

Sysmex Report 2023

Fiscal 2022 (April 1, 2022 to March 31, 2023)





Together for a better healthcare journey

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

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

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



Contents

01 About Sysmex

Current Picture



- 01 ■ Corporate Message **Together for a better healthcare journey**
- 05 ■ Corporate Philosophy of the Sysmex Group
- 07 ■ Sysmex's History
- 09 ■ Snapshot (Sysmex's Management Resources)
- 11 ■ Sysmex's Business Model

15 Sysmex's Value Creation

Prospects



- 17 ■ Message from the Group CEO
- 21 ■ Story of Value Creation
- 23 ■ Long-Term Corporate Strategy
- 25 ■ Materiality (priority issues)
- 27 ■ Core Strategy
- 29 ■ Provision of Long-Term Value
- 31 ■ Worksite Commentary

33 Mid-Term Management Plan and Initiatives

Initiatives



- 34 ■ Management Plans to Date
- 35 ■ Message from the President
- 39 ■ Overview of the Mid-Term Management Plan
- 41 ■ Mid-Term Management Plan Targets
- 43 ■ Key Actions under the Mid-Term Management Plan
- 55 ■ Message from the Executive in Charge of Finance
- 59 ■ Performance Highlights
- 62 ■ Topics in Fiscal 2022
- 63 ■ Status of Sustainability Targets
- 71 ■ Stakeholder Engagement

73 Corporate Governance

Management



- 74 ■ Message from Outside Members of the Managing Board
- 77 ■ Corporate Governance
- 81 ■ Risk Management
- 83 ■ Members of the Managing Board
- 87 ■ Executive Officers

89 Financial Overview and Corporate Overview

Data



- 89 ■ Management's Discussion and Analysis
- 95 ■ Consolidated Financial Data (10 Years)
- 97 ■ Consolidated Statement of Financial Position
- 101 ■ Sysmex's Businesses
- 104 ■ Primary Products and Services
- 107 ■ Terminology
- 109 ■ Stock Information
- 110 ■ Corporate Information

Editorial Policy

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



Information Disclosure System

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



Sustainability Data Book

Organizations Covered

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

Forward-Looking Statements

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

Accounting Standards and Accounting Policies

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

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

Period Covered

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

Cover Story



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

>>Website: Brand Concept Movie

Corporate Philosophy of the Sysmex Group

“Instilling confidence in stakeholders”

—A Sysmex Ideal Unchanged Since Our Founding—

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

The Founder’s Purpose



Founder: Taro Nakatani

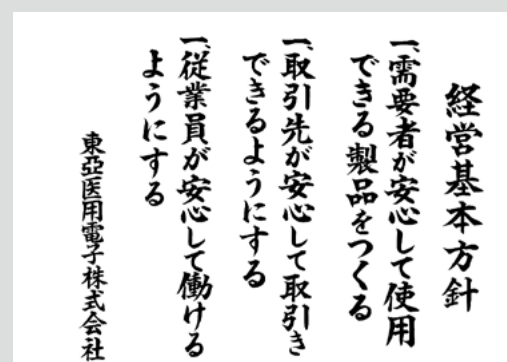
Our founder, Taro Nakatani, defined our corporate objective thus: “By providing the products we create, we will help resolve the issues society faces and make our own lives more fulfilling.” This objective forms the basis for our founding philosophy, the “Three Aspects of Confidence.”

The “Three Aspects of Confidence:”

Confidence
among our
customers

Confidence
in our
associates

Confidence
of our
employees



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

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

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

Sysmex Way

Mission

Shaping the advancement of healthcare.

Value

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

Mind

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

Shared Values

To our Customers

Ensure *anshin* with unmatched quality, advanced technology, mindful support, and actions that reflect the needs of our customers.

We constantly seek to better understand what our customers require so that we may generate new and more satisfactory solutions.

To our Employees

Ensure *anshin* by honoring a diversity of employees, respecting their personality, and providing a workplace where they can fulfill their potential.

We value independence and a challenging spirit, provide employees with opportunities for self-fulfillment, growth, and reward for their accomplishments.

To our Business Partners

Ensure *anshin* based on fairness and impartiality in a broad range of partnerships.

We strive to grow as a company in step with our business partners through respect and mutual trust.

To our Shareholders

Ensure *anshin* by promoting the proper disclosure of information and keeping closer communication with shareholders with sound and transparent management.

We are committed to an innovative yet consistent style of management for sustainable growth and increased shareholder value.

To Society

Ensure *anshin* as a responsible member of society by conducting our business adhering to the highest ethical standards in addition to laws and regulations.

We play an active role in addressing environmental and other issues facing our society.

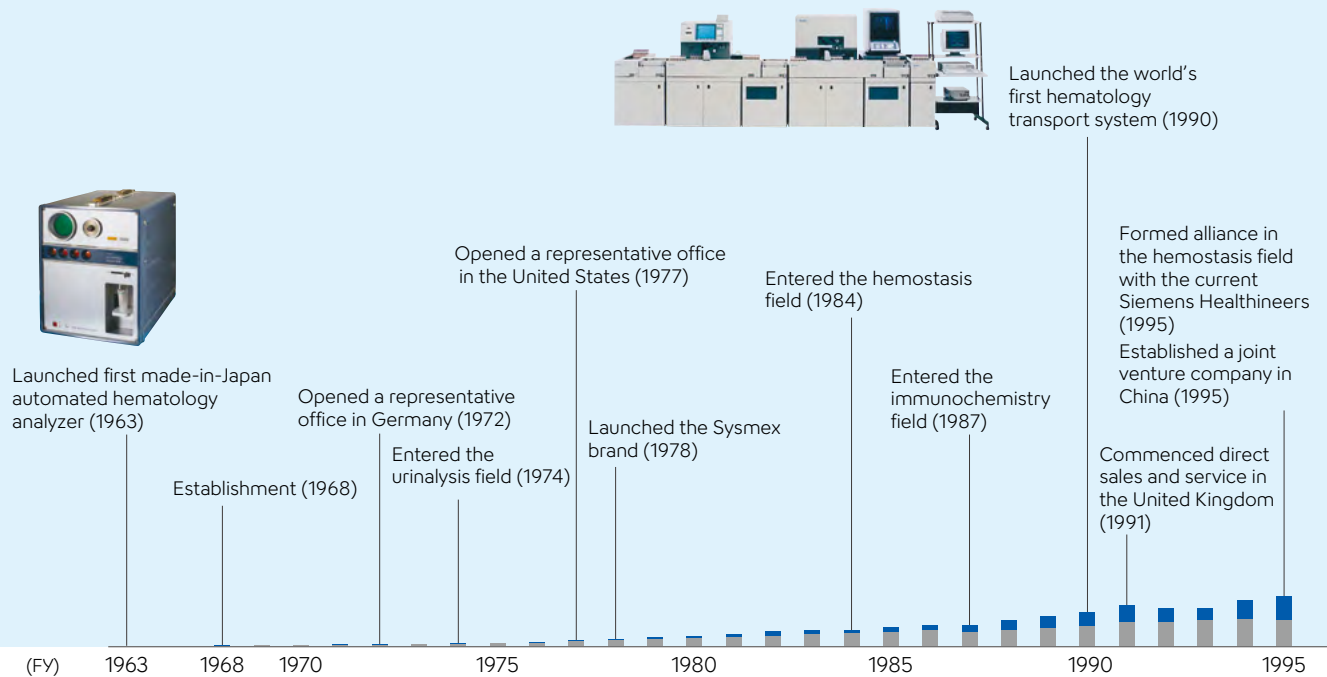
Anshin is a word at the core of the Sysmex corporate philosophy that embodies the essence of what we have been pursuing since our foundation, and has the following meanings:

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

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

Sysmex's History

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



1963—1980'

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

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

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

Changes in Sales by Field

FY1980

■ Hematology 100%
(including some sales from other fields)

1980'—1990'

Increasingly Diverse Healthcare Needs
Efforts to Optimize Medical Expenses

Increasing Value Provided to Laboratories in Addition to Testing

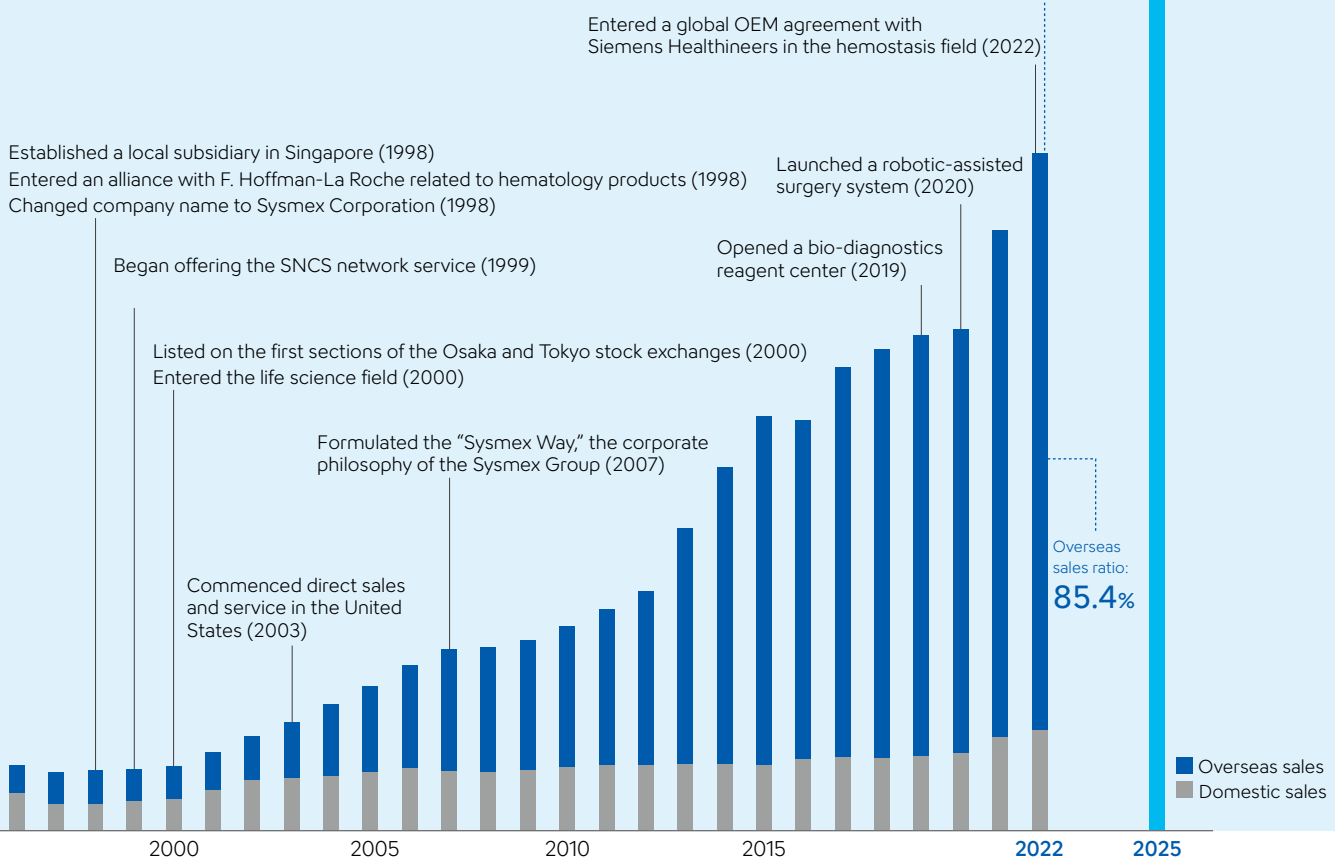
- Developed the world's first hematology transport system, making the testing process more efficient and safer
- Expanded into the fields of urinalysis, hemostasis and immunochemistry

FY1990

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

Fiscal 2025 target in the mid-term management plan:
¥560.0 billion

Fiscal 2022 net sales
¥410.5 billion



1990'—2010'

**Promotion of Globalization
Advent of the IT Revolution**

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

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

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

2010'—

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


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

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

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

Snapshot (Sysmex's Management Resources)

R&D Capabilities and Intellectual Property




Global R&D bases, technologies and knowhow

<p>R&D bases</p> <p>24 locations</p> <p>Average number of development projects per year</p> <p>Around 65 <small>(Average over the past five years)</small></p>	<p>Three-year total R&D investment</p> <p>¥80.3 billion <small>(Fiscal 2020–2022)</small></p> <p>Number of patents</p> <p>3,832 <small>(Total number of patents, utility model rights and design rights)</small></p>
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Issues

- Acquire and strengthen technologies through open innovation and others

Production and Distribution Structure



Commitment to quality and stable supply

<p>Instrument production bases</p> <p>8 locations</p> <p>Reagent production bases</p> <p>14 locations</p>	<p>Number of items produced (reagents)</p> <p>1,253 items</p> <p>Suppliers (Tier 1)</p> <p>Approximately 250 companies</p>
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Issues

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



Diverse Human Resources



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

<p>Engagement score</p> <p>71%</p>	<p>Number of Employees</p> <p>10,522</p>	 <p>Composition of Employees by Destination</p>
<p>Female managers ratio</p> <p>19.5% <small>(excluding Russia)</small></p>	<p>Training time per employee</p> <p>30.0 hours</p>	

Issues

- Strengthen engagement
- Respond to global competition for talent

Global Sales and Service Structure



Access to healthcare needs that varies by region and facility

Sales and service bases Customer needs addressed

62 locations

Approximately **13,600**

Countries and regions where business is conducted

(non-consolidated basis)

Alliance partners

More than **190**

Roche, EIKEN CHEMICAL, Siemens Healthineers, others

Issues

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



Stable Financial Foundation



Sustainable growth and high profitability

Net sales

¥410.5 billion

Operating margin

17.9%

Market capitalization

¥1.8 trillion

ROE

12.4%

Percentage of recurring sales

77.6%

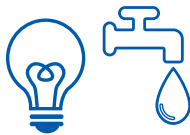
(Sales of reagents, services and support, others)

Issues

- Further improve profitability and capital efficiency



Environmental Resources



Efficient use of environmental resources

Percentage reduction in CO₂ emissions from business activities

55% reduction

(Base year: Fiscal 2016)

Percentage reduction in CO₂ emissions when using instruments

27% reduction

(Base year: Fiscal 2016)

Decreased electricity consumption by new products in the hematology field

Approximately **40%**

(Compared with Sysmex's older products)

Issues

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



Brand strength



Trust from stakeholders

Customer Assessment in the United States

Top rating for the past 17 years

(Source: IMV ServiceTrak™ 2023, Hematology)

Rollout of the Sysmex Way Translated into

9 languages

Corporate Culture Survey Ratio of favorable responses to the Sysmex Way

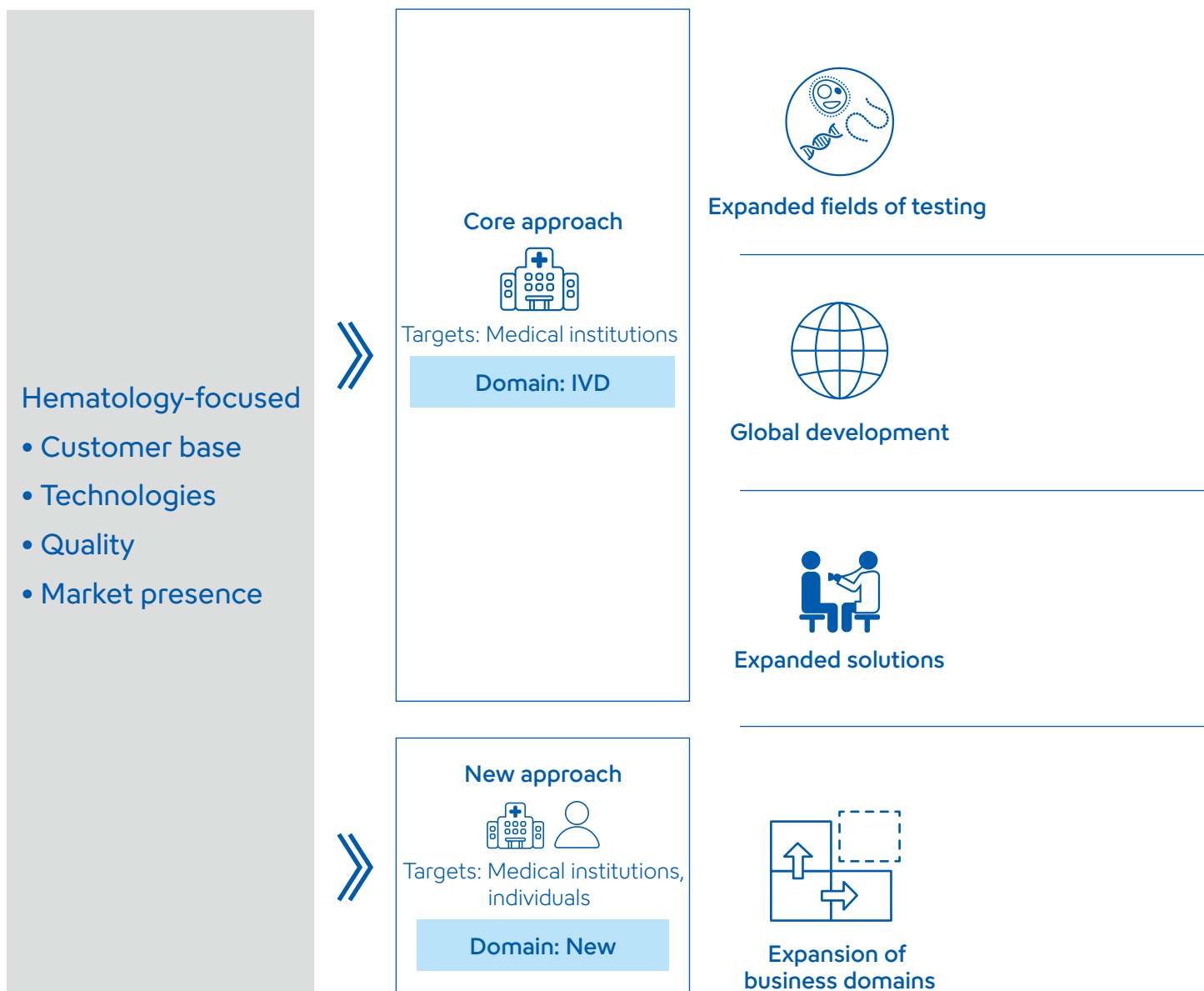
81%

Issues

- Further enhance brand value

Sysmex's Business Model

Flow of Business Expansion



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

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

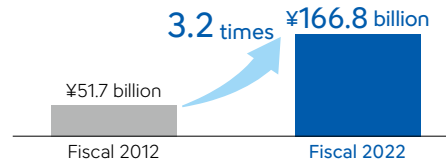
Global development has also driven Sysmex's growth. Soon after our establishment, we set up representative offices in Europe and the United States. In the 1990s, we entered into alliances with F. Hoffman-La Roche and Dade (now Siemens Healthineers), facilitating our development in various countries whose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

Initiatives completed to date

● Increased sales in non-hematology fields

- Expanded portfolio in hemostasis and immunochemistry fields
- Commercialized the life science business

■ Sales in the diagnostics business outside the hematology field

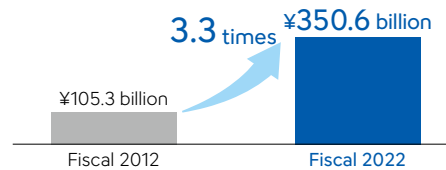


● Accelerated global development

● Expanded the direct sales and service areas

- Reinforced our base in emerging markets
- Responded to geopolitical risks

■ Overseas sales

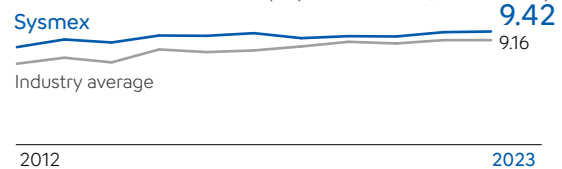


● Advanced solution proposals

● Enhanced services and support

- Supported management of medical institutions
- Accelerated rollout of instrument failure prediction and maintenance services

■ Customer satisfaction surveys (United States, all services)



Source: IMV ServiceTrak

● Expanded our IVD domain

● Created new businesses through open innovation

- Further expanded and promoted business domains
- Launched and advanced the medical robotics business



Robotic-assisted surgery system >>P48

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

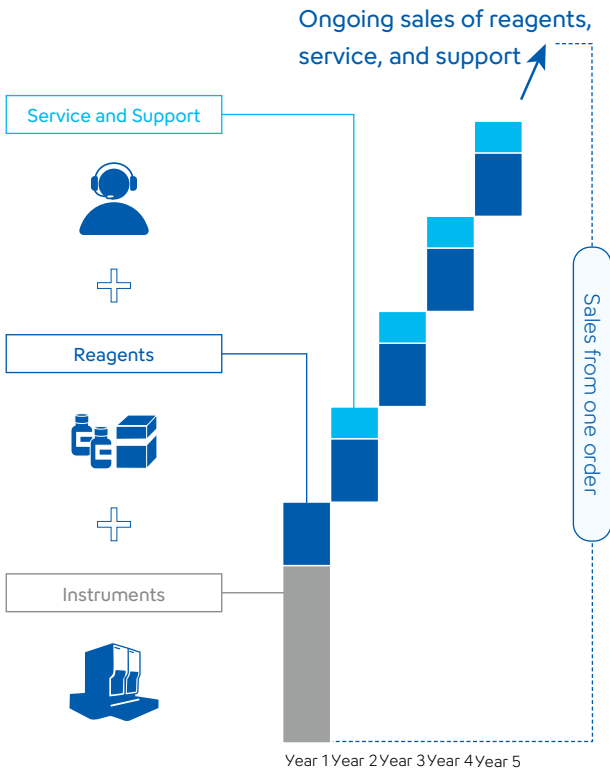
To become the company of choice for its customers, Sysmex emphasizes the provision of value (problem-solving) rather than just products, as well as

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

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

Earnings Structure

■ A Stable Profit Model



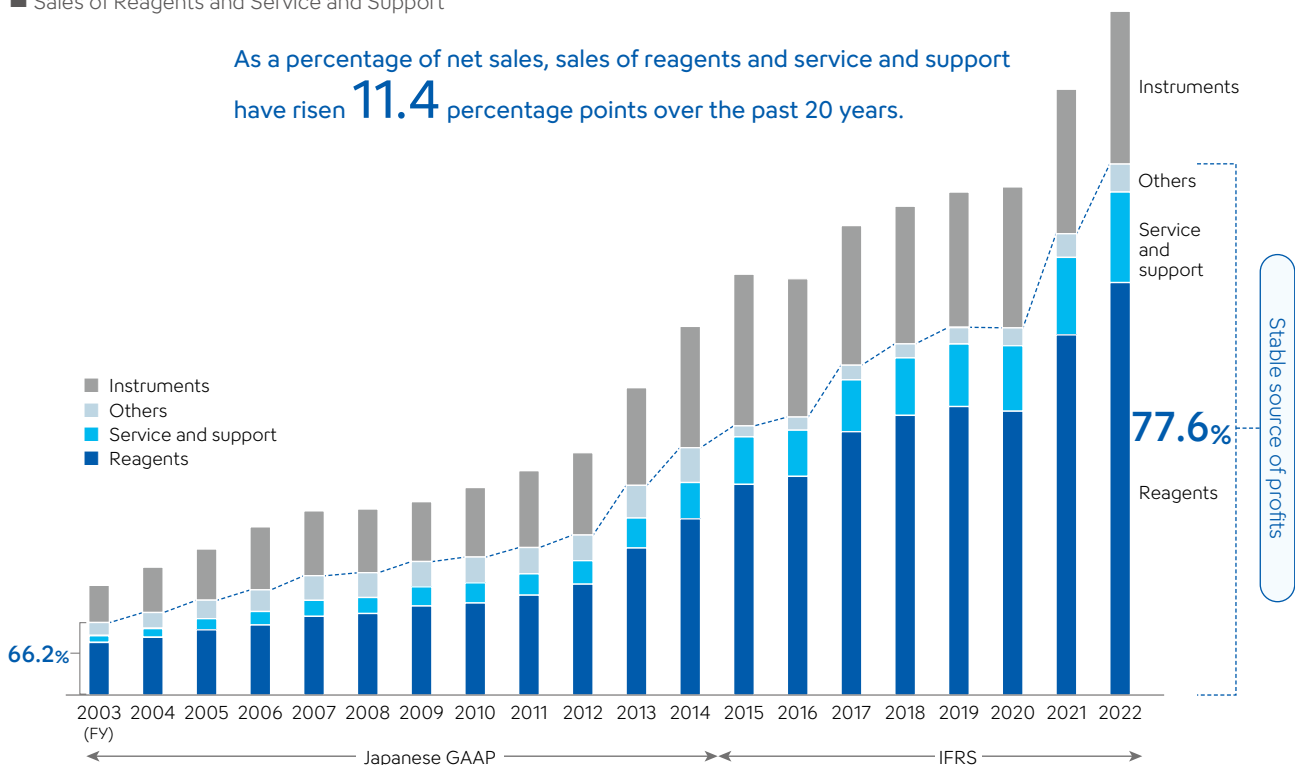
Our earnings structure is characterized by stable and ongoing revenue sources and high profitability. In our mainstay field of hematology, even after customers purchase instruments, we generate ongoing revenue by selling specialized reagents and providing service and support.

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

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

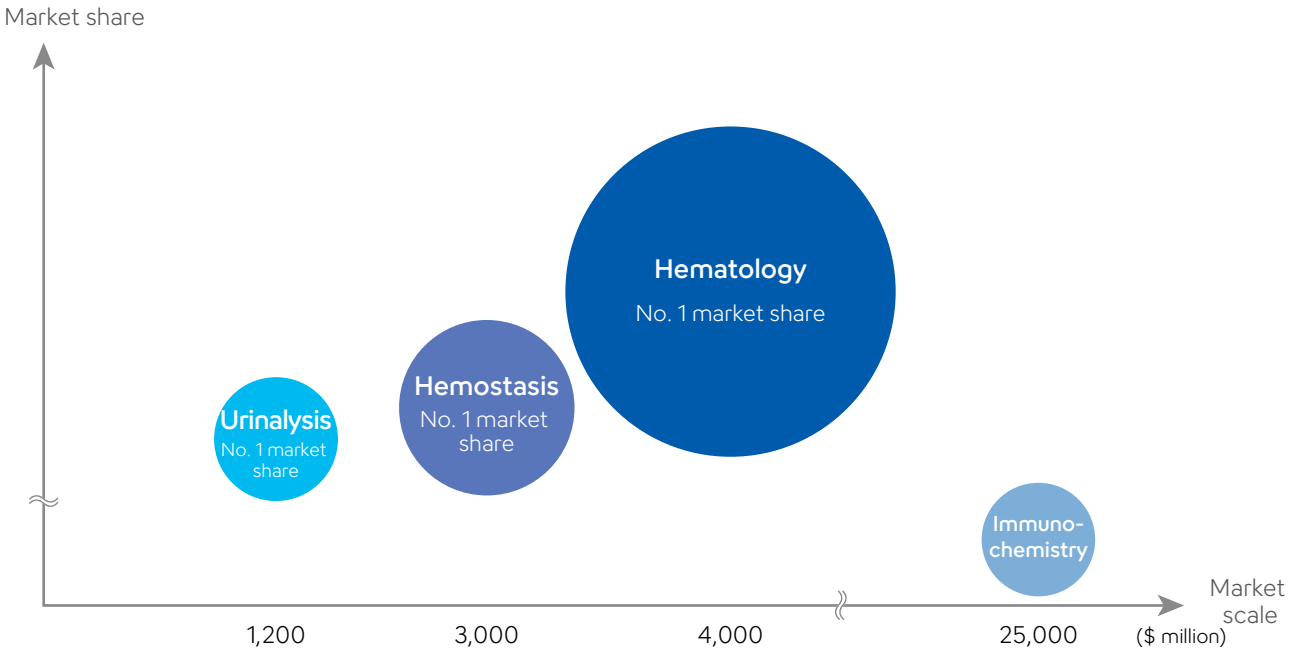
■ Sales of Reagents and Service and Support

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



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

Market Position



Notes: The size of the circle indicates the amount of sales.

Market size reflects our own estimates based on disclosed information (as of 2022).

Calculations are based on the exchange rates during the year of the survey, so simple year-on-year comparisons of market size are not possible.

Sales in the hemostasis field include sales through our alliance with Siemens Healthineers.

■ Position in the *in vitro* diagnostics market

10th globally*

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

10. Sysmex (Japan)

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

■ Status by Field

Main Alliance Partners

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

Major Competitors

● Hematology	Danaher, Mindray, Siemens Healthineers, Abbott
● Urinalysis	Danaher, Siemens Healthineers
● Hemostasis	Welfen, Stago
● Immunochemistry	Roche, Abbott, Siemens Healthineers, Danaher
● Clinical FCM	Becton Dickinson, Danaher

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

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

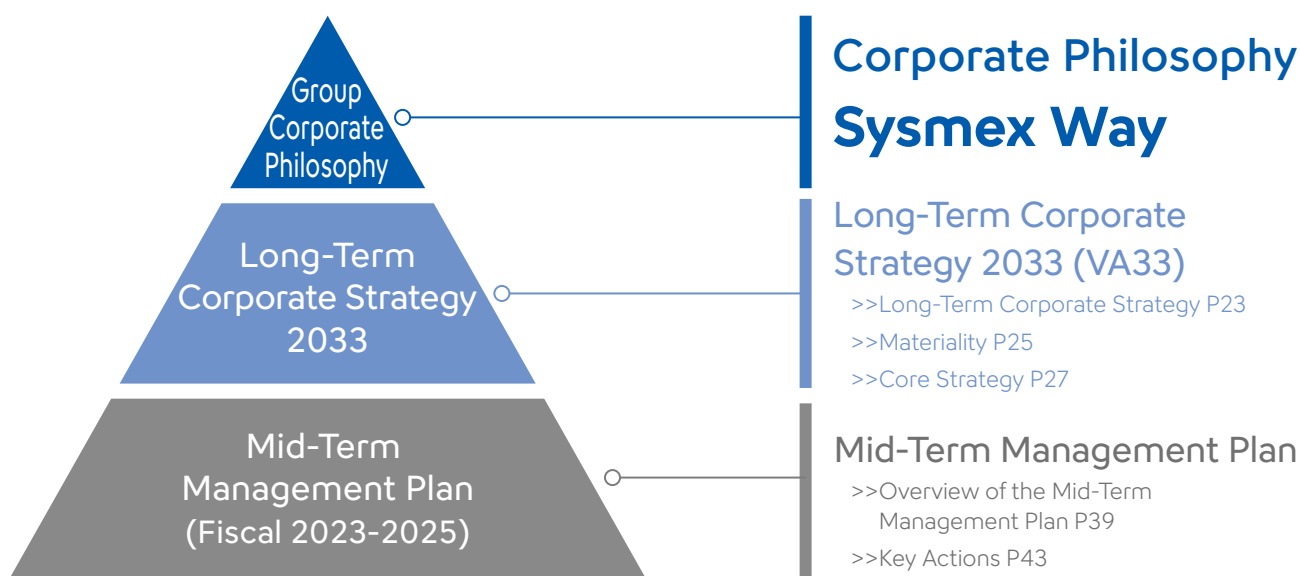


Sysmex's Value Creation

Through the creation of new technologies and innovations, by resolving medical issues we aim to contribute to the extension of healthy lifespans of people around the world, while maintaining sustainable growth.

Strategies and Plans for Realizing Our Corporate Philosophy

Based on the "Sysmex Way," the corporate philosophy of the Sysmex Group, we have formulated a new long-term corporate strategy ending in fiscal 2033. Through this, we have revised our materiality (priority issues), drafted a new vision and designed strategies that are consistent with our materiality. We also launched a new mid-term management plan, setting in place our management plans and key actions for the next three years. Based on these strategies and plans, Sysmex aims to achieve sustainable growth and increase its corporate value.



Message from the Group CEO



A handwritten signature in black ink, reading "Hisashi Ietsugu". The signature is fluid and cursive.

Hisashi Ietsugu
Chairperson and Group CEO

By shaping the advancement of healthcare and continuing to transform ourselves, we will help to extend healthy lifespans and work to improve social value and corporate value.

Shaping the Advancement of Laboratories, Medical Institutions, and Healthcare.

In fiscal 2022, ended March 31, 2023, we made steady progress despite the effects of COVID-19 and geopolitical risks. Operating performance was solid, with the exception of China, which was affected by lockdowns. These results, combined with the impact of yen depreciation, led us to achieve record-high sales and profits. As we persevered in line with our mission, as set out in the corporate philosophy of the Sysmex Group, I believe our results reflect our ability to accurately ascertain the emerging needs of our customers around the world.

Our mission is “Shaping the advancement of healthcare.” Healthcare is based on universal aspirations of health and longevity, and is evolving against a backdrop of social and technological advances that continue to change.

Looking back, since the time of its founding Sysmex has advanced its value offerings and contributed to healthcare by responding to or anticipating such changes. One might even say we have shaped the evolution of diagnostics and laboratories by viewing products and services as means to create value.

Against the backdrop of the introduction of universal health insurance, the medical field expanded substantially in Japan in the 1960s. During that period, our expansion and automation of testing parameters contributed to the standardization of diagnostic procedures. The 1980s were a period of medical advances on a global scale. As testing operations expanded and grew more complex, we responded by developing testing systems that contributed to productivity and safety. As a result, laboratories transitioned into departments that perform test management. At one medical institution, the number of people involved directly with laboratory testing fell from 40 to four, allowing personnel to move to higher-value-added tasks such as providing information to physicians. This example shows how we have collaborated with customers, significantly transforming laboratory workflows to improve the quality, safety, and productivity of testing and diagnostics. Since the 2000s, we have responded to healthcare challenges around the world and have expanded our geographic reach. For example, in emerging markets, Sysmex has worked to spread and improve the quality of medical care by developing products suited to local needs and holding scientific seminars. Sysmex products have been adopted as standard instruments in China and other countries, where they have helped to establish nationwide quality standards. At the same time, we have also been taking advantage of the accelerating progress in digital technology and other factors to provide network solutions and to develop the life science field with a view toward personalized medicine.

We entered the medical robotics business in 2013 through a joint venture with Kawasaki Heavy Industries, Ltd., as an initiative to shape advances in more areas, from laboratories to operating rooms. In this business, we support the entire operating room, helping to improve surgical uniformity and productivity through the use of fine and accurate robotic arms.

Through such healthcare advances, Sysmex hopes to provide value to society through the extension of healthy lifespans. To this end, we aim to realize care that is tailored to the individual, to optimize medical costs, and to eliminate disparities by improving accessibility to healthcare. At the same time, we aim to contribute toward the realization of a circular resource and inclusive society, which are essential to the advancement of healthcare.

Establishing a Solid Position Through Commitment to Our Previous Long-Term Management Goals

In 2018, we formulated our long-term management goals 2025, which we aimed to achieve by fiscal 2025. Under a long-term vision of being a “Unique & Advanced Healthcare Testing Company,” we established positioning targets: to expand our existing domain of *in vitro* diagnostics (IVD), to promote personalized diagnostics, and to enhance our corporate value and climate. As action plans, we have been promoting three-year mid-term management plans in a rolling manner. Our most recent mid-term management plan (fiscal 2021 to fiscal 2023) addresses six key actions.

Looking back on our progress to date, we have positioned ourselves as a unique and advanced company in the face of difficult changes in the operating environment. Specifically, we launched new products in the hematology field. We created new diagnostic technologies and expanded our testing parameters in the immunochemistry field, such as a high-profile reagent to test for Alzheimer's disease that we developed and for which we have obtained marketing approval. In the life science field, we have seen steady progress in sales of cancer genome profiling systems and other products. Looking at performance by region, we have strengthened our direct sales structure in India, Central and South America, the Middle East, and other regions. This and the growth in emerging markets contributed to our performance. In China, we were significantly affected by lockdowns and government procurement policies. However, we have made steady progress in implementing knockdown production methods and expanding our reagent portfolio in the immunochemistry field. Taking that market's size and future growth potential into consideration, we will continue to prioritize China as one of our key regions and advance our business expansion efforts towards sustained growth.

In our new field, medical robotics, our robot-assisted surgery system got off to a full-fledged start. As of the end of fiscal 2022, the system had received regulatory approval and insurance coverage for urology, gastroenterology, and gynecology applications, and a total of 35 units have been installed. Going forward, in addition to expanding business in Japan we will prepare to develop this business overseas

Internally, we have invested aggressively in digital transformation (DX) initiatives. At the same time, we worked to bolster engagement, advance global HR management, configure a job-based HR system and develop systems that facilitate diverse work styles.

Creating Value with an Eye to Further Advances in Healthcare

An important challenge going forward is how to respond to a healthcare market that is evolving faster than ever. The COVID-19 pandemic has brought to light issues with healthcare systems in various countries and has led people to reconsider the value of medical care and testing. That said, we expect to see significant efforts to curtail social security expenses. Additionally, advancements in genetic analysis and personalized medicine, along with accelerating digitization, have the potential to transform the healthcare landscape. Testing is becoming a data-driven business, and depending on how we handle accumulated genomic and testing data, we may soon enter an era where healthcare can be tailored to each individual's needs.

Anticipating this sort of operating environment, we recently formulated the new Long-Term Corporate Strategy 2033 (VA33). This strategy, which focuses on the individual's “healthcare journey*,” aims to expand our business domains and increase the value we provide. Additionally, to further strengthen sustainability management, we will strive to deliver value that exceeds the expectations and demands of our stakeholders. By earning their recognition and support, we will drive a powerful cycle of value creation.

On the financial front, we will continue to pursue a management strategy centered on double-digit growth and a 20% operating margin—goals we have upheld for the past 30 years.

The global IVD market has been growing at a single-digit rate. We aim to grow faster than the market by focusing on our growth targets and harnessing the internal energy that arises from trial and error. We recognize that ongoing investment is essential to create new value globally and expand our portfolio, and we believe we need an operating margin of around 20% to generate the funds necessary for such investments. By realizing this growth, we aim to reach net sales of more than ¥1 trillion by fiscal 2033.

*Sysmex is proposing the new concept of a "healthcare journey." We view the various healthcare-related events a person experiences throughout their lives (life stages), along with the corresponding processes these involve (such as treatment at healthcare institutions), as a "journey."

Under a New Management Structure, Employees Encouraged to Evolve "with a Will"

Kaoru Asano was named the Company's new president in April 2023. This personnel change was resolved by the Management Board after deliberation by the Nominating Committee, based on a long-term succession plan. Under our new management structure, I will assume the role of Group CEO, while Mr. Asano will serve as president and drive strategic direction. In the past, Mr. Asano has successfully led the Company's R&D and business development efforts. In these roles, he has brought about numerous transformations, demonstrating his suitability to lead Sysmex's management in the creation of new value. Mr. Asano has taken a central role in formulating and developing the VA33 and mid-term management plan, which accordingly reflect the strategic vision and intentions of him and the rest of our management team.

I consistently share with employees the phrase "Where there is a will, there is a way." In other words, if we approach things with a strong determination, the path to our goals will gradually become clear. I want to cultivate a company where employees actively think about how they can create value for society. Under VA33, as well, we aim for our employees to drive initiatives "with a will."

Going forward, Sysmex will persevere in "Shaping the advancement of healthcare." We will continue to stand alongside stakeholders as we work together to improve social and corporate value. We look forward to your continued support.



Story of Value Creation

Our long-term vision: Together for a better healthcare journey

Input

(Management Resources)

- 

Diverse Human Resources
(Human Capital)
- 

R&D Capabilities Intellectual Property
(Intellectual Capital)
- 

Production Structure
(Manufactured Capital)
- 

Global Sales and Service Structure
(Social and Relationship Capital)
- 

Stable Financial Foundation
(Financial Capital)
- 

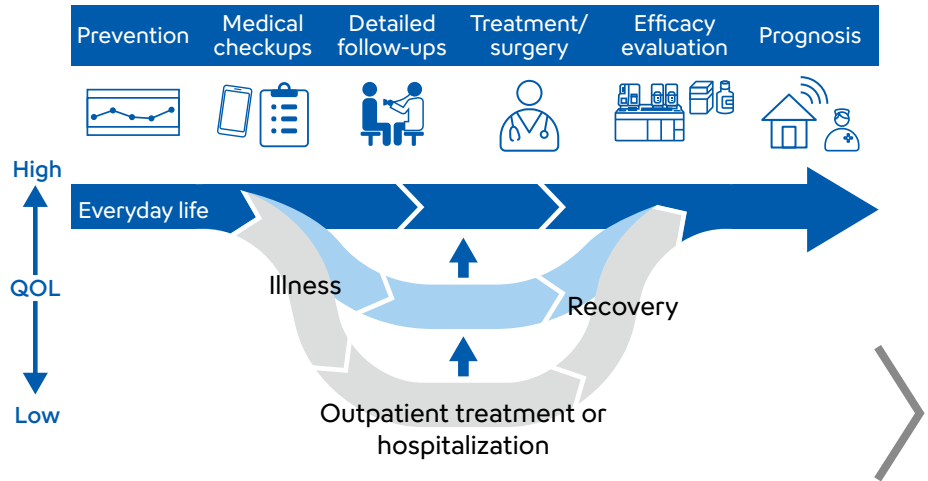
Environmental Resources
(Natural Capital)
- 

Brand Strength
(Brand Capital)

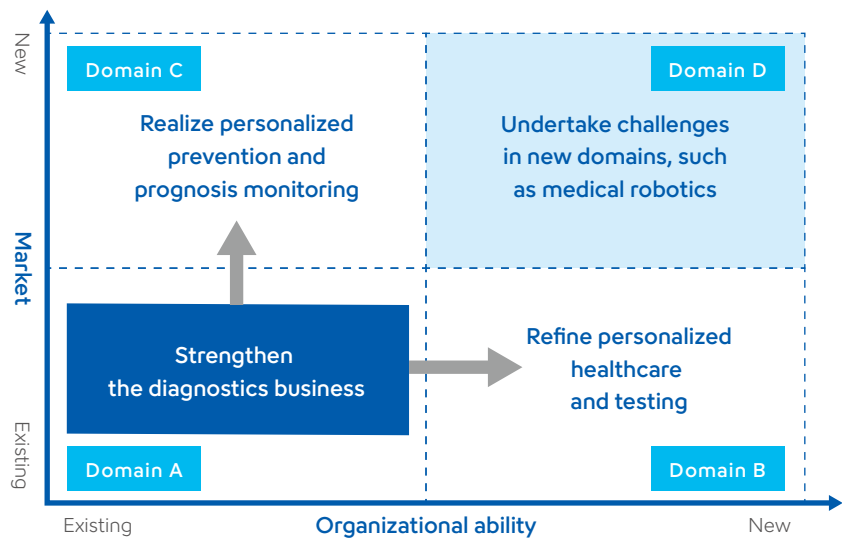
Business Domains

Domain Expansion From “IVD” to “Healthcare Journey”

In response to the increasing diversification of healthcare needs in recent years, we will provide value at each stage of the healthcare journey, covering not only the conventional IVD field, but also extending our offerings to encompass everyday life (when in good health), periods of illness, and even prognosis. Healthcare journey >>P23



Growth in Existing Domains + Taking on Challenges in New Domains



Sysmex has formulated its Long-Term Corporate Strategy 2033 (VA33), which concludes in fiscal2033, based on the “Sysmex Way,” the corporate philosophy for the Sysmex Group. In line with our long-term vision, “Together for a better healthcare journey,” we will continue contributing toward the development of healthcare and the healthy lives of people.

Value Creation Strategies/Outputs

Outcomes

(Materiality) >>P25

Creating new value for a healthy society

- Resolution of medical issues through innovation
- Improvement in accessibility to healthcare

Providing responsible products, services, and solutions

- Pursuit of quality and trust
- Strengthening supply chain management

Reducing environmental impacts

- Resource circulation in product life cycle
- Reduction in environmental burden through business activities

Creating an attractive workplace

- Increasing engagement
- Promotion of diversity, equity & inclusion
- Development of human resources
- Promotion of health and occupational safety

Strengthening governance

- Strengthening corporate governance
- Thorough compliance
- Reinforcement of risk management
- Respect for human rights

(Core Strategy >>P27/ Monitoring Indicators)

Businesses and Technologies

Taking on Challenges in New Domains, Such as Enhancing the Value of Testing, Developing Personalized Medicine and Prevention, and Treatment

Expanding the Value of Instruments, Reagents, and Solutions

- Customer satisfaction indicator
- Product lineup/product portfolio indicator
- Customer access indicator



Eco-social

Establishing a Business Model Adapted to a Circular Resource Society

Evolving the Value Chain in Collaboration with Medical Institutions

- Product loss index
- Resource recycling index



Human Capital

Acquiring and Cultivating Talent from around the World in Line with Management Strategies

Building a Portfolio of Human Resources That Contributes to Advances in Healthcare

- Value-added productivity indicator
- Engagement indicator
- DE&I indicator



Corporate Management

Building an Autonomous and Agile Organizational Management System

Creating a Resilient Global Management Structure

- Evaluation of the Managing Board's effectiveness
- Investment efficiency indicator
- Brand penetration indicator
- Financial indicators (net sales, operating profit, ROE)



(Value Provided) >>P29

Extending Healthy Lifespans of People Around the World

- Realization of healthcare optimized for each individual
- Contribution to the optimization of healthcare costs
- Contribution to alleviating healthcare disparities by improvement in accessibility to healthcare

Realizing a circular-oriented society

- Response to climate change
- Water resource countermeasures
- Contribution to biodiversity
- Establishment of a circular resource value chain

Creating Social Value

- Enhancement of corporate value through dialogue with stakeholders
- Realization of wellbeing through improvements in employee happiness
- Creation of human resources that help resolve social issues
- Return of value to shareholders, investors, employees and other stakeholders

Long-Term Corporate Strategy

Long-Term Corporate Strategy 2033 (VA33: Value Advance)

Long-term vision **“Together for a better healthcare journey”**

Key Points of Our Strategy

- 1) Expand our target domain from diagnostics to the healthcare journey
- 2) Accelerate business growth by leveraging our strengths
- 3) Strengthen our human capital and take on the challenge of reducing environmental impact

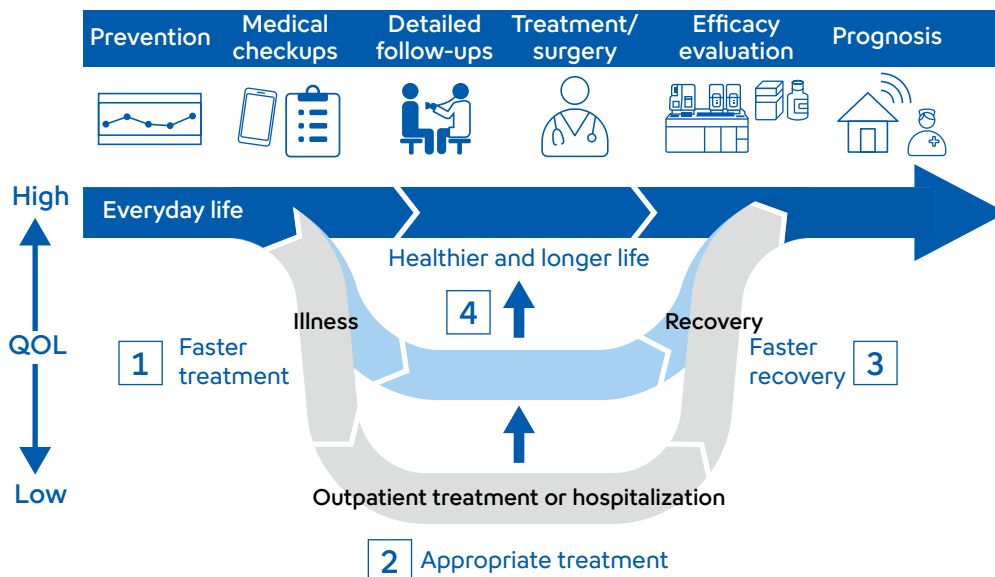
Value

- Each and every employee is always sincerely committed to improving social value and corporate value.
- We foster innovation in testing and diagnosis, creating unique value in personalized medicine and new therapeutic areas.

Advance

- We promote advancements in healthcare, which is our mission.
- We prepare for further advances.

Healthcare Journey



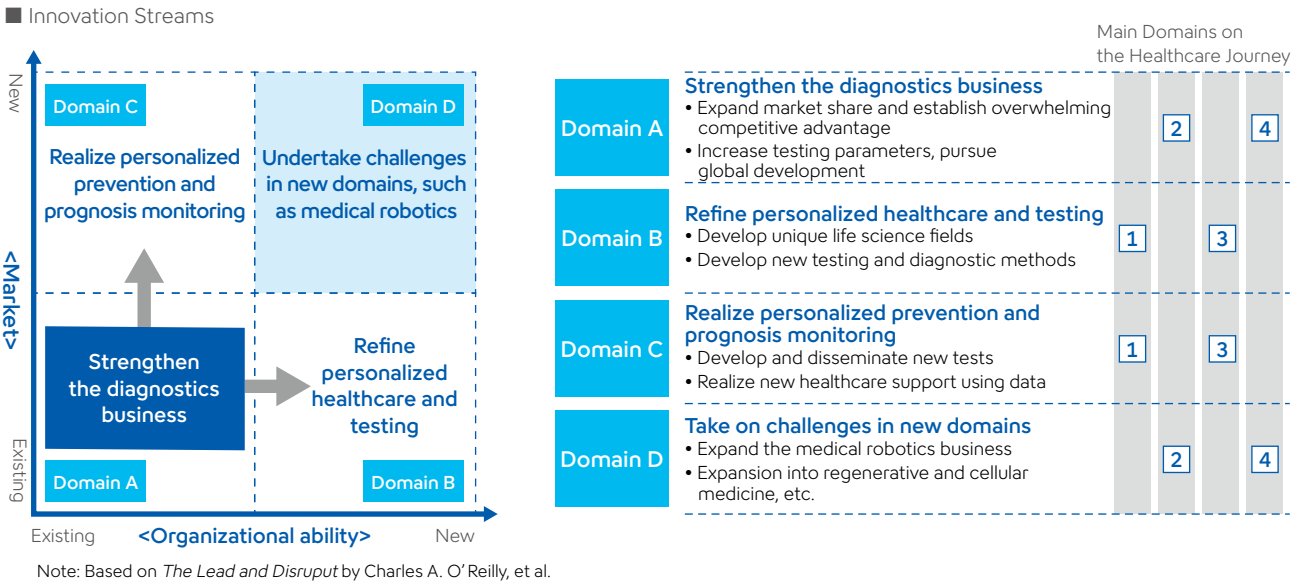
Background to Formulating Our Long-Term Corporate Strategy

Sysmex develops its long-term corporate strategy over a 10-year timeframe, based on its desired future state, and periodically revises the strategy in response to external and internal environmental changes. Our previous long-term corporate strategy, formulated in 2018, positioned our long-term vision as “A Unique & Advanced Healthcare Testing Company,” and described our aim of contributing to personalized medicine and primary care while expanding our existing businesses. As a result, we maintained our No. 1 market share and further reinforced our position in the hematology, urinalysis and hemostasis fields. We have also made steady progress in the immunochemistry field. Additionally, we have laid the groundwork for new business ventures, such as the development and sale of reagents to test for Alzheimer’s disease in the personalized medicine field, and the world’s first system to rapidly detect

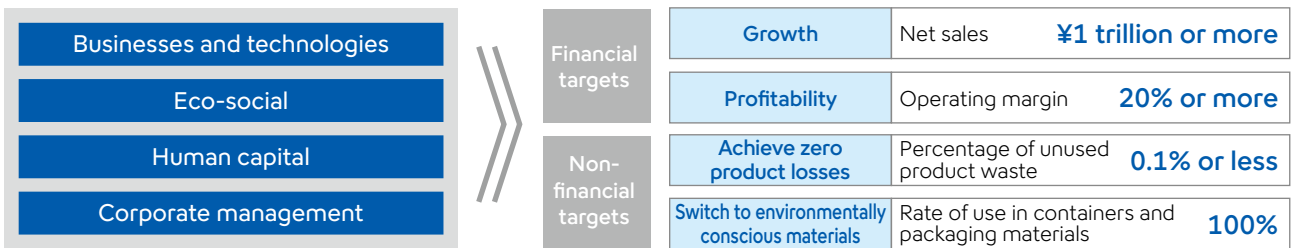
antimicrobial susceptibility in primary care. Furthermore, we have ventured into the medical robotics business.

As the background for formulating our long-term strategy, we anticipate the operating environment 10 years in the future. As global society ages, we expect to see efforts to optimize social security expenditures and decentralize healthcare functions. Against this backdrop, prevention and self-medication will become increasingly important. At the same time, healthcare disparities and the issue of accessibility to healthcare will continue to persist. Furthermore, we anticipate advancements in technological innovation such as gene analysis, ultrahigh sensitive measurement, and miniaturization, which will be applied to healthcare. Demand for personalized medicine will grow, and we expect the practical application of new treatment methods such as regenerative and cellular medicine and genomic medicine. Additionally, we predict the widespread adoption of artificial intelligence (AI) and the acceleration of digital transformation (DX) in the healthcare sector,

Business Domain



Core Strategy and Targets



including the implementation and expansion of robotic technologies. Looking at internal resources, we believe our global business foundation, extensive technological expertise, academic network, and industry collaborations will be increasingly effective in creating value in the future.

Overview of Our New Long-Term Corporate Strategy

On this basis, we formulated our Long-Term Corporate Strategy 2033 (VA33), which looks ahead to the value we aim to provide and the society we aim to realize, encapsulated in our long-term vision, "Together for a better healthcare journey." "Healthcare journey" refers to the concept of viewing a person's healthcare events and corresponding processes as a lifelong journey. To improve healthcare journeys for each individual worldwide, it is essential to tailor healthcare for each individual, optimize healthcare costs, and improve accessibility to healthcare. In Sysmex's target domains, in addition to traditional *in-vitro* diagnostics (IVD) performed in laboratories, we will also consider other points along the healthcare journey, such as the prevention, pre-symptomatic, and prognosis monitoring stages, as well as treatment.

Looking at business domains, we have plotted organizational ability and the market on two axes to frame our innovation streams, designing the figure above. Our positioning in Domain A is to further strengthen the diagnostics business. From there, we will move into Domain B, where we aim to acquire new technologies and move into the life science field in such areas as realizing personalized medicine. In Domain C, we will utilize the technologies we have developed to date to also move into new markets such as personalized prevention and prognosis monitoring. In Domain D, we will undertake challenges in new domains, such as our robotic assisted surgery system, as well as the treatment domain, including regenerative and cellular medicine. In designing this strategy, we placed more emphasis on sustainability than ever before, and redefined our priority SDGs and materiality based on our long-term vision. From here, we draw up our core strategy consisting of businesses and technologies, eco-social, human capital, and corporate management.

By executing these strategies, we aim to achieve net sales of ¥1 trillion or more and operating profit growth of at least 20%. We also intend to achieve our non-financial targets to realize a circular resource society, thereby enhancing our corporate and social value.

>>Materiality P25, >>Core Strategy P27

Materiality (priority issues)

Systemx's Materiality

Priority SDGs to Address	Materiality	
	Initiative	Theme
3 Good Health and Well-Being 	<ul style="list-style-type: none"> ● Resolution of medical issues through innovation ● Improvement in accessibility to healthcare 	Creating new value for a healthy society*²
9 Industry, Innovation and Infrastructure  12 Responsible Consumption and Production  17 Partnerships for the Goals 	<ul style="list-style-type: none"> ● Pursuit of quality and trust ● Strengthening supply chain management 	Providing responsible products, services, and solutions*²
5 Gender Equality  8 Decent Work and Economic Growth 	<ul style="list-style-type: none"> ● Increasing engagement*¹ ● Promotion of diversity, equity & inclusion*² ● Development of human resources ● Promotion of health and occupational safety 	Creating an attractive workplace
13 Climate Action 	<ul style="list-style-type: none"> ● Resource circulation in product life cycle*² ● Reduction in environmental burden through business activities*² 	Reducing environmental impacts*²
(Governance)	<ul style="list-style-type: none"> ● Corporate governance ● Compliance ● Risk management ● Respect for human rights*¹ 	Strengthening governance

*1 Newly added materiality item

>>Status of Sustainability Targets P63

*2 Item that have been reorganized, integrated and rewritten from the previous materiality items

The Process of Positioning and Identifying Our Materiality

We identify priority issues (materiality) with the aim of realizing a sustainable society and achieving sustainable growth for Systemx, and we periodically verify this content.

We first identified our previous materiality in 2017, by analyzing priorities along two axes: importance to stakeholders and to Systemx. To make progress more visible and increase effectiveness, we set specific targets and KPIs as non-financial targets in line with our mid-term management plan. (In fiscal 2021, we renamed “non-financial targets” to “sustainability targets.”) We also developed action plans and activities for responsible divisions. We reviewed this content in 2021 when formulating our mid-term management plan.

In order to formulate a new long-term vision and strategy, we have determined that it is important to design a cohesive strategy that aligns with our long-term corporate strategy, mid-term management plan, and materiality, taking into account factors such as the expansion of business domains and the diversification and increasing complexity of the social environment. We believe this will help enhance our execution capabilities and foster active dialogues, while promoting sustainability-oriented management. Furthermore, we anticipate that this will

facilitate understanding both internally and externally.

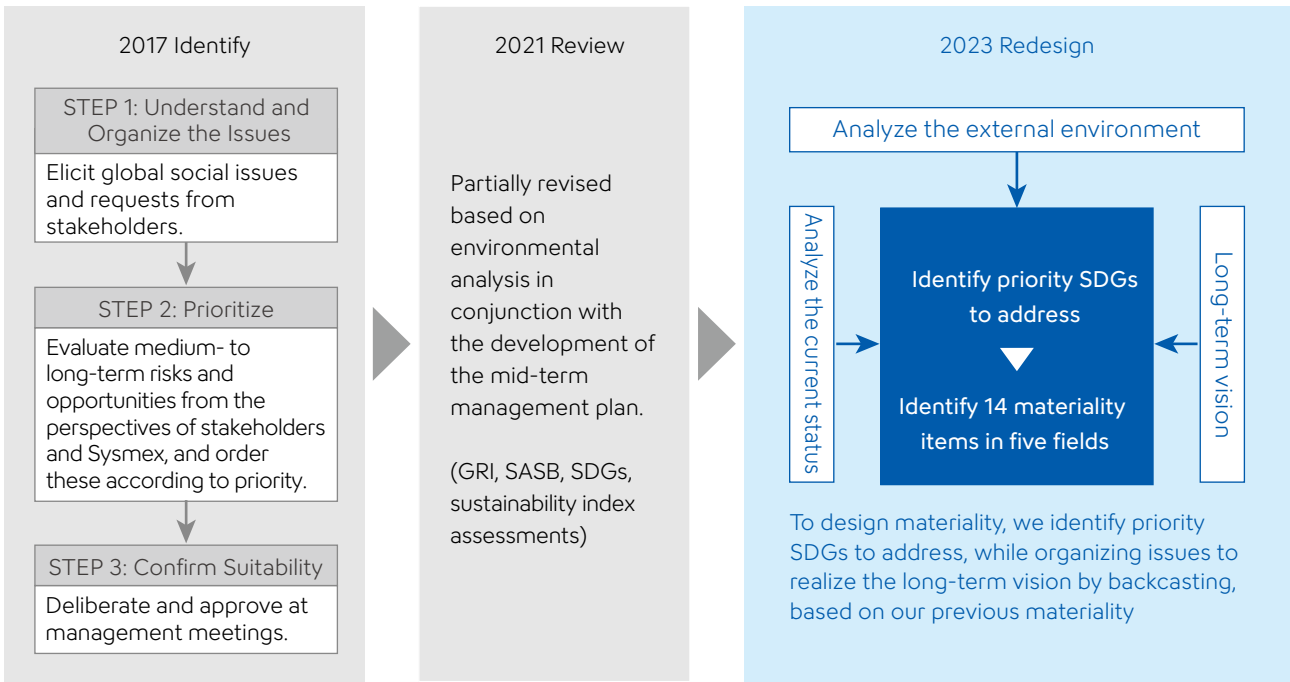
Our approach to reidentifying materiality was to take our previous materiality as a starting point, and then using a backcasting-type design. In conjunction with our Long-Term Corporate Strategy 2033 (VA33), we analyzed social and global environmental and industry trends up to 2033, and organized them as issues to be addressed to realize our long-term vision, as well as from the perspective of their impact on social and corporate value. Systemx identified priority SDGs to address, and based on this, identified 14 materiality items in five areas.

Furthermore, we established the new materiality items as the basis for setting our core strategy and monitoring indicators in our VA33. Our core strategy was further aligned with the mid-term management plan and sustainability targets to create a framework for Systemx's vision for value creation.

The execution status and sustainability targets of each strategy are reported semiannually by each division at Managing Board and management meetings, and the progress is confirmed by the members of the Managing Board.

As our strategy progresses and the environment changes, Systemx will continue to provide value by regularly verifying and reviewing its materiality.

The Flow of Identifying Materiality



Priority SDGs to Address



Core Strategy

Businesses and Technologies



We have set policies for innovation streams in each of our four domains.

Strengthening Our Diagnostics Business **Domain A**

We position this domain as the driver of our earnings growth. By leveraging our global business foundation and technology assets, we aim to increase the performance of existing tests and expand those that offer new diagnostic indicators, thereby increasing the value of testing. By field, we aim to maintain our No. 1 share of the global market in hematology as we expand our potential markets and increase our competitive advantage. In the immunochemistry field, we will enhance our global presence by enlarging our unique reagent portfolio. In the hemostasis field, we will take advantage of alliances and our own solutions to promote global development. In addition, we will work to increase the number of diseases we target, and provide diagnostic value across fields of testing. In rolling out these initiatives, we will focus on developing products and unique testing parameters that meet the healthcare needs of emerging markets and other countries and regions. In addition, we will work to provide new value by organizing and analyzing databases containing testing and diagnostic data.

Refine Personalized Healthcare and Testing **Domain B**

We aim to provide new diagnostic value for diseases such as cancer and Alzheimer's disease that have become significant social issues. In addition to the practical application of liquid biopsy technology to measure cells, proteins and genes, we will enhance our gene testing portfolio and develop diagnostic solutions that utilize genetic information. We plan to refine personalized medicine and testing through the integration of new and existing technologies.

Realize Personalized Prevention and Prognosis Monitoring **Domain C**

In this domain, we will focus on developing primary care products that expand the locations and subjects for testing, in response to the decentralization of healthcare and the increasing demand for self-medication. We will also work on new tests targeting the presymptomatic and preventive domains, as well as accumulating and analyzing individual time-series testing data to develop programs for recurrence detection and predictive testing.

Undertake Challenges in New Domains, such as Medical Robotics **Domain D**

We will continue to explore new areas, including the surgical domain, where we aim to provide surgical solutions based on our medical robotics business. We will also pursue opportunities in the areas of regenerative and cellular medicine, where we will make full use of the quality control and robotics technologies cultivated through our IVD business.



Monitoring Indicators*¹

Customer satisfaction indicators

- NPS®*² (Net Promoter Score)
- VOC (Voice of Customer) items collected
- Queries to the customer service center

Product lineup/product portfolio indicators

- Number of patents/number of new patents
- Number of conference presentations and papers published, number of joint research projects with academia

Diagnostics business:

- Market share in each field
- Number of unique testing parameters developed
- Net sales, operating profit, operating margin

Personalized medicine, prevention, prognosis:

- Number of primary care products deployed
- Number of cancer genomes analyzed

New businesses:

- Number of medical departments using the robotic-assisted surgery system, deployment area, number of surgeries performed
- Number of regenerative medicines approved
- Net sales, operating profit, operating margin

Indicators of access to healthcare

- Number of hematology tests
- Number of countries where deployed
- Number of direct sales locations
- Net sales in emerging and developing markets, percentages of net sales

*¹ These indicators set in the Long-Term Corporate Strategy are to be monitored from a long-term perspective. They will be revised as necessary in line with changes in the environment and progress of the strategy.

*² NPS® is a registered trademark of Bain&Company, Fred Reichheld and SatmetrixSystems



As a member of the international community, we will build a business model that balances the resolution of environmental and social issues with business expansion by implementing value chain reforms aligned with a circular resource society. In addition to achieving carbon neutrality and conserving water resources in our business activities, we will transition our entire value chain to a resource circulation-based model. We will expand environmentally conscious design in instruments and reagents, adopt animal-free and environmentally friendly materials, and accelerate the substitution of these materials. We will also establish mechanisms for reuse and recycling, and strive for zero disposal of unused in-house products.

Furthermore, by utilizing our technical assets we will explore new solutions that improve cost-effectiveness and improve access to healthcare. We will also accelerate collaboration with external partners in sustainability activities, aiming to earn society's trust.

Monitoring Indicators*¹

Product loss indicator

- Achieve zero product losses

Resource recycling indicator

- Complete switch to recycled or environmentally conscious materials
- Reduction of packaging and labeling materials
- Renewable energy ratio

Important sustainability targets other than those stated above

- Reduction of GHG emissions
- Rate of reduction in water consumption
- CSR survey response rate



People are the most important sort of capital for enhancing corporate value. Recognizing this fact, we invest proactively in the hiring, development, and allocation of human resources to cultivate individuals capable of realizing the evolution of healthcare. Specifically, we focus on hiring and developing highly skilled professionals to build an optimal talent portfolio. Additionally, we create a workplace environment that respects the individuality of diverse human resources and provides opportunities to improve individuals' well-being, ensuring that each employee enjoys high levels of job satisfaction and engagement. Furthermore, we dedicate ourselves to fostering a strong leadership pipeline that drives the evolution of corporate culture and leads both existing and new businesses across the Group, facilitating outstanding teamwork. To support these initiatives, we have established a global human capital database that is effectively monitored through the use of DX technology. >>[Human Capital Strategy P53](#)

Monitoring Indicators*¹

Human productivity indicators

- Value-added productivity
- Investment in human capital
- Engagement score
- Turnover ratio
- Female managers ratio
- Percentage of employees with disabilities



To foster innovation and promote our strategies, we will establish an autonomous and agile organizational management structure. This includes optimizing the Group's organizational design, functional placement, authority system, and decision-making processes. We will also strengthen our external resource utilization framework through alliances and open innovation initiatives.

We will leverage digital technology to strengthen our management foundation and improve management quality. Furthermore, we will strive to enhance Group governance and centralize functions, improve management control and operations efficiency, and reinforce our risk management framework.

To maintain our position as an innovative and attractive company, we will continue to enhance our brand strength through transparent and high-quality bilateral communication with stakeholders.

Monitoring Indicators*¹

Effectiveness evaluations

- Evaluations of the Managing Board's effectiveness

Brand penetration indicator

- Awareness surveys

Financial indicators

- Net sales (growth rate)
- Profitability (operating profit, margin)
- Capital efficiency (ROE)

Provision of Long-Term Value

1 Extending Healthy Lifespans of People Around the World

- Realization of healthcare optimized for each individual
- Contribution to the optimization of healthcare costs
- Contribution to alleviating healthcare disparities by improvement in accessibility to healthcare

Value provided
(Impact measurement indicators)

Optimization of healthcare costs (medical economy, etc.)

Improvement in accessibility to healthcare
(Screening rates, number of tests, severity rates, medical information coordination networks, etc.)

Healthcare optimization
(Days in hospital, length of hospital visits, patient cost, number of treatments, etc.)

Healthcare needs to emphasize

★: Degree of need over the next five years

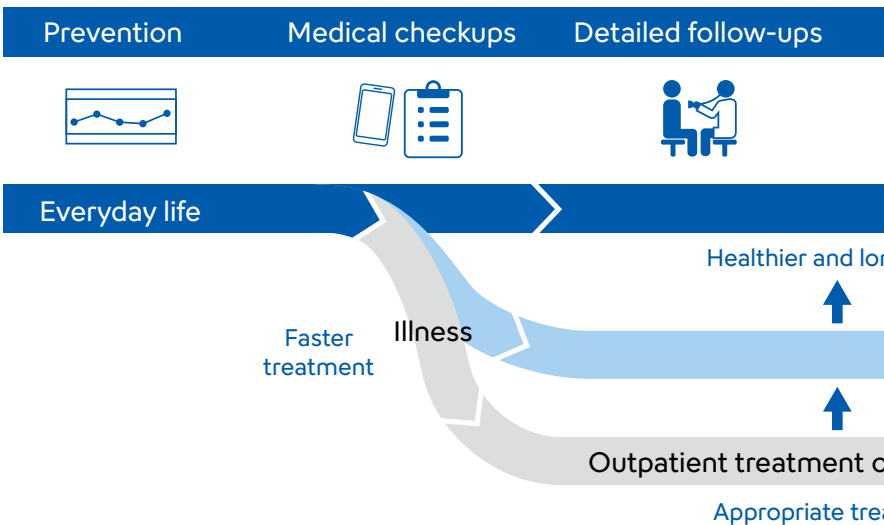
- Early detection and prevention of disease
- Portable health care data and its use
- Statistical approach to pandemics

- Expansion of personalized diagnosis (choice of therapeutic agents)
- Improved quality and productivity of laboratories
- Reduction of patient burden (non-invasive, minimally invasive)

Developed countries: ★★★
Emerging markets: ★★★

Developed countries: ★★★
Emerging markets: ★★

Healthcare journey

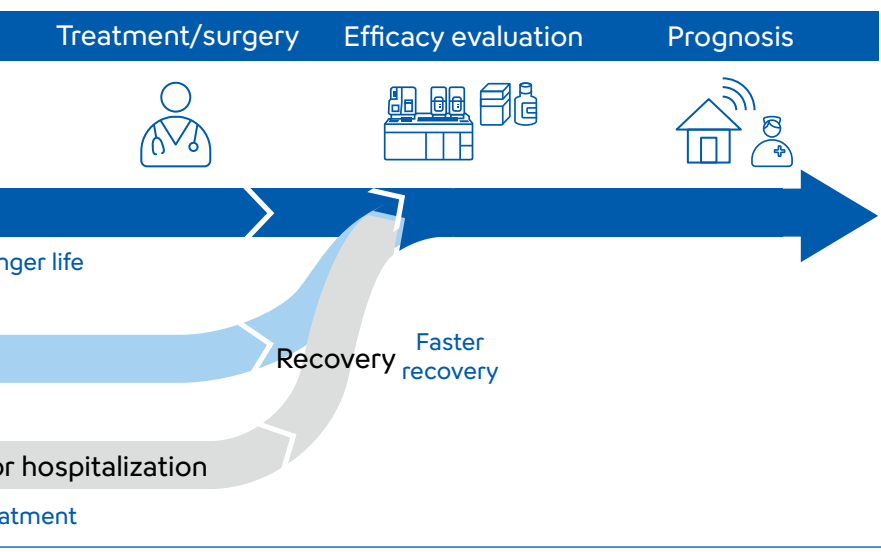


2 Realizing a circular-oriented society

- Response to climate change, water resource countermeasures, contribution to biodiversity
 - Direct reduction of environmental impact through own business activities
 - Industry collaboration and dissemination of advanced practices throughout the supply chain
- Establishment of a circular resource value chain
 - Generalization of environmentally friendly materials and designs
 - Progress toward zero resource disposal

Extension of healthy lifespans (health-adjusted life expectancy)

<p>Advancement of healthcare (Clinical evaluation indicators, number of papers, number of facilities with medical robots, etc.)</p> <ul style="list-style-type: none"> Expansion of personalized medicine (regenerative and cellular medicine) Innovation in the surgical field (robot-assisted surgery, remote surgery) <p>Developed countries: ★★★ Emerging markets: ★</p>	<p>Increased quality of life (Early detection rate, recurrence rate, remission rate, etc.)</p> <ul style="list-style-type: none"> Risk diagnosis, recurrence prevention Home nursing/caregiving, medical care, and nursing care enhancement and coordination Prognosis monitoring <p>Developed countries: ★★★ Emerging markets: ★★</p>
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Sysmex aims to help extend the healthy lifespans of people around the world by quickly identifying and responding to the needs of patients and medical institutions, in order to realize a better healthcare journey.

Sysmex is dedicated to the development and practical application of tests that enable the selection of optimal drugs to treat patients and reduce their burden. Additionally, we are moving forward with the development of products that help improve quality of life through disease prevention, early detection, and prognosis monitoring. Through the advancement and optimization of healthcare, we aim to realize healthcare tailored to the individual, as well as early treatment and the optimization of healthcare costs through appropriate medication. In emerging and developing markets, we help reduce healthcare disparities by delivering optimal products and services and providing scientific information to improve accessibility to healthcare.

In addition to working toward the realization of a circular-oriented society that supports sustainable growth for both society and Sysmex, we are committed to creating social value by returning to our various stakeholders. These efforts form the foundation of our corporate activities as a member of the international community, and generate value as we work towards our goal of extending the healthy lifespans of people around the world.

By continuing to create additional value, Sysmex is helping to resolve social issues, thus contributing to a sustainable society.

3 Creating Social Value

- Enhancement of corporate value through dialogue with stakeholders
 - Creation of innovation in the healthcare industry
- Realization of wellbeing through improvements in employee happiness
 - Realization of a work-life balance for employees, self-fulfillment
- Creation of human resources that help resolve social issues
 - Stimulation of the labor market with attractive human resources
- Return of value to shareholders, investors, employees and other stakeholders

Worksite Commentary

Here we introduce Sysmex employees' efforts to offer a better healthcare journey to people around the world.

Efforts to Improve the Quality of Medical Care in Central America, Caribbean, and the Andean Region



Nancy Zamora Bello
Senior Distributors Manager
Latin America
(Commercial/Sales)
Sysmex Colombia SAS

In my territory of responsibility, which includes Central America, the Caribbean and some countries of the Andean region, budget shortages mean that many hospitals cannot afford automatic instruments, so medical technologists perform tests manually. This can result in inconsistent test results and make testing time-consuming, leading to delays in diagnosis and treatment, while diseases grow increasingly severe.

Sysmex's automated testing systems provide standardized and reliable test results quickly. This contributes to better-quality medical care through earlier diagnosis and treatment, reduced treatment costs, and shorter hospital stays, as well as reducing the burden on patients.

However, in order to secure budgets and introduce testing systems in these countries, it is important to reach out not only to the heads of the facilities but also to the governments of the countries in which they operate. We network with leading experts in hematology, urinalysis and infectious diseases and actively educate the public about the benefits of standardizing testing through the introduction of state-of-the-art automated systems. Through these activities, we are working to raise the level of healthcare infrastructure, including the introduction of Guatemala's first fully automated urinalysis system.

I will continue working to improve the health and quality of life of people in Central Caribbean and the Andean region.

Prevention

Medical checkups

Detailed follow-ups

Developing the World's First Rapid Antimicrobial Susceptibility Testing System for AMR



Lovisa Söderberg
Lead researcher
Research and Development
Sysmex Astrego AB

Modern treatment of infectious diseases is based on the use of antibiotics. However, if the appropriate drugs are not administered, they may not be effective in the body and drug-resistant bacteria may proliferate, leading to severe illness or even death. Development of new antibiotics is much slower than the spread of antimicrobial resistance (AMR). It is already becoming a real problem in many countries and regions where treatment options have become limited, and it is only predicted to become worse. To manage the spread of AMR we need to be able to limit the use of antibiotics and only prescribe it when it is required and effective. The use of a rapid test for AMR is a significant step in the right direction.

At the beginning of development, there were various issues and obstacles that we had to overcome to systematize the technology and develop it for marketing.

In order to be used in the medical field, it is necessary to provide accurate test results, and we have made a number of improvements toward commercialization, including the realization of quality standards, to create an even easier-to-use test system.

From an early development phase, market feedback provided a great driving force for our development. It confirmed that we are on the right track and that the technology can help to make a difference in the fight against AMR.

In June 2023, we began marketing a rapid antimicrobial susceptibility testing system for urinary tract infections using our proprietary technology. Now that we have successfully launched the product, I cannot wait to see that outreach and the effects it can have on the way we treat bacterial infections in the future.

Taking on Challenges in the Surgical Field with a Focus on Robotic Assisted Surgery Systems



Yuki Hata
Manager,
MR (Medical Robotics) Division

In 2020, we launched our made-in-Japan robotic-assisted surgery system. In addition to providing precise and delicate surgical assistance, this system was designed to contribute to the overall efficiency of the operating room and the advancement of medical care.

When deploying our system, we prioritize communication with physicians and hospital staff to ensure that surgical support robots can be used in line with the healthcare needs of the target region. Our commitment goes beyond merely installing a system; it extends to the operation of the system from a medium- to long-term perspective and envisions the cooperative future of healthcare. This approach will aid in establishing a better healthcare delivery system.

Systemex aims to facilitate a wide range of solutions by applying to the surgical field the knowledge and expertise it has accumulated in the areas of testing and diagnostics. For example, Systemex can offer support in preoperative testing, intraoperative testing for determining whether tumors are benign or malignant, and postoperative testing to monitor progress. This reduces the burden on medical institutions and also provides peace of mind to patients.

Our robotic assisted surgery system also offers great potential for realizing essential developments in remote medical care. By connecting robotic assisted surgery systems at distant hospitals through a network, doctors can perform surgeries even when physically distant from the patient. This reduces the constraints of time and location, and allows high-quality, appropriate medical care to be provided in an efficient manner. Surgery is a new business domain for Systemex and we will strive to provide new value in the same way as we have in the IVD field.



Initiatives for Using AI Technologies in the Healthcare Field



João Nunes
Research Executive
R&D Center Asia Pacific

AI technology has enabled rapid digital transformation. In the healthcare field, it has the potential to enhance physicians' diagnostics capabilities leading to significant contributions to patients' health treatment. AI solutions have gathered high expectations in turning large amounts of data into actionable clinical applications, such as early disease identification, enhanced health management, as well as more cost-effective medical workflows.

Currently, I am working on healthcare AI development at a new R&D Center in the AP region which has been newly established as of April 2022. There are unmet market needs that can be addressed with the development of new services that leverage cloud infrastructure and big data. However, more knowledge needs to be acquired in order to innovate while ensuring regulatory and data compliance within an ever-changing new environment. In this context, it has been very meaningful for me to receive feedback from both key opinion leaders in the AP region, as well as long-term customers regarding Systemex's ongoing joint development regional efforts. These activities have also enabled me to acquire a variety of specialized knowledge.

Going forward, I hope to foster collaborations throughout the entire Group with the aim of developing models focused on personalized medicine that utilize longitudinal data. This will enable us to advance current treatments, namely, the identification of optimal therapeutic medical interventions for each individual patient. Healthcare is a very conservative field, but even so we will contribute to society by taking advantage of the great digital transformation that is taking place around the world.

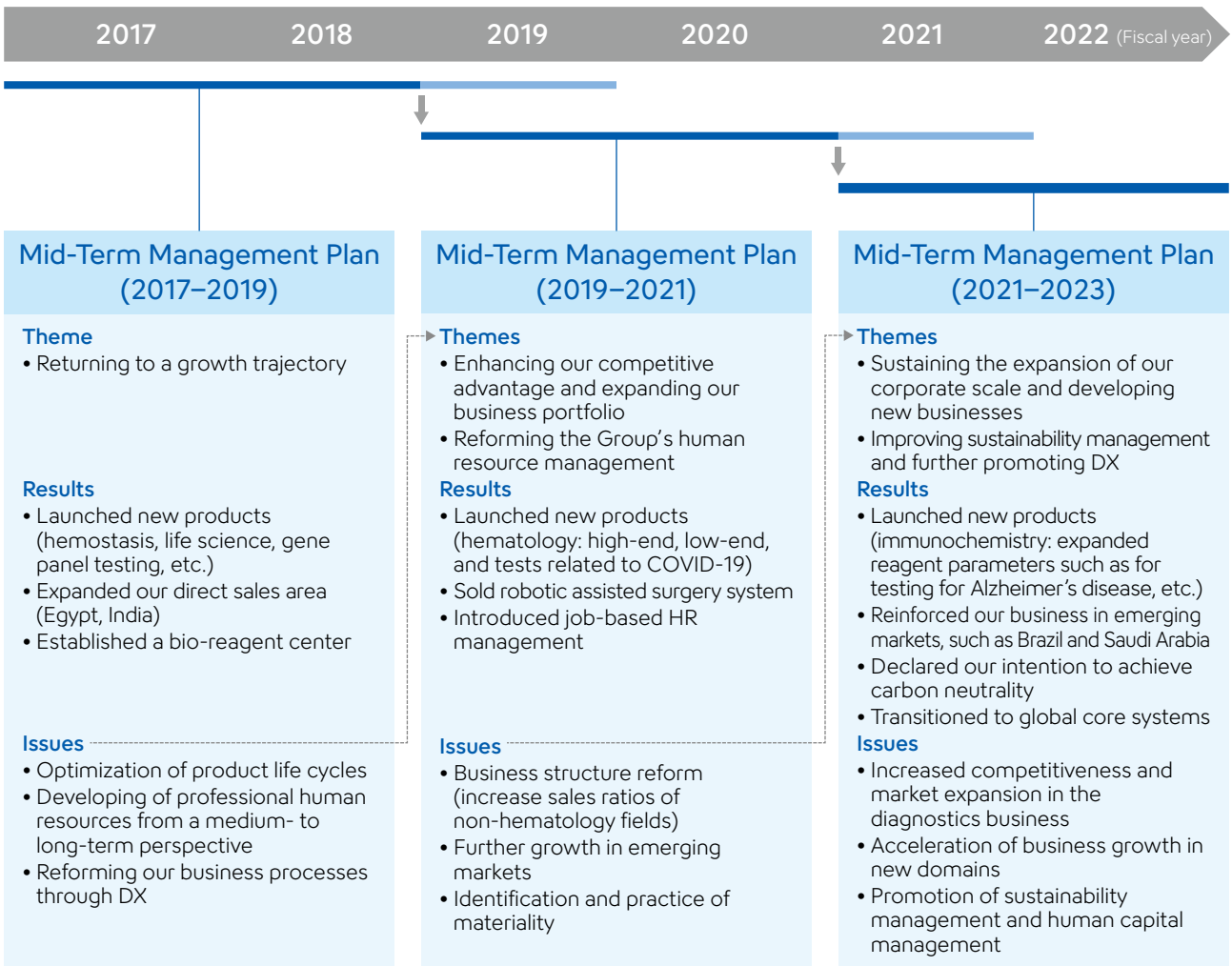
Mid-Term Management Plan and Initiatives

In response to the newly formulated Long-Term Corporate Strategy, we have created a new Group mid-term management plan for the three years from fiscal 2023 (Announced in May 2023)



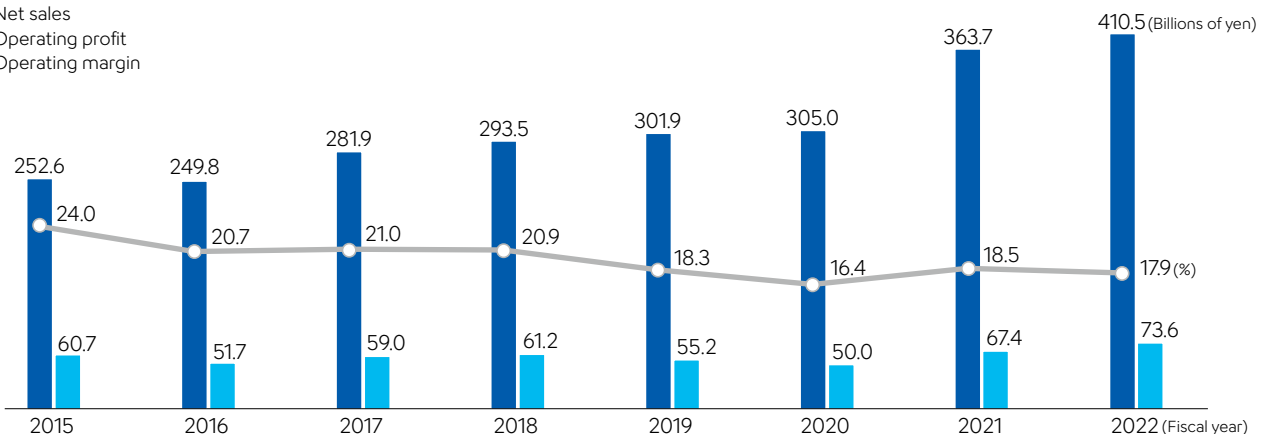
Management Plans to Date

Sysmex has continued to expand under its previous long-term corporate strategy. In fiscal 2016, revenue increased in all regions, but the impact of yen appreciation meant that we were unable to fully achieve the levels of revenue increases we had sustained up to that point. Accordingly, the mid-term management plan that commenced in fiscal 2017 strongly emphasized the theme of returning to a growth trajectory. After that point, we worked to launch new products aimed at ensuring future competitiveness, strengthened our foundation in emerging markets, and launched a new business centered on robotic-assisted surgery systems. In preparation for a new stage, Sysmex has also recognized the importance of SDGs and other sustainability targets, and has focused on promoting sustainability management and DX. We have adopted the practice of a rolling three-year mid-term management plan, which we review every two years. We do this to ensure that the plan is precise and achieves its goals in light of changes in the external environment and our own circumstances.



Key Financial Results

- Net sales
- Operating profit
- Operating margin



Message from the President



Kaoru Asano

Kaoru Asano
President

Under our long-term vision, “Together for a better healthcare journey,” we will achieve further growth by evolving our business model and expanding our business domains.

Formulating Long-Term Corporate Strategy 2033 (VA33) Based on Our Outlook of the Operating Environment a Decade from Now

I was appointed to the post of president in a milestone year, just as we are announcing a new Long-Term Corporate Strategy.

Sysmex has established a solid position by contributing to the global resolution of medical issues through its diagnostics business. Contributing to healthcare worldwide is not just Sysmex’s purpose—it is also our social responsibility. To uphold this purpose, we need to achieve sustainable growth. I believe it is my mission to dedicate myself fully to steering our creation of value and continuing to instill confidence among stakeholders.

Fiscal 2023 marks the launch of our Long-Term Corporate Strategy 2033 (VA33), which charts our path to value creation over the next decade. VA33 is based on our mission of “Shaping the advancement of healthcare” as described in the Sysmex Way, the corporate philosophy for the Sysmex Group. To develop this strategy, we took a point 10 years hence as our starting point. We have focused specifically on the further advancement of personalized medicine, driven by technological innovations such as genomic analysis, in order to extend healthy lifespans and optimize medical costs. Drug selection is becoming more sophisticated, and there is a growing demand for comprehensive follow-up and treatment from the very earliest stages. It is important to pay attention to each individual’s needs and to take a holistic view of the entire healthcare process. In this era, we believe that expanding the scope and targets of value provision is essential in order to contribute to the health of people worldwide.

Sysmex advocates the concept of a “healthcare journey.” Going beyond the patient journey, which focuses on the flow of diagnosis and treatment, the healthcare journey encompasses the various healthcare events throughout a person’s life. Sysmex aims to improve each individual’s healthcare journey, but we cannot achieve this goal alone; it requires collaboration with various companies and organizations involved in healthcare, including medical institutions. This idea formed the impetus for our long-term vision, “Together for a better healthcare journey.”

Organizing the Evolutionary Path of Our Value Creation Embracing B-to-B-to-C in the Scope of Our Business Model

To enhance value creation at each phase of the healthcare journey, Sysmex must undergo its own transformation and evolution. Whereas our traditional testing business was a B-to-B model, now we need to embrace the scope of B-to-B-to-C business, which also focuses on the end-consumers at the center of the healthcare journey.

For business domains, we have adopted the idea of innovation streams and arranged our evolutionary path along two axes: organizational ability and markets. >>[Long-Term Corporate Strategy P23](#) First, we will focus on strengthening our existing diagnostics business. We will direct around 70% of our investment into this business, which is also our primary source of capital (Domain A). We enjoy a high share of the market in the diagnostics business, but ample potential for growth remains. In the hematology and urinalysis fields, we see substantial room for growth in India and other emerging markets, where we aim to expand our business. In the hemostasis field, where needs are becoming more diverse, we will offer advanced solutions and conduct global rollouts. Expanding reagents and sales regions is a priority issue for us in the immunochemistry field, where the market is large and expected to grow.

Through advances in our organizational ability and the market, we will foster the life science field, which focuses on genomic testing technology, and broaden its diagnostic value in the areas of personalized prevention and prognosis monitoring (Domains B and C). In new businesses, we commenced full-scale development of medical robotics in fiscal 2021. In addition, we will develop and nurture business centering on treatment domains such as regenerative and cellular medicine, based on open innovation and collaboration with other companies (Domain D).

Integrating Our Growth and Sustainability Strategies On the Financial Front, Targeting Net Sales of More than ¥1 Trillion and Operating Profit Above 20%

VA33 is characterized by a design approach that started with the formulation of a vision, and then used backcasting to create our materiality, core strategy, and KPIs. This allowed for a consistent story and a simple structure, making it easier to align with our targets and key actions in our mid-term management plans. We expect VA33 to enhance understanding among external stakeholders, as well as employees, and to foster more active dialogues.

In core strategies, we have incorporated the concepts of eco-social and human capital, integrating our growth strategy and sustainability strategy. For example, in addressing environmental concerns, we will focus not just on climate change and water resource management, which are important social demands, but also strive to realize a “circular resource society,” which the entire healthcare industry should prioritize. This approach means transforming Sysmex’s entire value chain. In terms of human capital, recognizing that people are our greatest asset, we will build an optimal human resources portfolio to drive value creation, by accelerating our diversity, equity, and inclusion (DE&I) efforts. We will prioritize the promotion of female employees and emphasize the importance of personnel with diverse values and backgrounds, allowing each individual to demonstrate their abilities in a collaborative environment.

On this basis, VA33 establishes quantitative targets on both financial and non-financial fronts. Our growth-oriented financial target for fiscal 2033 is net sales of more than ¥1 trillion yen, and our profitability target is an operating margin of more than 20%. Thus we aim to sustain the Company’s growth momentum by continuing to adhere to Sysmex’s record of achieving double-digit growth and a 20% operating margin. On the non-financial front, to achieve zero product losses we are targeting 0.1% or less as our percentage of waste that is unused in products. We will switch to recycled and environmentally conscious materials, aiming to achieve a 100% rate of use in containers and packaging materials. As well as capital efficiency indicators, we will continue to monitor indicators related to human capital and corporate management, such as employee engagement and customer satisfaction. We plan to organize the framework for these indicators during fiscal 2023.

New Mid-Term Management Plan Covering a Critical Period of Change Steadily Implementing Six Key Actions

Our first three-year action plan on the path to realizing VA22 is the mid-term management plan for fiscal 2023 to fiscal 2025. This marks an important phase in Sysmex’s evolution—a period we will look back on in 10 years as our “point of transition to a new stage.”

Under the mid-term management plan, we have established four key actions that align with our directions of evolution (Domains A to D), as I explained earlier, as well as key actions for eco-social, human capital, and corporate management.

During the period of this mid-term management plan, our main source of earnings will continue to be our diagnostics business. We expect to achieve strong sales growth through initiatives such as the global rollout of new products in the hematology field, expansion of our reagent portfolio in the immunochemistry field, and the extension of business leveraging our global OEM agreement with Siemens in the hemostasis field. Additionally, we plan to strengthen our sales system in emerging markets, such

as India, to further support robust growth. Furthermore, Sysmex will continue to leverage genome analysis and liquid biopsy technologies and accelerate the launch of personalized prevention and prognosis monitoring services. In the medical robotics business, we will focus on obtaining regulatory approvals and entering markets overseas.

To expand these business domains, we need to respond flexibly to change and be flexible in making course corrections. We will strive to enhance our risk management and investment management capabilities. In M&A, investments, and partnerships, we will increase the precision of our goal setting and revenue-recovery plans, and monitor these plans rigorously.

For fiscal 2025, the final year of our mid-term management plan, we are targeting net sales of ¥560.0 billion, up 36% from the fiscal 2022 level; an operating profit of ¥112.0 billion, up 52%, ROE of 16%, and free cash flow of ¥46.0 billion. In terms of profitability, we will leverage the investments we have made in digitalization to improve productivity by revamping business processes and utilizing data. A new system will become operational in fiscal 2023, enhancing productivity. We will further boost profitability through global growth in each field in our diagnostics business by expanding testing parameters, particularly in the immunochemistry field.

Furthermore, we have set 14 sustainability targets to align with the materiality items we have recently re-established. We will follow a PDCA cycle while verifying progress toward these targets.

Working to Become a Company Whose Employees Realize the Significance of Its Business and the Value It Provides, and One That Can Grow Autonomously, Thereby Enhancing Corporate Value

I believe the growth of a company and the growth of its people are correlated and synonymous. To produce a large number of self-driven employees, we prioritize investment in training and talent development. At the same time, we actively collaborate with external partners to create opportunities and environments that foster interaction among people of different values and capabilities.

A crucial factor in achieving such growth is the engagement between a company and its employees, as well as their sense of purpose and fulfillment in their work. Speaking from my own experience in research and development and my involvement in new fields and businesses, one moment that stands out is the first surgery conducted using the robot-assisted surgery system in 2020. We were observing from a monitoring room next to the operating room. As we watched the surgery unfold on the screen, I was moved to tears when the surgery ended successfully and the doctors shook hands. That sight will be etched in my memory forever. Going beyond surgical procedures, Sysmex's work is directly related to the health and lives of people, so we have many opportunities to feel a sense of fulfillment. I hope that each and every employee will contribute to us becoming a company that focuses on providing value to society and consumers. Such a company will naturally evolve and improve its corporate value and performance.

In its quest to create further value, Sysmex will continue to proudly embrace new challenges.

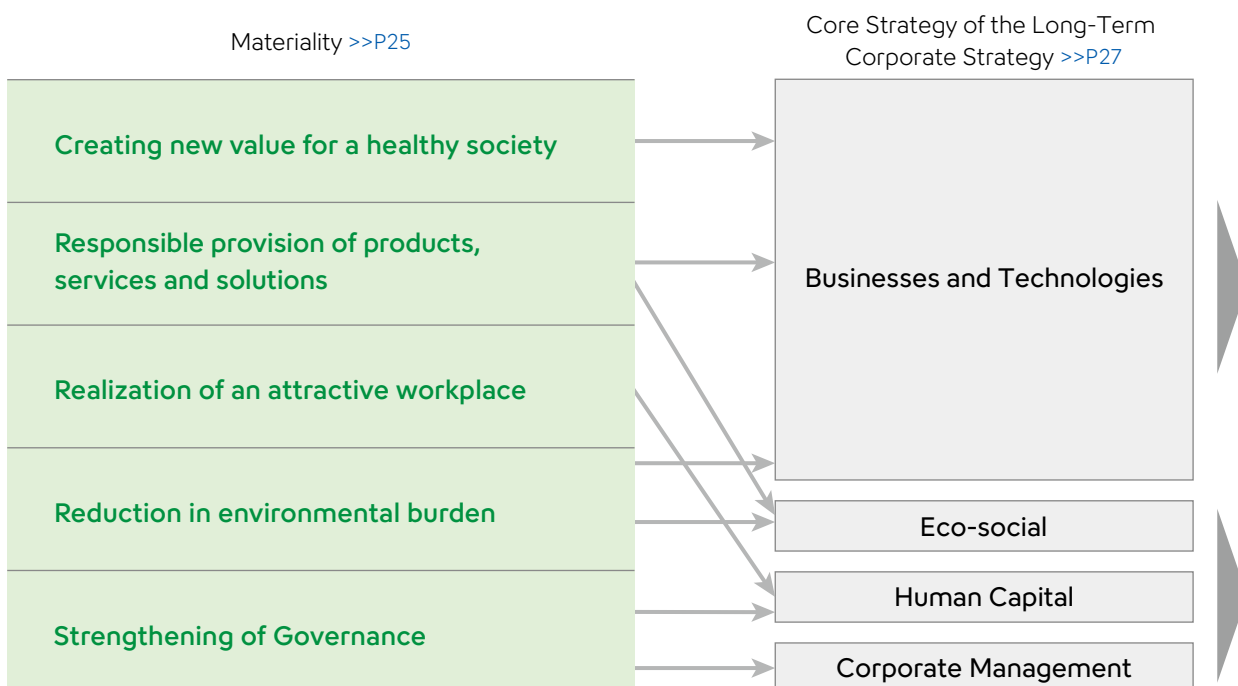


Overview of the Mid-Term Management Plan

Background to Formulation of the Mid-Term Management Plan



Positioning of Materiality, Core Strategy, and Group Key Actions



This mid-term management plan covers the first three years toward the realization of our Long-Term Corporate Strategy 2033 (VA33). We are positioning this period as an important turning point toward a new stage of Sysmex's evolution. In formulating the plan, we examined changes in the social environment and issues that existed under the previous mid-term management plan, in order to realize a better healthcare journey and practice sustainability management as stated in our long-term vision. On this basis, we have established six Group Key Actions (GKA) based on our core strategy.

The GKA defines four actions from the perspective of business and technology, with GKA 1 forming the pillar for profitability and growth. In our existing diagnostics business, the market is growing at around 4% annually, suggesting significant room for further growth. By expanding our reagent portfolio, particularly in the mainstay hematology field, as well as in immunochemistry, and enlarging our direct sales and service area in the hemostasis field, we aim to grow faster than the market. Focusing on emerging markets such as India will further support growth and contribute to improving access to healthcare.

GKA 2 calls for us to grow and develop our existing businesses, while also seeking to expand into new areas. Notably, Sysmex has been involved in the life science field since fiscal 2000. Recently, the field has seen significant advances in personalized medicine, such as genetic testing being covered by health insurance. Sysmex will seize the opportunities presented by such changes in the operating environment to establish businesses that will drive the next generation of healthcare. These include the expansion and utilization of gene panel testing, liquid biopsy technology, and other advances.

In light of the technological innovations that are getting underway in the medical field, GKA 3 calls for Sysmex to contribute in new areas, taking into account the decentralization of medical functions and the increasing awareness of personal disease-prevention measures.

Through synergies from initiatives under GKA 2 and GKA 3, as well as by leveraging Sysmex's strength in IVD, we aim to contribute toward the resolution of medical issues, such as the optimization of medical expenses, non-invasive and minimally invasive testing, and shorter testing times. We also strive to create new businesses to realize our long-term vision.

GKA 4 outlines initiatives through which Sysmex will take on challenges in new medical domains. In 2020, we launched the first made-in-Japan robotic assisted surgery system. During the period of our current mid-term management plan, we will work to enter markets in the Asia Pacific region, as well as Europe and the Americas.

We have established two GKAs describing human capital, corporate management, and an all-encompassing eco-social perspective.

Through GKA 5, we aim to create a circular resource value chain and resolve social issues by implementing centralized management of that chain utilizing IT. We will also strive to achieve zero product losses.

Under GKA 6, we aim to become a sustainable company by optimizing our talent portfolio and redoubling our efforts in diversity, equity, and inclusion (DE&I) through flexible work practices. By respecting diversity and leveraging talent with different backgrounds, we will promote innovation.

Group Key Actions (GKA) under the Mid-Term Management Plan

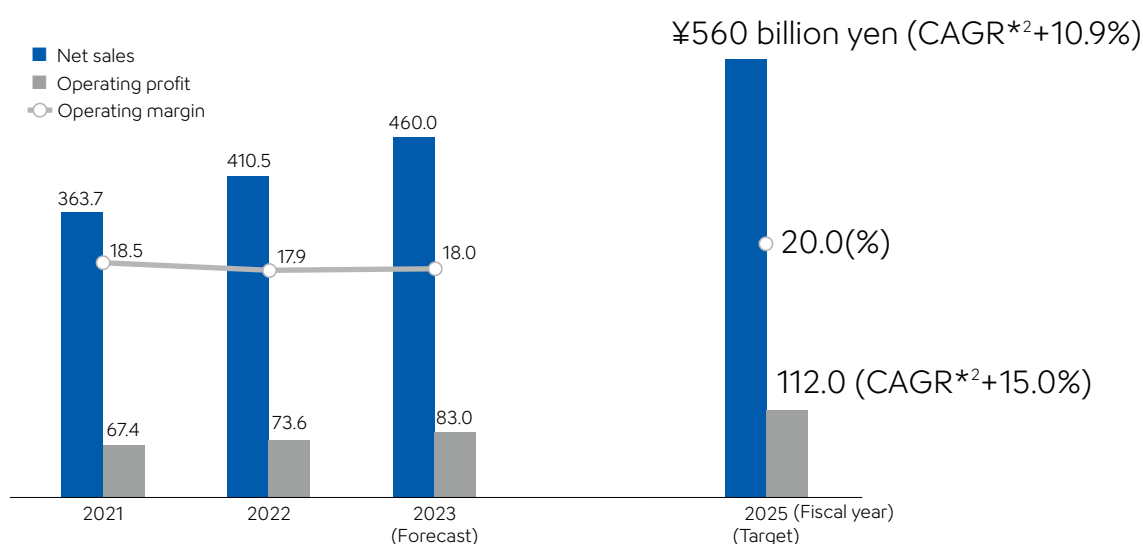
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|---|---|-----|
| 1 | Enhance competitiveness and expand markets through innovation in diagnostics business domain | P43 |
| 2 | Accelerate commercialization centered on genetic testing in the domain of personalized medicine | P44 |
| 3 | Create a new business model in the domains of prevention and self-medication | P44 |
| 4 | Accelerate business growth in the therapeutic domain, centered on the medical robotics business | P48 |
| 5 | Realize a circular resource value chain and transform with a view to solving social issues | P51 |
| 6 | Enhance corporate value by strengthening human capital and management base | P53 |

Mid-Term Management Plan Targets

Main Financial and Non-Financial Targets

	Fiscal 2022 (Actual)	Fiscal 2025 (Target)	Fiscal 2033 (Target)
Net sales	¥410.5 billion	¥560.0 billion	¥1 trillion or more
Operating profit	¥73.6 billion	¥112.0 billion	
Operating margin	17.9%	20.0%	20% or more
ROE	12.4%	16.0%	
Cash flow	¥17.0 billion	¥46.0 billion	
Product losses (percentage of unused product waste*1)	—	0.18%	0.1% or less
Switch to environmentally conscious materials (rate of use in containers and packaging materials)	—	60%	100%

*1 Cost of unused Sysmex products discarded as waste/net sales



Sales Targets by Business and Field

	(Billions of yen)		
	Fiscal 2022 (Actual)	Fiscal 2025 (Target)	CAGR*2 (%)
Hematology	241.3	297.0	7.2
FCM	2.2	7.0	45.7
Urinalysis	34.0	43.0	8.1
Hemostasis	66.9	93.0	11.6
Immunochemistry	23.5	40.0	19.3
Clinical chemistry	3.4	5.0	13.4
Life science	19.9	31.0	15.9
Others	16.6	17.0	—
Diagnostics business	408.1	533.0	9.3
Medical robotics business	2.3	27.0	126.2
Total	410.5	560.0	10.9

Sales Target by Destination

	Fiscal 2022 (Actual)	Fiscal 2025 (Target)	CAGR*2 (%)
Japan	59.8	90.0	14.6
Americas	105.9	140.0	9.7
EMEA	111.3	140.0	7.9
China	96.9	130.0	10.3
Asia Pacific	36.4	60.0	18.0

Actual exchange rates in fiscal 2022: USD1 = JPY135.5, EUR1 = JPY141.0, CNY1 = JPY19.8
Forecast exchange rates for fiscal 2023 and the new mid-term management plan: USD1 = JPY133.0, EUR1 = JPY143.0, CNY1 = JPY19.2

*2 CAGR from fiscal 2022 to 2025

Capital Policies (Three-Year Total)

	Past three years (Fiscal 2020–2022)	Three years of the new mid-term management plan (Fiscal 2023–2025)
Cash flow generation (Operating cash flow)	¥184.4 billion	¥280.0 billion or more
Investment in facilities and businesses (Investing cash flow)	¥115.9 billion	¥170.0 billion <ul style="list-style-type: none"> • Developments/facilities in emerging markets (such as India) • Promotion of digitalization • Expeditious M&A
Shareholder returns	¥46.8 billion	<ul style="list-style-type: none"> • Payout ratio of 30% or more • Steady dividend increases backed by rising performance
R&D expenses	¥80.3 billion	¥125.0 billion <ul style="list-style-type: none"> • Development of next-generation instruments and reagents • Development of technologies for new domains
Capital efficiency* (ROE)	12.4%	16.0%

* Final fiscal year

Main Sustainability Targets

Materiality	Major sustainability targets	Fiscal 2022 (Actual)	Fiscal 2025 (Target)	
● Creating new value for a healthy society	• Resolution of medical issues through innovation	Number of hematology tests	2,977 million	*1
		Number of cases with surgical robots	1,323	*1
	• Improvement in accessibility to healthcare	Sales in emerging markets and developing countries	¥156.7 billion	*1
● Providing responsible products, services and solutions	• Pursuit of quality and trust	Number of recalls	2	*1
	• Strengthening supply chain management	CSR survey response rate (primary suppliers in Japan and overseas)	94%	90%
	• Increased engagement	Engagement score	71%	75%
● Realization of an attractive workplace		Turnover ratio	8.4%	10% or less
	• Promotion of diversity, equity and inclusion	Female managers ratio	19.5%*2	20% or more
		Management diversity (percentage of women and non-Japanese nationals)	Women: 8.3% Non-Japanese nationals: 16.7%	*1
	• Development of human resources	Training time per employee	30.0 hours	40.0 hours
		Value-added productivity (Group)	¥18.74 million	¥22.50 million
	• Promotion of health and occupational safety	Total annual working hours*3	2,022 hours	1,980 hours
● Reduction in environmental burden	• Resource circulation throughout the product life cycle	Zero product loss	—	0.18%
		Recycling of containers and packing and utilization of environment compliance materials	—	60%
	• Reduction in environmental burden through activities at business offices	Reduction of greenhouse gas emissions (Scope 1, 2)*4	—	40% reduction
● Strengthening of Governance	• Corporate governance	Number of meetings with investors and analysts	597	*1
	• Compliance	Number of internal reports	21	*1
	• Risk management	Number of information security trainees*3	4,900	*1

*1 Set as a monitoring index; no target value has been set. *2 Excluding Russia *3 Target: Sysmex Group in Japan *4 Base year: fiscal 2022

*5 Sysmex Corporation on a non-consolidated basis

>>Status of Sustainability Targets P63

Key Actions under the Mid-Term Management Plan

1 Through Innovation in the Diagnostics Business Domain,

Enhance Competitiveness and Expand Markets

Initiatives achieved to date

- Hematology: Developed and launched two new high- and low-end models
- Hemostasis: Expanded market share by accelerating global development of new products
- Immunochemistry: Developed and received approval for a reagent to test for Alzheimer's disease, expanded reagent parameters in China to 57, and developed reagents related to COVID-19
- Strengthened our sales structure in Brazil, Saudi Arabia and other emerging markets

Initiatives under the New Mid-Term Management Plan

- Hematology: Accelerate global development and launch of new products
- Hemostasis: Establish and begin operating sales, service and support systems in Europe and the United States under new global OEM agreements
- Immunochemistry: Expand testing parameters and quickly commercialize Alzheimer's disease testing parameters
- Provide products and services that contribute to an improvement in accessibility to healthcare and enhancement of healthcare infrastructures in emerging markets

In our mainstay field of hematology, we launched new high-end models in fiscal 2021, followed by our line of transport system products, primarily in the Japanese market. Our transport systems can automatically measure quality control substances, a world-first feature that contributes to the overall workflow efficiency of laboratories. Moving forward, we aim to improve our growth and profitability by expanding sales of these new products in other regions.

In the hemostasis field, Sysmex will expand its sales territory through a new contract signed with Siemens Healthineers in fiscal 2022. While our focus to date has mainly been on Asia, including Japan and China, under the new agreement for the mutual supply of equipment and reagents, we will now promote sales, service, and support in Europe and North America, and expand global sales under our own brand.

In the immunochemistry field, we will expand sales in Asia, including China, by adopting a new reagent portfolio for existing users. Furthermore, in Japan we began selling reagents to test for Alzheimer's disease markers in blood in June 2023, and in August started supplying these reagents to LDT, a commercial lab in the United States. In addition to the early commercialization of

Alzheimer's disease testing, we will focus on leveraging this as a foothold for entering the European and American markets.

In emerging markets characterized by rapid population and economic growth, we will help address the issues customers face and improve access to healthcare by developing and introducing products that meet market needs. We have positioned India, in particular, as a key market. There, we will accelerate product launches by establishing a new production base and through initiatives across the entire value chain.

In China, we will work to expand our market share by responding to local needs, such as by increasing the knockdown production of instruments and accelerating local development of our immunochemistry reagent portfolio.

Related Targets and Indicators

- Sales by field (hematology, urinalysis, hemostasis, immunochemistry)
 - Consolidated sales in emerging and developing markets*
 - Market share, by field
 - Number of hematology tests*
- * Same as the sustainability targets



Characteristics of New High-End Products in the Hematology Field

- Automated quality control, backup, and re-inspection functions contribute to improve productivity in testing operations
- Modular concept inherited from previous models, enabling flexible customization to meet customer needs
- Space-saving and reduced power consumption

2 In the Domain of Personalized Medicine, Accelerate Commercialization Centered on Genetic Testing

Initiatives to date

- Overseas, launched products using the OSNA™ method and expanded types of cancers targeted
- Strengthened the measurement infrastructure for liquid biopsy technology
- Insurance coverage and sales of multi-gene PCR panels commenced

In genetic testing, we are making progress with the international expansion of our cancer lymph node metastasis testing system, which utilizes our proprietary OSNA method. Now that the post-covid medical environment has normalized, we plan to accelerate the adoption of this system in the Chinese market, where we obtained regulatory approval in 2019. In Japan, we will promote the adoption of the multigene PCR panel as a companion diagnostic for therapeutic drugs for lung cancer. Through the introduction of these products, we aim to advance personalized medicine and improve profitability in the life science field.

At the same time, we plan to utilize liquid biopsy technology, which helps reduce patient burden, to develop and launch new products. For example, we are

Initiatives under the New Mid-Term Management Plan

- Accelerate the introduction into the Chinese market of products using the OSNA method
- Enhance and commercialize liquid biopsy technology
- Accelerate market introduction of multi-gene PCR panels

working to develop highly sensitive gene mutation tests using PSS technology and pursuing the global development of FISH testing. Furthermore, we aim to promote the launch of a gene panel testing system for inherited retinal dystrophy, which was granted health insurance coverage in Japan in August 2023, to improve the quality of life for patients with rare diseases.

Related Targets and Indicators

- Number of cancer genomes analyzed*
- Number of tests on breast cancer patients using the OSNA method*
- Number of biomarkers
- Number of mentions in conference presentations and research papers

* Same as the sustainability targets

3 In the Domains of Prevention and Self-Medication, Create a New Business Model

Initiatives to date

- Commercialized and commenced sale of antimicrobial susceptibility tests developed in collaboration with Astrego Diagnostics
- Established a joint venture with OPTIM Corporation to commercialize digital medicine

Demand for preventive medicine and self-medication is growing, against the backdrop of growing individual health awareness and advances in digital healthcare. Sysmex aims to expand testing capabilities to homecare settings, clinics and other venues, contributing toward the realization of preventive medicine and primary care.

For example, we have developed a product that shortens antimicrobial susceptibility testing, which used to take more than two days, to just 30 minutes. In June 2023, we launched this product in Europe. The product consists of a compact testing instrument and a reagent cartridge, and it supports the prescription of appropriate antibiotics in clinics. We also aim to create new solutions by leveraging our high market share in existing businesses, the accumulated testing data from our instruments, and IT networks connected to medical institutions to utilize testing data.

Initiatives under the New Mid-Term Management Plan

- Promote the global development of antimicrobial susceptibility tests
- Develop primary care testing systems for home and clinical use
- Create new solutions using test data

Related Targets and Indicators

- Sales of rapid antimicrobial susceptibility testing systems and regions where introduced
- Number of unique testing parameters developed



Antimicrobial susceptibility testing system instrument and reagent cartridge

Key Actions under the Mid-Term Management Plan

1 2 3 Common Initiatives to Strengthen R&D Capabilities

Initiatives completed to date

- Established an R&D base in Singapore
- Strengthened the foundation of Wuxi Diagnostic Reagent Development Center (China)
- Established reagent production technology using our bio-reagent center

Initiatives under the New Mid-Term Management Plan

- Reinforce our global R&D function
- Strengthen digitalization and AI technologies (including the acquisition and training of human resources)
- Develop technologies that help resolve environmental and social issues

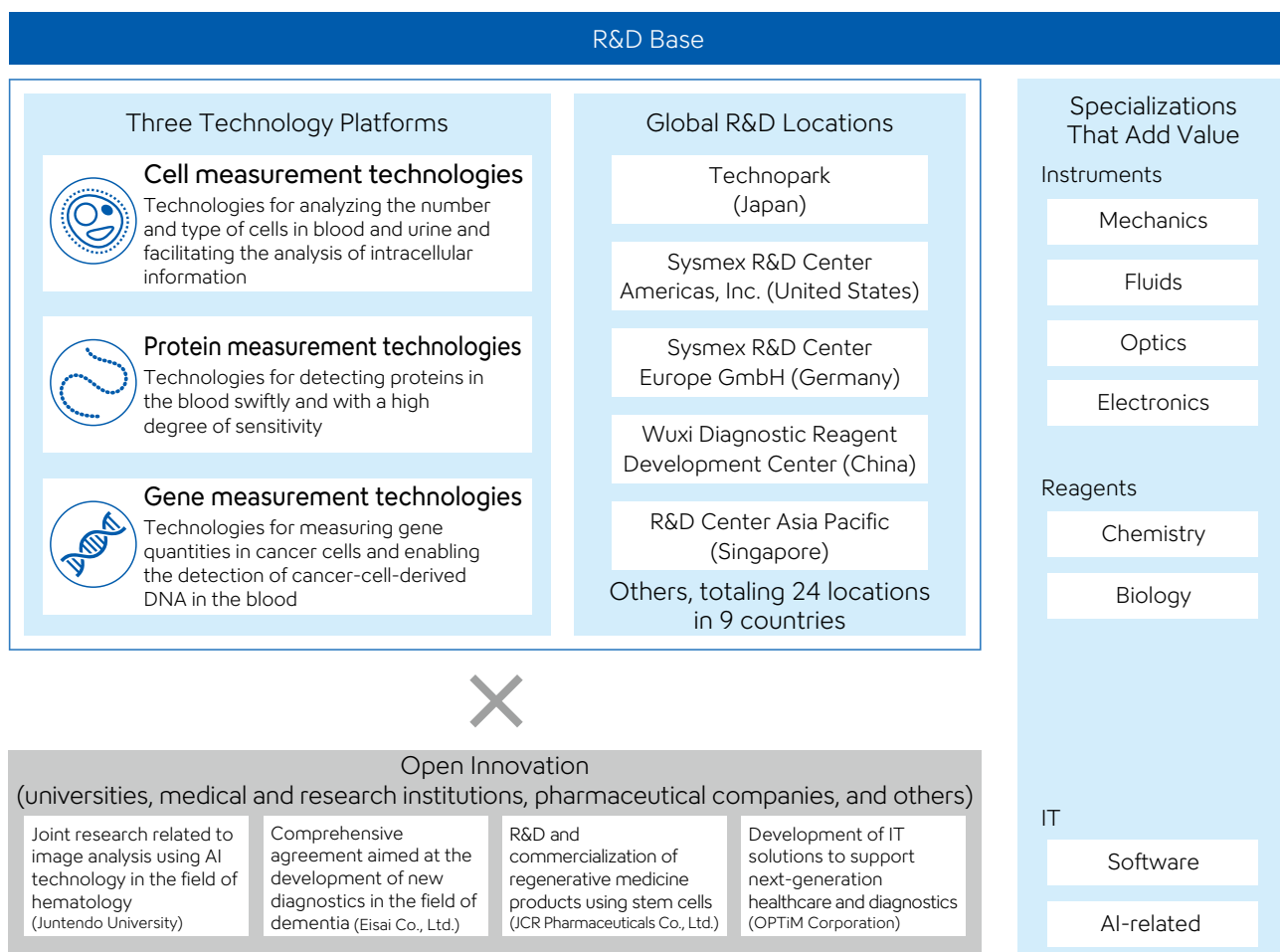
High-Value-Added Products and Services Leveraging Technologies Related to Instruments, Reagents, and IT

One of Sysmex’s distinguishing features is its technologies related to instruments, reagents, and IT. By fusing these technologies, we work to ensure the provision of accurate testing data—a critical consideration in testing. These technologies also allow us to make improvements 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.

To raise laboratory productivity on the instrument front, we are increasing analyzer processing capacity, providing transport systems to enable the automated handling of more samples, and making instruments more compact to offer higher usability. In addition to chemical reagents, we are focusing on the development of 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. We are developing new applications and services for the Caresphere™ network solution that

■ Value Provided through R&D



Related Targets and Indicators

- Number of conference presentations and research paper mentions
- Joint research projects with academia
- Number of unique testing parameters developed




will increase testing and laboratory efficiency, as well as boosting quality.

Initiatives under the New Mid-Term Management Plan

In Japan, we will establish a new organization focused on the growing fields of digital healthcare and regenerative and cellular medicine. This new entity will be responsible for strategic planning, promotion, and efforts to accelerate commercialization. We are also undergoing organizational restructuring to enhance

collaboration among more specialized teams and allocate resources more flexibly. For example, in our R&D divisions we have consolidated data scientists, creating a structure to implement initiatives more effectively. We established a research base in Tokyo and focus on building a network with key opinion leaders in the Tokyo metropolitan area, as well as securing data scientists and other talented people. As its global R&D structure, with Technopark serving as the hub, Sysmex will conduct R&D in nine countries, expanding its efforts in each region. In this manner, we aim to strengthen relationships with top-level academia and key opinion leaders in various countries, as well as to enhance R&D tailored to regional needs.

On the technology front, we will enhance our development capabilities by combining AI and simulation technologies in bio-diagnostic reagents, which are used in the hemostasis and immunochemistry fields.

	Value-Generating Initiatives	Value Provided to Stakeholders*1
 <p>Instruments</p>	<ul style="list-style-type: none"> ● Development of transport systems ● Higher throughput capacity ● Greater compactness ● Automation of quality control ● Environmental friendliness throughout the product life cycle 	<ul style="list-style-type: none"> ■ Higher laboratory productivity leading to more efficient management ■ Reduced patient wait times ■ Effective use of laboratory space ■ Curtailed medical expenses through more efficient testing ■ Reduced environmental burden (decreases in electricity consumption, waste, and CO₂ emitted during distribution)
 <p>Reagents</p>	<p>Chemical reagents (Hematology, urinalysis)</p> <ul style="list-style-type: none"> ● Development of new testing parameters ● Development of concentrated reagents (hematology) <p>Biological reagents (Hemostasis, immunochemistry, life science)</p> <ul style="list-style-type: none"> ● Establishment of a bio-diagnostics reagent base (2019) ● Development of new testing parameters ● Creation of synergy within Group companies (HYPHEN BioMed, Oxford Gene Technology, and others) ● Recycling of plastic containers 	<ul style="list-style-type: none"> ■ Enhancing the quality of healthcare through the creation of new testing parameters ■ Decreasing reagent-changing frequency and reducing storage space through the use of concentrated reagents ■ Reduced environmental impact (reduced CO₂ emissions during transport and a shift away from plastics) ■ Increased employment at various reagent factories ■ Higher-quality testing data ■ Enhancing the quality of healthcare through the creation of new testing parameters ■ Conserving biodiversity by using alternatives to animal-derived substances in reagents
 <p>IT</p>	<ul style="list-style-type: none"> ● Began offering the SNCS network service (1999) ● Provision of Caresphere network solution utilizing AI technologies and ICT (2018) ● Moved to online external quality control ● Introduction of virtual training (Sysmex America) 	<ul style="list-style-type: none"> ■ Ensuring the stability of testing data ■ Configuring systems to prevent the interruption of testing (breakdown prevention and swift recovery) ■ More efficient laboratory operations (reduced travel time for product training) ■ Reducing CO₂ emissions from travel

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

Additionally, we will work towards realizing personalized medicine by focusing on the IVD development of liquid biopsy technology (cells, proteins, and genes) and creating new diagnostic value through approaches that combine existing testing techniques.

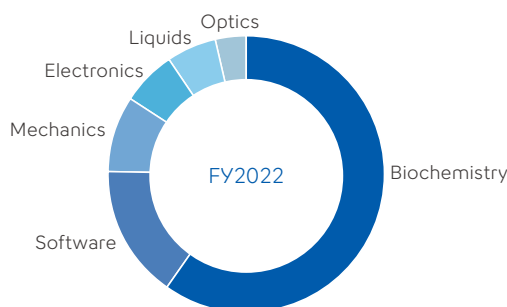
To achieve a circular value chain, we will step up our design of environmentally friendly products. In addition to ongoing efforts to make instruments more power-saving and compact, and to extend expiration periods for reagents, we will expand resource-conscious design principles across all our products. We will also continue to explore the development of alternative materials as a means of preserving biodiversity.



Diverse R&D Personnel

A major Sysmex strength is its ability to develop equipment, reagents, and IT solutions across different measurement technology platforms (cells, proteins, and genes), thanks to our diverse and highly skilled workforce. Under our new mid-term management plan, we will focus on the global hiring of IT talent, including data scientists, in addition to experts in biotechnology.

■ Breakdown of Specializations among R&D Personnel

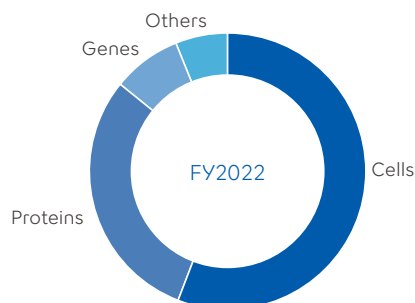


Intellectual Property That Enhances Our Global Competitiveness

Sysmex strategically promotes intellectual property activities, evaluating its own intellectual property, as well as that of third parties. In an effort to enhance the governance of intellectual property, activities for the year are reviewed and discussed by the Management Board and at other management meetings.

As part of our business expansion efforts, we are actively promoting the acquisition of intellectual property rights on a global scale. Overall, 85% of our intellectual property rights are held overseas. We are working to secure patent rights, utility model rights, and design rights primarily in Japan, the United States, Europe, and China for technologies derived from our measurement technology platforms for cells, proteins, and genes, which leads to the provision of high-value products and services. We are also securing global trademark rights for important brands, including in emerging and developing markets, with a particular focus on our corporate brand, in 195 countries and regions.

■ Number of Patents, Utility Models and Designs Held, by Technology Platform



Related Targets and Indicators

- Number of patents*
 - Number of new patents*
- * Same as the sustainability targets

Key Actions under the Mid-Term Management Plan

4 In the Therapeutic Domain, Accelerate Business Growth, Centered on the Medical Robotics Business

Initiatives Completed to Date

- Medical robotics business: Health coverage expanded to include gastroenterology and gynecology
- Regenerative and cellular medicine: Established a joint venture, began business development and consideration of commercialization

Initiatives under the New Mid-Term Management Plan

- Medical robotics business: Accelerate deployment of our robotic assisted surgery system in Japan and roll out overseas
- Regenerative and cellular medicine: Develop quality control tests and automation technologies

In the medical robotics business, Sysmex has been the global general distributor for Medcaroid Corporation since 2020, when it commenced the full-scale launch in Japan of Medcaroid’s robotic- assisted surgery system. Initially, procedures eligible for insurance reimbursement were limited to urology, but this has been expanded to include gastroenterology and gynecology, which together account for over 70% of robot-assisted surgeries in Japan. Moreover, an increasing number of surgical support robots, which reduce the burden on patients, are eligible for additional insurance coverage under medical reimbursement, further driving the growth of the Japanese market for surgical support robots.

Under the new mid-term management plan, we will leverage Sysmex’s strengths in sales, service and support to accelerate the introduction and installation of these systems. Additionally, we will expand the deployment of solutions for the entire operating room through support systems utilizing IT, and work to build a foundation that supports remote surgery.

The global market for surgical support robots is forecast to grow by over 10% annually. Leveraging the sales and service network developed through in its diagnostics business, Sysmex will also establish networks

with key opinion leaders in various regions and prepare for market entry in the Asia-Pacific region, as well as the United States and EMEA.

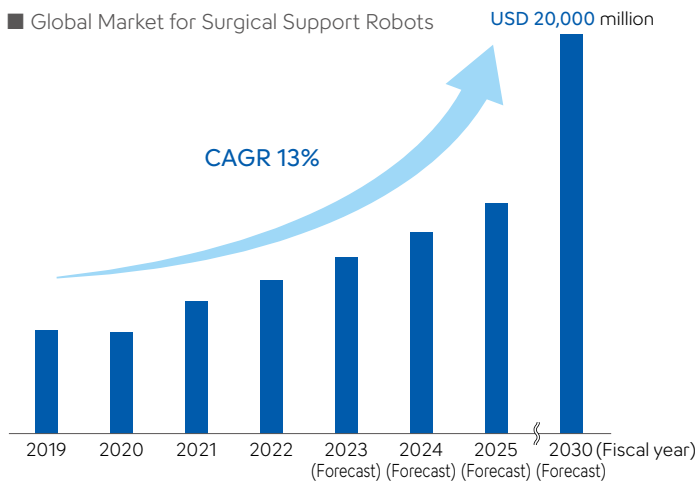
In regenerative and cellular medicine, AlliedCel Corporation, a joint venture we launched in 2022 with JCR Pharmaceuticals, will be at the center of technological development and efforts toward the early commercialization of regenerative medicine products employing stem cells and other types of cells.

Related Targets and Indicators

- Number of robotic assisted surgery systems installed, number of surgeries
- Establishment of quality control methods in the regenerative and cellular medicine domain

Medcaroid’s Expansion, by Region

- Japan
- Fiscal 2020: Acquired regulatory approval, launched for use in urology
 - Fiscal 2022: Health insurance coverage expanded to include gastroenterology and gynecology
- Asia Pacific
- Fiscal 2023: Acquire regulatory approval in Singapore
- United States, EMEA
- Preparing to file for regulatory approval



Robotic-assisted surgery system

Note: Based on customer purchase price
Sources: TechSci Research, 2030 figures are Medcaroid forecasts

Key Actions under the Mid-Term Management Plan

1 2 3 Common Initiatives Expansion of Procurement, Production and Distribution Structures

Initiatives Completed to Date

- Procurement: Stably procured raw materials and semiconductors during COVID-19 pandemic
- Production: Introduced a new manufacturing support system (MES) in the instrument manufacturing division
- Distribution: Created a sustainable cold chain without using dry ice (for some products)

Initiatives under the New Mid-Term Management Plan

- Procurement: Gather information on the procurement environment by establishing a new department dedicated to strategic procurement
- Production: Introduce MES to reagent production divisions and overseas regions, establish a new plant in India, and expand knockdown production in China
- Distribution: Establish a new specialized department to manage global demand and supply with the aim of further stabilizing supply

As a company that supports healthcare, Sysmex has established a rigorous quality control and global production structure. By promoting innovation, we strive to ensure the continuous delivery of high-quality products to the medical community.

In fiscal 2022, in Japan we introduced a new manufacturing support system (MES) in our instrument manufacturing division, enabling us to achieve more efficient and precise operations through digitalization. As part of our new mid-term management plan, we will expand the implementation of this MES to our domestic reagent production department and overseas factories, facilitating the smooth transfer of manufacturing operations overseas.

We will step up our use of AI technology in current reagent production processes. Individual differences in bio-reagent materials require adjustments during the formulation stage. By leveraging AI technology to minimize waste generated through adjustments, and to improve efficiency, we aim to reduce manufacturing costs, eliminate quality discrepancies, and enhance customer satisfaction.

In addition, we will continue to focus on shortening manufacturing lead times and reinforcing the mutual

supply system between reagent production bases worldwide as part of our BCP measures.

>> [Manufacturing System Supporting Global Product Supply P104](#)

Related Targets and Indicators

- CSR survey response rate (Tier 1 suppliers in Japan and overseas)*
 - Number of training sessions for suppliers (Japan)*
- * Same as the sustainability targets



Ensuring Product Supply So Testing Does Not Stop: What We Learned from COVID-19

Despite facing challenges in securing raw materials and semiconductors due to the spread of COVID-19 and the situation in Ukraine, Sysmex has maintained a stable supply of products in the healthcare field. This is due in part to our internal oversight of both our supply and engineering chains. Through effective information sharing throughout the supply chain and the ability to adapt to sourcing changes and design modifications from raw material manufacturers, Sysmex has been able to make supply adjustments flexibly. Furthermore, based on these experiences, we have established specialized departments, such as the Procurement Information Center (responsible for the strategic sourcing of semiconductors) and the Supply Planning Department (overseeing supply chain information), to coordinate information about sales forecasts, inventory status and production plans across different regions. By formalizing these specialized departments, Sysmex aims to further enhance the stability of product supply to its customers.

1 2 3 4 Common Initiatives Expanding Our Sales, Service and Support Structure

- Initiatives Completed to Date**

 - Promoted direct sales in overseas regions and strengthened our sales and service structure by leveraging alliances
 - Established a sales structure for the medical robotics business
 - Developed efficient service and support through network solutions, such as Caresphere

Initiatives under the New Mid-Term Management Plan

 - Enter the immunochemistry market in Europe and the United States through Alzheimer's disease testing
 - Establish a direct sales structure for the hematology field in Europe and the United States
 - Strengthen our business foundation to support access to and quality of healthcare in emerging markets
 - Establish a new service model utilizing Caresphere

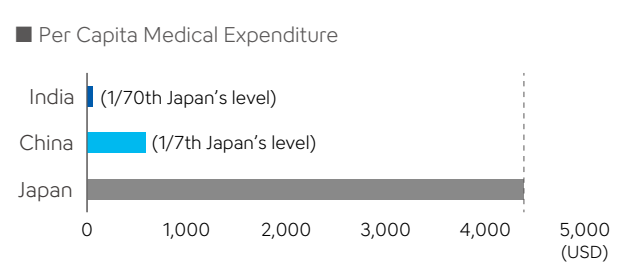
Sysmex currently covers over 190 countries and regions. We tailor our business to local characteristics through direct sales and service structures as well as through alliances with major global companies.

Under the new mid-term management plan, we will expand our hemostasis and immunochemistry businesses beyond Japan and Asia into the European and American markets. In the hemostasis field, we will expand our direct sales area based on a global OEM contract with Siemens Healthineers. In immunochemistry, we will enter the market through blood-based Alzheimer's disease testing. To achieve these goals, we will work on obtaining regulatory approvals in each country and reinforcing sales and service structures.

As economic development continues, more countries are likely to require improved access to healthcare and higher medical quality. Sysmex is strengthening initiatives positioned to address future healthcare needs in key locations such as India, where we anticipate strong market growth.

In the service and support area, we will build service models that utilize digital information such as data accumulated through Caresphere and service data, in our quest to provide new value to the world.

- Related Targets and Indicators**
- Hematology market share*
 - Sales in emerging and developing markets*
- * Same as the sustainability targets



Source: WHO website
<https://apps.who.int/gho/data/view.main.GHEDCHEpcUSSHA2011v?lang=en>
 OECD Health Statistics 2021 (2019 data)

■ Overview of Sales, Service and Support Activities

	Direct sales ratio (fiscal 2022)	Overview of activities under the new mid-term management plan
Japan	100%	<ul style="list-style-type: none"> ● Accelerate market development, particularly for new products in our mainstay hematology field ● Establish a new diagnostic flow for Alzheimer's disease testing and promote the widespread use of testing ● Promote the introduction of robotic-assisted surgery systems and the diffusion of new values such as remote surgery
Americas	76.6%	<ul style="list-style-type: none"> ● Strengthen sales structures in Central and South America and develop sales activities tailored to the needs of each country ● Reinforce regulatory affairs and our sales and service structure in conjunction with the expansion of direct sales areas in the hemostasis and immunochemistry fields
EMEA	75.2%	<ul style="list-style-type: none"> ● Expand markets in countries/regions that have shifted to a direct sales structure, such as Iberia and Saudi Arabia ● Reinforce regulatory affairs and our sales and service structure in conjunction with the expansion of direct sales areas in the hemostasis and immunochemistry fields ● Accelerate market introduction and penetration of new value through our rapid antimicrobial susceptibility testing system
China	1.5%	<ul style="list-style-type: none"> ● Expand local knockdown production in response to government procurement policy (in the fields of hematology and immunochemistry) ● Increase market share in immunochemistry by developing testing parameters for immunochemistry
Asia Pacific	52.4%	<ul style="list-style-type: none"> ● Strengthen our sales and service structure to increase market share in India ● Promote our medical robotics business

Key Actions under the Mid-Term Management Plan

5 Realize a Circular Resource Value Chain and Transform with a View to Solving Social Issues

Initiatives Completed to Date

- Created power-saving and compact new products in the hematology field (using approximately 40% less power)
- Created a system for dry ice-free ultralow-temperature transportation
- Reduced disposal of product parts by using RFID

Initiatives under the New Mid-Term Management Plan

- Promote environmentally friendly design to realize a circular resource value chain
- Encourage the recycling of plastic reagent containers and other packaging
- Strengthen efforts to reduce product waste

Adapting to and mitigating climate change and protecting water resources and biodiversity are major environmental issues that need to be addressed by the entire world. In healthcare, there is growing concern regarding increases in medical costs, and pressure on the medical infrastructure due to an expansion of areas where tropical diseases and infectious diseases are endemic as a result of temperature rise, or increases in respiratory diseases are caused by air pollution.

Along with our long-term corporate strategy, we formulated the new "Sysmex Eco-Vision 2033," identified a new materiality item ("reduction in environmental burden"), and spelled out initiatives for resource circulation throughout the product life cycle and the reduction of environmental burdens through our business activities.

In line with the mid-term management plan's core strategy, we will work with our customers and suppliers to achieve a circular resource value chain and strive to reduce environmental impact throughout the entire product lifecycle. We will also foster green innovation through our 4Rs*1 to decrease environmental impact.

Specifically, we will step up our efforts to design environmentally friendly products and apply materials science to develop non-animal derived materials. We will also work to reduce product waste by extending the expiration dates of reagents and using RFID technology to curtail waste in product parts. Additionally, we are initiating discussions around the recycling of container packaging, such as recycling the plastic containers used for many reagents.

In recent years, more medical institutions have been introducing initiatives targeting carbon neutrality. We believe that such efforts to reduce environmental impact are not only a social responsibility for companies; they also help establish a competitive advantage in the market.

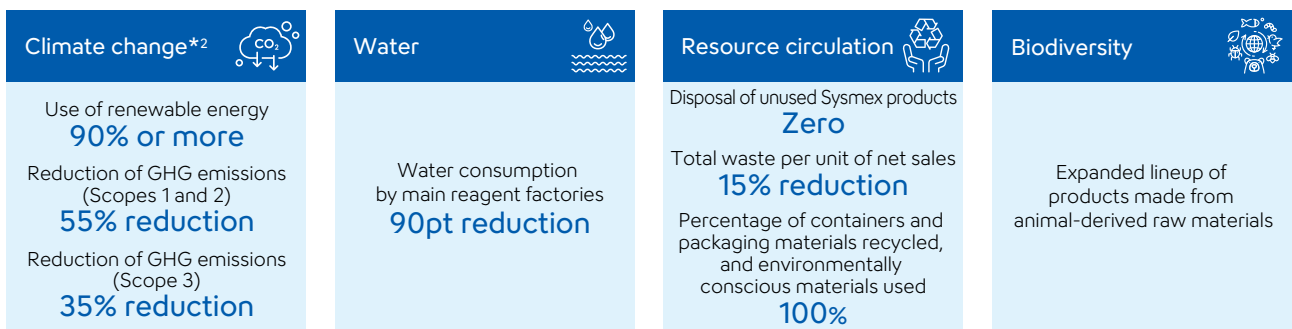
We conduct our business activities based on the materiality identified in accordance with our long-term corporate strategy, in an effort to address social issues other than climate change.

>>[Status of Sustainability Targets P63](#)

*1 4Rs: Sysmex's "4Rs" are reduce, reuse, recycle, and replace.

Long-Term Environmental Objectives (Fiscal 2033)

(Base year: Fiscal 2022)



*2 Targets are based on the Science-Based Targets (SBTs)

Endorsing the TCFD Recommendations



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

>>[Sysmex Sustainability Data Book 2023, P63](#)

Declaring Our Goal to Become Carbon Neutral

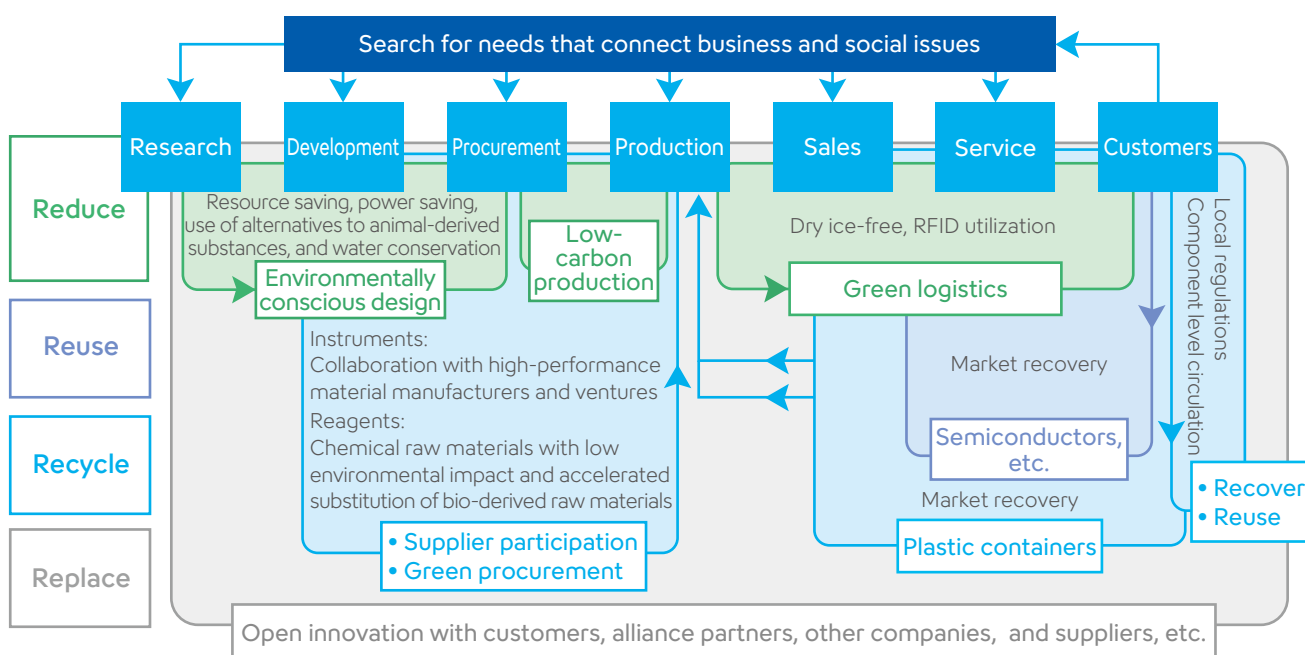
In 2022, we set a goal of reducing greenhouse gas emissions to zero in real terms by 2040. (Scopes 1 and 2)



Note: Scope 1 refers to greenhouse gases emitted directly by Company facilities, factories, and Company vehicles. Scope 2 are greenhouse gases emitted indirectly by the Company due to energy use.

- Related Targets and Indicators**
- Achieve zero product losses*
 - Complete switch to recycled or environmentally conscious materials*
 - Renewable energy ratio*
 - Reduction of GHG emissions (Scopes 1, 2, 3)*
 - Rate of reduction in water consumption (major reagent factories)*
 - Reduced use of animal-derived raw materials
- * Same as the sustainability targets

■ Circular Resource Value Chain



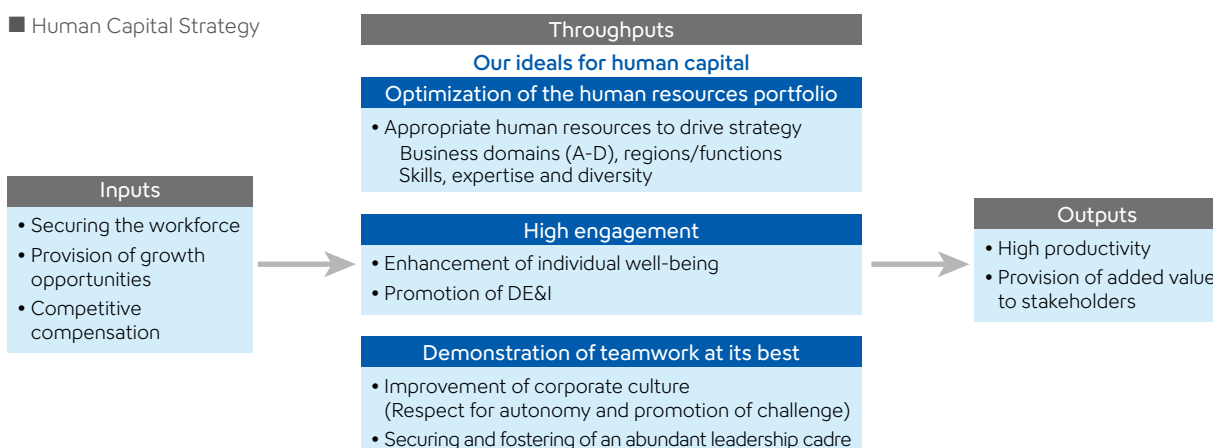
■ Examples of Initiatives to Achieve a Competitive Advantage and Realize Environmental Considerations

Initiatives	Environmental and social considerations	Enhanced competitiveness
● Production of raw materials using silkworms and cultured cells	<ul style="list-style-type: none"> • Reduction of biologically derived substances • Reduction of water consumption and GHG emissions 	<ul style="list-style-type: none"> • Stable supply of raw materials • Stabilization of quality
● Spread of concentrated reagents (hematology and urinalysis fields)	<ul style="list-style-type: none"> • Curtailment of GHG emissions • Conservation of packaging and petroleum resources 	<ul style="list-style-type: none"> • Improved usability (reduced frequency of reagent changes in the laboratory) • Reduction of inventory storage space
● Shift reagent production overseas	<ul style="list-style-type: none"> • Reduction of GHG emissions 	<ul style="list-style-type: none"> • Realization of stable supply and reduction of transportation costs
● Extension of reagent expiration dates	<ul style="list-style-type: none"> • Reduction in waste 	<ul style="list-style-type: none"> • Increased usability • Stabilization of quality
● Dry ice-free transportation (e.g., reagents for genetic testing)	<ul style="list-style-type: none"> • Reduction of GHG emissions 	<ul style="list-style-type: none"> • Reduction of transportation costs • Increased flexibility and convenience in distribution

Key Actions under the Mid-Term Management Plan

6 Enhance Corporate Value by Strengthening Human Capital and Our Management Base

Perspective on Human Capital



In its long-term corporate strategy, Sysmex has drawn up a human capital strategy. We aim to realize our long-term vision through initiatives aligned with three ideals for human capital.

The first ideal is “optimization of our human resources portfolio.” This refers to allocating talent appropriately so they can contribute to the implementation of our strategies and the sustainable enhancement of corporate value. To this end, we will work on organizational development from a multidimensional perspective, considering business domains, functions, skills, expertise, and diversity that align with our management strategy. The second ideal, “a high level of engagement,” means that each employee is fulfilled both mentally and physically, and they are attaining their own sense of fulfillment. To achieve this goal, we will strive to create a working environment that facilitates the well-being of each individual and provides opportunities for employee growth. Additionally, we will promote fair and equitable

opportunities, drive DE&I initiatives, and create systems that enable diverse human resources to thrive, regardless of time, location or employment status. The third ideal is “demonstration of teamwork at its best.” To maximize teamwork, it is crucial to respect autonomy and foster a corporate culture that embraces challenge, as well as ensuring an abundant pool of leaders and nurturing their development. Sysmex will continue to recruit and develop leaders who can drive both existing and new businesses by enhancing visibility and providing enough training opportunities for succession to key global positions. Regarding organizational culture, we will publish the results of our annual corporate culture survey to employees and engage in dialogue with them.

Furthermore, we will continue to promote data disclosure based on international standards and strive to achieve our long-term vision through dialogues with our stakeholders.

Key Sustainability Targets and Monitoring Indicators for Human Capital

	Indicator	Fiscal 2022 (Actual)	Fiscal 2025 (Target)
Inputs	Staffing plan, number of personnel	11,126	—
Items related to investment in human capital	Average education time*1	30.0 hours	40. hours
	Personnel expenses	¥110.6 billion	—
	Engagement score*1	71%	75%
Throughputs	Female managers ratio*1	19.5%*2	20% or more
	Percentage reporting a favorable impression of the “Sysmex Way”*3	81%	—
	Percentage reporting a favorable impression of “well-being”*3	72%	—
Outputs			
Items related to results of utilizing human capital	Value-added productivity per person	¥18.74 million	¥22.50 million

*1 Same as the sustainability targets *2 Excluding Russia *3 Corporate Culture Survey

Initiatives Completed to Date

- Implemented a global HR policy and a consistent personnel management system for the Group
- Promoted smart work throughout the Group
- Utilized DX in human resource management

Initiatives under Our New Mid-Term Management Plan

- Expand the Group's HR portfolio based on the long-term corporate strategy
 - Acquire, cultivate and deploy human resources
 - Develop next-generation leaders for key global positions
- Strengthen DE&I initiatives through flexible work styles

Cultivate and Acquire Human Resources to Drive Sustainable Growth

Sysmex will promote the expansion of the Group's human resources portfolio and strengthen its DE&I efforts through flexible workstyles as part of its new mid-term management plan, in order to execute its human capital strategy.

To expand the human resources portfolio, we recognize the need to secure, develop and appropriately allocate talent in line with the expansion of our business domains and functions. Therefore, in addition to nurturing existing talent, we will also hire highly skilled professionals from outside the Group in new business domains.

To drive our development in new areas such as regenerative and cellular medicine, as well as to develop unique testing parameters such as Alzheimer's disease testing, we will augment our workforce with people who have bioscience knowledge and expertise that can be applied to such fields as immunochemistry, hemostasis, and life science. From universities and other institutions around the world, we will also recruit people with the latest digital technology skills, which are essential to our future growth.

We will continue to recruit and develop skilled personnel to develop and manufacture instruments and

reagents locally that are suited to local needs, especially in emerging markets in Asia and Africa, and particularly in India. We also plan to recruit personnel with specialized scientific expertise in the hemostasis field to expand our business in Europe and the United States.

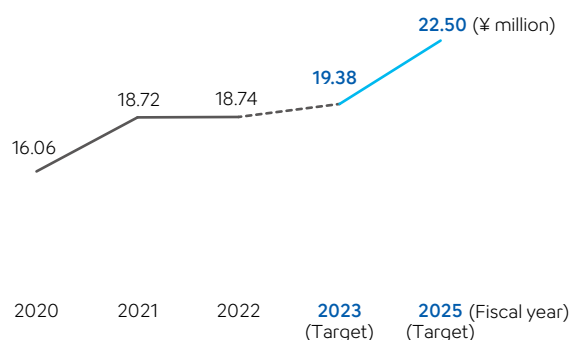
To enhance sustainable corporate value, we will certify and promote succession planning for global key positions across the Group, in the aim of strengthening our pipeline of next-generation talent.

We will continue to build a work environment characterized by respect for employees' individuality by enhancing awareness of unconscious bias and by promoting initiatives for flexible work practices as part of our DE&I efforts.

Monitoring Human Capital

Sysmex uses value-added productivity as a key indicator for monitoring human capital. We collect data on the number of employees, personnel costs, and other factors on a monthly basis throughout the entire Group to help us understand trends at the regional and country level. Additionally, we hold regular meetings with the HR leaders of each consolidated local subsidiary to discuss key topics related to human capital and drive global improvements in value-added productivity.

■ Value-Added Productivity per Employee* (Group)



* (Operating profit + labor cost + depreciation)/number of employees



Message from the Executive in Charge of Finance



Kenji Tachibana

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

In order to continue investing aggressively for the future, we will advance our financial and capital strategies by pursuing capital and investment efficiency more than ever before.

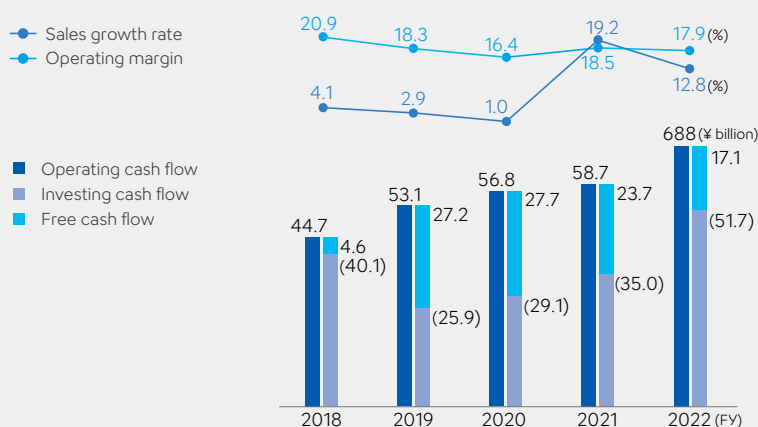
Financial Policy under Long-Term Corporate Strategy 2033 (VA33)

Long-Term Corporate Strategy 2033 (VA33), which commenced in fiscal 2023, sets net sales, the operating margin, free cash flow and ROE as priority financial indicators. As quantitative targets under VA33, we have set the goals of net sales of ¥1 trillion or more and an operating margin of 20% or more by fiscal 2033.

These targets are based on Sysmex's approach to value creation and growth. Our overarching mission is "Shaping the advancement of healthcare." Within this mission, we have numerous growth themes, such as adding new value to existing businesses, expanding our regions, developing unique testing parameters to contribute to areas like Alzheimer's disease testing and personalized medicine, and rolling out new businesses such as robotic assisted surgery systems. These aims call for us to make up-front investments in technology and continuously expand our sources of investment. Our fundamental policy remains the same, namely to generate profits through high net sales growth and profitability, and reinvest the cash. If we can sustain double-digit growth, in addition to inorganic growth, we can achieve net sales of more than ¥1 trillion by fiscal 2033, a decade from now.

■ Major KPIs

Net Sales	Double-digit growth (fiscal 2033 target under VA33: ¥1 trillion or more) • Achieve high growth in the expanding healthcare market
Operating Margin	20% or more • High profitability to allow investment for the future and stable shareholder returns
Free Cash Flow	• Healthy financial position due to increased operating cash flow and reinvestment in growth
ROE	• Capital efficiency that meets stakeholder expectations and is comparable to global companies in the same industry



VA33 also calls for us to expand into new areas, so we will need to pursue capital and investment efficiencies even more than before. Sysmex's ROE has been around 10% to 15% in recent years, which exceeds our cost of capital. Compared to other global companies, however, we still have room for improvement. In VA33, we anticipate that the cost of capital will increase as we pursue riskier investments, and we will place greater emphasis on ROE levels. In terms of investment efficiency, we will consider adopting ROIC to properly manage return on invested capital and payback periods.

Looking at the revenue structure, even while expanding our business domain and cultivating new business models, Sysmex will maintain and expand its distinctive recurring profit model. Our diagnostics business, which is our core source of revenue, involves first selling instruments. After installation, we then generate continuous sales from reagents, services and support. Reagents, services and support are more profitable than instruments, so the profit model is stable. For many years, we have been focusing on the expansion of testing parameters and the enhancement of high-value-added service and support. These contribute to our competitive advantage and heighten our stability and growth potential. These recurring sales accounted for 77.6% of net sales in fiscal 2022.

In domains such as life science, personalized prevention, and prognosis monitoring, we will continue to pursue a business model of generating revenue through reagents, services, support and solutions, they created by healthcare support utilizing new diagnostic methods and data. We will also strive to improve profitability through the full-fledged expansion of the medical robotics business, including overseas.

* Sales of reagents, services and support, others

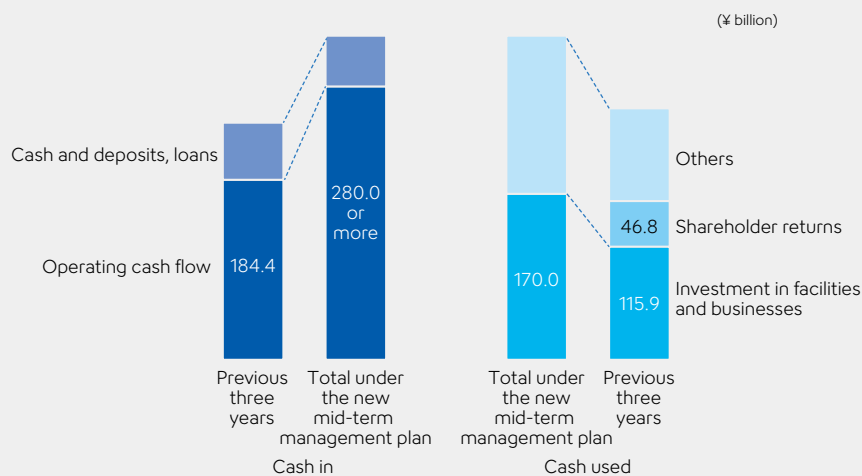
Financial Strategy under the Mid-Term Management Plan

Based on the VA33 financial policy, under the mid-term management plan (fiscal 2023 to fiscal 2025), by fiscal 2025 we are targeting net sales of ¥560.0 billion, operating profit of ¥112.0 billion, ROE 16% and free cash flow of ¥46.0 billion. We aim for a compound annual growth rate (CAGR) for net sales of 10% or more from fiscal 2022 to fiscal 2025 and anticipate an operating margin of 20% in fiscal 2025.

Our existing diagnostics business will be the main driver of sales and profits. To grow net sales, we will strive to increase market share by leveraging the competitive advantage of our products and services. We also recognize the importance of capturing each

■ Financial Guidance under the New Mid-Term Management Plan

Net sales	¥560.0 billion	(Fiscal 2025 targets)
Operating profit	¥112.0 billion	
ROE	16.0%	
Free cash flow	¥46.0 billion	
R&D expenses	¥125.0 billion	(Total for fiscal 2023–2025)
Shareholder returns	<ul style="list-style-type: none"> • Dividend payout ratio of 30% • Stable dividend increases backed by earnings growth 	



market’s potential in individual fields and proactively enlarging the market ourselves. From a regional perspective, healthcare expenses per capita in China are about 1/7th that of Japan. In India, this spending is at 1/70th Japan’s level, pointing to significant room for market growth as healthcare needs increase. In our new mid-term management plan, we will continue to sustain growth momentum by cultivating emerging markets in the hematology and urinalysis fields, increasing testing parameters in the hemostasis and immunology fields, and pursuing global expansion.

On the profitability front, over the past few years we have incurred significant expenses related to internal DX investments initiated in 2018, as well for new product development and expenses in the medical robotics business. However, we are now entering the phase of recouping these investments. On DX in particular, we are transitioning from individually optimized IT systems to globally optimized systems, and a series of new IT systems will be operational by fiscal 2023. Although depreciation of intangible assets will rise, by fiscal 2025 we anticipate that productivity improvements will outpace these higher costs. We expect to enjoy a range of benefits from these DX effects: business process improvements across all divisions, faster R&D, enhanced service and support through the centralization of data,

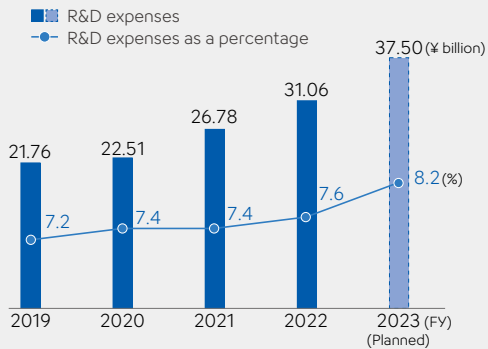
and optimized global staffing. Earlier, I referred to the revenue structure. Profitability can vary substantially based on how many testing parameters a single instrument can handle. We are accelerating the expansion of testing parameters in the hemostasis and immunochemistry fields. In particular, immunochemistry field will have a much greater impact due to the higher unit price.

Allocation of Capital under the Mid-Term Management Plan

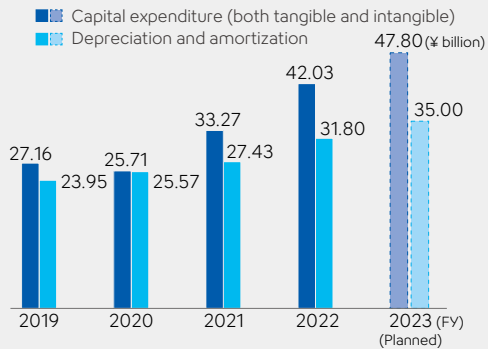
Our main areas of growth investment under the new mid-term management plan will be for R&D and personnel, which are recorded as business expenses. Our allocation of capital will focus on investment in facilities and businesses, including DX.

In terms of business expenses, we expect R&D spending to account for around 7–8% of net sales. These expenditures will mainly go toward the development of next-generation instruments and reagents, the development of new technologies, and expenses related to regulatory approvals. Under the new mid-term management plan, we have earmarked a total of ¥125.0 billion for R&D expenses. This is 55.7% higher than during the previous three years. Our investment in human capital will focus on enhancing employee engagement,

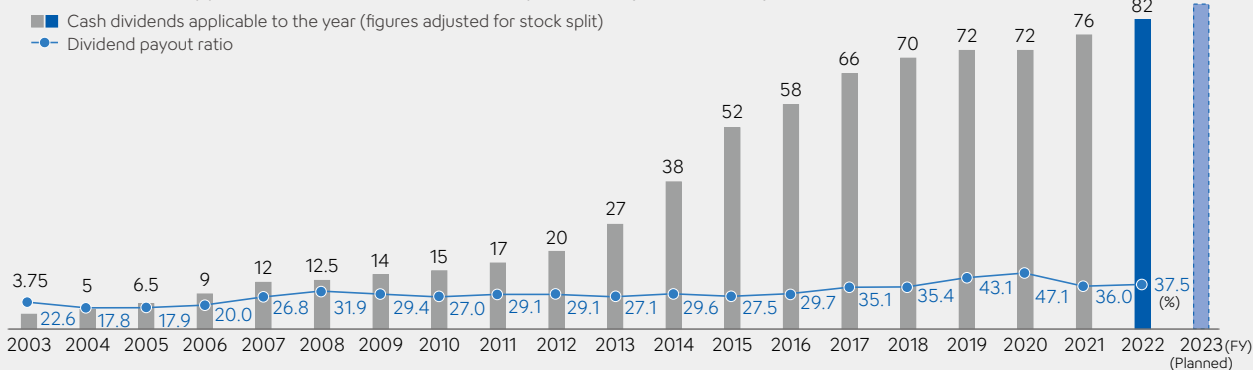
■ R&D Expenses/R&D Expenses as a Percentage of Net Sales



■ 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.

putting in place an environment that enables each employee to work to their potential, broadening and implementing education and training, and accelerating DE&I.

Prioritizing operating cash flow as the main source of our funding, we will allocate capital toward investment in facilities and businesses as well as shareholder returns. Facility investments will include intangible assets such as DX investments, as well as an increase in lease assets for instruments related to the expansion of direct sales and services in emerging countries, and the establishment of infrastructure in countries such as India. In terms of business investment, we will pursue M&A flexibly to accelerate the development and cultivation of new businesses. In fiscal 2022, we invested in and acquired Sysmex Astrego, which possesses advanced antimicrobial susceptibility testing technology. As in this case, Sysmex's M&A activity will be technology-focused. Although it is not easy to predict the precise timing of return on investment and the scale of earnings, under the new mid-term management plan we will monitor these factors more closely than ever before, as we expect invest aggressively in businesses.

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.

Future KPIs

We are organizing and systematizing KPIs in order to monitor and share the progress of our strategies internally and externally. However, we believe one thing that will determine our ability to implement future strategies is the degree to which employees feel comfortable with those strategies. For that reason, we think that using the same mechanisms and formal indicators as other companies will be insufficient. For instance, it is difficult to introduce KPIs for ROIC by field because management is not divided according to field; this requires a great deal of ingenuity and consideration. On the other hand, customer satisfaction indicators such as NPS® (Net Promoter Score) and engagement score are important drivers of value creation, and these non-financial indicators can improve ROIC. We intend to set KPIs that can make Sysmex's value creation and corporate value visible, and to energize dialogue with stakeholders.

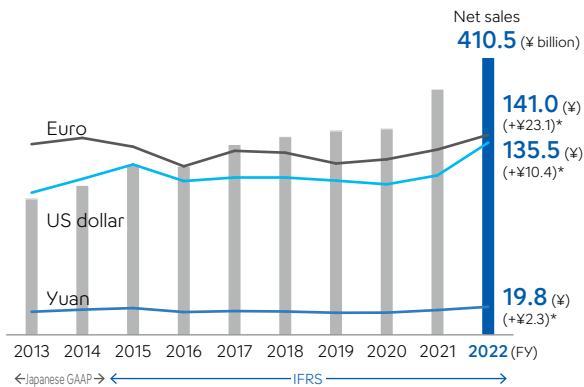
Performance Highlights (As of the end of fiscal 2022)

Financial Performance

Net Sales

¥410.5 billion

(Up 12.8% year on year)



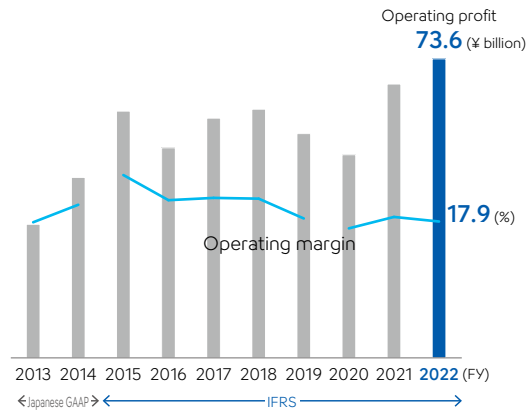
Net sales increased as expansion of the installed instrument base pushed up sales of reagents, particularly in the hematology field.

* Year on year

Operating Profit/Operating Margin

¥73.6 billion 17.9%

(Up 9.3% year on year) (Down 0.6 percentage points year on year)



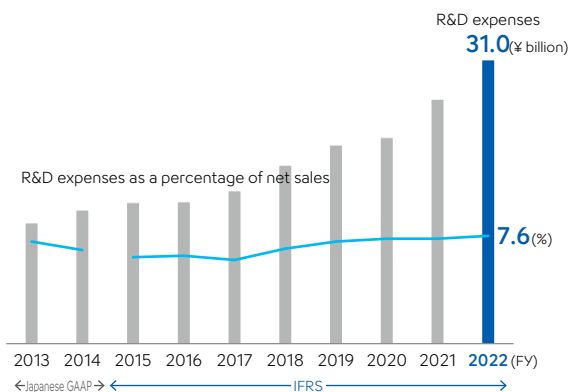
SG&A expenses increased in line with the resumption of sales and service activity in each region. That factor, the impact of sharply higher raw materials costs, and yen depreciation led to higher operating profit.

R&D Expenses/

R&D Expenses as a Percentage of Net Sales

¥31.0 billion 7.6%

(Up 16.0% year on year) (Up 0.2 percentage points year on year)

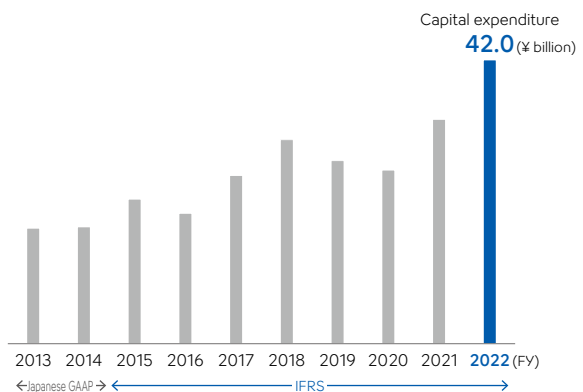


These expenses grew due to ongoing investment in product development and higher costs related to regulatory affairs.

Capital Expenditure (including tangible and intangible)

¥42.0 billion

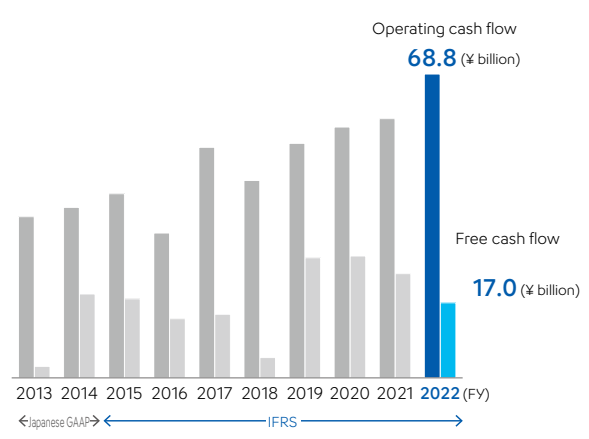
(Up 26.3% year on year)



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

Operating Cash Flow/Free Cash Flow

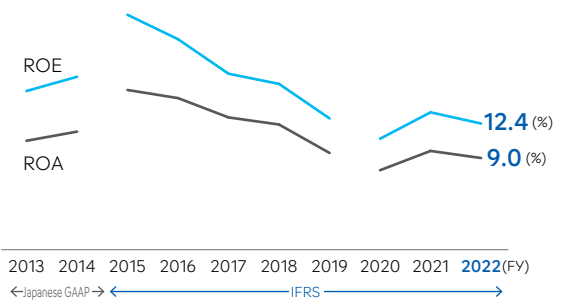
¥68.8 billion **¥17.0 billion**
 (Up 17.2% year on year) (Down 27.9% year on year)



Operating cash flow rose, due mainly to increases in profit before tax and depreciation and amortization. However, investing cash flow also rose, owing to the conversion of Sysmex Astrego to a subsidiary and DX investments. Free cash flow decreased as a result.

ROE/ROA

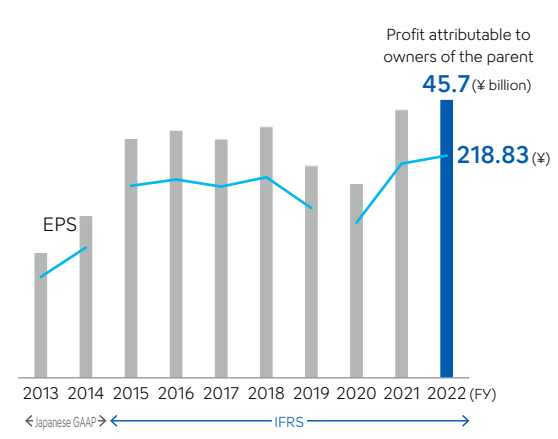
12.4% **9.0%**
 (Down 1.1 percentage points year on year) (Down 0.7 percentage points year on year)



Although profit rose, increases in equity attributable to owners of the parent and assets caused ROE and ROA to decrease.

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

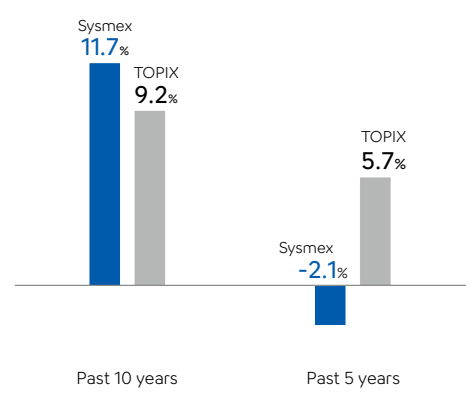
¥45.7 billion **¥218.83**
 (Up 3.8% year on year) (Up 3.8% year on year)



Despite the impact of foreign exchange, operating profit rose, lifting profit.

Total Shareholder Return (TSR) (Annualized Rate)

11.7% **-2.1%**
 (Past 10 years) (Past 5 years)

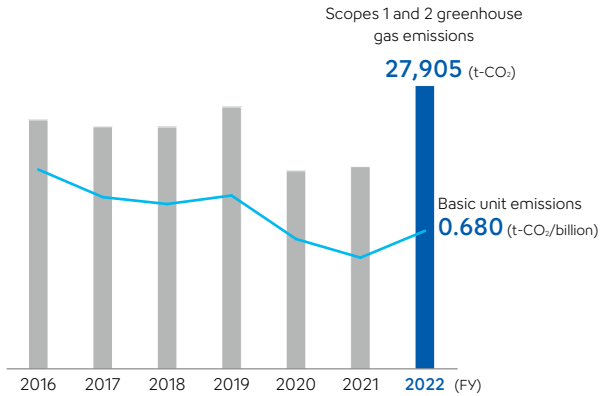


Although TSR was negative for the past five years due to a decline in the stock price, due to stable dividends TSR has outpaced TOPIX over the past 10 years.

Non-Financial Performance

Scopes 1 and 2 Greenhouse Gas Emissions/ Basic Unit Emissions

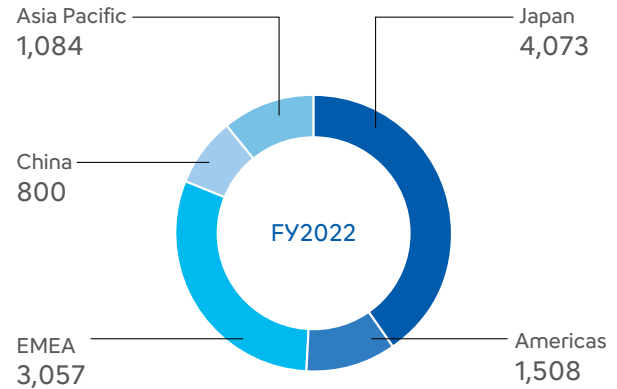
27,905t-CO₂ **0.680**t-CO₂/billion
(Up 40% year on year) (Up 24% year on year)



CO₂ emissions rose substantially, due to an expanded scope, but we are making steady progress on the switch from resource-based to renewable energy. (In fiscal 2022, the amount of energy consumption accounted for by renewable energy was up 40% year on year.)

Number of Employees (Consolidated)*/ Percentage of Overseas Employees

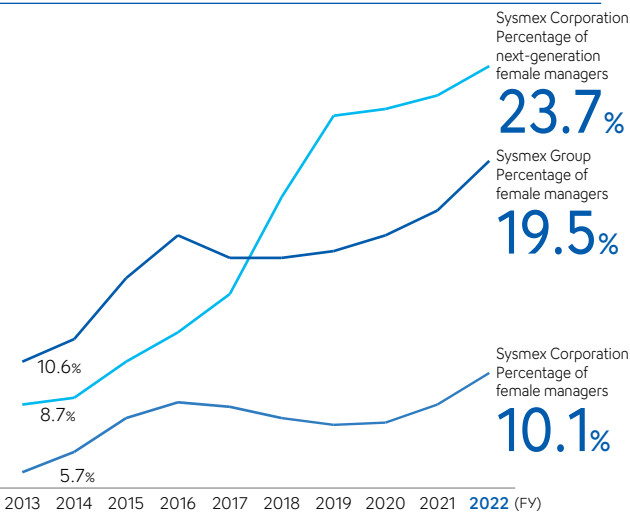
10,522 **61.3%**



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

* Including part-time employees and others

Percentage of female managers/ Percentage of next-generation female managers



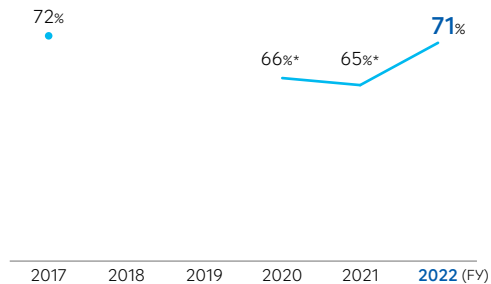
Continuous improvement of the work environment and the establishment of a system to realize diverse work styles have led to an increase in these percentages, especially in the EMEA and Asia Pacific regions.

* Excluding Russia

Engagement Score

71%

(up 6.0 percentage points year on year)



Scores increased in all regions due to the promotion of safe and secure work measures during the COVID-19 pandemic.

* Figures exclude EMEA in fiscal 2020 and fiscal 2021.

Topics in Fiscal 2022

Here, we introduce key topics related to Sysmex's business in fiscal 2022.

Sysmex Enters an Agreement with Siemens Healthineers in the Hemostasis Field, Expanding Its Sales Region

Through an alliance that has lasted more than 25 years, Siemens Healthineers and Sysmex have conducted sales and offered services in each other's regions. As a result, our two companies have together acquired the No. 1 global share of the market in the hemostasis field. In February 2023, we signed a new global OEM agreement that enables us to mutually supply instruments and reagents, as well as selling products globally under our own brands. Under this agreement, Sysmex will expand its direct sales, service, and support offerings in Europe, the Americas, and other regions.

Received Manufacturing and Marketing Approval for a Reagent to Test for Alzheimer's Disease

In December 2022, Sysmex received manufacturing and marketing approval in Japan for an assay kit to identify amyloid beta accumulation in the brain, a cause of Alzheimer's disease, using a small amount of blood. As this project allows testing using blood, it reduces the physical, emotional, and financial burden on patients. Furthermore, the product is expected to contribute to early diagnosis and early determination of optimal treatment plans for patients. Sales in Japan commenced in June 2023, and in August we began supplying the product as an LDT test reagent to a large commercial lab in the United States.



Reagents

Sysmex Makes Astrego a Subsidiary with the Aim of Accelerating Clinical Implementation of Rapid Antimicrobial Susceptibility Testing

Since 2019, Sysmex has been working with Astrego Diagnostics AB to develop products aimed at helping to address antimicrobial resistance (AMR). In May 2022, we welcomed this company into the Sysmex Group. In June 2023, we launched a rapid antimicrobial susceptibility testing system that detects the presence or absence of bacteria and assesses the effectiveness of antimicrobials using urine samples. This system produces results in as little as 30 minutes, a significant reduction compared to the several days required for conventional testing. This assists in the appropriate use of antimicrobials during initial patient visits at clinics and other primary care settings.



Analyzer



Single use sample cartridge

Rapid antimicrobial susceptibility testing system

Establishment of a Joint Venture with JCR Pharmaceuticals with a View to the Social Implementation of Regenerative Medicine and Cell Therapy

In October 2022, Sysmex and JCR Pharmaceuticals Co., Ltd. formed a joint venture, AlliedCel Corporation, to conduct R&D and aim for the early commercialization of regenerative medicine products using stem cells. The venture will combine Sysmex's quality control testing technologies and expertise in enhancing workflow efficiency with JCR's track record and knowhow in the development, manufacture, and sale of regenerative medicine products to develop new products using hematopoietic stem cell proliferation technology and conduct other technological development and commercialization efforts.



Insurance Coverage of Our Robotic-Assisted Surgery System Extended to Gastroenterology and Gynecology

In October 2022, Mediaroid Corporation, which Sysmex established with joint investment from Kawasaki Heavy Industries, Ltd., obtained approval to extend the scope of use of its robotic-assisted surgery system to the gastroenterology and gynecology domains. Insurance coverage for these areas was granted in December. These expanded indications will enable clinical use in a wider range of areas, and Mediaroid plans to further accelerate market introduction.



Robotic-assisted surgery system

Status of Sustainability Targets

Materiality	KPI ¹	Target			
		Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)	
Creating new value for a healthy society	Number of hematology tests	Number of CBC tests (based on the number of reagents)	—	—	—
	Hematology market share ²	Percentage of consolidated sales to the market size of instruments, reagents, and services in a single year in the field of hematology	—	—	
	Number of cases with surgical robots	Number of cases using hinotori	—	—	
	Number of patents	Total number of patents, utility model rights and design rights obtained	—	—	
	Number of new patents	Total number of patents, utility model rights and design rights applied for	—	—	
	Number of cancer genomes analyzed ³	Number of cancer genomes analyzed by the NCC OncoPanel	—	—	
	Number of breast cancer tests using the OSNA method	Number of breast cancer tests using the OSNA method	—	—	
Improvement in accessibility to healthcare	Sales in emerging and developing markets	Consolidated sales in emerging and developing markets	—	—	—
Providing responsible products, services, and solutions	Number of recalls	Number of voluntary recalls/repairs for products sold (instruments and reagents)	—	—	—
	Number of FDA warning letters	Number of FDA warning letters issued to Sysmex	—	—	
	CSR survey response rate (primary suppliers in Japan and overseas)	Percentage of raw material suppliers that responded to CSR surveys (primary suppliers in Japan and overseas)	90%	90%	
	Number of training sessions for suppliers (Japan) ⁴	Number of briefings, training, and other training sessions for domestic suppliers (single year)	6	5	
	Third-party certification rate of suppliers (primary, Japan) ⁴	Percentage of primary raw material suppliers (domestic) obtaining third-party certification for manufacturing or product quality	—	—	
Reducing environmental impacts	Zero product loss	Unused disposal rate of in-house manufactured goods, raw materials and spare parts (cost/sales percentage)	—	0.18%	Less than 0.1%
	Recycling of containers and packing and utilization of environment compliance materials	Rate of recycled or environmentally conscious materials used in containers and packaging/labeling materials	—	60.0%	100%
	Reduction of greenhouse gas emissions (Scope 3)	Percentage of reduction of greenhouse gas emissions (Scope 3) with FY2022 as the base year	—	Cut 10%	Cut 35%
	Reduction of CO ₂ emissions (instruments)	Reduction rate of CO ₂ emissions per instrument unit with FY2016 as the base year	Cut 20%	—	—
	Reduction of water consumption (instruments)	Reduction rate of waster discharge per instrument unit with FY2016 as the base year	Cut 10%	—	—
	Reduction of CO ₂ emissions (shipping)	Reduction rate of CO ₂ emissions generated by shipping per non-consolidated sales unit with FY2016 as the base year	Cut 20%	—	—
	Reduction of packaging and labeling materials	Percentage reduction of total packaging material weight with FY2019 at the base year	—	—	—

1. The shaded KPIs were added in April 2023. The items whose targets are displayed as “—” are monitoring items for which no targets are set.

2. Source: Clearstate and Sysmex estimates

3. Target: Sysmex Group in Japan

4. Target: Sysmex Corporation on a non-consolidated basis

5. The figure disclosed in the previous fiscal year has been revised due to a change in the calculation method.

	Results						Progress and Future Initiatives
	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	
	—	—	—	—	2,971 million	2,977 million	The market share in fiscal 2022 remained at the same level as the previous fiscal year, due to Chinese government's procurement policy and restrictions to control the COVID-19 pandemic, though reagent sales grew in each region due to an increase in installed instruments, and new high-end models enjoying brisk sales in Japan.
	52.7%	53.8%	54.7%	55.6%	54.6% ⁵	54.0%	
	—	—	—	—	—	1,323	The number of cancer genomes analyzed and the number of breast cancer tests using the OSNA method also remained at the same level as the previous fiscal year.
	2,709	2,987	3,143	3,485	3,680	3,832	
	301	346	306	287	298	257	The number of patents held and patent applications have been steady, in line with our business performance. Adding the number of hematology tests and the number of surgeries performed using our robotic-assisted surgery system, we will monitor the impact on society of our existing diagnostics business and our new medical robotics business.
	—	—	—	1.6 thousand	1.6 thousand	1.7 thousand	
	—	—	—	46 thousand	54 thousand	52 thousand	
	—	—	—	¥122.0 billion	¥143.0 billion	¥156.7 billion	The sales in emerging and developing markets increased by more than 10 billion yen from the previous fiscal year partially because we bolstered our marketing and service provision structure in Brazil, Saudi Arabia and other emerging countries. We will work to improve healthcare access and quality in emerging and developing countries, continuing cooperation with international organizations, such as the WHO and JICA.
	—	—	—	4	2	2	In fiscal 2022, we had only two recalls, the same number as the previous fiscal year, without receiving any health hazard reports, and received no FDA warning letters, as in the previous fiscal year. We successfully prevent defective products from entering the market by establishing a system that ensures compliance with the regulations of each country, conducting regular quality audits, timely collecting information from the market through our global quality complaint handling system, and thoroughly investigating the causes of defective products. We will continue our efforts to maintain and improve the safety and quality of our products.
	—	—	—	0	0	0	
	81%	84%	85%	89%	90%	94%	The CSR survey response rate for fiscal 2022 was 94%, higher than the rate for the previous fiscal year. As part of our follow-up, we urged suppliers to identify low-score items and high-risk items and make necessary improvements based on the results of the previous year's CSR survey. We held five training sessions for suppliers as in the previous fiscal year.
	—	—	—	2	5	5	In fiscal 2022, we held BCP training sessions and seminars on promotion of sustainability and green procurement, in which a total of 431 business partners participated. We will continue to strengthen our relationship with business partners.
	—	—	—	86%	88%	86%	
	—	—	—	—	—	—	The reduction rate of CO ₂ emissions per instrument further improved in fiscal 2022 from the previous fiscal year (by 5 percentage points). This reduction was mainly due to increased sales of power-saving products and global improvement in our CO ₂ emissions coefficient. The reduction rate of CO ₂ emissions generated by shipping in fiscal 2022 improved by 24 percent points from the previous fiscal year. We promoted supply management replacing air transport with sea transport.
	—	—	—	—	—	—	
	Cut 12%	Cut 10%	Cut 2%	Cut 8%	Cut 22%	Cut 27%	
	Cut 8%	Cut 2%	Cut 4%	Cut 6%	Cut 13%	Cut 7%	As new targets to achieve Sysmex Eco-Vision 2033, we have set "zero product losses," "complete switch to recycled or environmentally conscious materials," and "reduction of GHG emissions (Scope 3)." We will find innovative solutions toward a circular-oriented society in cooperation with our stakeholders by pursuing green innovation and leveraging our unique strengths.
	Cut 17%	Up 1%	Cut 17%	Cut 25%	Cut 1%	Cut 25%	
	—	—	—	Cut 4%	Up 9%	Cut 7%	

Materiality	KPI ¹	Target				
		Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)		
Reducing environmental impacts	Reduction of greenhouse gas emissions (Scopes 1, 2)	Reduction rate of GHG emissions (Scope 1, 2) from fiscal 2022	—	Cut 40%	Cut 55%	
	Reduction of CO ₂ emissions (business activities)	Percentage reduction of CO ₂ emissions generated from business activities per consolidated sales with FY2016 at the base year	Cut 40%	—	—	
	Ratio of renewable energy	Percentage of using renewable energy	—	75%	90% or higher	
	Reduction of using energy per employee	Percentage of reduction of using energy per employee with FY2022 as the base year	—	Cut 3%	—	
	Reduction of water consumption (main reagent factories)	Percentage of reduction of water consumption per production of reagents with FY2022 as the base year	—	Cut 23pt	Cut 90pt	
	Reduction of water consumption (business activities)	Percentage reduction of water consumption from business activities per consolidated sales with FY2016 at the base year	Cut 5%	—	—	
	Recycling rate	Resources recycled per total waste generated	85% or higher	—	—	
	Reduction of total waste	Percentage of reduction waste generated by business activities per consolidated sales ²	Cut 10%	Cut 5%	Cut 15%	
	Ratio of product waste to sales	Ratio of products waste caused by expiry and other reasons to consolidated sales	—	—	—	
Strengthening governance	Corporate governance	Number of meetings with investors and analysts ³	Number of meetings with institutional investors and securities analysts	—	—	
	Compliance	Number of internal reports	Number of internal reports of incidents received	—	—	
		Number of unethical incidents	Total number of incidents in which the violations the law were found, and disciplinary actions were taken for the violation of the Global Compliance Code	—	—	—
	Risk management	Number of information security trainees ⁴	Number of participants in information security training (gross)	—	—	—
		Participation rate in disaster drills ⁴	Percentage of participants in training using safety confirmation tool assuming a disaster, etc. (including employees on long-term leave)	—	—	—

1. The shaded KPIs were added in April 2023. The items whose targets are displayed as “—” are monitoring items for which no targets are set.

2. Fiscal year for comparison: Fiscal 2019 for the fiscal 2023 targets and the results of each fiscal year, and fiscal 2022 for the fiscal 2025 and fiscal 2033 targets

3. Target: Sysmex Corporation on a non-consolidated basis

4. Target: Sysmex Group in Japan

	Results						Progress and Future Initiatives
	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	
	—	—	—	—	—	—	The reduction rate of CO ₂ emissions generated by business activities (at the business offices covered by Sysmex Eco-Vision 2025) in fiscal 2022 improved by 11 percentage points from the previous fiscal year. This substantial reduction was attributable to the progress of our switch to renewable energy.
	Cut 14%	Cut 17%	Cut 35%	Cut 35%	Cut 44%	Cut 55%	
	—	—	—	—	—	—	Sysmex Eco-Vision 2033, starting in fiscal 2023, has set a target reduction rate of CO ₂ emissions for more business offices than those covered by the previous vision, as well as has introduced the reduction rate of energy use per employee and the ratio of renewable energy as new targets to raise each employee's environmental awareness, reinforcing our efforts to achieve carbon neutrality.
	—	—	—	—	—	—	
	—	—	—	—	—	—	The rate of reduction in water consumption and the rate of reduction in total waste (for the business sites covered by Sysmex Eco-Vision 2025) in fiscal 2022 improved from the previous fiscal year by 18 percentage points and by 12 percentage points, respectively, due to increased sales.
	Cut 8%	Cut 7%	Up 6%	Cut 7%	Cut 19%	Cut 37%	
	89%	76%	67%	78%	79%	80%	As a water consumption reduction target, we have newly introduced the reduction of water consumption at main reagent factories, taking into account factors such as the uneven geographical distribution of water risks and the fact that the water consumption of product use is affected by our product portfolio more than by product improvement.
	—	—	—	Cut 8%	Cut 15%	Cut 27%	To achieve the targets of Sysmex Eco-Vision 2033, we will work on the reduction of water consumption by reviewing production processes of each business site and introducing new equipment for more efficient water use, as well as by using recycled water.
	—	—	—	0.6%	0.6%	0.5%	The waning impact of the COVID-19 pandemic increased in-person meetings, including visits by overseas investors to Japan and overseas briefings. We effectively utilized conferences hosted by securities firms and other opportunities to hold individual and group meetings with a wide array of investors. Consequently, the number of companies we met with increased by more than 100 from the previous fiscal year.
	—	—	—	506	485	597	
	32	14	11	12	28	21	In fiscal 2022, we had nine unethical incidents, none of which was a serious violation. A total of 21 internal reports were received in Japan and from overseas. We investigated and appropriately handled each incident. Considering training and awareness-raising activities for employees as the foundation for promoting and ensuring compliance, we will continue to provide periodic training opportunities for employees to ensure that they will act in accordance with the Global Compliance Code.
	—	9	7	5	14	9	
	—	—	—	2,720	3,601	4,900	In fiscal 2022, we conducted online cyber security training in multiple languages for all our Group employees as well as temporary employees and independent contractors. We also provided training in handling of spear phishing (BEC and phishing scams) and held seminars on handling of emails to raise employees' awareness of information security. We will continue to conduct regular employee training and strengthen the Group's information security management system.
	—	—	—	98.7%	98.7%	99.4%	In fiscal 2022, we conducted disaster drills and training. We will continue to enhance our response to risks associated with business continuity by conducting regular drills and training, introducing a system to check employees' safety and creating rules and manuals related to disaster response.

Materiality	KPI ¹	Target		
		Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)
Increased engagement	Engagement score	Percentage of positive responses to engagement in the corporate culture survey	75%	75%
	Turnover ratio	Turnover rate of regular employees (Ratio for people who have left the organization for any reason, including layoffs, job cuts, job changes, retirement age, etc.)	10% or less	10% or less
	Self-turnover rate	Annual retirement rate for personal reasons	—	—
	Return rate from parental leave ²	Return to work after parental leave	—	—
	Percentage of men taking childcare leave ²	Percentage of male employees (including part-time workers) taking childcare leave after their spouse bears a child	60% or higher	65% or higher
Promotion of diversity, equity & inclusion	Female managers ratio	Ratio of women at director level or above	20% or higher	20% or higher
	Female next generation managers ratio	Percentage of women in the manager position in the Sysmex Group	—	—
	Female associates, employees ratio	Female employees ratio in the Sysmex Group	—	—
	Percentage of mid-career recruitment in managerial and professional positions ²	Percentage of mid-career recruitment employees in managerial and professional positions	—	—
	Male/female percentage among recruits (new graduates and mid-career) ²	Female ratio in new graduates recruitment, mid-career recruitment	—	—
	Percentage of women and non-Japanese nationals in management ²	Ratio of women in the managements, ratio of foreigners in the managements	—	—
	Percentage of women in management	Ratio of women in management of group companies including the head office	—	—
	Salary inequality in managerial and professional positions (total compensation) ²	Gender ratio in average total compensation value (managerial and professional positions)	—	—
	Salary inequality general employees (total compensation) ²	Gender ratio in average total compensation value (general employees)	—	—
	Percentage of employees with disabilities ³	Percentage of employees with physical, intellectual, or mental disabilities	2.35% or higher	2.65% or higher

1. The shaded KPIs were added in April 2023. The items whose targets are displayed as “—” are monitoring items for which no targets are set.
2. Target: Sysmex Corporation on a non-consolidated basis
3. Target: Sysmex Group in Japan
4. The figure disclosed in the previous fiscal year has been revised due to a change in the calculation method.

	Results						Progress and Future Initiatives
	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	
	72%	—	—	66% (except EMEA)	65% (except EMEA)	71%	<p>The Group's engagement index of employees for fiscal 2022 rose by 6 percentage points from the previous fiscal year to 71%, matching the average engagement score of Fortune 500 companies. High engagement is a key driver of the Group's growth. Our activities to instill the Sysmex Way in employees, and safety measures and work style arrangements during the COVID-19 pandemic, have boosted employee engagement in each region, achieving a 3 percentage point increase in China. The turnover rate for fiscal 2022 dropped by 2.5 percentage points from the previous fiscal year as a result of our initiatives to enhance human resource development and review compensation systems in each region. We will continue to improve employee engagement by recruiting and training talented people, creating a comfortable working environment and promoting labor-management dialogues.</p>
	—	—	10.1% ⁴	7.5% ⁴	10.9% ⁴	8.4%	
	—	—	—	—	—	6.8%	
	—	—	—	—	—	100%	
	—	—	—	31% ⁴	53% ⁴	62%	<p>The percentage of men taking childcare leave in fiscal 2022 increased by 9 percentage points from the previous fiscal year. This significant increase was attributable to our various initiatives: setting targets in our action plans under the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women's Active Engagement in Professional Life, helping employees balance parenting and work, conducting continuous awareness-raising activities to establish a comfortable working environment (holding round-table discussions for all domestic employees and conducting seminars by internal and external lecturers and creating a guidebook for male employees), encouraging managers to understand various work styles, and changing employees' awareness of working styles by introducing the smart work system. We will continue to take actions to increase male employees taking childcare leave.</p>
	15.2%	15.2%	15.5%	16.2%	17.3%	19.5% (except Russia)	<p>The female managers ratio in fiscal 2022 increased by 2.2 percentage points from the previous fiscal year. Factors in this increase include the appointment of more women as successors to key positions, including positions on the management team in the Asia Pacific region, the early promotion of women to management positions in EMEA, and an increase of female managers due to diversified career options resulting from the reform of the personnel system in Japan. We will use the percentage of women and non-Japanese nationals in management, and the wage differentials between male and female employees, along with other indicators, as new indicators for monitoring, while creating a working environment that allows employees to work in diverse work styles and providing diversity education.</p>
	—	—	—	—	—	32.1%	
	—	—	—	—	—	41.8%	
	—	—	—	—	—	41.7%	
	—	—	—	—	—	Newly graduated: 35.9% Mid-career: 27.0%	
	—	—	—	—	—	Women: 8.3% Non-Japanese: 16.7%	
	—	—	—	—	—	9.4%	
	—	—	—	—	—	93:100	
	—	—	—	—	—	80:100	
	2.04%	2.21%	2.30%	2.30%	2.31%	2.31%	
							<p>Although the number of employees with disabilities increased (mainly at Sysmex Harmony Co., Ltd., a special subsidiary of Sysmex), the percentage of employees with disabilities remained at the same level due to the increase in total employees resulting from our business expansion. We will continue to create and identify tasks suitable for persons with disabilities and consolidate such tasks to provide more employment opportunities to those with disabilities. We will also remain committed to creating roles and a working environment that enable every employees with disabilities to use their unique traits as strengths.</p>

Materiality	KPI ¹	Target		
		Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)
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	40.0 hours
	Value-added productivity (non-consolidated) ²	Value added per time	—	—
	Value-added productivity (Group)	Value added per capita	¥19.38 million	¥22.50 million
	Human resources development investment (non-consolidated) ²	Total investment in human resources development and training	¥234 million	¥252 million
	Human resources development investment (Group)	Total investment in human resources development and training	—	—
	Participation rate in training (non-consolidated) ²	Total number of associates who took training each year divided by total number of employees	90% or higher	90% or higher
	Participation rate in training (Group)	Total number of associates who took training each year divided by total number of employees	—	—
	Success plan effectiveness rate ²	Rate of transfer to key positions	—	—
	Succession coverage rate ²	Percentage of key positions that have a successor candidate	—	—
Creating an attractive workplace	Total annual working hours ³	Total annual hours worked per regular employee	2,000 hours	1,980 hours
	Percentage of days of paid leave taken ³	Percentage of days of annual paid leave taken per regular employee	70% or higher	75% or higher
	Lost-term injuries frequency rate ³	Number of employee death or injuries resulting from work-related accidents per million hours actually worked	Less than 0.5	Less than 0.5
	Lost work days rate ³	Number of days absent from work due to work-related injuries per 1,000 hours actually worked	Less than 0.05	Less than 0.05
	Promotion of health and occupational safety			

1. The shaded KPIs were added in April 2023. The items whose targets are displayed as “—” are monitoring items for which no targets are set.

2. Target: Sysmex Corporation on a non-consolidated basis

3. Target: Sysmex Group in Japan

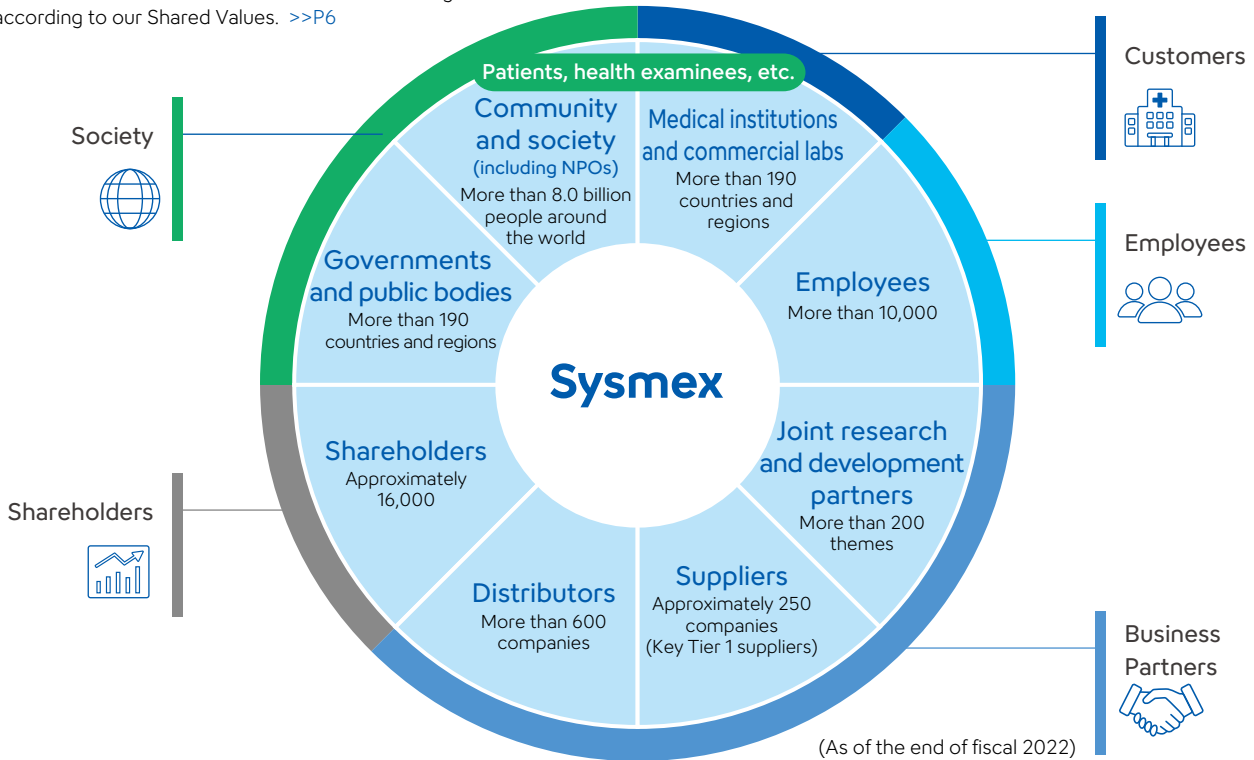
Results						Progress and Future Initiatives
Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	
—	—	—	24.5 hours	31.4 hours	30.0 hours	<p>The training time per employee in fiscal 2022 decreased by 1.4 hours from the previous fiscal year (95.5% of the training time per employee in the previous fiscal year). On the other hand, our Group companies in Japan achieved a 100% training participation rate and invested 92,000 yen in training per employee.</p> <p>We will promote the development of human resources, including next-generation global leaders, by adding value-added productivity, investment in human resource training, the rate of participation in training, and other indicators to the monitored items, and by setting the rate of internal transfers to new positions .</p>
—	—	—	—	—	¥13,230	
—	—	—	—	—	¥18.74 million	
—	—	—	—	—	¥266 million	
—	—	—	—	—	¥356 million	
—	—	—	—	—	100%	
—	—	—	—	—	100%	
—	—	—	—	—	100%	
—	—	—	—	—	218.9%	
—	—	—	2,030 hours	2,045 hours	2,022 hours	<p>The annual working hours in fiscal 2022 decreased by 23 hours from the previous fiscal year. The main factors in this decrease include alleviated staff shortages as a result of aggressive recruiting activities, coupled with innovation and business structure transformation efforts, reduced overtime hours resulting from a shift to more efficient work styles through the adoption of value-added productivity indicators, and an increase in the number of paid leave days taken.</p> <p>We will continue to reduce working hours by optimizing assignment through enhanced recruitment efforts and actively conducting training and awareness-raising activities for employees in cooperation with the labor union.</p>
—	—	—	61.3%	62.4%	66.5%	<p>The percentage of days of paid leave taken in fiscal 2022 increased by 4.1 percentage points from the previous fiscal year. To increase use of paid leave, we set recommended dates for paid leave, shared paid leave days actually taken by each employee with their department heads, and actively encouraged employees to take paid leave.</p> <p>For fiscal 2023, we have introduced a target percentage of days of paid leave taken. To increase the percentage, we will improve productivity as well as raise employees' awareness of the benefits of taking paid leave.</p>
—	—	—	0.78	0.91	0.81	<p>The lost-time injury frequency rate and the lost work days rate for fiscal 2022 decreased by 0.1 percentage points and increased by 0.01 percentage points, respectively.</p> <p>There were six work-related accidents, including injuries in factories (seven accidents in the previous fiscal year). As a measure to reduce work-related accidents, employment health advisors gave employees guidance about how to prevent injuries.</p>
—	—	—	0.05	0.04	0.05	<p>We will continue to bolster and enhance our workplace safety and health management system under the leadership of the Central Health and Safety Committee, which supervises our Group companies in Japan. In the event of a work-related accident, the Health and Safety Committee of the business site involved will investigate the causes, take necessary actions, and share the causes and actions within the Group to prevent its recurrence.</p>

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 Shared Values. >>P6



Main Dialogue with Stakeholders (Fiscal 2022)

>>Status of Sustainability Targets P63 >>Sysmex Sustainability Data Book 2023> Stakeholder Engagement P18

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 (hybrid online/at-venue format)

>>Customer Assessment in the United States P106
>>Sysmex Sustainability Data Book 2023> Responsible Provision of Products, Services and Solutions P29

Employees

In Sysmex's aim to achieve sustainable growth, in addition to recruiting, developing, and deploying human resources tied to the Long-Term Corporate Strategy 2033, it is essential to promote DE&I and create an attractive workplace that is easy and rewarding to work in. 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 (dialogues according to the results of the engagement score)
- Promoted the corporate philosophy of the Sysmex Group and introduced an internal award system
- Configured a global internal reporting system >>Sysmex Sustainability Data Book 2023>Compliance P79
- Held council meetings between labor and management

>>Human Capital Strategy P53 >>Sysmex Sustainability Data Book 2023> Realization of an Attractive Workplace P38

Business Partners



We maintain ongoing dialogues to foster an understanding among business partners of Sysmex's business direction and policies, as well as to build trust-based relationships. For suppliers, we are strengthening communication to realize a circular society, as well as establishing supply chain management in accordance with our procurement policy.

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

>>Sysmex Sustainability Data Book 2023> Strengthening of Supply Chain Management P36

CSR survey response rate
(primary suppliers of raw materials)

94%

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 dialogues with shareholders and investors, and to reflect this information in our management and IR activities. As in the previous fiscal year, opportunities for dialogues with global investors increased significantly due to the use of online communications.

- 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
 - Held IR meetings: Sysmex management visited the Americas, Europe, and Tokyo to engage 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 2022 due to COVID-19)
 - We provide English-language materials, including scripts, at each event.
- Dialogues with individual shareholders
 - Provided information through our shareholder newsletter and website
 - Held business office tours (suspended in fiscal 2022 due to COVID-19)

Meetings with institutional
investors and analysts
Approx. 590 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 at large through activities aimed at meeting the needs of communities around the world, based on our Policy on Corporate Citizenship Activities and Philanthropy.

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

>>Sysmex Sustainability Data Book 2023> Corporate Citizenship Activities P55

Employees participating in Group
corporate citizenship programs

More than 7,000 per year

Corporate Governance

Systemex recognizes that reinforcing corporate governance is an important management issue. Based on the “Systemex Way,” the corporate philosophy of the Systemex Group, we are working to maximize the corporate value of the overall Group by enhancing management soundness and transparency and increasing management speed and efficiency.



Message from Outside Members of the Managing Board



Hidekazu Fukumoto

Member of the Managing Board (Outside),
Independent Director
Chairperson of the Compensation Committee and
member of the Nominating Committee

Kazuo Ota

Member of the Managing Board (Outside),
Independent Director
Chairperson of the Nominating Committee and
member of the Compensation Committee

Please share with us your evaluations of fiscal 2022, and describe your particular monitoring focus.

Ota: Fiscal 2022 was the second year of our mid-term management plan (fiscal 2021–2023), and things went generally according to plan. Among the highlights, Sysmex received regulatory approval of our reagent to test for Alzheimer’s disease, and insurance coverage was expanded in the medical robotics business. Performance was also in line with the growth trajectory outlined in the mid-term management plan, helped by foreign exchange, and the Group was affected by changes in the environment with respect to China and Russia.

I think Sysmex is on a growth mission, and I give the Group high marks for its agile response to changes in the external environment and its ability to continue making strategic moves for the future.

Fukumoto: I generally concur with Mr. Ota. We focused specifically on three monitoring items. First, we have been closely monitoring risk responses in our China operations. The Managing Board regards China as a significant market with growth potential, despite the complex risks it entails. We have received detailed reports from the executive

team regarding factors such as the COVID-19 lockdowns and the Chinese government’s procurement policies, and we recommend developing more refined risk scenarios and corresponding strategies. Second, we are focusing on growth investments in the fields of immunochemistry and life science, and on new businesses. While the future results look promising, establishing these areas as key revenue sources is a work in progress, and appropriate investments are essential. Our third focus is on prioritizing the cost effectiveness of DX investments and initiatives for digital businesses that contribute to top-line growth. We believe there is room for improvement in IT governance, including refining investment plans and measuring their effectiveness.

Ota: That’s right. We are also having energetic discussions within the Managing Board about verifying the effectiveness of investment in general. Four years have passed since I was first appointed as an outside member of the Managing Board, and the medical robotics business has always been a focus. As this is a long-term project, formulating a profit plan is not easy, but we recommend flexibly applying a plan to recoup investment and verify its contribution to corporate value using ROIC and other methods.

Fiscal 2022 also marked the appointment of President Asano. What do you think of the personnel changes on the Board?

Fukumoto: On the Managing Board, we consider Sysmex's ability to leverage its accumulated R&D capabilities and technologies for growth to be crucial as we discuss long-term business strategy. Given that President Asano has experience in R&D and business development and has played a central role in formulating Sysmex's Long-Term Corporate Strategy 2033 (VA33) and mid-term management plan, I believe he is well-suited for the top management position. I think this personnel decision is also timely. The Nominating Committee and Managing Board had no objections to his appointment. At the same time, we were in consensus that Chairperson Ietsugu should provide support as Group CEO in order to drive strong growth and ensure the success of VA33 and the mid-term management plan.

Ota: Mr. Fukumoto and I were both appointed as members of the Nominating Committee in fiscal 2022. We recognized that succession planning was an extremely important management issue for Sysmex, and that the executive team wanted to select the next president from within the Group. That would help ensure that the incoming president would have a good understanding of the transformation and evolution that had taken place to date.

President Asano is full of curiosity, and I consider him, like Chairperson Ietsugu, to be a capable leader with a strong desire for growth. That said, as Sysmex plans to make more aggressive investments in the future, I believe it will be necessary to strengthen governance further under the new management structure.

What are your expectations for Sysmex's Long-Term Corporate Strategy 2033 (VA33), and what issues do you foresee?

Fukumoto: When formulating VA33, outside members of the Managing Board had regular opportunities to share and discuss the strategy's outline from its early stages. We imagined various scenarios for future changes in the operating environment and prioritized strategies that emphasize the sharing of value with stakeholders and society.

Ota: VA33 is also a declaration to employees and other stakeholders that Sysmex is transforming and expanding

its business domain from *in vitro* diagnostics (IVD) to the broader healthcare journey. We believe this statement, which coincided with the appointment of the new president, was effective in demonstrating Sysmex's determination to take on new challenges.

We have high expectations that the clear and ambitious goals of our strategy will bring significant value to society. That being said, achieving these goals, including the numerical target of ¥1 trillion in net sales, will not be easy. We have painted a beautiful picture; now the execution is crucial. As we expand into new territories, risks will also grow, so it is important to constantly evaluate Sysmex's progress, achievements and challenges.

Fukumoto: In that sense, I believe the key to achieving VA33 lies in speed and the ability to execute it. Whether expanding in the hemostasis field or cultivating the Indian market, Sysmex will have numerous business opportunities that can contribute to revenue growth in the coming years. The Group needs to set specific and appropriate KPIs and milestones, and continuously implement the PDCA cycle.

Even if Sysmex was not aiming for double-digit growth and net sales of ¥1 trillion, it could surely achieve growth in its existing areas. But setting high targets and achieving discontinuous growth requires creativity. Unlike in the past, prioritizing investments in capital and human resources becomes crucial, and there may be cases where we need to review projects and decide to withdraw from them. As members of the Managing Board, we also need to examine the effectiveness and feasibility of KPIs and milestones, and engage in monitoring and discussions from a high-level perspective.

Ota: Mr. Fukumoto's remarks remind me how important monitoring will be. To date, Sysmex has been able to expand by competing in growing markets and providing products and services that meet customer needs. Moving forward, the Group will need to hold discussions from diverse perspectives, including business cultivation and development and risk measurement. As outside members of the Managing Board, we will need to involve ourselves in discussions even earlier than before. Engaging in multi-faceted discussions should enable us to establish appropriate monitoring items. I believe management and strategy founded on such discussions are essential to achieve the level of governance stakeholders require.





What are your views on reinforcing governance, including your aspirations as committee chairpersons?

Ota: The word “governance” has a broad meaning, and it is also the very essence of management. Some may think that strengthening governance conflicts with management speed and efficiency. In reality, though, companies that have strengthened their governance can expect to control risks better and increase their chances of long-term growth. As a general direction, we aim for Sysmex to be a company that strives to strengthen governance, involving not only the management team but the entire organization.

Fukumoto: I agree. Strengthening and evolving governance is not an end, but rather a means to achieve our vision and drive growth. Sysmex’s governance must constantly evolve in order to make its plans a reality. I have followed Sysmex since my days in the banking sector, and I have recognized its commitment to improving governance. Even since my appointment as an outside member of the Managing Board, Sysmex has consistently worked on improving areas of concern. As an example, in fiscal 2023 Sysmex appointed outside members of the Managing Board to chair both the Nominating Committee and the Compensation Committee. While these committees have always been forums where each member has an active voice, the appointment of outside members as chairpersons increases transparency and responsiveness, reflecting society’s expectations and demands.

Ota: Against this backdrop, I have been appointed chairperson of the Nominating Committee, and I recognize that this committee’s role will become even more significant going forward. Sysmex experienced growth under the strong leadership of Chairperson Ietsugu, and he played a key role in appointing people to executive positions. However, as the business environment becomes more complex and uncertain, and as our scope of operations expands, we need to identify and select candidates for executive positions with diverse perspectives. We have to broaden our focus beyond top management and extend it to the executive officer level, while also building a succession plan. As indicated by the Japanese government’s guideline of having female executives account for 30% or more, diversity among members of the Managing Board and executive officers is an important topic. We will continue to discuss the policy and framework for appointing female and non-Japanese executives.

Fukumoto: On the Compensation Committee, which I have been appointed to chair, we have been discussing how to revise and strengthen evaluation indicators, such as the achievement of medium- to long-term plans and sustainability activities, in line with the promotion of VA33 and the mid-term management plan.

Sysmex has a relatively high proportion of performance-linked and non-monetary compensation, accounting for 70% or more of the total, for internal members of the Managing Board. The content of individual performance evaluations also continues to evolve, incorporating non-financial aspects. Moving forward, Sysmex intends to systematically organize evaluation criteria and actively consider ways to share them explicitly and concretely with our stakeholders.

Ota: Dialogue is also very important. Last year, I had the opportunity to engage in discussions with investors. These discussions were fruitful, as we were able to establish a common understanding of the challenges Sysmex faces and confirm investors’ views. Moving forward, I hope to participate as much as possible in such opportunities for dialogue, as long as there is interest.

Internal dialogue is also vital. As an outside member of the Managing Board, my role is to objectively oversee management and provide support to the executive team based on my previous background. For example, I have a wealth of experience—including failures—in areas such as global production and procurement. These are categories in which Sysmex will need to progress. I look forward to engaging in various discussions and exchanging opinions in these areas.

Fukumoto: Outside members of the Managing Board have opportunities to interact with employees at the officer and division head levels, as well as people at research laboratories, factories, and other worksites. We also hear candid opinions during events such as luncheons. Although this makes for a lot of input and a busy schedule, I feel that it provides us an effective environment in which to fulfill our responsibilities as outside members of the Managing Board. Going forward, I will continue to communicate with passion to both internal and external stakeholders, actively seek their views, and utilize those perspectives to enhance management. As an outside member of the Managing Board, I am committed to sharing the joy of creating value for society and fostering growth together with all employees.

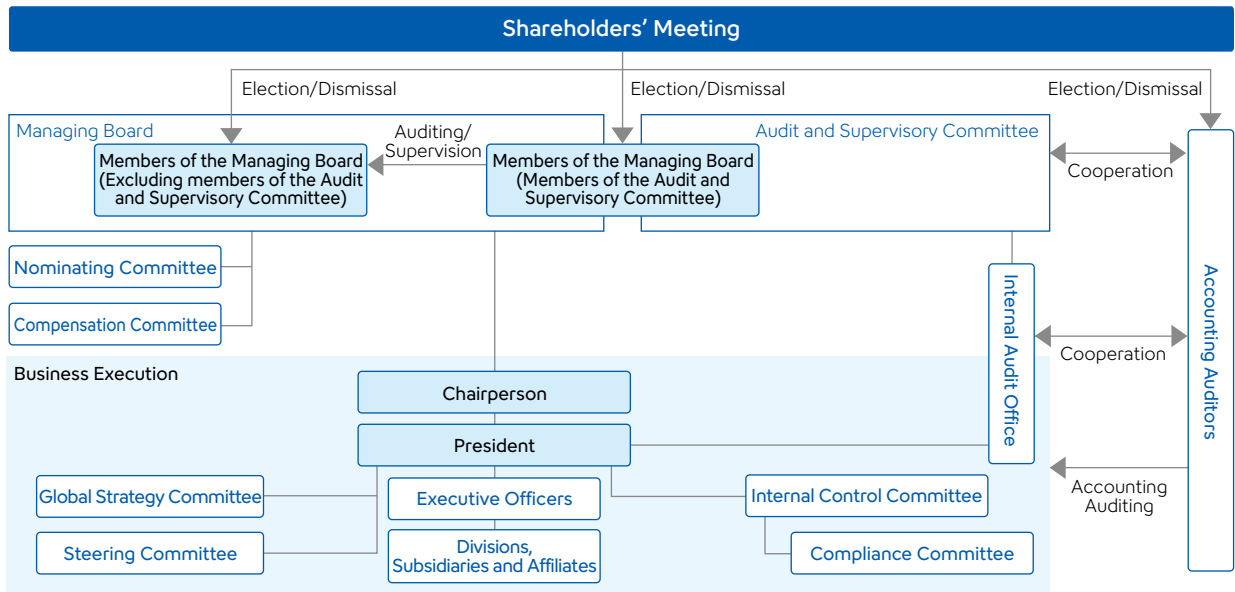
Corporate Governance

In its efforts to shore up corporate governance over the years, Sysmex has 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.

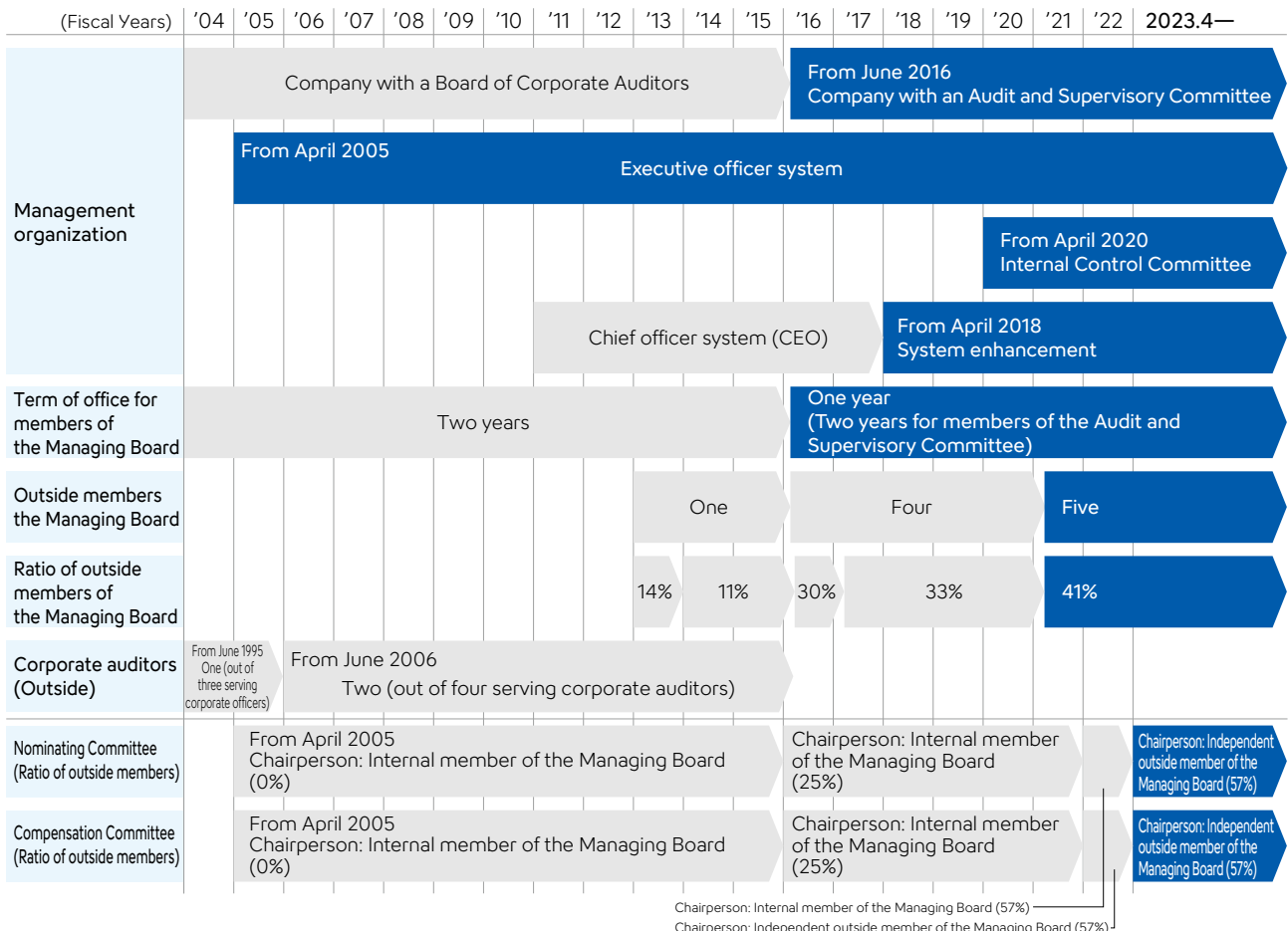
Management Organization

Sysmex 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

Corporate Governance Structure



Advances in Corporate Governance



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 on 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 16 executive officers (of whom four concurrently serve as members of the Managing Board). We have also established the Nominating Committee and the Compensation Committee as advisory bodies. In fiscal 2023, an independent outside member of the Managing Board was appointed as the chairperson of the Managing Board.

The Company implements all the principles of the Tokyo Stock Exchange's Corporate Governance Code.
[>>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, we conduct an annual document-based questionnaire survey of all members of the Managing Board (including members of the Audit and Supervisory Committee) and deliberate on the Managing Board's effectiveness. The questionnaire survey conducted in fiscal 2022 confirmed that the Managing Board is functioning effectively and fulfilling its role appropriately. In addition, we have recognized the need for a continued response, undertaking initiatives to further enhance effectiveness.

■ Overview of Effectiveness Evaluation (Composition)

The scale of the Managing Board and the ratio of outside members of the Managing Board are generally

■ Major Boards

Organization	Function and Content	Composition	Meetings Held in Fiscal 2022
Managing Board	Deliberates on important matters related to management	Members of the Managing Board	18
Nominating Committee	A Managing Board advisory body involved in executive appointments	Chairperson and Group CEO, President, members of the Managing Board (1), outside members of the Managing Board (4)	3
Compensation Committee	A Managing Board advisory body involved with decisions on executive compensation	Chairperson and Group CEO, President, members of the Managing Board (1), outside members of the Managing Board (4)	2
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	18
Global Strategy Committee	Deliberates on and discusses medium- to long-term Group management directions, important strategies and issues	Chairperson and Group CEO, President, senior executive officers, member of the Audit and Supervisory Committee* (1)	11
Steering Committee	Discusses and reports on projects that are important from the perspective of making progress on the Group fiscal yearly plan	Chairperson and Group CEO, President, executive officers, member of the Audit and Supervisory Committee (1)	16

* Participates as an observer

■ Members of Major Boards (As of June 23, 2023)

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
Name					
Internal	Hisashi Ietsugu	100%	100%	100%	—
	Kaoru Asano	100%	100%	100%	—
	Kenji Tachibana	100%	100%	100%	—
	Iwane Matsui	100%	—	—	—
	Hiroshi Kanda*1	100%	—	—	—
	Tomokazu Yoshida	100%	—	—	—
	Takashi Ono	—*2	—	—	—
	Tomoo Aramaki	100%	—	—	100%
External	Masayo Takahashi	88%	—	—	—
	Kazuo Ota	100%	100%	100%	—
	Hidekazu Fukumoto	100%	100%	100%	—
	Kazumasa Hashimoto	100%	100%	100%	100%
	Michihide Iwasa	100%	100%	100%	100%

Note: Rates of attendance are for fiscal 2022. *1 Stepped down in June 2023 *2 Member from June 2023

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 gender, nationality, career history, and age, such as by increasing the ratio of women and foreign nationals on the Managing Board.

(Operation)

The provision of information necessary to discuss the Managing Board's agenda is generally appropriate. The Company is continually working to improve the Managing Board's operation through the distribution of materials and the provision of explanations, as necessary, to outside members of the Managing Board, organizing points at issue, and providing related information necessary to understand their background. Among efforts to encourage more active deliberation, we hold opinion exchange meetings attended only by outside members of the Managing Board. Providing materials more quickly, an issue raised previously, was improved from the previous fiscal year, and we will continue to work on this issue.

(Agenda and Deliberation)

The time allotted 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 2022)

- 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 DX in the Group
- Matters related to long-term strategy and investment

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

■ Skill Matrix for Members of the Managing Board (As of June 23, 2023)

	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		●	●	●	●		●	●		
	Tomokazu Yoshida	M	1964	2021		●	●			●				
	Takashi Ono	M	1965	2023		●	●	●	●		●			
	Tomoo Aramaki	M	1966	2022				●					●	
External	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.

Principal matters considered by the Audit and Supervisory Committee in fiscal 2022 included the appropriateness of audit policies and plans, the preparation and operations 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 of 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 to enhance corporate value from a shareholder perspective, boost the incentive to enhance corporate performance over the medium-

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 Chairperson and Group 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, 2023, the Chairperson and Group CEO held 614,000 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 (7 times their fixed compensation). >>Shares Held by Individual Directors P85

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.

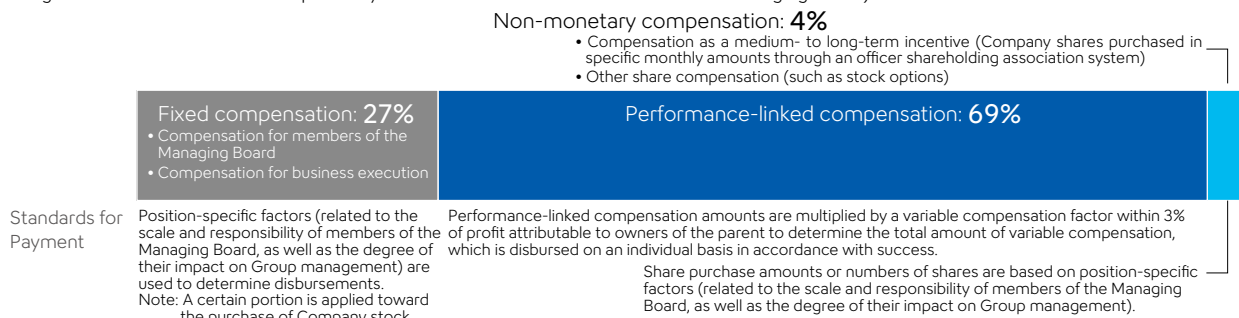
The Managing Board has delegated to the Chairperson and Group CEO the task of determining individual compensation and specific details of compensation for members of the Managing Board (excluding members of the Audit and Supervisory Committee). The Managing Board confirms the appropriateness of the process 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

>>Sysmex Sustainability Data Book 2023 >Compliance P79

Breakdown of Executive Compensation (Fiscal 2022)

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 2022)

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)	707	194	485	27	6
Members of the Audit and Supervisory Committee (excluding outside members of the Managing Board)	21	21	—	—	2
Outside members of the Managing Board	36	36	—	—	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	171	6	230

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 risks related to economic trends, we consider natural disasters, climate change, and other environmental and geopolitical risks. We also 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

In fiscal 2020, Sysmex established an Internal Control Committee tasked with overall internal control and risk management. In addition to strategic risks, this committee promotes management related to overall risks. Members of this committee, which is chaired by the president and member of the Managing Board,

■ Principal Operating Risks

Risks	Major Content	Key Environmental Factors	
Fluctuations in economic trends	<ul style="list-style-type: none"> Delays or postponement of purchases due to deteriorating healthcare finances of national governments and shrinking budgets for healthcare facilities Soaring prices and rising interest rates around the world 	External	
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 markets leading to a higher proportion of sales taking place in non-key currencies 	External	
Acceleration of healthcare system reforms and increasingly stringent healthcare laws and restrictions	<ul style="list-style-type: none"> Intensifying competitive environment due to government and medical institutions' efforts to optimize medical expenses and introduce stricter procurement policies Delays in business promotion and the introduction of new products to the market due to longer times to acquire regulatory approval 	External	
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	
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	
Emergence of quality problems related to products or services	<ul style="list-style-type: none"> Major impacts, such as erroneous testing results 	Internal	
Climate change and other environmental risks	<ul style="list-style-type: none"> Disruption of raw material procurement and logistics networks due to large-scale wind and flood damage, droughts, and severe impacts on biodiversity Tighter environmental restrictions on import tariffs and bidding conditions 	External	
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	
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 cyberattacks via the Company's products 	Internal	
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	
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	
Compliance infringements	<ul style="list-style-type: none"> Compliance infractions of laws and regulations 	Internal	

include senior executive officers and full-time Audit and Supervisory Committee members (excluding outside members of the Managing Board). Outside members of the Managing Board also attend as observers.

We have formulated a Business Continuity Plan (BCP) to ensure a 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 2022, despite concerns about the procurement of raw materials, including semiconductors, we

were able to respond flexibly throughout the supply chain to supply products to our customers without interruption.

In addition to strengthening internal measures for information security, we have established a Product Security Incident Response Team (PSIRT) and are promoting cyber security measures for our products and services so that our customers can use them with peace of mind.

In addition, we are promoting Group-wide efforts to address environmental issues such as climate change, aiming to contribute to realizing a recycling-oriented society.

[>>Sysmex Sustainability Data Book 2023 > Risk Management P84](#)

Main Impacts if Risks Materialize	Principal Responses
<ul style="list-style-type: none"> ● Deterioration in consolidated Group performance due to increased costs, such as for equipment purchases or raw materials. 	<ul style="list-style-type: none"> ● We continuously monitor and analyze changes in the market environment in each country or region. ● We take appropriate measures to improve efficiency and create value-added products and services
<ul style="list-style-type: none"> ● 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. ● We provide highly productive products and services that help make healthcare management more efficient.
<ul style="list-style-type: none"> ● Loss of market acquisition opportunities and increased price pressures, and worsening of the Group's consolidated operating performance due to higher costs to respond 	<ul style="list-style-type: none"> ● We have established production systems and procure parts and raw materials in accordance with national and regional policies. ● Regulatory Affairs Department and local subsidiaries to understand the latest laws and regulations to establish optimal systems.
<ul style="list-style-type: none"> ● Decrease in market share and brand strength due to leakage 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 divisions. ● We work to reduce the likelihood of third-party intellectual property disputes.
<ul style="list-style-type: none"> ● Worsening of the Group's consolidated operating performance 	<ul style="list-style-type: none"> ● We are expanding our business portfolio outside of hematology. ● We provide products and services that meet the needs of countries and regions with weak medical infrastructures. ● We are accelerating development by establishing growth drivers.
<ul style="list-style-type: none"> ● 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.
<ul style="list-style-type: none"> ● 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 ● Increasing cost of response 	<ul style="list-style-type: none"> ● We have endorsed the TCFD recommendations, and we assess and manage climate-related risks and opportunities based on the TCFD framework. ● We have set carbon neutrality targets for 2040 based on the SBTs, and we are accelerating efforts to achieve them.
<ul style="list-style-type: none"> ● 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.
<ul style="list-style-type: none"> ● Halt of business activities and a decrease in corporate creditworthiness 	<ul style="list-style-type: none"> ● We are strengthening internal controls, such as rigorous user management access restrictions. ● We are implementing mechanisms for detecting unauthorized network access and isolating malware. ● We monitor security 24 hours a day. ● We have established the Computer Security Incident Response Team (CSIRT). ● We have established the Product Security Incident Response Team (PSIRT).
<ul style="list-style-type: none"> ● 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.
<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 involved in the development and sale of reagents and the opening of labs to provide assay services.
<ul style="list-style-type: none"> ● 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



Kenji Tachibana

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

Hisashi Ietsugu

Chairperson and Group CEO

Kazumasa Hashimoto

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

Hidekazu Fukumoto

Member of the Managing Board
(Outside)
Independent Director

Masayo Takahashi

Member of the Managing Board
(Outside)

Tomokazu Yoshida

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



Kaoru Asano

President

Iwane Matsui

Member of the Managing Board and
Senior Executive Officer
Senior Managing Director
Japan and International Business and
Medical Robotics (MR) Business

Takashi Ono

Member of the Managing Board
and Senior Executive Officer
Managing Director
Eco-Social (ES) Strategy
Business Strategy Development

Kazuo Ota

Member of the Managing Board
(Outside)
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 23, 2023)

Hisashi Ietsugu (born 1949)
Chairperson and Group CEO
Number of Company shares held: 614,800

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
Apr. 2023 Chairperson and Group CEO (current)

Reasons for Appointing

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.

Kaoru Asano (born 1958)
President
Number of Company shares held: 53,600

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
Apr. 2023 President (current)

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

Reasons for Appointing

He has been managed in research, technology development and technological strategy for many years and has contributed to business development. He was appointed because leveraging his experience and insight 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: 38,800

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.

Iwane Matsui (born 1961)
Member of the Managing Board and Senior Executive Officer
Senior Managing Director
Japan and International Business and Medical Robotics (MR) Business
Number of Company shares held: 3,000

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
Apr. 2023 Member of the Managing Board and Senior Executive Officer, Senior 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 several 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.

Tomokazu Yoshida (born 1964)
Member of the Managing Board and Senior Executive Officer
Managing Director, CTO
R&D
Number of Company shares held: 1,800

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
Apr. 2023 Member of the Managing Board and Senior Executive Officer, Managing Director, CTO (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.

Takashi Ono (born 1965)
Member of the Managing Board and Senior Executive Officer
Managing Director
Eco-Social (ES) Strategy and Business Strategy Development
Number of Company shares held: 10,393

Apr. 1987 Joined the Company
Apr. 2009 Executive Vice President, Sysmex America Inc.
Apr. 2019 Executive Officer and SCM Executive Vice President
Apr. 2021 Senior Executive Officer
Apr. 2023 Senior Executive Officer, Managing Director
Jun. 2023 Member of the Managing Board and Senior Executive Officer, Managing Director (current)

Reasons for Appointing

He has been involved in product planning, market development, production and supply chain management (SCM) and has contributed to the 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.

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: 7,200

- 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.
- Jun. 2020 Joined the Company, Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee) (current)
- Apr. 2023 Special Advisor of Kansai Mirai Bank, Limited. (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.
 - Jun. 2021 Joined the Company, Member of the Managing Board (Outside) (current)
 - Jun. 2023 Chairperson of SANSHIN Co., Ltd. (current)
- (As of June 29, 2023)

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.
- 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 23, 2023)



Mamoru Kubota

Senior Executive Officer
Deputy in charge of Business
Strategy Development



Kensuke Iizuka

Senior Executive Officer
In charge of Management Strategy
Executive Vice President of
Corporate Business Planning Div.,
Corporate Executive Office



Frank Buescher

Senior Executive Officer
CEO, Sysmex Asia Pacific Pte Ltd.
Deputy in charge of DX Strategy
Development



Peng Zuo Hui

Executive Officer
President and CEO,
Sysmex Shanghai Ltd.



Mitsuhsa Kanagawa

Executive Officer
In charge of Instrument
Production and SCM.



Alain Baverel

Executive Officer
CEO, Sysmex Europe SE



Reiko Watanabe

Executive Officer
Executive Vice President of Medical &
Scientific Affairs Div.



Kaoru Watanabe

Executive Officer
Supervision of JEA
Deputy in charge of Medical Robotics
(MR) Business



Takaaki Nagai

Executive Officer
Executive Vice President of
System Engineering Div.



Kinya Uchihashi

Executive Officer
In charge of Reagent Production
Executive Vice President of
Reagent Production Div.



Andy Hay

Executive Officer
CEO, Sysmex America, Inc.



Naohiko Matsuo

Executive Officer
Deputy in charge of Business
Strategy Development
Executive Vice President of
ICH Business Div.

Executive Officers' Main Responsibilities

	Posts and Responsibilities	Main Responsibilities Related to Key Actions for the Group and Areas in Charge						Main Responsibilities Related to Materiality				
		1	2	3	4	5	6	1	2	3	4	5
		Enhance competitiveness and expand markets through innovation in diagnostics business domain	Accelerate commercialization centered on genetic testing in the domain of personalized medicine	Create a new business model in the domains of prevention and self-medication	Accelerate business growth in the therapeutic domain, centered on the medical robotics business	Realize a circular resource value chain and transform with a view to solving social issues	Enhance corporate value by strengthening human capital and management base	Creating new value for a healthy society	Providing Responsible of products, services and solutions	Creating an Attractive Workplace	Reducing in environmental impacts	Strengthening Governance
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, Senior Managing Director Japan and International Business and Medical Robotics (MR) Business	●			●			●	●			
Tomokazu Yoshida	Member of the Managing Board and Senior Executive Officer, Managing Director, CTO R&D	●	●	●				●	●		●	
Takashi Ono	Member of the Managing Board and Senior Executive Officer, Managing Director Eco-Social (ES) Strategy Business Strategy Development	●	●	●		●		●	●		●	
Mamoru Kubota	Senior Executive Officer Deputy in Charge of Business Strategy Development	●	●	●				●	●			
Kensuke Iizuka	Senior Executive Officer In Charge of Management Strategy Executive Vice President of Corporate Business Planning Div., Corporate Executive Office						●	●	●	●		●
Frank Buescher	Senior Executive Officer CEO, Sysmex Asia Pacific Pte Ltd. Deputy in Charge of DX Strategy Development	●		●	●			●	●	●		
Peng Zuo Hui	Executive Officer President and CEO, Sysmex Shanghai Ltd.	●						●	●	●		
Mitsuhisa Kanagawa	Executive Officer In Charge of Instrument Production and SCM.	●				●		●	●		●	
Alain Baverel	Executive Officer CEO, Sysmex Europe SE	●			●			●	●	●		
Reiko Watanabe	Executive Officer Executive Vice President of Medical & Scientific Affairs Div.	●		●				●	●			
Kaoru Watanabe	Executive Officer Supervision of JEA Deputy in Charge of Medical Robotics (MR) Business	●			●			●	●			
Takaaki Nagai	Executive Officer Executive Vice President of System Engineering Div.	●				●		●	●		●	
Kinya Uchihashi	Executive Officer In Charge of Reagent Production Executive Vice President of Reagent Production Div.	●				●		●	●		●	
Andy Hay	Executive Officer CEO, Sysmex America, Inc.	●			●			●	●	●		
Naohiko Matsuo	Executive Officer Deputy in Charge of Business Strategy Development Executive Vice President of ICH Business Div.	●	●	●				●	●			

Operating Performance

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

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

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

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

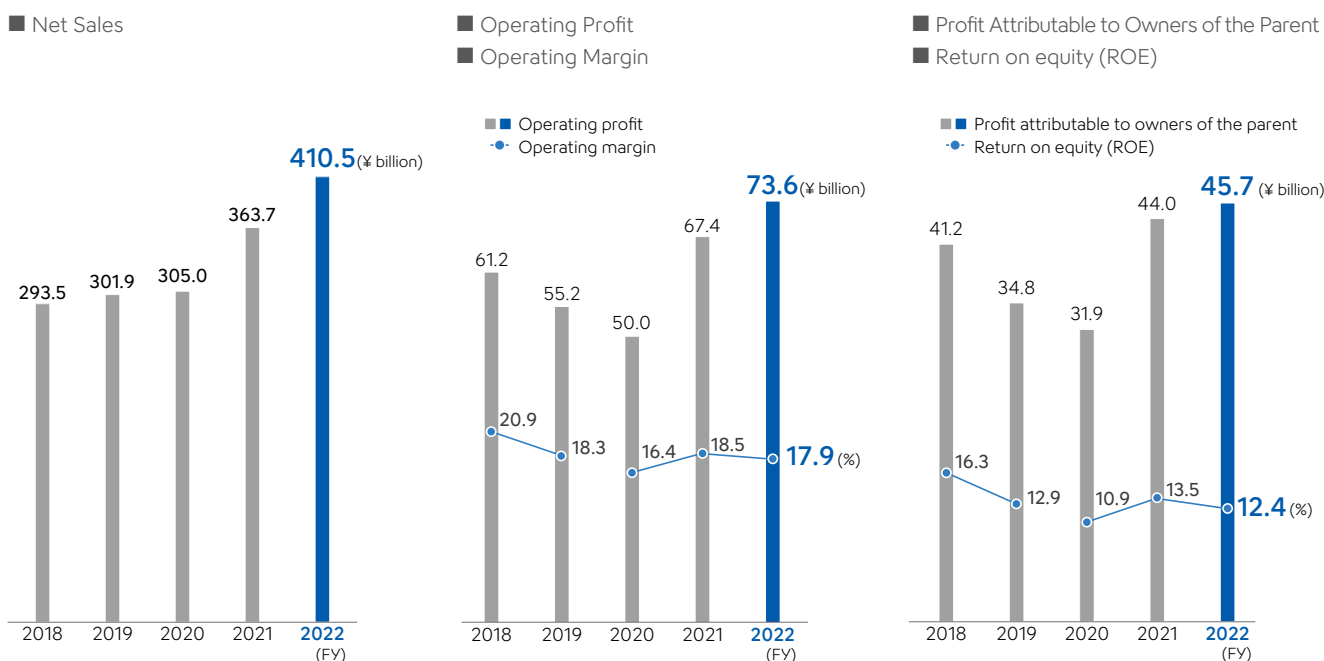
product development and higher costs related to regulatory affairs. R&D expenses as a percentage of net sales were 7.6% (up 0.2 percentage point).

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

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

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

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



Operating Results versus Forecasts and the Outlook for Fiscal 2023

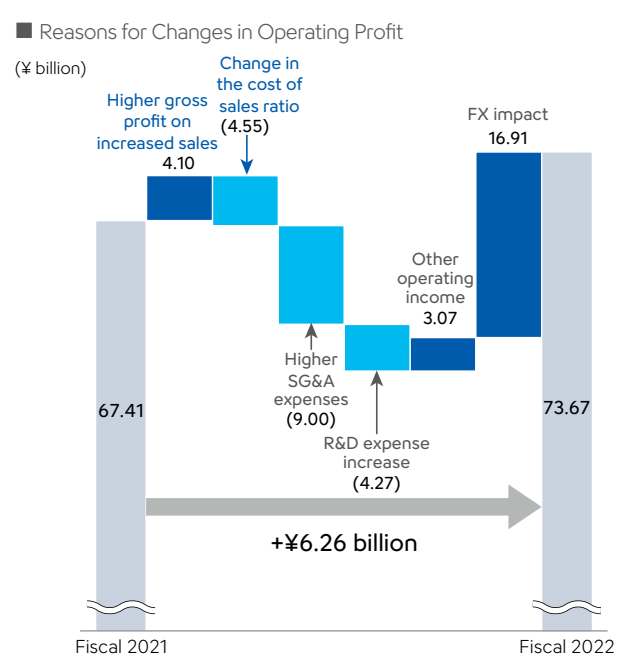
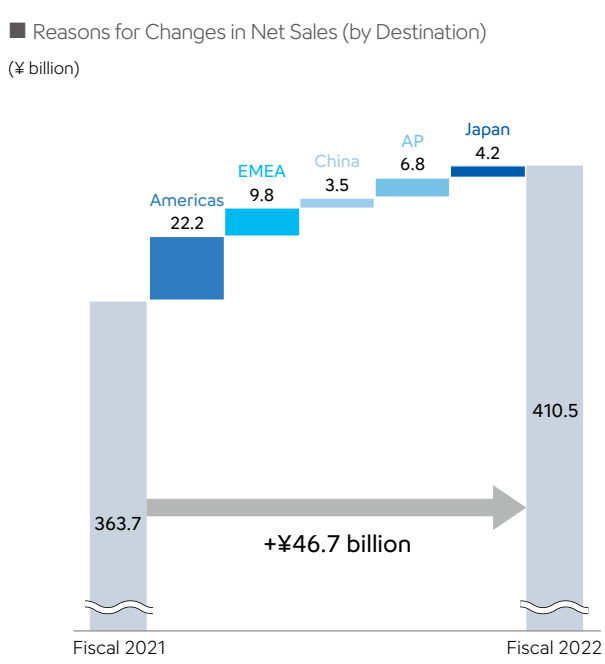
Sysmex's previous mid-term management plan set targets of ¥420.0 billion in net sales and ¥80.0 billion in operating profit by fiscal 2023, with numerical targets in fiscal 2022 of ¥420.0 billion in net sales and ¥77.0 billion in operating profit. Although net sales and operating profit both rose year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

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

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

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

[>>Mid-Term Management Plan Targets P41](#)



Americas

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

EMEA

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

China

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

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

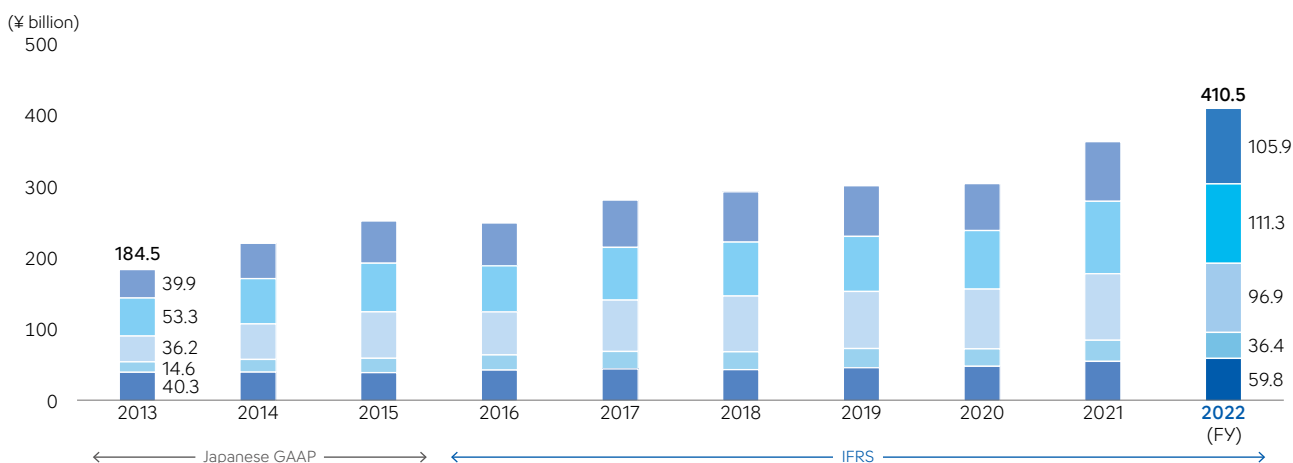
Asia Pacific

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

Japan

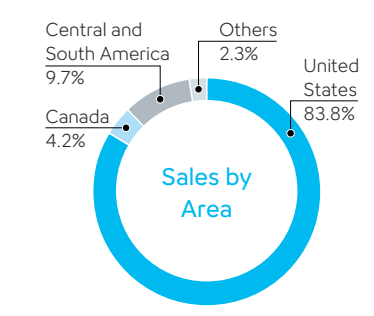
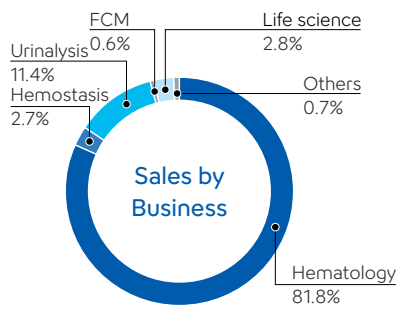
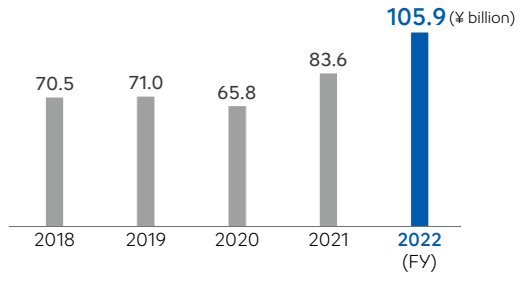
Aiming to establish an undisputed No. 1 position in the IVD market in Japan, Sysmex differentiates itself from competitors. We are also working to capture new markets by promoting developments in such areas as cancer genomic medicine and the medical robotics business. In fiscal 2022, new products in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

Net Sales by Destination

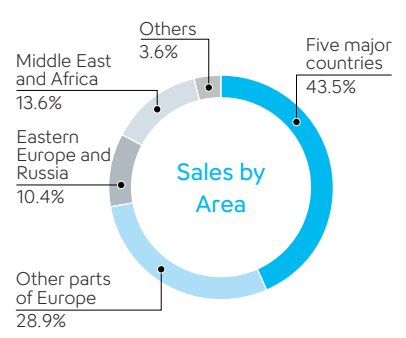
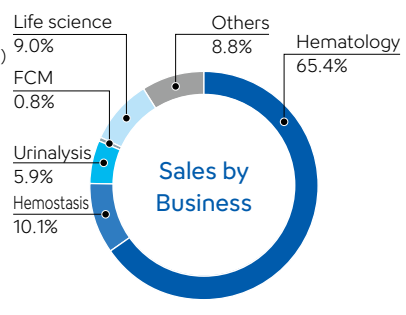
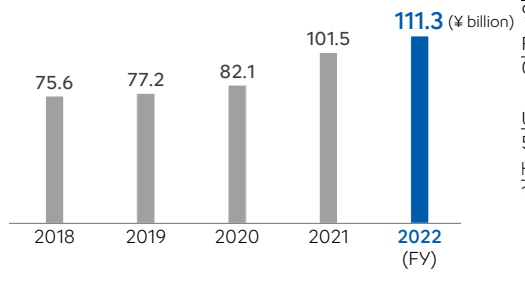


(Fiscal 2022)

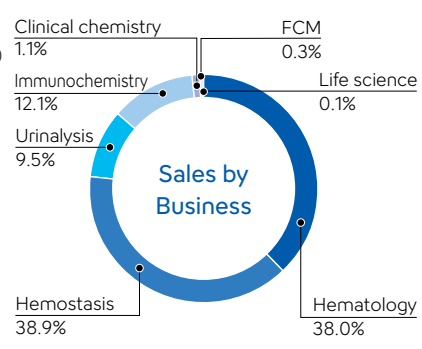
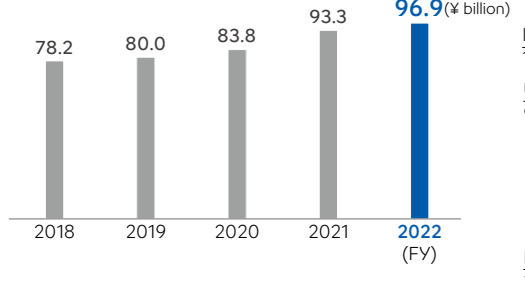
■ Net Sales
Americas



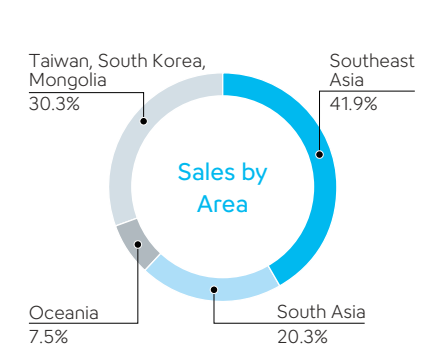
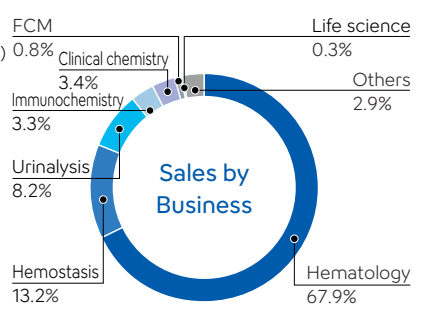
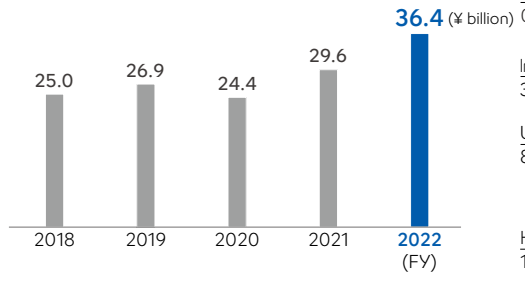
EMEA



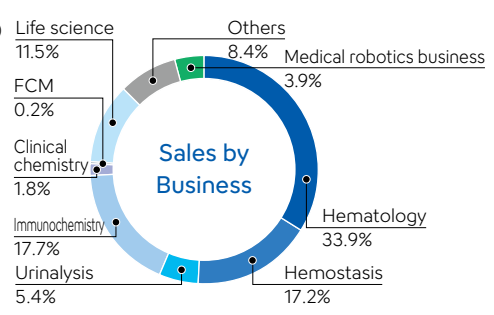
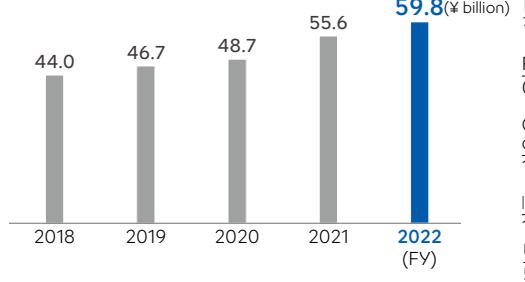
China



Asia Pacific



Japan



Fund Procurement and Liquidity Management

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

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

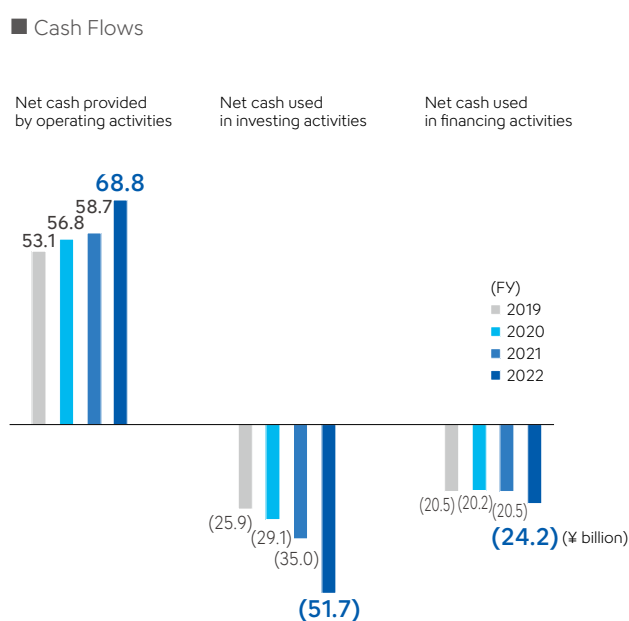
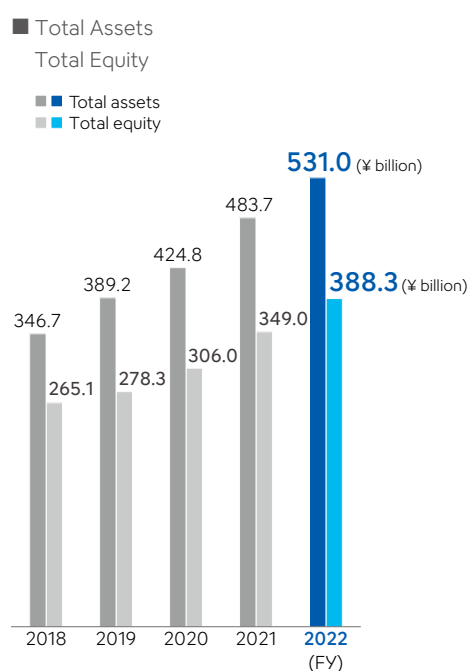
In fiscal 2022, the Company mainly funded its capital expenditure and R&D activities out of cash generated through operating activities.

Assets, Liabilities, and Equity

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

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

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



Cash Flows

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

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

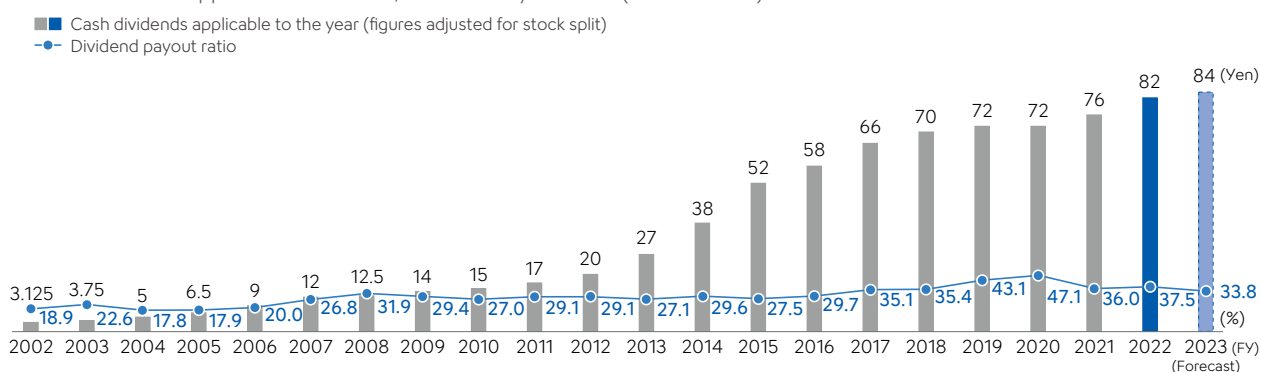
Returns to Shareholders

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% 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 2022, we announced dividends for the year of ¥82 per share, which includes an interim dividend of ¥40. As a result, the dividend payout ratio came to 37.5%.

Going forward, 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.

■ 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.

Consolidated Financial Data (10 Years)

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

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

(¥ billion)

	2015	2016	2017	2018	2019	2020	2021	2022
	252.6	249.8	281.9	293.5	301.9	305.0	363.7	410.5
	60.7	51.7	59.0	61.2	55.2	50.0 ⁸	67.4	73.6
	39.2	40.6	39.2	41.2	34.8	31.9 ⁸	44.0	45.7
	21.4	19.3	24.9	30.2	27.1	25.7	33.2	42.0
	12.1	12.3	14.6	15.8	23.9	25.5	27.4	31.8
	15.4	15.5	16.7	19.5	21.7	22.5	26.7	31.0
	41.7	32.8	52.2	44.7	53.1 ⁷	56.8 ⁸	58.7	68.8
	(23.8)	(19.4)	(37.8)	(40.1)	(25.9)	(29.1) ⁸	(35.0)	(51.7)
	(8.7)	(10.8)	(11.5)	(14.0)	(20.5) ⁷	(20.2)	(20.5)	(24.2)
	263.9	279.8	321.9	346.7	389.2 ⁷	424.8 ⁸	483.7	531.0
	56.4	57.9	61.4	51.0	56.5	66.4	73.7	69.4
	182.8	210.2	241.4	265.1	278.3	306.0 ⁸	349.0	388.3
	1.3	1.1	0.9	0.8	23.1 ⁷	22.5	22.8	23.5
	879.32	1,005.86	1,154.57	1,267.07	1,329.78	1,460.88 ⁸	1,664.85	1,852.68
	189.08	195.31	188.29	197.60	167.10	152.73 ⁸	210.88	218.83
	188.30	194.74	187.84	197.29	166.93	152.47 ⁸	210.49	218.73
	52.00	58.00	66.00	70.00	72.00	72.00	76.00	82.00
	27.5	29.7	35.1	35.4	43.1	47.1 ⁸	36.0	37.5
	24.0	20.7	21.0	20.9	18.3	16.4 ⁸	18.5	17.9
	84.2	82.6	84.0	85.0	84.5	84.0	84.7	85.4
	69.3	74.8	74.8	76.3	71.3	71.9 ⁸	72.0	73.0
	23.1	20.7	17.4	16.3	12.9	10.9 ⁸	13.5	12.4
	15.7	14.9	13.0	12.3	9.5	7.8 ⁸	9.7	9.0
	7,446	7,930	8,445	8,715	9,231	9,510	9,812	10,522
	120.1	108.4	110.9	110.9	108.7	106.1	112.4	135.5
	132.6	118.8	129.7	128.4	120.8	123.7	130.6	141.0
	18.9	16.1	16.8	16.5	15.6	15.7	17.5	19.8

5. Including tangible and intangible items

6. ROA = Profit attributable to owners of the parent/total assets (yearly average)×100

7. Adopted IFRS 16 (from fiscal 2019)

8 In fiscal 2021, Sysmex changed its accounting policy for configuration or customization costs in cloud computing contracts to recognize costs as expenses when services are received. Accordingly, we have by retroactively adjusted the figures for the fiscal 2020.

Consolidated Statement of Financial Position

Sysmex Corporation and Its Subsidiaries
As of March 31, 2023

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

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

Consolidated Statement of Income

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

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

	Yen		U.S. Dollars
	2023	2022	2023
Earnings per share			
Basic	¥218.83	¥210.88	\$1.63
Diluted	218.73	210.49	1.63

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

Consolidated Statement of Comprehensive Income

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

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

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

Consolidated Statement of Changes in Equity

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

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

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

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

Consolidated Statement of Cash Flows

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

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

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

Corporate Overview

Sysmex's Businesses

Diagnostics Business

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

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

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

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

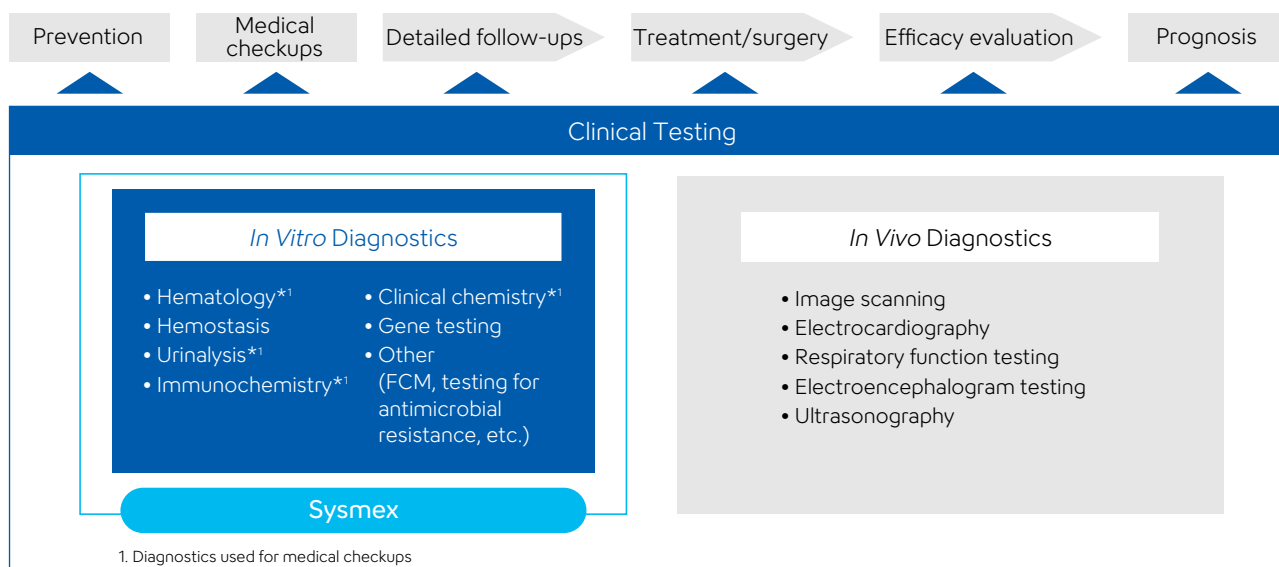
Medical Robotics Business

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

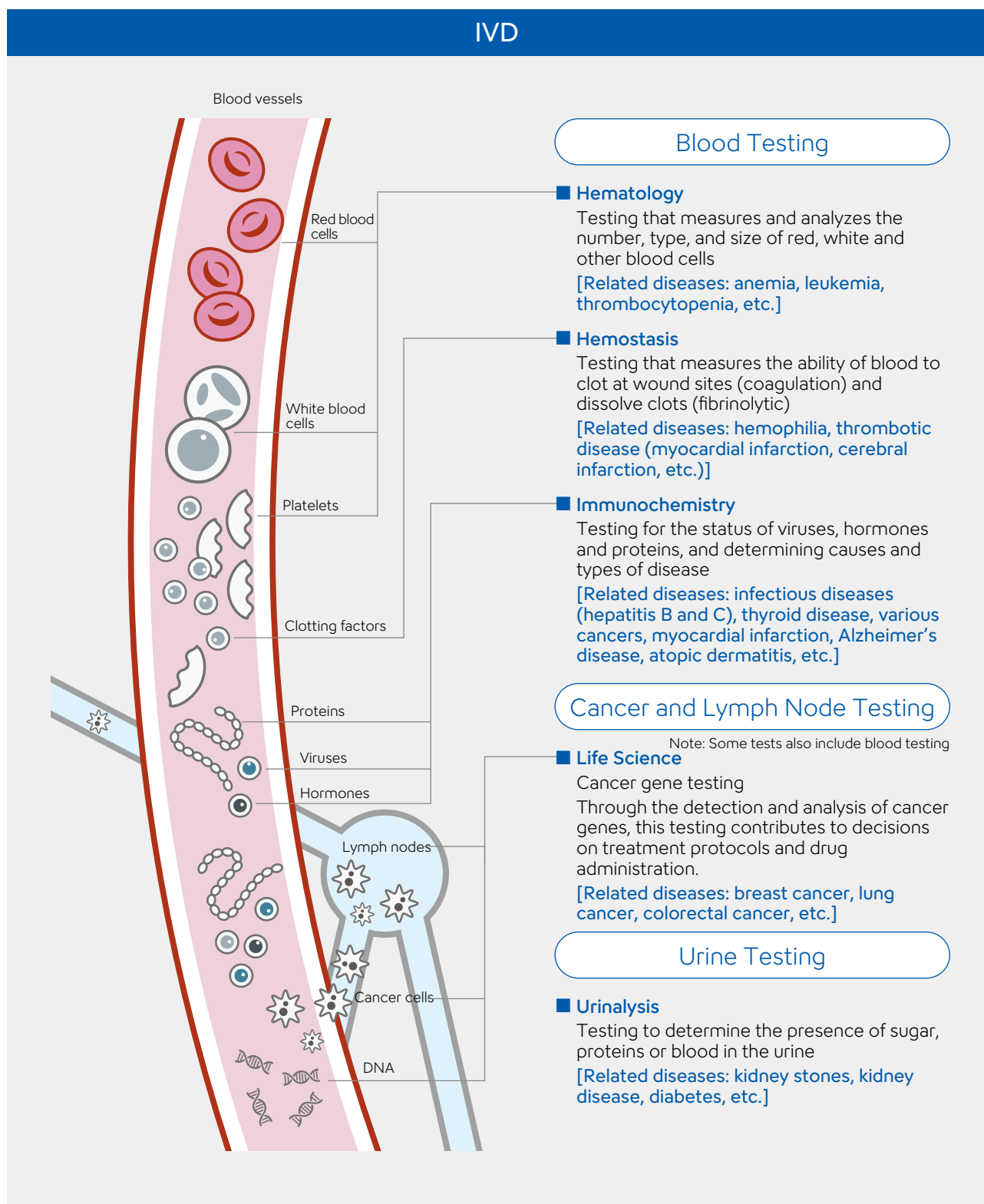
Under these circumstances, Mediaroid Corporation, a joint venture between Sysmex and Kawasaki Heavy Industries, Ltd., developed the first made-in-Japan robotic-assisted surgery system. As the global general distributor for this product, Sysmex began its launch in Japan in 2020.

■ Sysmex's Diagnostics Business Domain

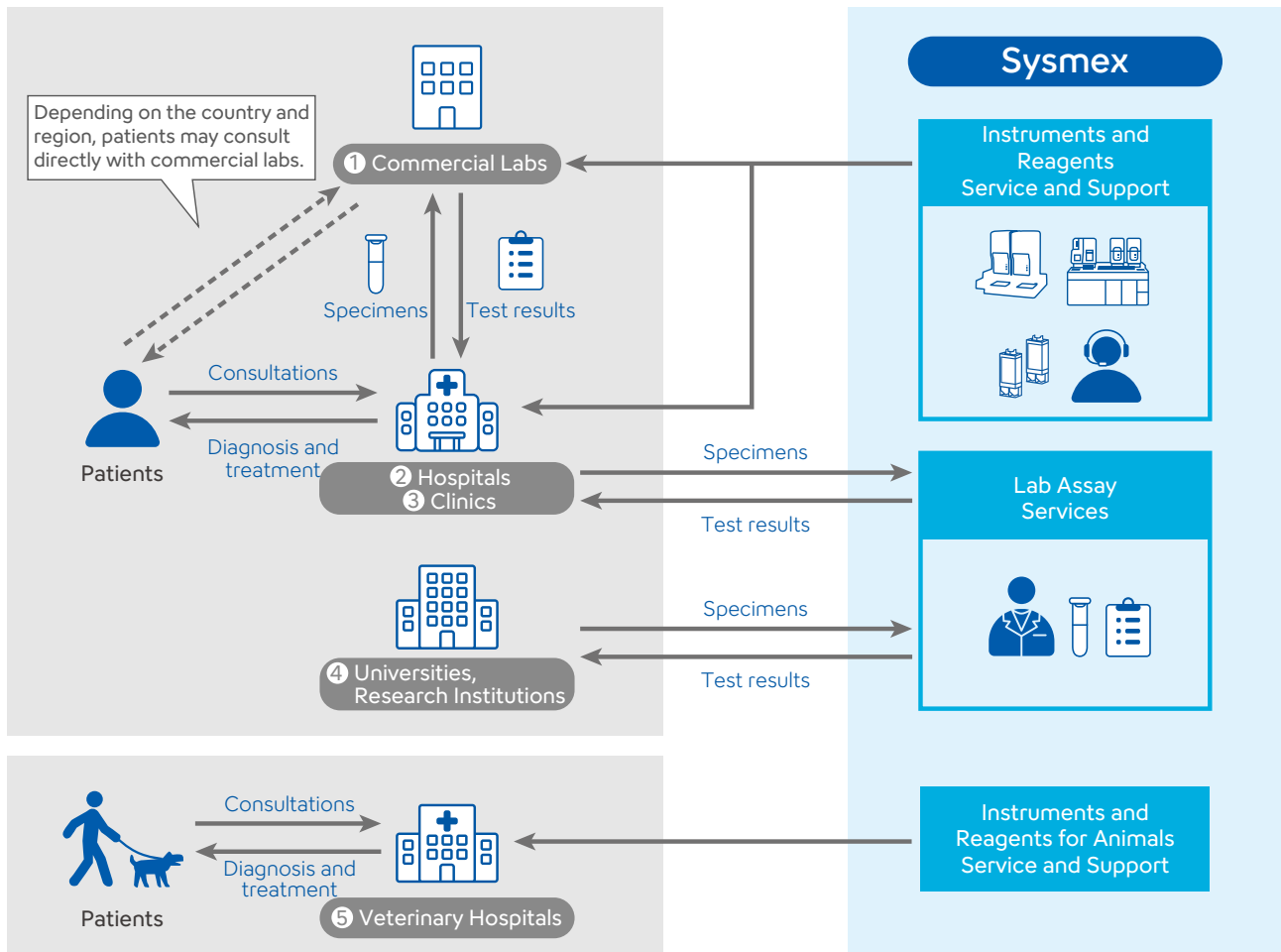
Healthcare Activities



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 high-productivity transport systems.

2 Hospitals

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

3 Clinics

Clinics typically use products that are compact and simple.

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

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

5 Veterinary hospitals

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

Primary Products and Services

Diagnostics Business

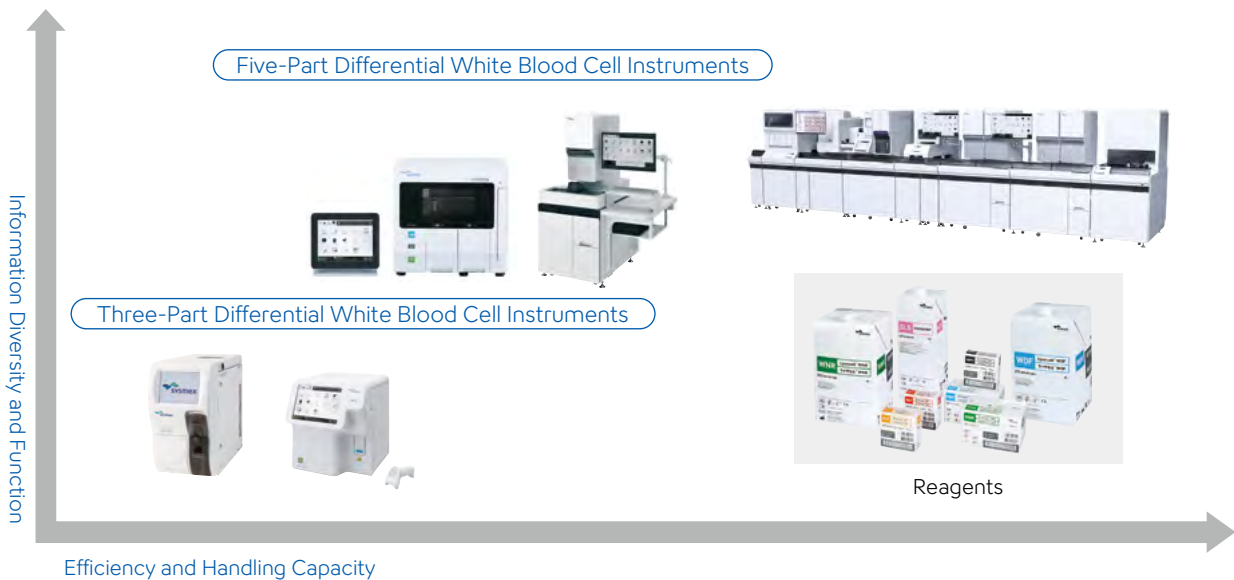
Hematology

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 flag-ship model, as well as a compact model providing three-part white blood cell differentiation. In 2022,

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

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

■ Product Lineup of Multiparameter Automated Hematology Analyzers



A Manufacturing System That Supports the Global Supply of Products

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

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

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

Flow Cytometry (FCM)

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



Flow cytometer

Hemostasis

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

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



Automated blood coagulation analyzer



Reagents

Urinalysis

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



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



Reagents

Immunochemistry

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

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

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



Automated immunoassay system



Reagents

Cancer Gene Testing

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



Cancer Lymph Node Metastasis Testing System

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

Other Lab Assays

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

>>Lab Assay Services P103

Antimicrobial Susceptibility Testing

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



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

Medical Robotics Business

Robotic-Assisted Surgery System

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

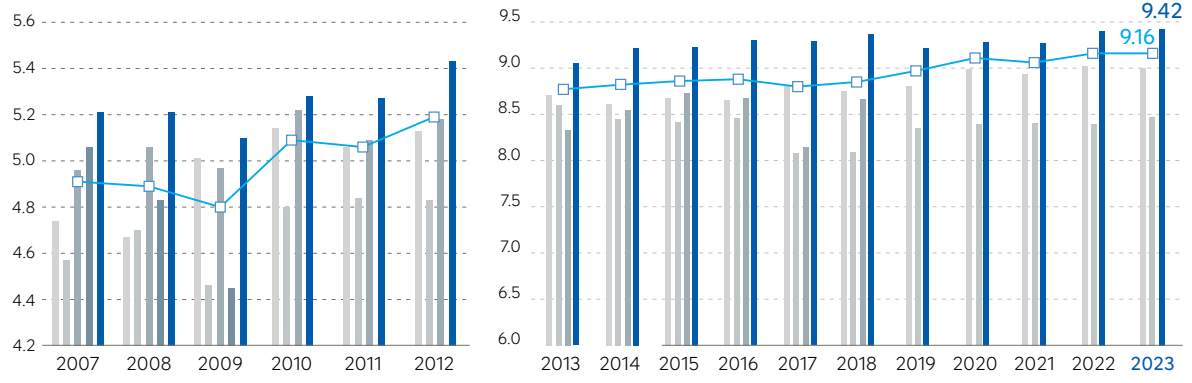


Robotic-assisted surgery system

Products, Service, and Support That Enhance Customer Satisfaction

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

Customer Assessment in the United States (Overall Service Performance)



Note: Scale of 1 to 6 from 2007 to 2012, and a scale of 1 to 10 from 2013 to 2023
Source: IMV ServiceTrak 2020 Hematology

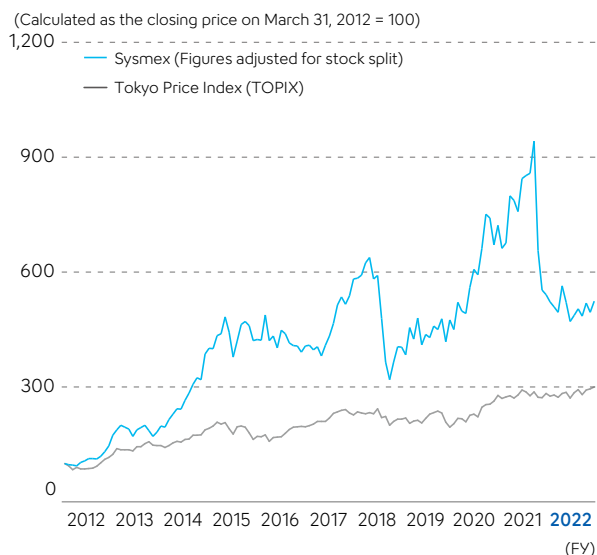
Terminology

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

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

Stock Information (As of the End of Fiscal 2022)

■ Stock Price Range



■ Stock Price Movements

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

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

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

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

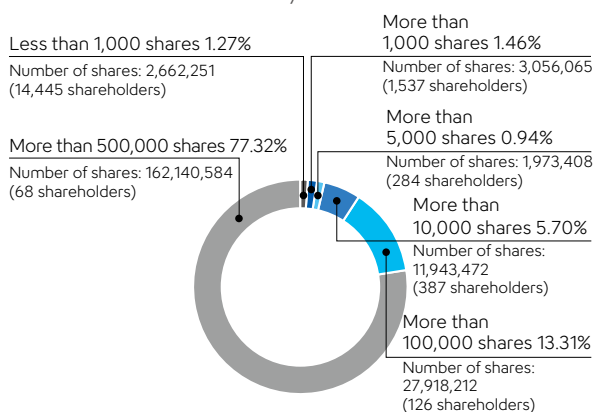
- * TSR: Total shareholder return, including capital gains and dividends
- Prepared by Sysmex based on data from Nikkei NEEDS-Financial QUEST
 - Base date of March 31, 2023
 - TSR calculated on the assumption that dividends are reinvested in shares

■ Principal Shareholders (Top 10)

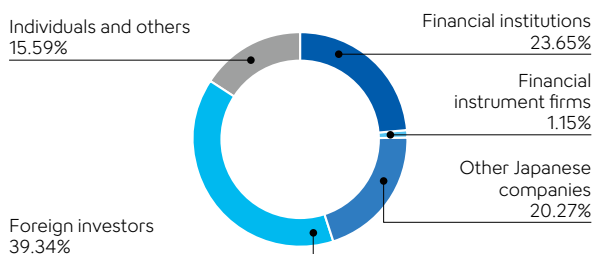
Shareholders	Number of shares held (Thousands)	Percentage of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,874	13.3
Custody Bank of Japan, Ltd. (Trust Account)	12,075	5.8
The Kobe Yamabuki Foundation	12,000	5.7
Nakatani Foundation for Advancement of Measuring Technologies in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

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

■ Distribution of Shares by Number of Shares Held



■ Composition of Shareholders



Corporate Information (As of the End of Fiscal 2022)

Systemex Corporation

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

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



**2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

**2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**



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

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