

Operating Environment

In fiscal 2019, net sales rose year on year, thanks to increased sales in all regions, despite yen appreciation and the impact of COVID-19 in some regions. By field, reagent sales rose in the hematology and immunochemistry fields due to expansion of the installed instrument base. Instrument sales in the hemostasis field also contributed. As a result, net sales were up ¥8.4 billion (2.9%) year on year, to ¥301.9 billion. Overseas sales accounted for 84.5% of the total (down 0.5 percentage point). Foreign exchange rates lowered net sales ¥11.8 billion from one year earlier.

Cost of sales grew ¥10.2 billion (7.8%) year on year, to ¥142.1 billion, affected by such factors as higher third-party instrument purchases and a reclassification of service consignment expenses in China. The cost of sales ratio was 47.1% (up 2.2 percentage points).

Selling, general and administrative (SG&A) expenses expanded ¥2.3 billion (2.9%) year on year, to ¥83.5 billion. These expenses were up as the result of spending to reinforce sales structures in individual regions to boost sales and expenses related to a bio-diagnostic reagent base that the Company established in April 2019. SG&A expenses as a percentage of net sales were flat year on year, at 27.7%.

R&D expenses grew ¥2.1 billion (11.1%) year on year, to ¥21.7 billion, as we developed new products to enhance our product portfolio and pursued R&D, centering on the life science business. R&D expenses also rose in relation to our

bio-reagent base. R&D expenses as a percentage of net sale were 7.2%, up 0.5 percentage point year on year.

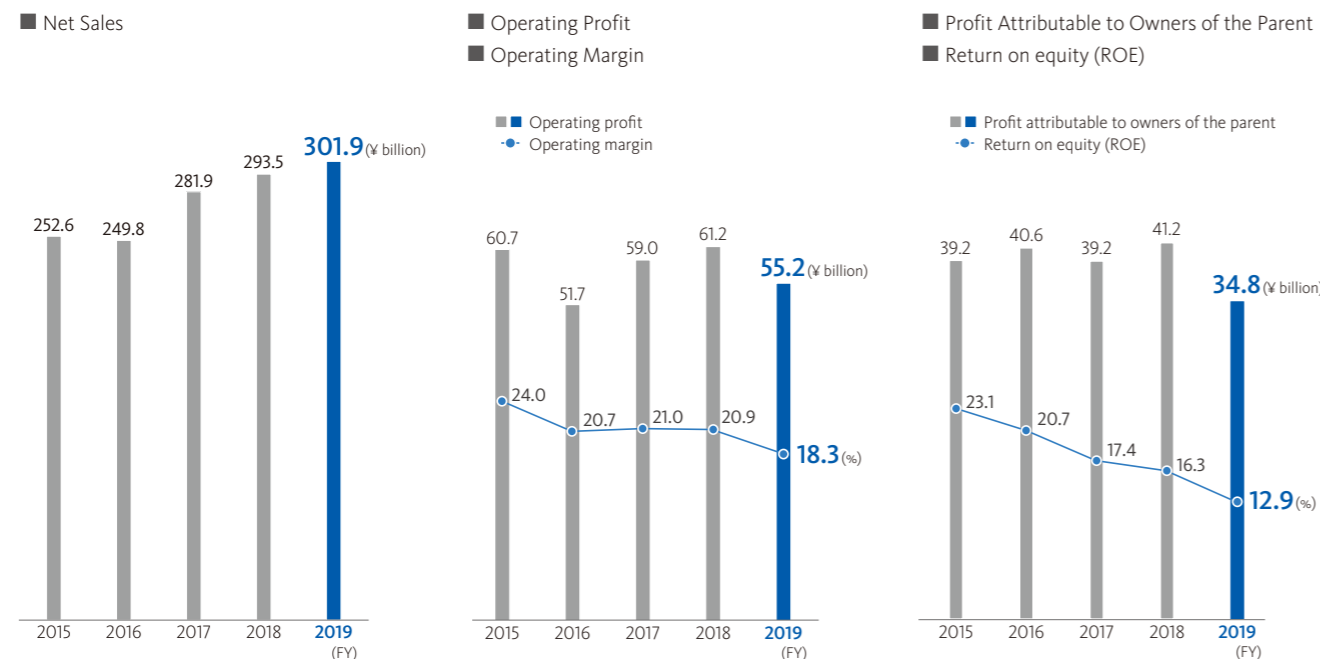
Although higher net sales pushed up gross profit, a deteriorating cost of sales ratio and increased SG&A and R&D expenses led to a ¥5.9 billion (9.8%) decline in operating profit, to ¥55.2 billion. The operating margin was 18.3% (down 2.6 percentage point year on year). Foreign exchange had a ¥5.2 billion negative effect, compared with exchange rates one year earlier.

Profit before tax decreased ¥8.5 billion (14.7%) year on year, to ¥49.4 billion, as the result of a lower operating profit, a ¥0.6 billion higher share of loss on equity method than in fiscal 2018 and a ¥1.4 billion year on year increase in foreign exchange loss.

Profit attributable to owners of the parent was ¥34.8 billion, down ¥6.3 billion (15.4%) year on year, after income taxes of ¥14.6 billion, which were ¥2.1 billion (12.9%) lower than in the previous fiscal year. Return on equity (ROE) was 12.9% (down 3.4 percentage points year on year).

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

■ Exchange Rates (Yen)					
(FY)	2015	2016	2017	2018	2019
1USD	120.1	108.4	110.9	110.9	108.7
1EUR	132.6	118.8	129.7	128.4	120.8
1CNY	18.9	16.1	16.8	16.5	15.6



Impact of the COVID-19 Pandemic

The hematology and hemostasis testing Sysmex facilitates plays a major role in diagnosing and treating COVID-19. As a result, Sysmex's products have been introduced at specialized COVID-19 hospitals in China, Indonesia and other countries.

In terms of sales, although we did experience a temporary rise in instrument sales in China, COVID-19 caused reagent sales to decrease. Lockdowns and limits on movement due to the pandemic in various parts of the world caused people to delay undergoing health checks, and the testing of patients for diseases other than for COVID-19 decreased, leading to lower test numbers. We are beginning to see a resurgence in testing numbers as countries ease their restrictions on movement.

Going forward, we will need to continue monitoring the situation, notably in emerging markets, where sluggish economic activity means that market recovery may take some time. Over the medium to long term, however, we anticipate growth as the need to expand healthcare systems to curtail further infections becomes apparent.

Progress on the Mid-Term Management Plan and Outlook for Fiscal 2020

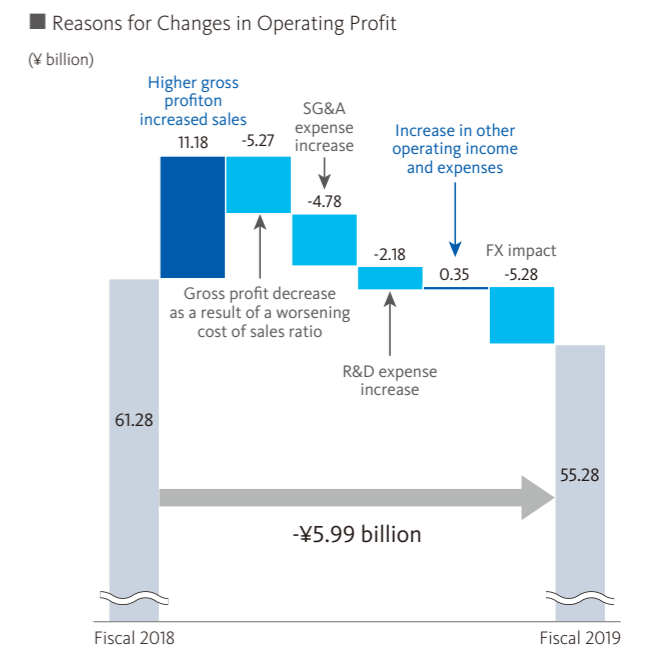
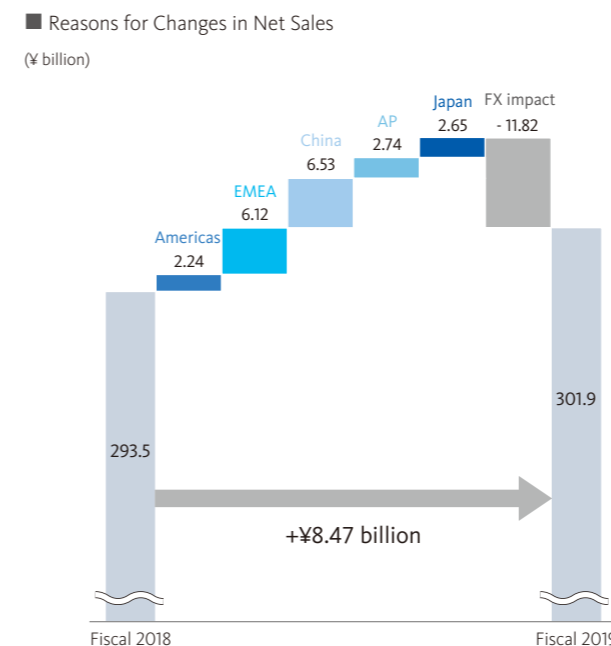
In May 2019, Sysmex introduced a mid-term management plan concluding in fiscal 2021 that set targets for fiscal 2021 of ¥380.0 billion in net sales and ¥78.0 billion in operating profit. Our numerical targets for fiscal 2019 were net sales of ¥310.0 billion and operating profit of ¥60.0 billion (announced in November 2019).

In fiscal 2019, net sales fell below this target due to the impacts of exchange rates and COVID-19, although we did achieve sales growth in all regions. Operating profit also fell below our target, despite higher gross profit from higher sales, due to deterioration in the cost of sales ratio and higher R&D expenses, mainly associated with new product development.

Our consolidated forecast for fiscal 2020 is undermined, as the increasing number of COVID-19 infections and its prolonged impact make rationally calculating a financial forecast problematic at present. We are carefully monitoring these impacts on trends in market demand, and we will promptly disclose our financial forecast once rational calculation becomes possible.

■ Numerical Targets of the Mid-Term Management Plan (Fiscal 2021) (Announced May 2019)	
Net sales	¥380.0 billion
Operating profit	¥78.0 billion (Operating margin: 20.5%)
ROE	18.0%
Free cash flow	¥40.0 billion
Operating cash flow	¥75.0 billion

Notes: Exchange rates for the mid-term management plan are 1USD=110.0, 1EUR=125JPY, 1CNY=16.5JPY. A new mid-term management plan is slated for announcement in May 2021.



## Overview of Operating Performance by Destination

### Americas

In the Americas, Sysmex has obtained the No. 1 position in the hematology field by leveraging outstanding customer service, such as services and support that make use of online tools. In fiscal 2019, North American sales of hemostasis and urinalysis instruments were down, but sales of hematology reagents rose, driving up sales. Sales in Central and South America decreased, owing to lower sales of instruments to distributors. As a result, sales in the Americas came to ¥71.0 billion (up 0.7% year on year). On a local currency basis, sales were up 2.8% year on year.

### EMEA

In the EMEA region, Sysmex's business covers more than 100 countries, including developed countries and emerging markets, and we are creating sales and service and support structures tailored to regional characteristics. We are working to accelerate the launch of new products in the urinalysis field, as well as in our mainstay field of hematology. We are also leveraging an alliance with Siemens Healthineers to strengthen business in the hemostasis field. In fiscal 2019, sales amounted to ¥77.2 billion (up 2.1% year on year), due to higher reagent sales in the hematology field and a rise in sales in the urinalysis field in the United Kingdom and France. On a local currency basis, sales were up 8.4% year on year.

### 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 more

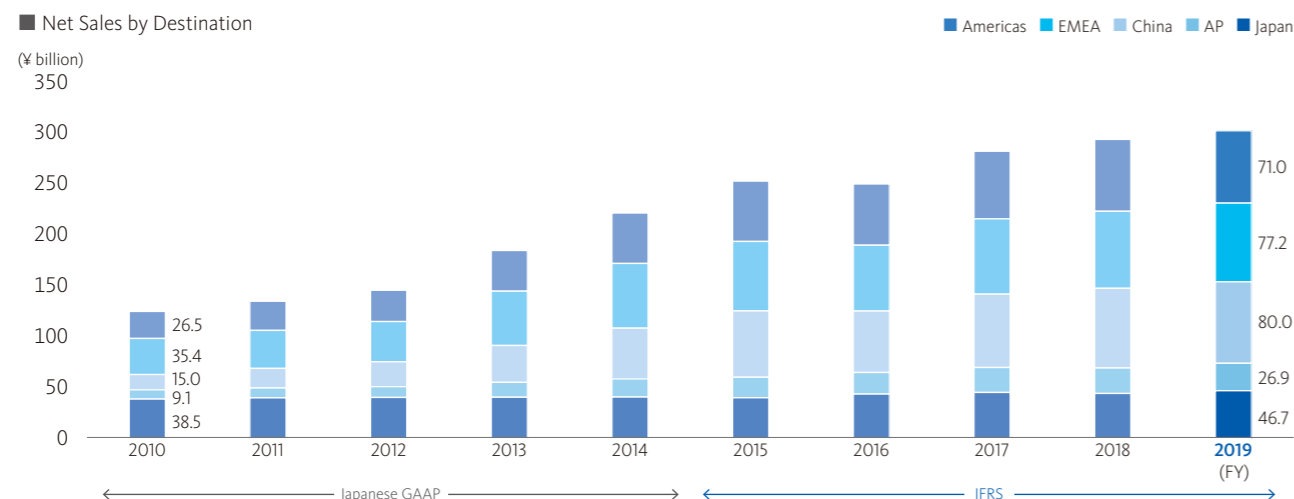
than 400 sales distributors to provide products and services throughout the country. We have created a structure to supply instruments using a knockdown production method, applying a product supply scheme to meet market characteristics. In fiscal 2019, sales amounted to ¥80.0 billion (up 2.3% year on year), due to higher instrument sales, although reagent sales declined in the fourth quarter due to the COVID-19 pandemic. On a local currency basis, sales were up 8.4% year on year.

### Asia Pacific

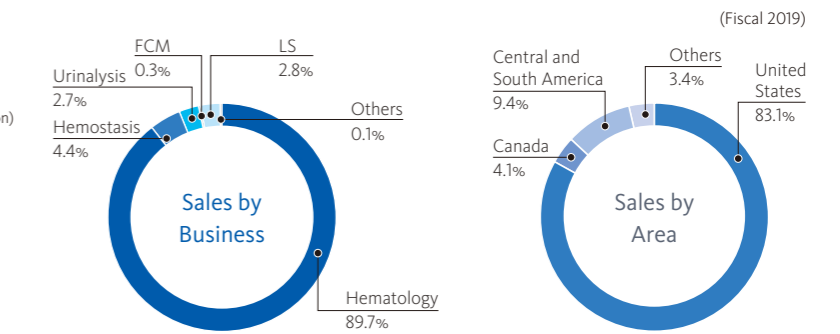
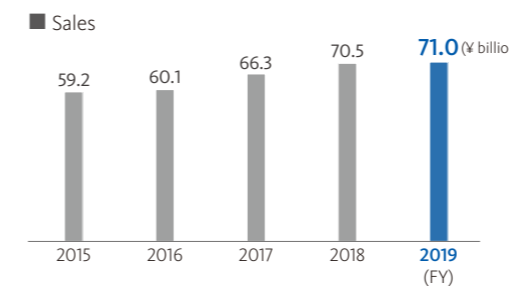
The Asia Pacific region has a large population, and the market is expected to expand going forward. This market is diverse, with economic levels, languages and healthcare systems differing by country. Nevertheless, we are reinforcing our position by providing solutions from a customer viewpoint and meeting local needs. In fiscal 2019, sales were ¥26.9 billion (up 7.6% year on year). Key factors included lower instrument sales in Indonesia, higher sales in India as a result of revisions to the sales structure, and increased reagent sales in the hematology field, centered on Southeast Asia.

### Japan

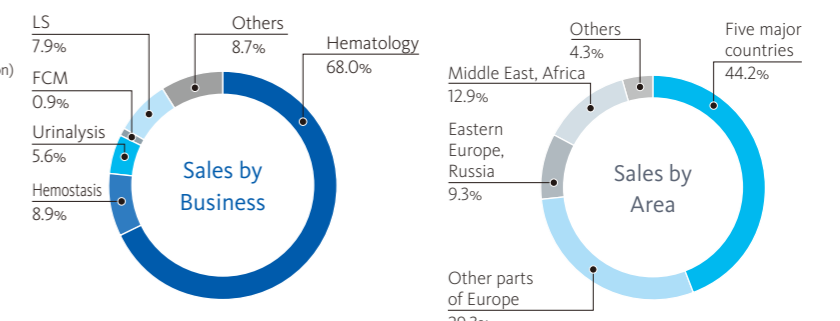
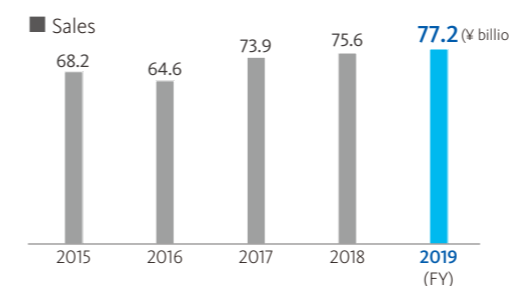
Aiming to establish a No. 1 position in the IVD market in Japan, Sysmex differentiates itself from competitors in the hematology, hemostasis, urinalysis and immunochemistry fields. We are also working to capture new markets by promoting developments in such areas as cancer genomic medicine. In fiscal 2019, sales came to ¥46.7 billion (up 6.0% year on year). Instrument sales were up in the hematology and hemostasis fields, and reagent sales increased due to expansion in the installed instrument base.



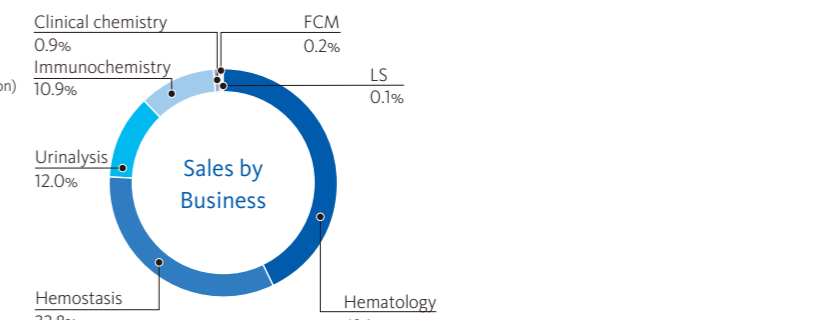
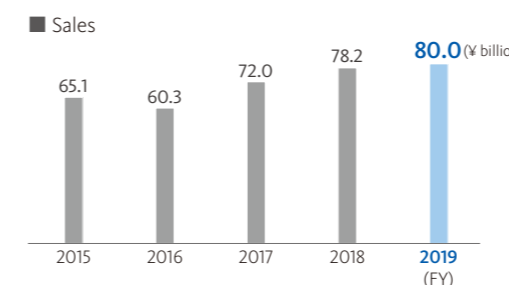
### Americas



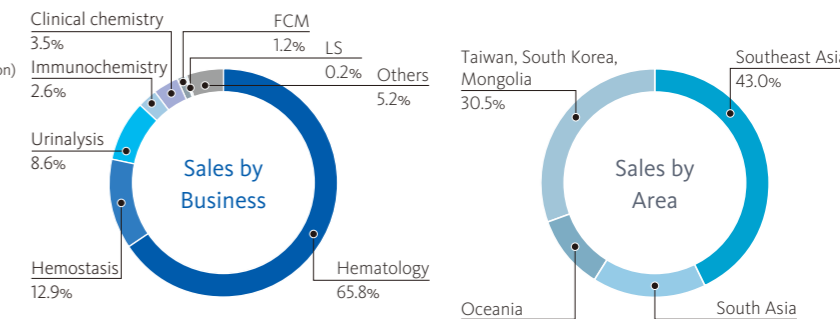
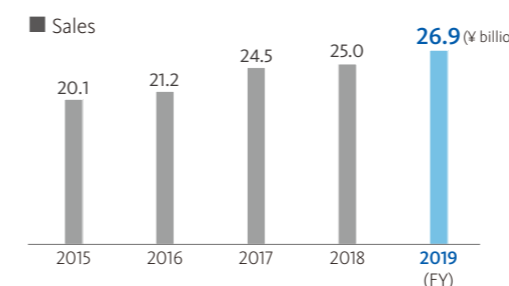
### EMEA



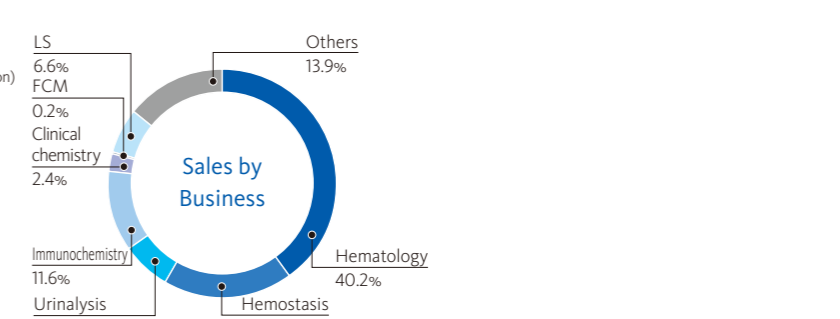
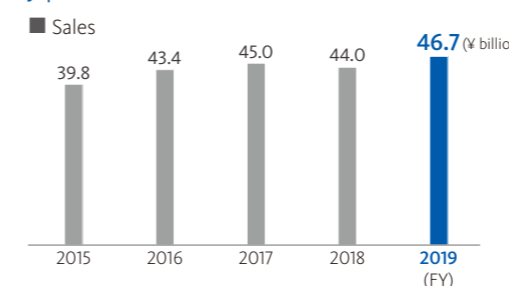
### China



### 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.

We currently hold an issuer rating of AA- from Rating & Investment Information, Inc. (R&I), with the rating updated based on an annual review. To maintain and increase our rating going forward, we will take the balance between sales, profit, assets, liabilities and capital into consideration.

For long-term capital requirements such as capital investment, the Company decides the funding method after considering the investment recovery period and risk. In the fiscal year ended March 31, 2019, 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 2019, total assets amounted to ¥389.2 billion, up ¥42.5 billion from one year earlier. As principal

factors, other short-term financial assets fell by ¥7.2 billion due to such factors as a decrease in time deposits at Sysmex Inostics. At the same time, property, plant and equipment amounted to ¥20.5 billion, up due to the adoption of IFRS16.

Total liabilities, meanwhile, were up ¥29.3 billion, to ¥110.9 billion. This increase was mainly because of adopting IFRS16, which led to a ¥16.9 billion increase in lease liabilities (non-current) and a ¥5.7 billion rise in lease liabilities (current). Accordingly, interest-bearing liabilities were ¥22.3 billion higher than at the end of fiscal 2018.

Total equity came to ¥278.3 billion, up ¥13.1 billion from the end of fiscal 2018. Among principal reasons, retained earnings rose ¥19.8 billion, while other components of equity declined ¥7.4 billion. Equity attributable to owners of the parent to total assets fell 5.0 percentage points, from 76.3% to 71.3%.

## Cash Flows

At the end of fiscal 2019, cash and cash equivalents amounted to ¥56.5 billion, up ¥5.5 billion from one year earlier.

### Cash Flows from Operating Activities

Net cash provided by operating activities was ¥53.1 billion, up ¥8.4 billion from the preceding fiscal year. As principal factors, profit before tax was lower and inventories were higher than in

the previous fiscal year. However, depreciation and amortization provided an additional ¥6.0 billion compared to the previous fiscal year, to the recording of lease assets stemming from the adoption of IFRS 16.

### Cash Flows from Investing Activities

Net cash used in investing activities was ¥25.9 billion, down ¥14.2 billion. Notably, purchase of property, plant and equipment—such as for investment related to our bio-diagnostic reagent base—was down ¥5.0 billion.

### Cash Flows from Financing Activities

Net cash used in financing activities was ¥20.5 billion, up ¥6.5 billion. This was mainly due to repayments of lease liabilities, which rose by ¥5.9 billion, in line with the adoption of IFRS16. Also, dividend payments amounted to ¥15.0 billion, up ¥0.4 billion.

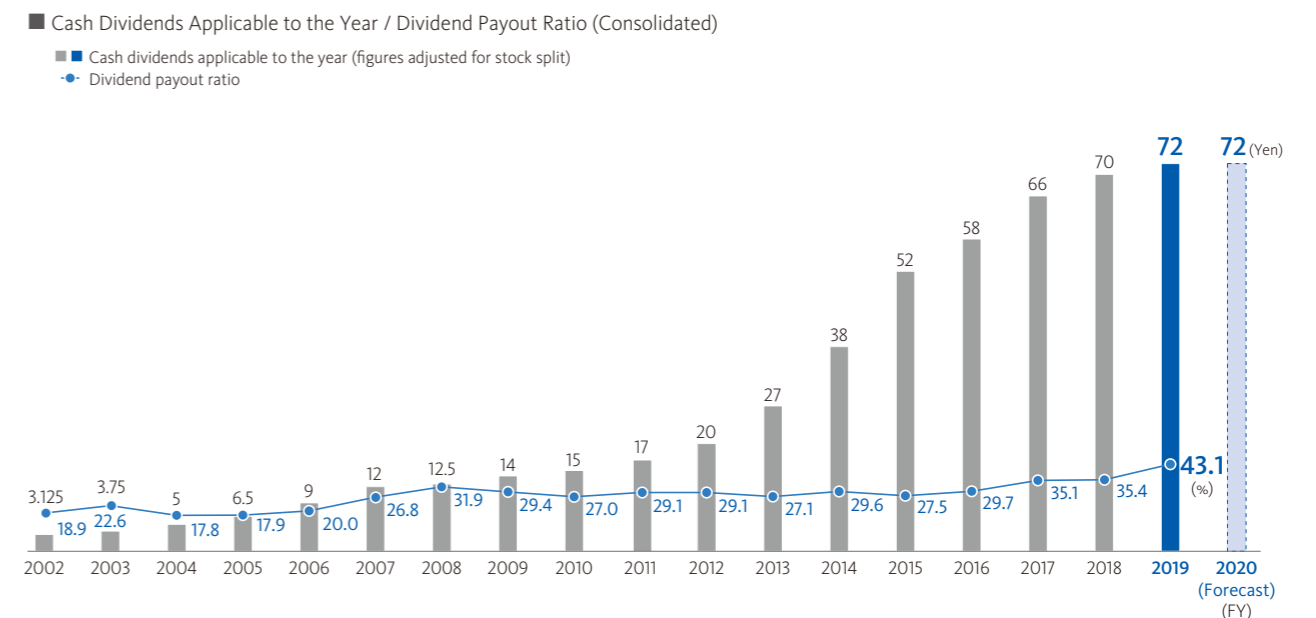
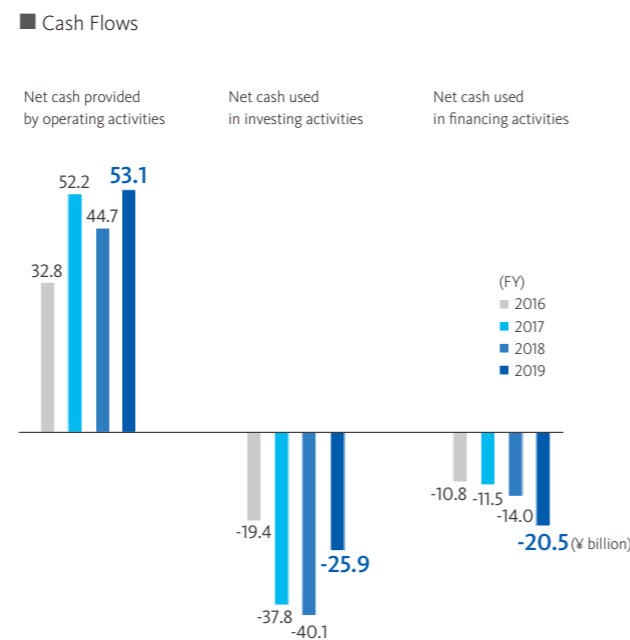
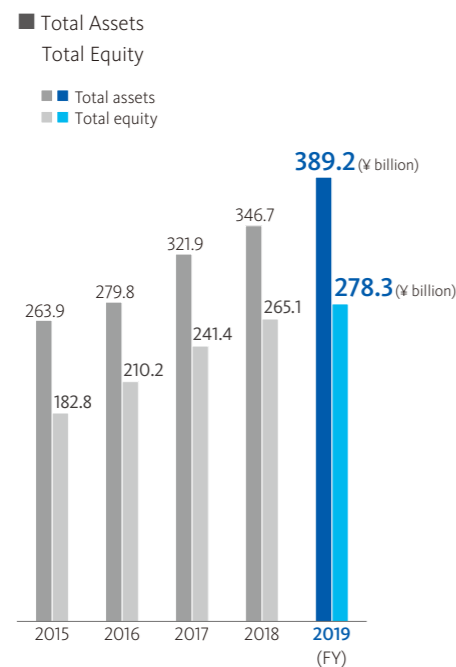
## Returns to Shareholders

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

our operations in line with business performance.

As a basic policy, Systemex pays twice-yearly dividends from retained earnings, an interim dividend and a year-end dividend. The year-end dividend is decided upon approval of the annual shareholders' meeting, and the interim dividend upon approval by the members of the Managing Board. In accordance with this policy and considering business performance during fiscal 2019, we announced dividends for the year of ¥72 per share, which includes an interim dividend of ¥36. As a result, the dividend payout ratio came to 43.1%. We propose the same dividend level for fiscal 2020.

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



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

# Consolidated Financial Data (10 Years)

Japanese GAAP							(¥ billion)
Fiscal years	2010	2011	2012	2013	2014	2015	
For the year:							
Net sales	124.6	134.7	145.5	184.5	221.3	253.1	
Operating income	18.2	19.2	21.8	32.8	44.4	56.9	
Net income attributable to owners of the parent	11.4	12.0	14.1	20.5	26.6	36.2 <sup>1</sup>	
Capital expenditure	5.8	7.9	8.9	13.3	13.9	13.8	
Depreciation	6.8	7.0	7.9	9.9	11.2	12.2	
R&D expenses	12.3	11.9	12.1	13.2	14.6	17.7	
Net cash provided by (used in) operating activities	18.1	17.0	25.8	36.5	38.6	39.5	
Net cash provided by (used in) investing activities	(8.9)	(10.3)	(12.5)	(33.9)	(19.5)	(21.6)	
Net cash provided by (used in) financing activities	(3.4)	(3.8)	(3.1)	(2.8)	(7.5)	(8.7)	
At year-end:							
Total assets	130.0	142.2	173.0	210.7	247.9	267.6	
Cash and cash equivalents, end of year	18.9	21.8	34.3	36.5	50.2	56.4	
Total equity	94.2	102.5	119.1	146.2	169.5	188.0	
Interest-bearing liabilities	1.9	1.0	0.7	1.9	0.7	1.3	
Per share data:							
Equity (yen)	910.6 <sup>3</sup>	990.5	1,151.3	703.7 <sup>3</sup>	812.3	899.5	
Net income (basic) (yen)	111.1 <sup>3</sup>	116.8	137.5	99.4 <sup>3</sup>	128.4	174.4	
Net income (diluted) (yen)	110.9 <sup>3</sup>	116.6	137.0	99.1 <sup>3</sup>	128.0	173.7	
Cash dividends applicable to the year <sup>2</sup> (yen)	15.00 <sup>3</sup>	17.00	20.00	27.00 <sup>3</sup>	38.00	52.00	
Dividend payout ratio (%)	27.0	29.1	29.1	27.1	29.6	29.8	
Other data:							
Operating margin (%)	14.7	14.3	15.0	17.8	20.1	22.5	
Overseas sales ratio (%)	69.1	70.5	72.4	78.2	81.7	84.3	
Equity ratio (%)	71.9	71.6	68.7	69.2	68.0	69.9	
Return on equity (ROE) (%)	12.7	12.3	12.8	15.6	17.0	20.4	
Return on assets (ROA) <sup>4</sup> (%)	9.1	8.8	9.0	10.7	11.6	14.1	
Number of employees (Including part-time and other employees)	4,957	5,521	5,594	6,211	6,742	7,446	
Exchange rates:							
US dollars (yen)	85.7	79.1	83.1	100.2	109.9	120.1	
Euros (yen)	113.1	109.0	107.2	134.4	138.8	132.6	
Chinese Yuan (yen)	12.8	12.4	13.2	16.3	17.8	18.9	

<sup>1</sup> Figures shown for fiscal 2015 is "net income."

<sup>2</sup> Dividend (actual) converted to post-split basis.

<sup>3</sup> Two-for-one stock split

<sup>4</sup> ROA = Net income attributable to owners of the parent/total assets (yearly average)×100

IFRS						(¥ billion)
Fiscal years	2015	2016	2017	2018	2019	
For the year:						
Net sales	252.6	249.8	281.9	293.5	301.9	
Operating income	60.7	51.7	59.0	61.2	55.2	
Profit attributable to owners of the parent	39.2	40.6	39.2	41.2	34.8	
Capital expenditure	13.0	11.8	15.8	20.0	12.4	
Depreciation and amortization	12.1	12.3	14.6	15.8	23.9	
R&D expenses	15.4	15.5	16.7	19.5	21.7	
Net cash provided by (used in) operating activities	41.7	32.8	52.2	44.7	53.1 <sup>6</sup>	
Net cash provided by (used in) investing activities	(23.8)	(19.4)	(37.8)	(40.1)	(25.9)	
Net cash provided by (used in) financing activities	(8.7)	(10.8)	(11.5)	(14.0)	(20.5) <sup>6</sup>	
At year-end:						
Total assets	263.9	279.8	321.9	346.7	389.2 <sup>6</sup>	
Cash and cash equivalents, end of year	56.4	57.9	61.4	51.0	56.5	
Total equity	182.8	210.2	241.4	265.1	278.3	
Interest-bearing liabilities	1.3	1.1	0.9	0.8	23.1 <sup>6</sup>	
Per share data:						
Equity attributable to owners of the parent (yen)	879.32	1,005.86	1,154.57	1,267.07	1,329.78	
Profit attributable to owners of the parent (basic) (yen)	189.08	195.31	188.29	197.60	167.10	
Profit attributable to owners of the parent (diluted) (yen)	188.30	194.74	187.84	197.29	166.93	
Cash dividends applicable to the year (yen)	52.00	58.00	66.00	70.00	72.00	
Dividend payout ratio (%)	27.5	29.7	35.1	35.4	43.1	
Other data:						
Operating margin (%)	24.0	20.7	21.0	20.9	18.3	
Overseas sales ratio (%)	84.2	82.6	84.0	85.0	84.5	
Equity ratio (%)	69.3	74.8	74.8	76.3	71.3	
Return on equity (ROE) (%)	23.1	20.7	17.4	16.3	12.9	
Return on assets (ROA) <sup>5</sup> (%)	15.7	14.9	13.0	12.3	9.5	
Number of employees (Including part-time and other employees)	7,446	7,930	8,445	8,715	9,231	
Exchange rates:						
US dollars (yen)	120.1	108.4	110.9	110.9	108.7	
Euros (yen)	132.6	118.8	129.7	128.4	120.8	
Chinese Yuan (yen)	18.9	16.1	16.8	16.5	15.6	

<sup>5</sup> ROA = Profit attributable to owners of the parent/total assets (yearly average)×100

<sup>6</sup> Adopted IFRS 16

# Consolidated Statement of Financial Position

Sysmex Corporation and Its Subsidiaries  
As of March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	¥ 56,592	¥ 51,062	\$ 519,193
Trade and other receivables	85,650	84,247	785,780
Inventories	48,303	40,231	443,147
Other short-term financial assets	421	7,644	3,862
Income taxes receivable	546	412	5,009
Other current assets	14,191	11,824	130,193
<b>Total current assets</b>	<b>205,704</b>	<b>195,423</b>	<b>1,887,193</b>
<b>Non-current assets</b>			
Property, plant and equipment	96,839	76,312	888,431
Goodwill	11,271	11,917	103,404
Intangible assets	39,543	33,037	362,780
Investments accounted for using the equity method	2,945	634	27,018
Trade and other receivables	12,845	12,202	117,844
Other long-term financial assets	6,192	7,050	56,807
Asset for retirement benefits	897	917	8,229
Other non-current assets	5,810	3,456	53,303
Deferred tax assets	7,240	5,823	66,422
<b>Total non-current assets</b>	<b>183,586</b>	<b>151,352</b>	<b>1,684,275</b>
<b>Total assets</b>	<b>¥389,291</b>	<b>¥346,775</b>	<b>\$3,571,477</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	¥ 33,917	¥ 29,778	\$ 311,165
Lease liabilities	5,701	—	52,303
Other short-term financial liabilities	552	806	5,064
Income taxes payable	5,673	6,947	52,046
Provisions	751	693	6,890
Contract liabilities	12,001	9,303	110,101
Accrued expenses	12,508	10,791	114,752
Accrued bonuses	7,591	7,670	69,642
Other current liabilities	5,448	5,257	49,982
<b>Total current liabilities</b>	<b>84,145</b>	<b>71,247</b>	<b>771,972</b>
<b>Non-current liabilities</b>			
Lease liabilities	16,935	—	155,367
Other long-term financial liabilities	269	415	2,468
Liability for retirement benefits	925	857	8,486
Provisions	255	226	2,339
Other non-current liabilities	2,061	3,203	18,908
Deferred tax liabilities	6,351	5,642	58,266
<b>Total non-current liabilities</b>	<b>26,798</b>	<b>10,345</b>	<b>245,853</b>
<b>Total liabilities</b>	<b>110,944</b>	<b>81,592</b>	<b>1,017,835</b>
<b>Equity</b>			
Equity attributable to owners of the parent			
Capital stock	12,877	12,654	118,138
Capital surplus	18,487	17,876	169,606
Retained earnings	261,321	241,445	2,397,440
Treasury stock	(306)	(302)	(2,807)
Other components of equity	(14,697)	(7,225)	(134,835)
<b>Total equity attributable to owners of the parent</b>	<b>277,683</b>	<b>264,448</b>	<b>2,547,550</b>
Non-controlling interests	663	733	6,083
<b>Total equity</b>	<b>278,347</b>	<b>265,182</b>	<b>2,553,642</b>
<b>Total liabilities and equity</b>	<b>¥389,291</b>	<b>¥346,775</b>	<b>\$3,571,477</b>

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 ¥109 to \$1, the approximate rate of exchange at March 31, 2020.

# Consolidated Statement of Income

Sysmex Corporation and Its Subsidiaries  
For the Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Net sales	¥301,980	¥293,506	\$2,770,459
Cost of sales	142,173	131,899	1,304,339
<b>Gross profit</b>	<b>159,807</b>	<b>161,606</b>	<b>1,466,119</b>
Selling, general and administrative expenses	83,545	81,230	766,468
Research and development expenses	21,761	19,578	199,642
Other operating income	1,486	1,610	13,633
Other operating expenses	702	1,126	6,440
<b>Operating profit</b>	<b>55,284</b>	<b>61,282</b>	<b>507,193</b>
Financial income	595	442	5,459
Financial expenses	1,031	390	9,459
Share of loss on equity method	(2,398)	(1,793)	(22,000)
Foreign exchange loss	(3,017)	(1,585)	(27,679)
<b>Profit before tax</b>	<b>49,433</b>	<b>57,955</b>	<b>453,514</b>
Income tax expenses	14,619	16,789	134,119
<b>Profit</b>	<b>¥ 34,813</b>	<b>¥41,166</b>	<b>\$ 319,385</b>
Profit attributable to			
Owners of the parent	¥ 34,883	¥41,224	\$ 320,028
Non-controlling interests	(69)	(58)	(633)
<b>Profit</b>	<b>¥ 34,813</b>	<b>¥41,166</b>	<b>\$ 319,385</b>
Earnings per share		Yen	U.S. Dollars
Basic	¥167.10	¥197.60	\$1.53
Diluted	166.93	197.29	1.53

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 ¥109 to \$1, the approximate rate of exchange at March 31, 2020.

# Consolidated Statement of Comprehensive Income

Sysmex Corporation and Its Subsidiaries  
For the Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
Profit	¥34,813	¥41,166	\$319,385
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	(588)	(379)	(5,394)
Remeasurements of defined benefit plans	21	113	193
<b>Total</b>	<b>(567)</b>	<b>(266)</b>	<b>(5,202)</b>
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(6,882)	(3,000)	(63,138)
Share of other comprehensive income (loss) of investments accounted for using the equity method	(0)	2	(0)
<b>Total</b>	<b>(6,883)</b>	<b>(2,998)</b>	<b>(63,147)</b>
<b>Total other comprehensive (loss) income</b>	<b>(7,450)</b>	<b>(3,264)</b>	<b>(68,349)</b>
<b>Comprehensive income</b>	<b>¥27,363</b>	<b>¥37,901</b>	<b>\$251,037</b>
Comprehensive income attributable to			
Owners of the parent	¥27,433	¥37,959	\$251,679
Non-controlling interests	(69)	(58)	(633)
<b>Comprehensive income</b>	<b>¥27,363</b>	<b>¥37,901</b>	<b>\$251,037</b>

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 ¥109 to \$1, the approximate rate of exchange at March 31, 2020.

# Consolidated Statement of Changes in Equity

Sysmex Corporation and Its Subsidiaries  
For the Year Ended March 31, 2020

	Millions of Yen							Non-controlling interests	Total equity
	Equity attributable to owners of the parent								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total			
As of April 1, 2018	¥12,276	¥17,664	¥214,952	¥(295)	¥ (3,847)	¥240,749	¥693	¥241,443	
Cumulative effect of accounting change	—	—	(244)	—	—	(244)	—	(244)	
Restated balance	12,276	17,664	214,707	(295)	(3,847)	240,504	693	241,198	
Profit	—	—	41,224	—	—	41,224	(58)	41,166	
Other comprehensive income (loss)	—	—	—	—	(3,264)	(3,264)	(0)	(3,264)	
Comprehensive income (loss)	—	—	41,224	—	(3,264)	37,959	(58)	37,901	
Exercise of warrants	378	212	—	—	—	590	—	590	
Stock-based compensation	—	—	—	—	—	—	—	—	
Cash dividends	—	—	(14,600)	—	—	(14,600)	—	(14,600)	
Purchase of treasury stock	—	—	—	(6)	—	(6)	—	(6)	
Transfer to retained earnings	—	—	113	—	(113)	—	—	—	
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	98	98	
Total transactions with the owners	378	212	(14,486)	(6)	(113)	(14,015)	98	(13,917)	
As of March 31, 2019	12,654	17,876	241,445	(302)	(7,225)	264,448	733	265,182	
Cumulative effect of accounting change	—	—	—	—	—	—	—	—	
Restated balance	12,654	17,876	241,445	(302)	(7,225)	264,448	733	265,182	
Profit	—	—	34,883	—	—	34,883	(69)	34,813	
Other comprehensive income (loss)	—	—	—	—	(7,450)	(7,450)	0	(7,450)	
Comprehensive income (loss)	—	—	34,883	—	(7,450)	27,433	(69)	27,363	
Exercise of warrants	223	125	—	—	—	348	—	348	
Stock-based compensation	—	485	—	—	—	485	—	485	
Cash dividends	—	—	(15,028)	—	—	(15,028)	—	(15,028)	
Purchase of treasury stock	—	—	—	(3)	—	(3)	—	(3)	
Transfer to retained earnings	—	—	21	—	(21)	—	—	—	
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	—	—	
Total transactions with the owners	223	610	(15,006)	(3)	(21)	(14,198)	—	(14,198)	
As of March 31, 2020	¥12,877	¥18,487	¥261,321	¥(306)	¥(14,697)	¥277,683	¥663	¥278,347	

	Thousands of U.S. Dollars							Non-controlling interests	Total equity
	Equity attributable to owners of the parent								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total			
As of March 31, 2019	\$116,092	\$164,000	\$2,215,092	\$(2,771)	\$(66,284)	\$2,426,128	\$6,725	\$2,432,862	
Cumulative effect of accounting change	—	—	—	—	—	—	—	—	
Restated balance	116,092	164,000	2,215,092	(2,771)	(66,284)	2,426,128	6,725	2,432,862	
Profit	—	—	320,028	—	—	320,028	(633)	319,385	
Other comprehensive income (loss)	—	—	—	—	(68,349)	(68,349)	0	(68,349)	
Comprehensive income (loss)	—	—	320,028	—	(68,349)	251,679	(633)	251,037	
Exercise of warrants	2,046	1,147	—	—	—	3,193	—	3,193	
Stock-based compensation	—	4,450	—	—	—	4,450	—	4,450	
Cash dividends	—	—	(137,872)	—	—	(137,872)	—	(137,872)	
Purchase of treasury stock	—	—	—	(28)	—	(28)	—	(28)	
Transfer to retained earnings	—	—	193	—	(193)	—	—	—	
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	—	—	
Total transactions with the owners	2,046	5,596	(137,670)	(28)	(193)	(130,257)	—	(130,257)	
As of March 31, 2020	\$118,138	\$169,606	\$2,397,440	\$(2,807)	\$(134,835)	\$2,547,550	\$6,083	\$2,553,642	

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 ¥109 to \$1, the approximate rate of exchange at March 31, 2020.

# Consolidated Statement of Cash Flows

Sysmex Corporation and Its Subsidiaries  
For the Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars
	2020	2019	2020
	<b>Operating activities</b>		
Profit before tax	¥ 49,433	¥ 57,955	\$ 453,514
Depreciation and amortization	23,955	15,842	219,771
Interest and dividend income	(343)	(331)	(3,147)
Interest expenses	911	70	8,358
Share of loss on equity method	2,398	1,793	22,000
(Increase) in trade receivables	(4,423)	(11,988)	(40,578)
Decrease (increase) in inventories	(9,807)	471	(89,972)
Increase in trade payables	2,762	269	25,339
Increase in accrued expenses	2,212	186	20,294
Decrease/increase in consumption taxes receivable/payable	(1,134)	(1,679)	(10,404)
Decrease in asset for retirement benefits	50	47	459
Increase (decrease) in contract liabilities	3,292	(703)	30,202
Increase in accrued bonuses	102	201	936
Other – net	505	(296)	4,633
Subtotal	69,914	61,839	641,413
Interest and dividend received	280	269	2,569
Interest paid	(804)	(60)	(7,376)
Income taxes paid	(16,208)	(17,305)	(148,697)
<b>Net cash provided by operating activities</b>	<b>53,182</b>	<b>44,743</b>	<b>487,908</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(13,629)	(18,726)	(125,037)
Proceeds from sales of property, plant and equipment	325	491	2,982
Purchase of intangible assets	(12,843)	(10,252)	(117,826)
Increase in long-term prepaid expenses	(2,487)	(1,441)	(22,817)
Purchase of investments in equity instruments	(4,554)	(2,315)	(41,780)
Acquisitions of subsidiaries or other businesses	—	(20)	—
Payments into time deposits	(231)	(7,737)	(2,119)
Refund of time deposits	7,327	94	67,220
Other – net	185	(220)	1,697
<b>Net cash used in investing activities</b>	<b>(25,906)</b>	<b>(40,128)</b>	<b>(237,670)</b>
<b>Financing activities</b>			
Exercise of warrants	348	590	3,193
Dividends paid	(15,028)	(14,600)	(137,872)
Repayment of lease liabilities	(5,913)	—	(54,248)
Other – net	(3)	(81)	(28)
<b>Net cash used in financing activities</b>	<b>(20,597)</b>	<b>(14,090)</b>	<b>(188,963)</b>
Foreign currency translation adjustments on cash and cash equivalents	(1,147)	(907)	(10,523)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>5,530</b>	<b>(10,382)</b>	<b>50,734</b>
Cash and cash equivalents, beginning of year	51,062	61,444	468,459
Cash and cash equivalents, end of year	¥ 56,592	¥ 51,062	\$ 519,193

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 ¥109 to \$1, the approximate rate of exchange at March 31, 2020.

# Non-Financial Targets and Results

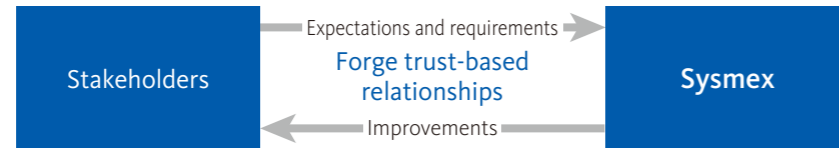
Materiality	KPI	Target		Results			Progress			
		Fiscal 2021 (Mid-Term Management Plan)	Fiscal 2025 (Eco-Vision)	Fiscal 2017	Fiscal 2018	Fiscal 2019				
Resolution of Medical Issues through Products and Services	Resolution of medical issues through business activities	Hematology market share	Within the hematology field, consolidated sales as a percentage of the market for instruments, reagents and services	3		52.7%	53.8%	54.7%	Reagent sales increased in line with expansion of the installed instrument base in each region, pushing up our share of the hematology market. In addition, to help resolve medical issues, in fiscal 2019 we launched a product for cancer gene panel testing. In China, we introduced new parameters in the immunochemistry field and moved forward with initiatives for the development and practical realization of antigen/antibody tests for COVID-19. We also recorded steady progress in the number of new patents and the number of scientific papers. >>Initiatives in Developed Countries P41 >>Our Response to the COVID-19 Pandemic P19 >>Sustainability Data Book >Resolution of Medical Issues through Business Activities P9	
		Number of patents	Total number of patents, utility model rights and design rights held	3		2,709	2,987	3,143		
		Number of new patents	Total number of applications filed for patents, utility model rights and design rights	3		301	346	306		
		Number of scientific papers	Number of scientific papers presented by users of the Company's products	3		155	166	176		
Responsible Provision of Products and Services	Improvement in accessibility to medical services by means such as familiarizing products	Percentage of sales in emerging markets	Sales in emerging markets as a percentage of consolidated sales	3		39.2%	39.5%	39.7%	Sales in China and other emerging markets are growing; over the past 10 years, our sales in emerging markets have increased by approximately ¥90.0 billion. In addition, we are working with the WHO, JICA and other international institutions to help enhance the quality of healthcare. >>Initiatives in China and Other Emerging Markets and Developing Countries P42, 43 >>Sustainability Data Book >Improvement in Accessibility to Medical Services by Means such as Familiarizing Products P11	
		CSR survey response rate	Percentage of primary raw materials suppliers that responded to CSR surveys (figures in parentheses show such percentages only for Japanese suppliers)	3	—	80.7% (99.6%)	84.0% (99.6%)	84.8% (99.2%)	We conducted CSR surveys of around 240 existing business partners and one new business partner. In addition, we interviewed the management of new business partners, made follow-up visits to some business partners, confirmed the status of management at secondary suppliers and enhanced supply chain management. Furthermore, to maintain and enhance high quality levels, we continue to put in place systems to ensure compliance with international laws and regulations. >>Sustainability Data Book >Assessment and Management of the Supply Chain P19	
Realization of an Attractive Workplace	Provision of a comfortable working environment	Engagement score	Corporate Culture Survey results	75%		72%	—	—	Every two years, Sysmex conducts a Corporate Culture Survey aimed at enhancing employee satisfaction. This survey was not conducted in fiscal 2019, as we wished to check the status of our organization following the launch of the new HR system introduced in April 2020 and the development of measures in line with its implementation. We plan to conduct a Groupwide survey in fiscal 2020. Our turnover ratio remains low in comparison with the manufacturing industry average of around 9% <sup>4</sup> , indicating a high retention rate. To reduce the lost-time injuries frequency rate, we are adopting such measures as stepping up danger and prediction training and bringing in outside instructors to conduct education and training. In fiscal 2019, the rate was 0.86, due to such factors as factory closures due to injury. >>Sustainability Data Book >Provision of a Comfortable Working Environment P26, Promoting Health and Productivity Management P34	
		Turnover ratio <sup>1, 2</sup>	Turnover percentage of regular employees, excluding people who have reached the mandatory retirement age	3		3.22%	3.78%	3.09%		
		Lost-time injuries frequency rate <sup>1</sup>	Number of employee deaths or injuries resulting from work-related accidents per million hours actually worked	Less than 0.35		0.35	0.89	0.86		
		Lost work day rate <sup>1</sup>	Number of days absent from work due to work-related injuries per 1,000 hours actually worked	Less than 0.05		0.05	0.06	0.08		
	Promotion of diversity	Female managers ratio	Percentage of women at director level or above	16.0%		15.2%	15.2%	15.5%		The figure rose 0.3 percentage point year on year, due to efforts at Group companies to promote diverse working styles, advocate management styles and provide opportunities for employees to think about their careers. >>Sustainability Data Book >Promotion of Diversity P31
Development of human resources	Training time per employee <sup>2</sup>	Average hours of training per employee provided by the Human Resources Division (figures in parentheses include online training hours)	25.0 hours		15.7 hours <sup>1</sup> (24.9 hours)	15.8 hours <sup>1</sup> (28.9 hours)	17.0 hours <sup>1</sup> (27.7 hours)	In fiscal 2019, we enhanced employee career development and promoted self-learning as part of the introduction of a new HR system. We also aggressively promoted online learning. Some training was postponed, owing to COVID-19, but training time per employee came to 17.0 hours, rising to 27.7 hours if online learning is included. >>Diverse Human Resources P55 >>Sustainability Data Book >Development of Human Resources P32		
Environmental Consideration (Base Year: Fiscal 2016)	Environmental consideration through the product lifecycle	Reduction of CO <sub>2</sub> emissions (instruments)	Percentage reduction in CO <sub>2</sub> emissions per instrument	Cut 10%	Cut 15%	Cut 1%	Cut 3%	Cut 4%	CO <sub>2</sub> emissions rose 4% due to expansion of the installed base of large instruments, which consume substantial amounts of electricity. Conversely, water consumption was down 3% due to higher sales of products that consume fewer reagents. Going forward, we aim to promote further reductions by developing and selling new products that consume less electricity and water. >>Sustainability Data Book >Environmental Consideration through the Product Lifecycle P49	
		Reduction of water consumption (instruments) <sup>2</sup>	Percentage reduction in water volume per instrument	Cut 10%	Cut 15%	Cut 1%	Cut 1%	Cut 3%		
		Reduction of CO <sub>2</sub> emissions (shipping)	Percentage reduction in CO <sub>2</sub> emissions during shipping and distribution per unit of parent-only sales	Cut 10%	Cut 15%	Cut 17%	Cut 1%	Cut 17%		
	Reduction in environmental burden through activities at business offices	Reduction of CO <sub>2</sub> emissions (business activities)	Percentage reduction in CO <sub>2</sub> emissions during business activities per unit of consolidated sales	Cut 10%	Cut 50%	Cut 17%	Cut 21%	Cut 17%		We achieved a 17% reduction by shifting the mode of transport from air to ship on some products bound for the Americas and Asia. This exceeds our fiscal 2025 target of a 15% reduction. >>Sustainability Data Book >Environmental Consideration through the Product Lifecycle P51
		Reduction of water consumption (business activities)	Percentage reduction in water use during business activities per unit of consolidated sales	Cut 10%	Cut 15%	Cut 8%	Cut 7%	Cut 6%		Energy consumption rose due to the operation of a bio-diagnostic reagent base that opened in April 2019. However, we substantially curtailed this increase by introducing high-efficiency electrical and air conditioning systems. We are also promoting initiatives to lower CO <sub>2</sub> emissions in individual regions, such as shifting toward the use of renewable energy in the United States. >>Sustainability Data Book >Reduction in Environmental Burden through Activities at Business Offices P53
Recycle rate	Recycling volume divided by total waste volume	88% or higher	93% or higher	89%	76%	67%	This figure increased due to the commencement of reagent production at our bio-diagnostic reagent base, which opened in April 2019. Going forward, we expect to reduce water consumption through further production efficiencies once we have completed the transfer of manufacturing. >>Sustainability Data Book >Reduction in Environmental Burden through Activities at Business Offices P54			
Enhanced Governance	Corporate governance	Number of internal reporting	Number of internal reporting incidences	3		32	14	11	We promoted early-stage detection by setting up consultation and reporting lines capable of responding in individual countries' languages. We conducted inquiries for consultations and dealt with each of them appropriately. >>Sustainability Data Book >Compliance P63	
	Compliance	Number of unethical incidents	In the event of violations of law or the Global Compliance Code, number of incidents involving disciplinary action	3	—	—	9	7		
Risk management										

1 Target: Sysmex Corporation on a non-consolidated basis 2 Some figures have been revised from those previously disclosed 3 Set as a monitoring index; no target value has been set  
4 Source: "Overview of Results of Fiscal 2018 Survey on Employment Trends"  
>>Materiality P27 >>Sustainability Data Book >CSR management P4

# Stakeholder Engagement

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.

## Stakeholder Engagement



## Main Dialogue Achievements (Fiscal 2019)

>>Sysmex's Principal Stakeholders P12 >>Non-Financial Targets and Results P81

Customers	
<p>In addition to instilling confidence in the customers who use our products and services, we engage in ongoing communications with the aim of providing added value that exceeds their expectations. As a result, we earn high marks in customer satisfaction surveys.</p> <ul style="list-style-type: none"> <li>Established a 24/7 customer support center (separate contract required)</li> <li>Gathered feedback through VOC (Voice of the Customer), utilization in product development and quality improvements</li> <li>Held scientific seminars</li> <li>Convened user meetings to communicate accurate product knowledge</li> <li>Conducted customer satisfaction surveys</li> </ul> <p>&gt;&gt;Customer Assessment P53 &gt;&gt;Sustainability Data Book &gt;Customer Relations P21</p>	<p><b>Customer Support Center</b> Customer center contacts (non-consolidated basis) <b>Approx. 86,700 per year</b></p> <p>Number of VOC contacts (non-consolidated basis) <b>Approx. 18,000 per year</b></p>
Business Partners (Suppliers, Distributors and Collaborative R&D Partners)	
<p>We maintain ongoing communications to foster an understanding among business partners of Sysmex's business directions and policies, as well as to build trust-based relationships. We pursue supply chain management with our suppliers in accordance with our procurement policies.</p> <ul style="list-style-type: none"> <li>Conducted CSR surveys</li> <li>Held meetings for distributors</li> </ul> <p>&gt;&gt;Sustainability Data Book &gt;Assessment and Management of the Supply Chain P19</p>	<p><b>CSR survey results</b> Response rate (primary suppliers in Japan) <b>99.2%</b></p>
Employees	
<p>In its aim to achieve sustainable growth, Sysmex believes that diversity and inclusion are essential, as are efforts to create a workplace that is comfortable, appealing and conducive to work. We have set the score on our corporate culture survey, which indicates employee satisfaction, as one of our non-financial targets, and we are undertaking initiatives to achieve this target.</p> <ul style="list-style-type: none"> <li>Instilled the corporate philosophy of the Sysmex Group, introduced an internal award system</li> <li>Conducted corporate culture surveys (Human Resources Division provides individual divisions with advice on making improvements, based on the results of employee satisfaction)</li> <li>Configuration of a global internal reporting system &gt;&gt;Compliance P60</li> </ul> <p>&gt;&gt;Diverse Human Resources P55 &gt;&gt;Sustainability Data Book &gt;Provision of a Comfortable Working Environment P25</p>	<p><b>Corporate culture survey score</b> <b>72%</b> Note: The score indicated here is for the survey conducted in fiscal 2017</p>

## Society

Based on our Policy on Corporate Citizenship Activities and Philanthropy, we carry out corporate citizenship activities to promote a healthy society and vibrant communities. We communicate with society through activities aimed at meeting the needs of communities around the world.

- Supported activities in various regions in relation to the spread of COVID-19 >>Our Response to the COVID-19 Pandemic P19
- Engaged in Group corporate citizenship programs, including the Sysmex Gives Back Challenge (such as cooperation with blood donations) and Sysmex Gives Back Day (participation in charity runs/walks to help eradicate cancer and support cancer patients, support for pediatric patients and orphans, etc.)
- Participated in patient-oriented events (such as a planetarium in a pediatric ward)
- Interacted with the residents of regional communities through corporate citizenship activities
- Held event for local communication at Technopark (Japan), our R&D hub

>>Sustainability Data Book >Corporate Citizenship Activities P39

Employees participating in Group corporate citizenship programs  
**More than 4,300 per year**

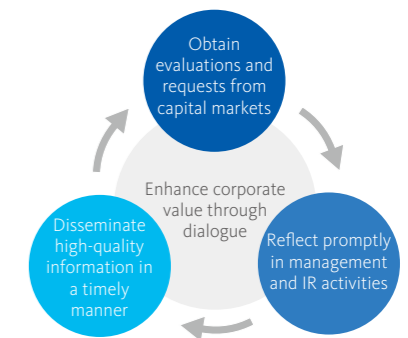
## Shareholders and Investors

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

- 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
- Dialogue with institutional investors and analysts
  - Held business results briefings and conference calls
  - IR meetings: Management visited the Americas, Europe and Tokyo and engaged in dialogue 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: To foster a deeper understanding of our management strategy and business activities, we conducted facility tours and tours of offices in Japan and overseas. In fiscal 2019, we held a tour of Technopark East Site, our bio-diagnostic reagent base that commenced operation in April 2019. In addition, each year we hold a technology presentation, in which people in charge of R&D divisions provide explanations about R&D progress. (Simultaneous interpretation in English is provided at these events.)
- Dialogue with individual shareholders
  - Conducted briefings in combination with securities companies
  - Provided information through our shareholder newsletter and website
  - Conducted tours of business sites (suspended in fiscal 2019 due to COVID-19)

Meetings with institutional investors and analysts  
**Approx. 400 per year**

### Objectives of Sysmex's IR Activities



### Major Awards Received for IR Activities (Fiscal 2019)

WICI Japan	Nominated as one of the 10 finalists in the 7th WICI Japan Award for Excellence in Integrated Reporting
IR Good Visual Award Steering Committee	7th IR Good Visual Award
Institutional Investor	Ranked within the top three in all five categories in Institutional Investor 2020 in the Japanese Medical Technologies and Services division, including "Best CEOs," "Best CFOs," "Best IR Professional," "Best IR Program" and "Best ESG." Accordingly, we were named a "Most Honored Company" in this sector.