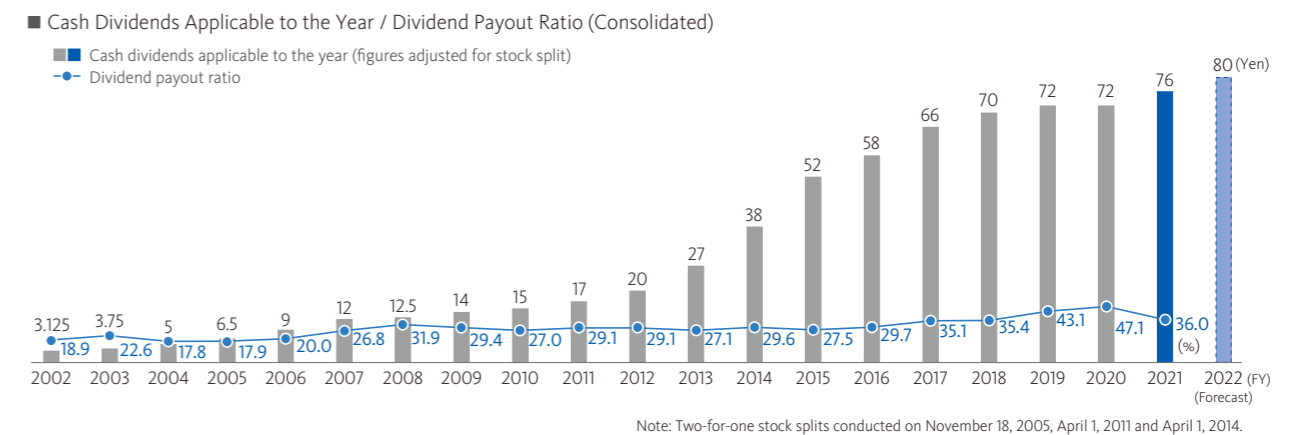
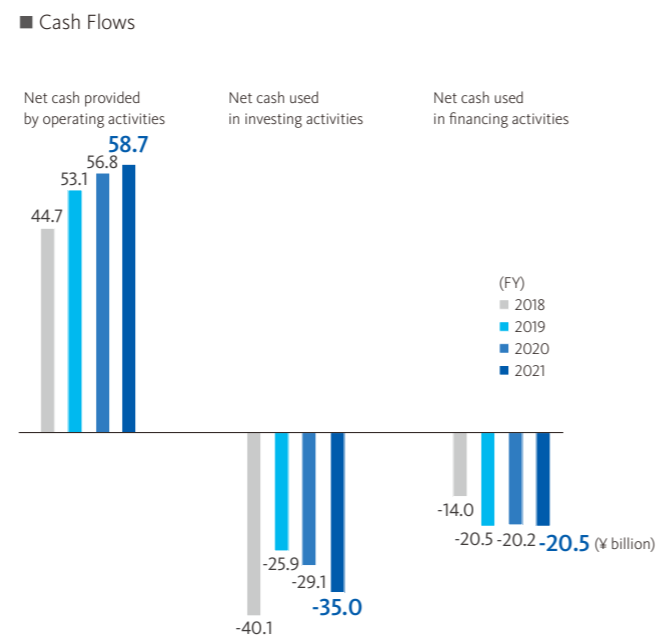
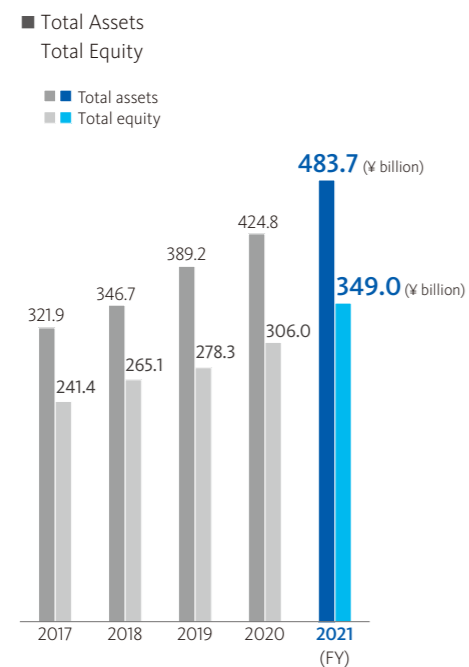
Net cash used in financing activities was ¥20.5 billion (up ¥0.28 billion). This was mainly due to dividends paid of ¥15.2 billion (up ¥0.2 billion).

Returns to Shareholders

Sysmex 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% or more under our basic policy of sharing the successes of our operations in line with business performance.

As a basic policy, Sysmex 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 2021, we announced dividends for the year of ¥76 per share, which includes an interim dividend of ¥37. As a result, the dividend payout ratio came to 36.0%.

Going forward, Sysmex 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.



Consolidated Financial Data (10 Years)

Japanese GAAP				(¥ billion)
Fiscal years	2012	2013	2014	2015
For the year:				
Net sales	145.5	184.5	221.3	253.1
Operating income	21.8	32.8	44.4	56.9
Net income ¹	14.1	20.5	26.6	36.2
Capital expenditure ⁵	11.1	17.1	17.3	19.9
Depreciation	7.9	9.9	11.2	12.2
R&D expenses	12.1	13.2	14.6	17.7
Net cash provided by (used in) operating activities	25.8	36.5	38.6	39.5
Net cash provided by (used in) investing activities	(12.5)	(33.9)	(19.5)	(21.6)
Net cash provided by (used in) financing activities	(3.1)	(2.8)	(7.5)	(8.7)
At year-end:				
Total assets	173.0	210.7	247.9	267.6
Cash and cash equivalents, end of year	34.3	36.5	50.2	56.4
Total equity	119.1	146.2	169.5	188.0
Interest-bearing liabilities	0.7	1.9	0.7	1.3
Per share data:				
Equity (yen)	1,151.3	703.7 ³	812.3	899.5
Net income (basic) (yen)	137.5	99.4 ³	128.4	174.4
Net income (diluted) (yen)	137.0	99.1 ³	128.0	173.7
Cash dividends applicable to the year (yen)	20.00	27.00 ³	38.00	52.00
Dividend payout ratio (%)	29.1	27.1	29.6	29.8
Other data:				
Operating margin (%)	15.0	17.8	20.1	22.5
Overseas sales ratio (%)	72.4	78.2	81.7	84.3
Equity ratio (%)	68.7	69.2	68.0	69.9
Return on equity (ROE) (%)	12.8	15.6	17.0	20.4
Return on assets (ROA) ⁴ (%)	9.0	10.7	11.6	14.1
Number of employees (Including part-time and other employees)				
	5,594	6,211	6,742	7,446
Exchange rates:				
US dollars (yen)	83.1	100.2	109.9	120.1
Euros (yen)	107.2	134.4	138.8	132.6
Chinese Yuan (yen)	13.2	16.3	17.8	18.9

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

IFRS				(¥ billion)			
Fiscal years	2015	2016	2017	2018	2019	2020	2021
For the year:							
Net sales	252.6	249.8	281.9	293.5	301.9	305.0	363.7
Operating profit	60.7	51.7	59.0	61.2	55.2	50.0 ⁸	67.4
Profit attributable to owners of the parent	39.2	40.6	39.2	41.2	34.8	31.9 ⁸	44.0
Capital expenditure ⁵	21.4	19.3	24.9	30.2	27.1	25.7	33.2
Depreciation and amortization	12.1	12.3	14.6	15.8	23.9	25.5	27.4
R&D expenses	15.4	15.5	16.7	19.5	21.7	22.5	26.7
Net cash provided by (used in) operating activities	41.7	32.8	52.2	44.7	53.1 ⁷	56.8 ⁸	58.7
Net cash provided by (used in) investing activities	(23.8)	(19.4)	(37.8)	(40.1)	(25.9)	(29.1) ⁸	(35.0)
Net cash provided by (used in) financing activities	(8.7)	(10.8)	(11.5)	(14.0)	(20.5) ⁷	(20.2)	(20.5)
At year-end:							
Total assets	263.9	279.8	321.9	346.7	389.2 ⁷	424.8 ⁸	483.7
Cash and cash equivalents, end of year	56.4	57.9	61.4	51.0	56.5	66.4	73.7
Total equity	182.8	210.2	241.4	265.1	278.3	306.0 ⁸	349.0
Interest-bearing liabilities	1.3	1.1	0.9	0.8	23.1 ⁷	22.5	22.8
Per share data:							
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
Profit attributable to owners of the parent (basic) (yen)	189.08	195.31	188.29	197.60	167.10	152.73 ⁸	210.88
Profit attributable to owners of the parent (diluted) (yen)	188.30	194.74	187.84	197.29	166.93	152.47 ⁸	210.49
Cash dividends applicable to the year (yen)	52.00	58.00	66.00	70.00	72.00	72.00	76.00
Dividend payout ratio (%)	27.5	29.7	35.1	35.4	43.1	47.1 ⁸	36.0
Other data:							
Operating margin (%)	24.0	20.7	21.0	20.9	18.3	16.4 ⁸	18.5
Overseas sales ratio (%)	84.2	82.6	84.0	85.0	84.5	84.0	84.7
Equity ratio (%)	69.3	74.8	74.8	76.3	71.3	71.9 ⁸	72.0
Return on equity (ROE) (%)	23.1	20.7	17.4	16.3	12.9	10.9 ⁸	13.5
Return on assets (ROA) ⁶ (%)	15.7	14.9	13.0	12.3	9.5	7.8 ⁸	9.7
Number of employees (Including part-time and other employees)							
	7,446	7,930	8,445	8,715	9,231	9,510	9,812
Exchange rates:							
US dollars (yen)	120.1	108.4	110.9	110.9	108.7	106.1	112.4
Euros (yen)	132.6	118.8	129.7	128.4	120.8	123.7	130.6
Chinese Yuan (yen)	18.9	16.1	16.8	16.5	15.6	15.7	17.5

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, 2022

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Assets			
Current assets			
Cash and cash equivalents	¥ 73,752	¥ 66,467	\$ 604,525
Trade and other receivables	118,697	100,641	972,926
Inventories	61,944	46,985	507,738
Other short-term financial assets	1,498	1,105	12,279
Income taxes receivable	470	909	3,852
Other current assets	18,728	14,723	153,508
Total current assets	275,092	230,833	2,254,852
Non-current assets			
Property, plant and equipment	98,525	96,140	807,582
Goodwill	13,010	12,433	106,639
Intangible assets	57,260	46,840	469,344
Investments accounted for using the equity method	986	1,093	8,082
Trade and other receivables	16,403	15,202	134,451
Other long-term financial assets	9,157	7,945	75,057
Asset for retirement benefits	841	923	6,893
Other non-current assets	3,910	5,621	32,049
Deferred tax assets	8,520	7,860	69,836
Total non-current assets	208,614	194,061	1,709,951
Total assets	¥483,707	¥424,895	\$3,964,811
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	¥ 32,111	¥ 34,159	\$ 263,205
Lease liabilities	6,439	5,783	52,779
Other short-term financial liabilities	1,482	1,529	12,148
Income taxes payable	12,813	6,563	105,025
Provisions	1,234	1,002	10,115
Contract liabilities	12,852	12,168	105,344
Accrued expenses	17,498	14,227	143,426
Accrued bonuses	10,985	8,508	90,041
Other current liabilities	6,663	5,964	54,615
Total current liabilities	102,082	89,907	836,738
Non-current liabilities			
Lease liabilities	15,840	16,178	129,836
Other long-term financial liabilities	30	108	246
Liability for retirement benefits	1,183	1,071	9,697
Provisions	366	265	3,000
Other non-current liabilities	8,537	4,060	69,975
Deferred tax liabilities	6,613	7,212	54,205
Total non-current liabilities	32,571	28,898	266,975
Total liabilities	134,654	118,806	1,103,721
Equity			
Equity attributable to owners of the parent			
Capital stock	14,112	13,229	115,672
Capital surplus	20,483	19,581	167,893
Retained earnings	305,710	276,897	2,505,820
Treasury stock	(312)	(307)	(2,557)
Other components of equity	8,309	(4,082)	68,107
Total equity attributable to owners of the parent	348,303	305,318	2,854,943
Non-controlling interests	750	771	6,148
Total equity	349,053	306,089	2,861,090
Total liabilities and equity	¥483,707	¥424,895	\$3,964,811

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 ¥122 to \$1, the approximate rate of exchange at March 31, 2022.

Consolidated Statement of Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Net sales	¥363,780	¥305,073	\$2,981,803
Cost of sales	173,195	150,770	1,419,631
Gross profit	190,585	154,302	1,562,172
Selling, general and administrative expenses	94,235	82,621	772,418
Research and development expenses	26,784	22,517	219,541
Other operating income	1,409	1,637	11,549
Other operating expenses	3,557	790	29,156
Operating profit	67,416	50,010	552,590
Financial income	550	420	4,508
Financial expenses	909	866	7,451
Share of loss on equity method	(3,561)	(3,083)	(29,189)
Foreign exchange gain (loss)	850	(230)	6,967
Profit before tax	64,346	46,251	527,426
Income tax expenses	20,274	14,385	166,180
Profit	¥ 44,071	¥ 31,865	\$ 361,238
Profit attributable to			
Owners of the parent	¥ 44,093	¥ 31,905	\$ 361,418
Non-controlling interests	(21)	(39)	(172)
Profit	¥ 44,071	¥ 31,865	\$ 361,238
Earnings per share		Yen	U.S. Dollars
Basic	¥210.88	¥152.73	\$1.73
Diluted	210.49	152.47	1.73

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 ¥122 to \$1, the approximate rate of exchange at March 31, 2022.

Consolidated Statement of Comprehensive Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Profit	¥44,071	¥31,865	\$361,238
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	(213)	608	(1,746)
Remeasurements of defined benefit plans	(66)	11	(541)
Total	(280)	620	(2,295)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	12,647	10,070	103,664
Share of other comprehensive income (loss) of investments accounted for using the equity method	3	(25)	25
Total	12,650	10,045	103,689
Total other comprehensive income	12,370	10,665	101,393
Comprehensive income	¥56,442	¥42,531	\$462,639
Comprehensive income attributable to			
Owners of the parent	¥56,463	¥42,570	\$462,811
Non-controlling interests	(21)	(39)	(172)
Comprehensive income	¥56,442	¥42,531	\$462,639

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 ¥122 to \$1, the approximate rate of exchange at March 31, 2022.

Main Business Domains

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's primary business is in 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, preventing illness from growing increasingly severe, and for post-treatment monitoring. Healthcare without accurate test results is like walking through mist; 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.

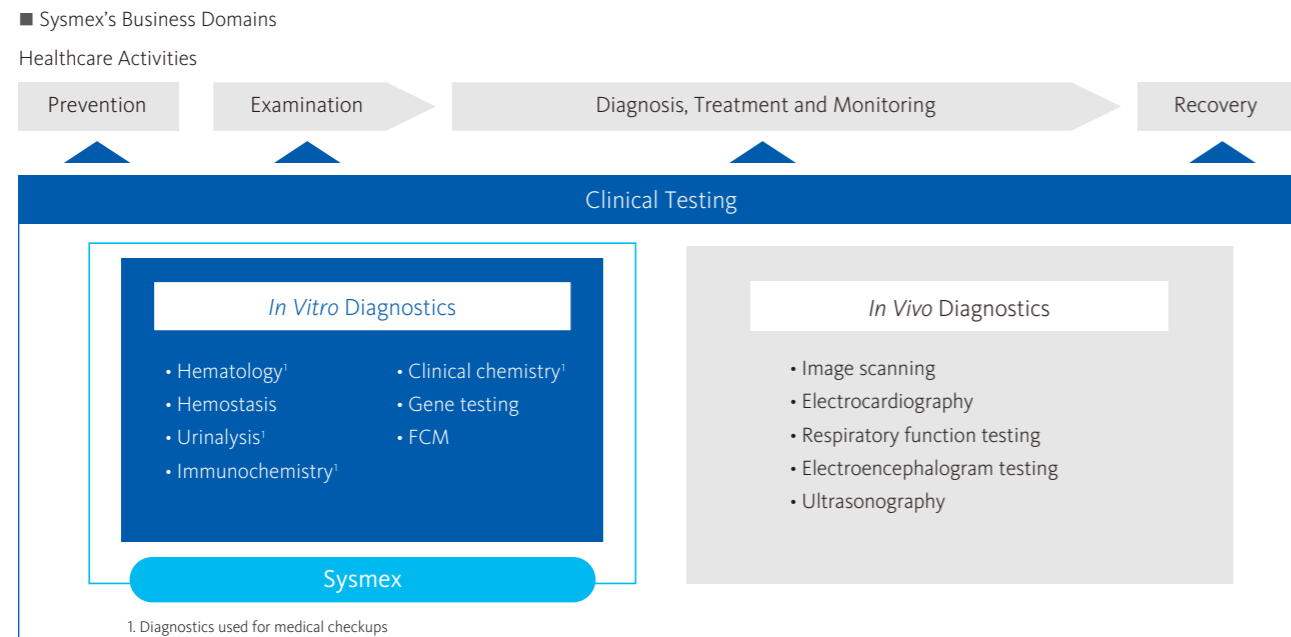
In IVD, within Sysmex's main businesses of hematology, urinalysis, and immunochemistry, testing is conducted to check a patient's physical condition. They are used for a wide range of other purposes, such as for disease prevention and early-stage detection through medical checkups, and in

treating diseases or managing their prognoses. In fields such as hemostasis and gene 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.

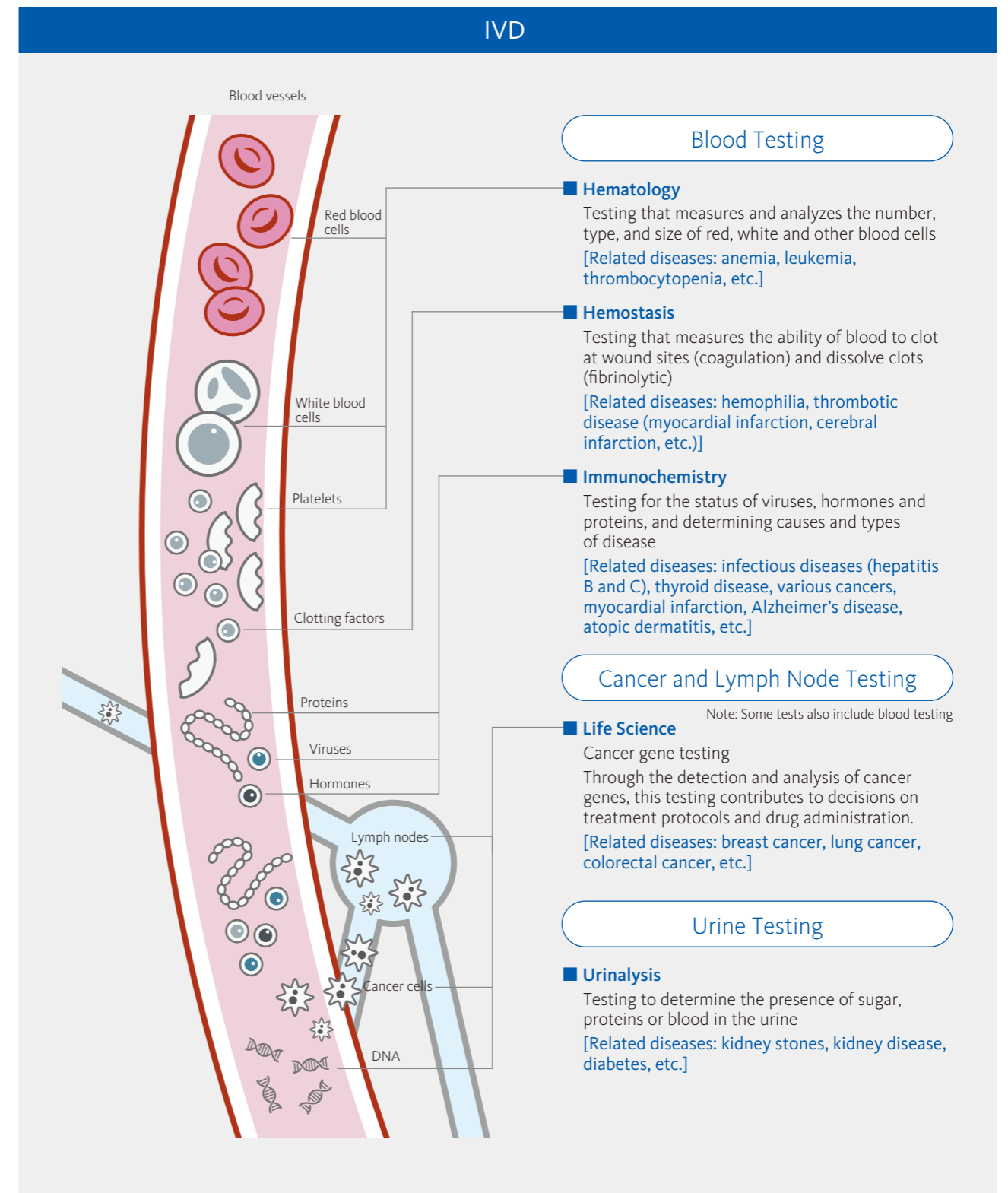
The Growing Importance of IVD in Healthcare

In recent years, technological innovation and its application to the field of healthcare have been leading to the practical implementation of new treatment methods. Expectations are growing for personalized medicine, in which medication and treatment are tailored to each patient's unique characteristics and medical condition. Testing is likely to play an increasingly important role in healthcare, as the realization of personalized medicine will require testing to confirm individual characteristics. For example, cancer genomic medicine, which has begun in earnest, requires analysis of genetic information within cancer cells through genetic testing. Sysmex is working to achieve this type of cancer genomic medicine and to make liquid biopsy a reality. Liquid biopsy is the testing of a patient's blood and bodily fluids, which places less of a burden on the patient than a physical biopsy. We are actively working towards improving patients' quality of life and holding down healthcare expenses.

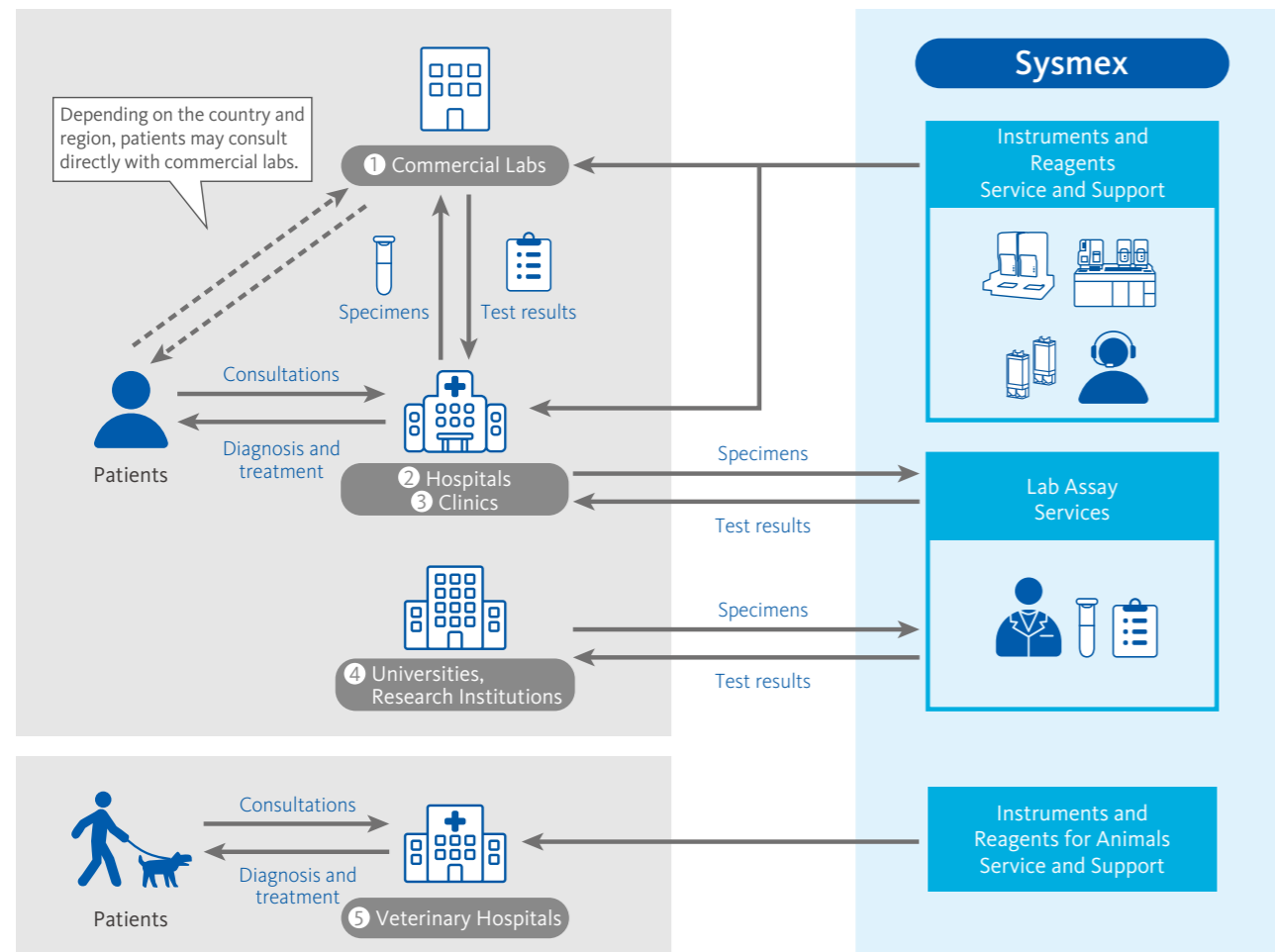
>>Realizing Personalized Medicine through Liquid Biopsy P40



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



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 Sysmex's 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 of cancer lymph node metastasis, and in cancer genome profiling (see the column).

3 Clinics

Clinics typically use products that are compact and simple.

4 Lab Assay Services (Outsourced Sample Measurement 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 Iagnostics and RIKEN GENESIS), and send back the results of protein or gene analyses performed on those samples. In addition to medical institutions, we handle measurement on behalf of universities, research institutes, and pharmaceutical companies, providing information to assist their drug discovery and R&D efforts. In 2020, we began conducting tests in relation to COVID-19.

5 Veterinary hospitals

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

Primary Products and Services

Diagnostics Business

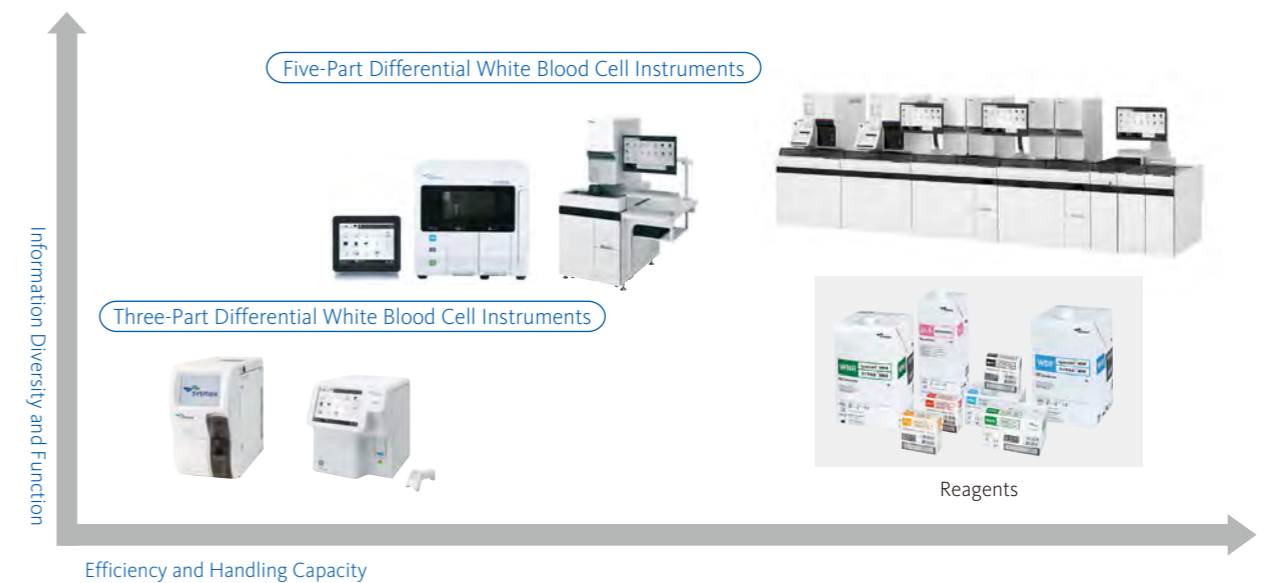
Hematology

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 flagship 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 material. 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 Europe in 2019, and in Japan in 2020, we launched an analyzer that supports standardization and improved efficiency in malaria testing.

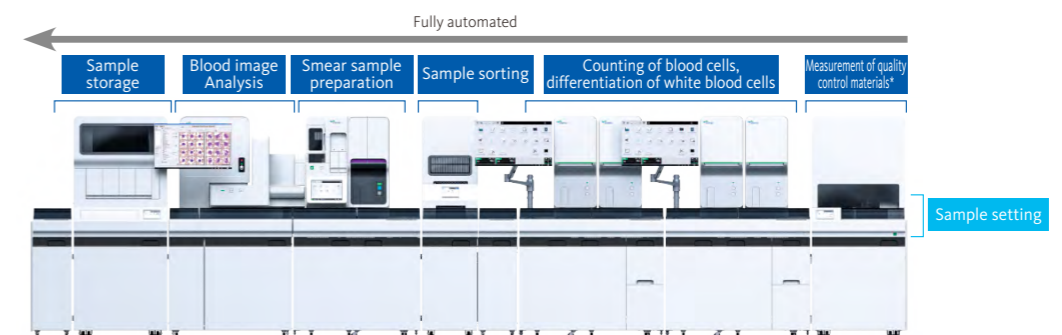
Product Lineup of Multiparameter Automated Hematology Analyzers



Providing "Operational Value" That Boosts Efficiency in Laboratory Operations

In recent years, the amount of testing at medical institutions has been rising, due to a growing global population and the establishment of health insurance systems. Meanwhile, developed countries are focused on curtailing medical expenses amid the accelerating trend toward fewer children and aging populations, and calling for more efficient laboratory operations.

In the hematology field in 1990, Sysmex developed the world's first fully automated sample transportation system, which handles every step up to smear preparation. By automating testing and reducing manual labor as much as possible, this development lowered personnel costs, reduced the potential for infection when handling samples, and eliminated the mishandling of samples. Since then, we have been working to develop our products in the hematology field. We are striving to provide "operational value" aimed at substantially reducing manual operations in the laboratory by focusing on the keywords of automation, reduction, and consolidation, and creating an environment that facilitates a focus on specialized operations.



*The world's first automated measurement function for quality control materials (Sysmex research)

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 a product (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.



Flow cytometer

Hemostasis

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. Sysmex handles products offering a wide range of processing capacities to meet the needs of various facilities. 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, 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 for Alzheimer's disease.

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 in 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 detect information to assist in diagnosing lymph node metastasis. We launched this system in China in 2020.



Cancer Lymph Node Metastasis Testing System

We 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 and be used in clinical settings.

Medical Robotics Business

In August 2020, Mediaroid Corporation (a joint venture between Sysmex and Kawasaki Heavy Industries, Ltd.) received Japanese regulatory approval for the first made-in-Japan robotic assisted surgery system for use in urologic surgery, followed by insurance coverage in September. In 2021, we filed an application to expand regulatory approval to gynecology and gastroenterology. As the global general distributor for this product, in December 2020 Sysmex began its launch, targeting the urology departments of medical institutions in Japan. Compact enough to fit in standard Japanese operating rooms, the 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

Initiatives Targeting Antimicrobial Resistance

Antimicrobial resistance (AMR) is the inability or ineffectiveness of antimicrobial agents due to inappropriate use of antimicrobials, commonly referred to as antibiotics. If measures against AMR are not taken, by 2050 it is estimated that annual worldwide deaths due to antimicrobial-resistant bacteria will exceed 10 million,¹ more than deaths due to cancer. Inappropriate use of antimicrobial agents is a worldwide challenge, as this can cause outbreaks of antimicrobial-resistant bacteria. A necessary part of the proper use of antimicrobials is rapid screening tests in a medical setting. By investigating the type of bacteria the patient is infected with and the presence or absence of antimicrobial resistance, it is possible to administer effective antimicrobial agents.

As an AMR countermeasure, we are working with Sysmex Astrego AB, which possesses proprietary microfluidic technology.² (In December 2019, we invested in the company, which became a wholly owned subsidiary in May 2022.) We are developing a compact analyzer to test antimicrobial susceptibility in urine samples in a short period of time. In March 2022, we completed our self-declaration for the European In Vitro Diagnostic Medical Device Directive (CE-IVDD), and are moving forward with activities targeting market launch. We are also focusing on awareness activities to ensure that more people have adequate knowledge of AMR.



¹ Source: Antimicrobial Resistance: Tackling a crisis for the health and wealth of nations. The Review on Antimicrobial Resistance, Chaired by Jim O' Neill.
² A technology that involves forming microchannels channels at the nanometer to micrometer level, capturing individual bacteria from among the multiple bacteria present in a fluid, and then cultivating bacteria unidirectionally within these tiny channels, resulting in a rapid antimicrobial susceptibility test.

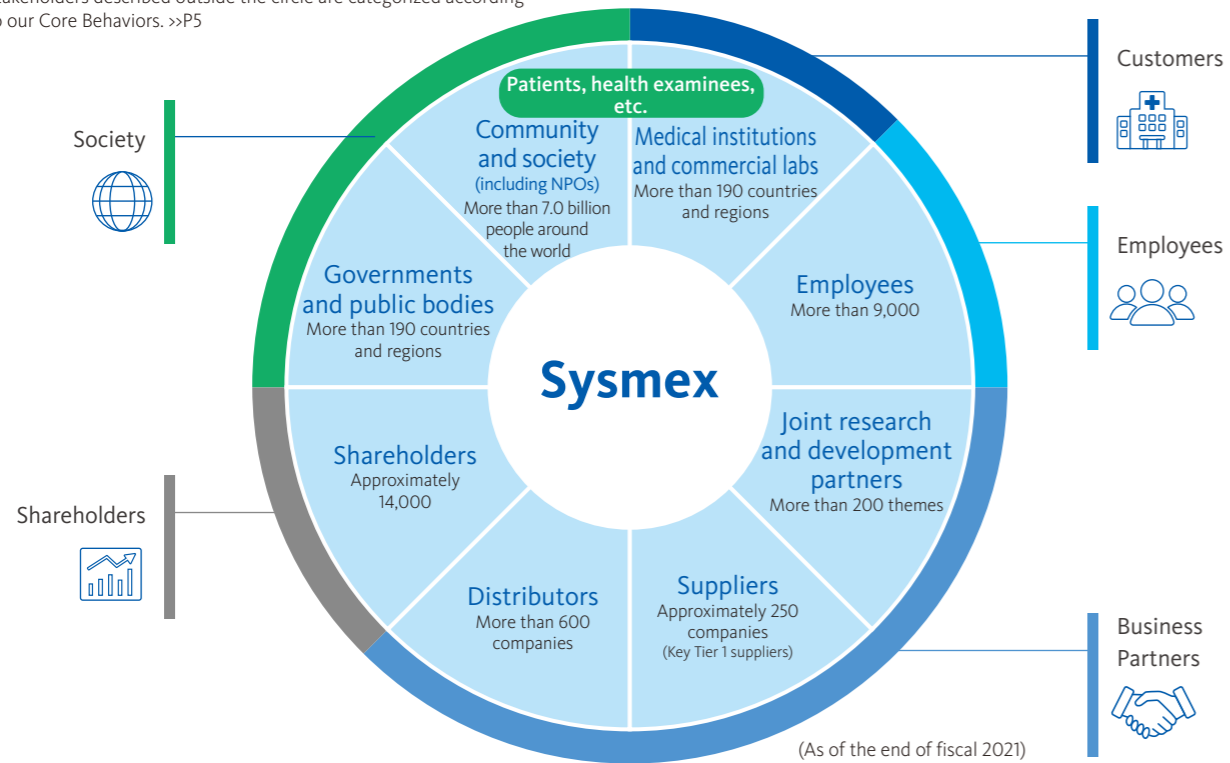
Stakeholder Engagement

Sysmex works alongside its business partners and employees to provide products and services to medical institutions and other customers in an effort to resolve medical issues.

Going forward, through proactive dialogue with stakeholders, we strive to forge better relations. In addition, by incorporating their expectations and requirements into our business activities we will enhance the effectiveness of our strategy and strive to realize a sustainable society.

Major Stakeholders

Stakeholders described outside the circle are categorized according to our Core Behaviors. >>P5



Main Dialogue with Stakeholders (Fiscal 2021)

>>Status of Sustainability Targets P47 >>Sustainability Data Book > Communication with Stakeholders P61

Customers

We engage in ongoing communication through sales and service and support activities, with the aim of instilling confidence in our customers and providing added value that exceeds their expectations. As a result, we earn high marks in customer satisfaction surveys.

- Established a 24/7 customer support center (separate contract required)
- Conducted customer satisfaction surveys
- Gathered feedback through VOC (Voice of the Customer), utilized in product development and quality improvements
- Convened user meetings to communicate accurate product knowledge
- Held online scientific seminars

>>Customer Assessment P34 >>Sustainability Data Book > Responsible Provision of Products and Services P15

Employees

In its aim to achieve sustainable growth, Sysmex believes that diversity and inclusion are essential, as are efforts to create a workplace that is comfortable, appealing and conducive to work. We have set the engagement score on our corporate culture survey, as one of our sustainability targets, and we are undertaking initiatives to achieve this target.

- Conducted corporate culture surveys (dialogue according to the results of the engagement score)
- Instilled the corporate philosophy of the Sysmex Group and introduced an internal award system
- Configured a global internal reporting system >>Sustainability Data Book > Compliance P52
- Held council meetings between labor and management

>>Diverse Human Resources P65 >>Sustainability Data Book > Realization of an Attractive Workplace P23

Business Partners

We maintain ongoing communication to foster an understanding among business partners of Sysmex's business directions and policies, as well as to build trust-based relationships. We pursue supply chain management with our suppliers in accordance with our procurement policies.

- Communication through open innovation and alliances with R&D partners
- Communication based on procurement policies
- Conducting of CSR surveys of suppliers
- Holding meetings with sales distributors and visiting

>>Sustainability Data Book > Strengthening of Supply Chain Management P21

CSR survey response rate (primary suppliers of raw materials) **90%**

Shareholders

Sysmex recognizes that IR activities are important to achieving sustainable growth and medium- to long-term increases in corporate value. We strive to disclose information proactively and quickly share internally the evaluations and requests that we receive in the course of dialogue with shareholders and investors, and to reflect this information in our management and IR activities.

In fiscal 2021, IR activities were limited due to COVID-19, but we used online tools to maintain the same level of dialogue as in the past.

- Holding of the Ordinary General Meeting of Shareholders
- Voting rights executed in writing or via the Internet
- Information disclosure
- Proactively disclosed voluntary information such as operating performance by destination, type of business, and product type
- Dialogues with institutional investors and analysts
- Held business results briefings and conference calls
- IR meetings: Management visited the Americas, Europe and Tokyo and engaged in dialogues related to our long-term management goals, mid-term management plan, business model, R&D, shareholder returns, ESG, and other topics.
- Holding of IR events: Each year we hold a technology presentation, in which people in charge of R&D divisions provide explanations about R&D progress. In addition, to foster a deeper understanding of our management strategy and business activities, we conducted facility tours and tours of offices in Japan and overseas. (postponed in fiscal 2021 due to COVID-19) (Simultaneous interpretation in English is provided at these events.)
- Dialogues with individual shareholders
- Provided information through our shareholder newsletter and website
- Hold business office tours (postponed in fiscal 2021 due to COVID-19)

Meetings with institutional investors and analysts **Approx. 450 per year**

Society

We liaise and engage in dialogue with government agencies and international organizations with a view to the development of healthcare and the realization of a sustainable society. In addition, we communicate with society through activities aimed at meeting the needs of communities around the world, based on our Policy on Corporate Citizenship Activities and Philanthropy.

- Supported activities in various regions in relation to the spread of COVID-19
- Collaborated with government agencies and international organizations
- Participated in industry groups
- Engaged in Group corporate citizenship programs, including the Sysmex Gives Back Challenge (such as employee blood donations) and Sysmex Gives Back Day (help to eradicate cancer, support for pediatric patients and orphans, etc.)

>>Sustainability Data Book > Corporate Citizenship Activities P36

Employees participating in Group corporate citizenship programs **More than 5,900 per year**

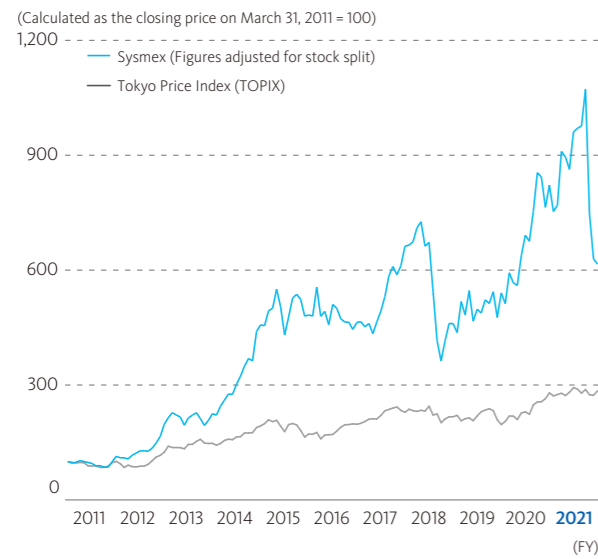
Terminology

Antigen test	A test to measure for the presence of an antigen, virus, or other pathogen that has entered the body. By detecting virus-specific proteins, these tests confirm whether a virus is present in the body at the time of testing.
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.
Blood smear sample	Prepared for microscopy of blood cell morphology by placing a drop of blood on a glass slide, and then drying and staining it.
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.
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.
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.
In vitro 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.
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).

Microfluidic technology	Technology that involves forming tiny channels at the nanometer to micrometer level, separation and detection of components of a liquid, cleaning the liquid and replacing it.
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 gene 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 their quality of testing.
Primary care	The initial care provided at clinics or other locations when a patient first falls ill.
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.
Real-world data (RWD)	RWD is a generic term for medical data obtained in daily clinical practice, such as data from electronic medical records, medical checkups and wearable devices.
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 2021)

Stock Price Range



Stock Price Movements

Fiscal years	High (Yen)	Low (Yen)	Closing price (Yen)	Volatility (%)
2011	3,340	2,387	3,340	23.6
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

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

Total Shareholder Return (TSR)¹ (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	-25.1	33.8	10.2	32.9	5.8	440.8	18.4
TOPIX	2.0	31.2	9.5	44.3	7.6	183.3	11.0
TOPIX (Electrical equipment)	3.6	72.4	19.9	91.2	13.8	261.5	13.7

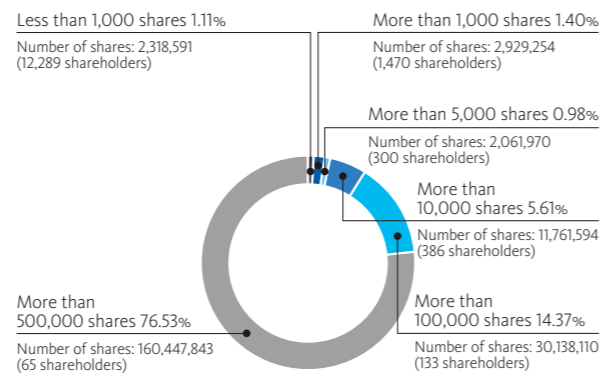
1. TSR: Total shareholder return, including capital gains and dividends
 • Prepared by Sysmex based on data from Nikkei NEEDS-Financial QUEST
 • Base date of March 31, 2022
 • TSR calculated on the assumption that dividends are reinvested in shares

Principal Shareholders (Top 10)

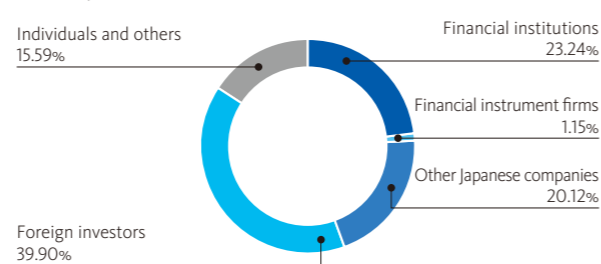
Shareholders	Number of shares held (Thousands)	Percentage of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,273	13.5
The Kobe Yamabuki Foundation	12,000	5.7
Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	11,830	5.7
Custody Bank of Japan, Ltd. (Trust Account)	11,235	5.4
Nakatani Kosan, Ltd.	10,457	5.0
Kazuko Ietsugu	6,124	2.9
Taeko Wada	6,124	2.9
Rusoru, Ltd.	4,750	2.3
Tadako Nakatani	4,012	1.9
NORTHERN TRUST CO.(AVFC) SUB A/C AMERICAN CLIENTS	3,315	1.6

Note: Percentage of shareholding excludes treasury stock (447,255 shares).

Distribution of Shares by Number of Shares Held



Composition of Shareholders



Corporate Information (As of the End of Fiscal 2021)

Sysmex Corporation

Established	February 20, 1968
Head Office	1-5-1, Wakinojima-Kaigandori, Chuo-ku, Kobe 651-0073, Japan
Inquiries	IR & Corporate Communication Department, TEL: +81-78-265-0500
Website	https://www.sysmex.co.jp/en/
Number of Employees	9,812 (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	209,657,362 shares
Paid-in Capital	¥14,112.0 million
Stock Listings	Tokyo Stock Exchange, Prime Market (As of April 4, 2022)
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



>>Sustainability Data Book > Evaluations and Results Related to Sustainability P62