

Mid-Term Management Plan and Initiatives

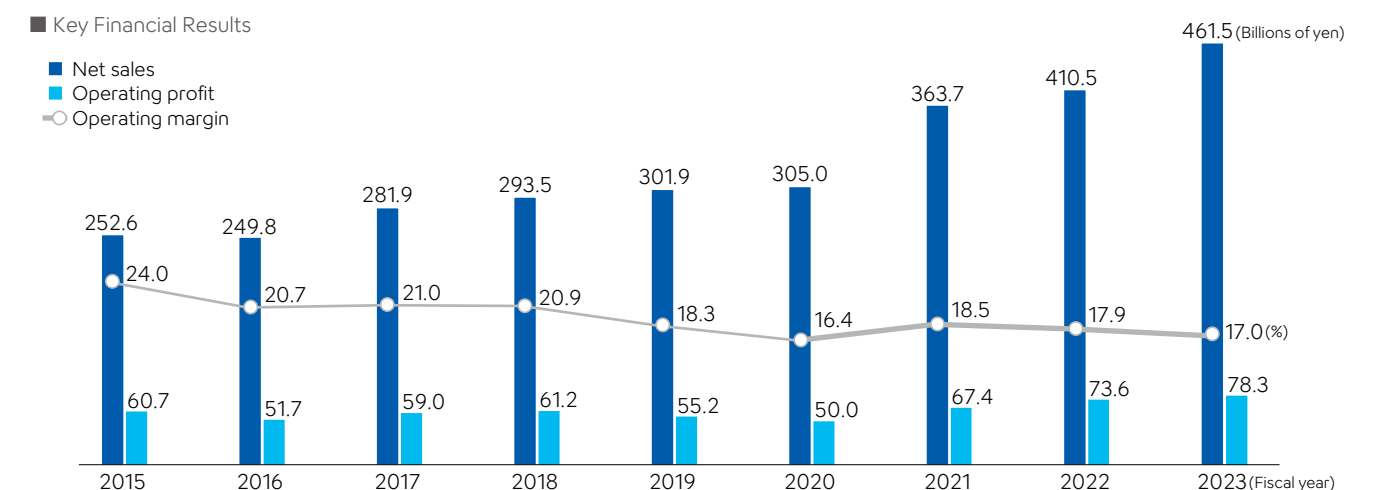
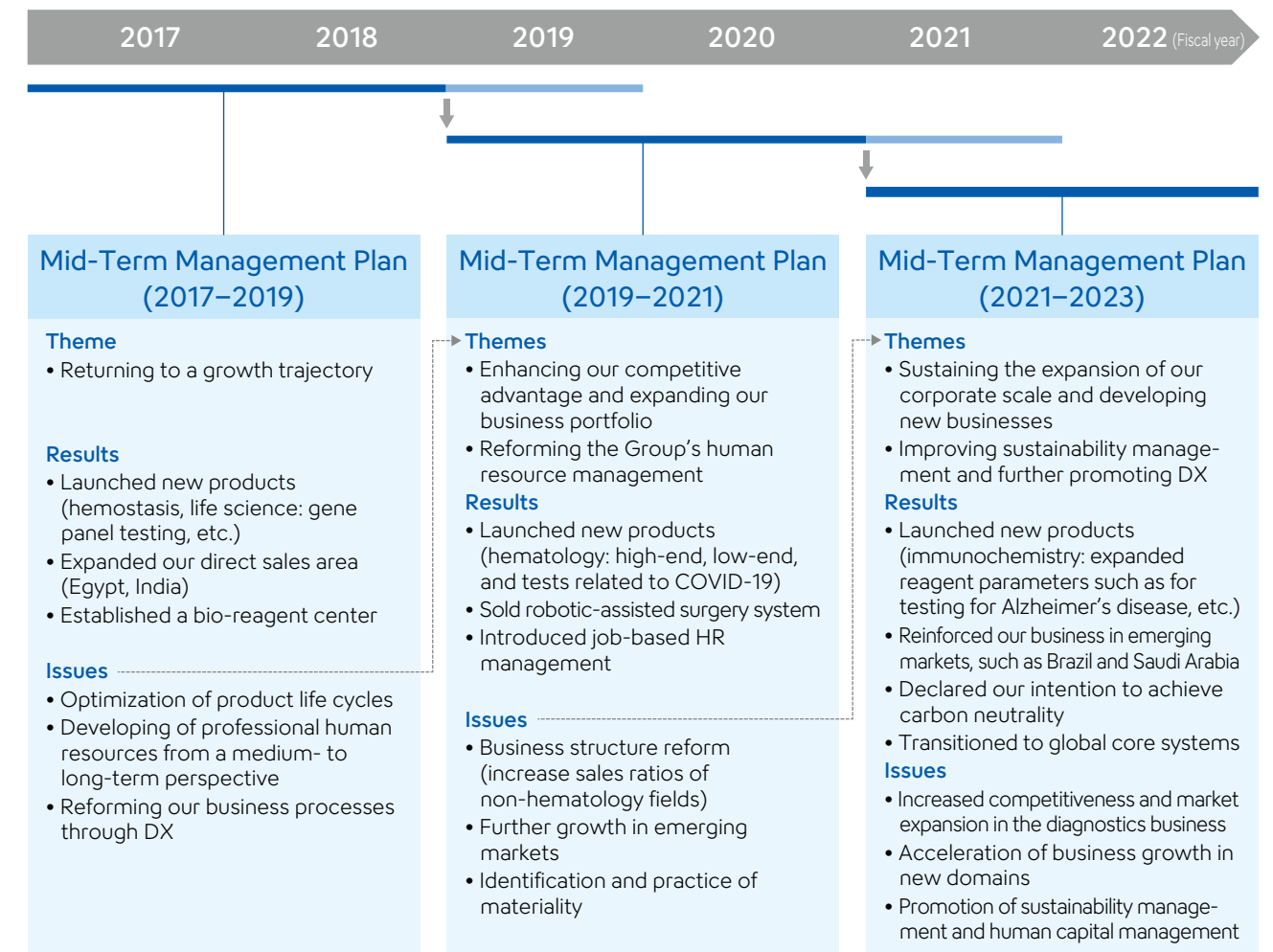
In May 2023, we unveiled the Long-Term Corporate Strategy 2033. To realize this strategy, we have formulated and are proceeding in accordance with a mid-term management plan that concludes in fiscal 2025.

Management Plans to Date

Sysmex continues its growth-oriented efforts by formulating rolling mid-term management plans. Under this method, we review our plans every two years, taking into account the external operating environment and the Company's own situation.

In the mid-term management plan that began in fiscal 2017, we focused on returning to a growth path, introducing new products, strengthening our foundation in emerging markets, launching new businesses centered on robotic-assisted surgery systems, and promoting sustainability management and DX.

The previous mid-term management plan, which commenced in fiscal 2021, called for us to achieve net sales of ¥420.0 billion and operating profit of ¥80.0 billion by fiscal 2023. We reached the net sales target, mainly due to growth in overseas regions. Meanwhile, although operating profit grew, we fell below our target amount, due in part to the impact of inflation.



Overview of the Mid-Term Management Plan

Background to Formulation of the Mid-Term Management Plan

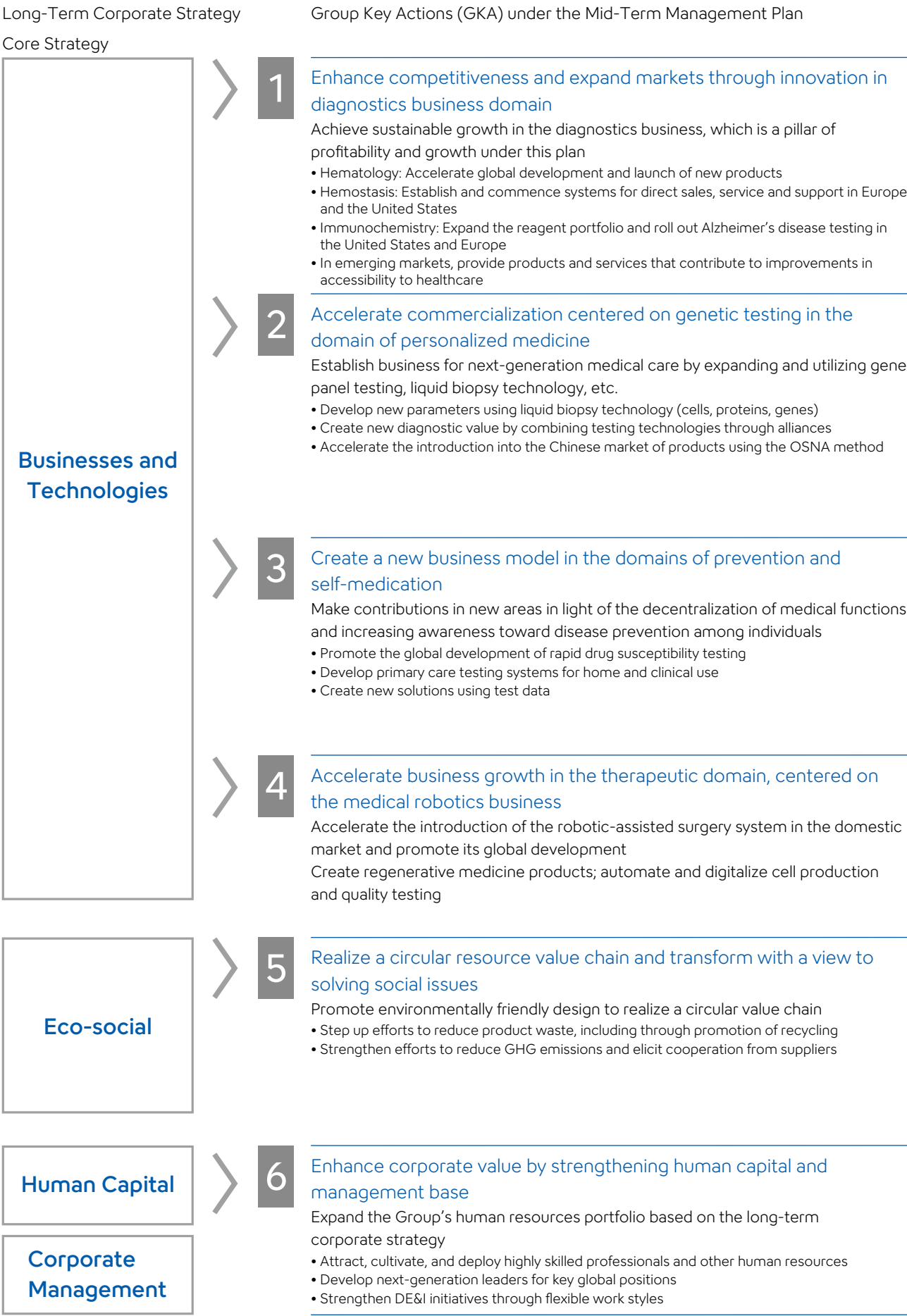


Positioning of the Mid-Term Management Plan

In March 2023, Sysmex began following a mid-term management plan (fiscal 2023–fiscal 2025). This is our first three-year plan targeting the realization of Long-Term Corporate Strategy 2033 (VA33) and is positioned as an important turning point in 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. By implementing these key actions, we will promote our three growth strategies and strengthen our corporate foundation to support sustainable growth.

Fiscal 2023, the first year of our long-term corporate strategy and mid-term management plan, marked a good start for the Company. Net sales outpaced our expectations, partly due to the positive impact of exchange rates. Operating profit and profit attributable to owners of the parent were below our targets, due in part to the impact of inflation, but both reached record highs.

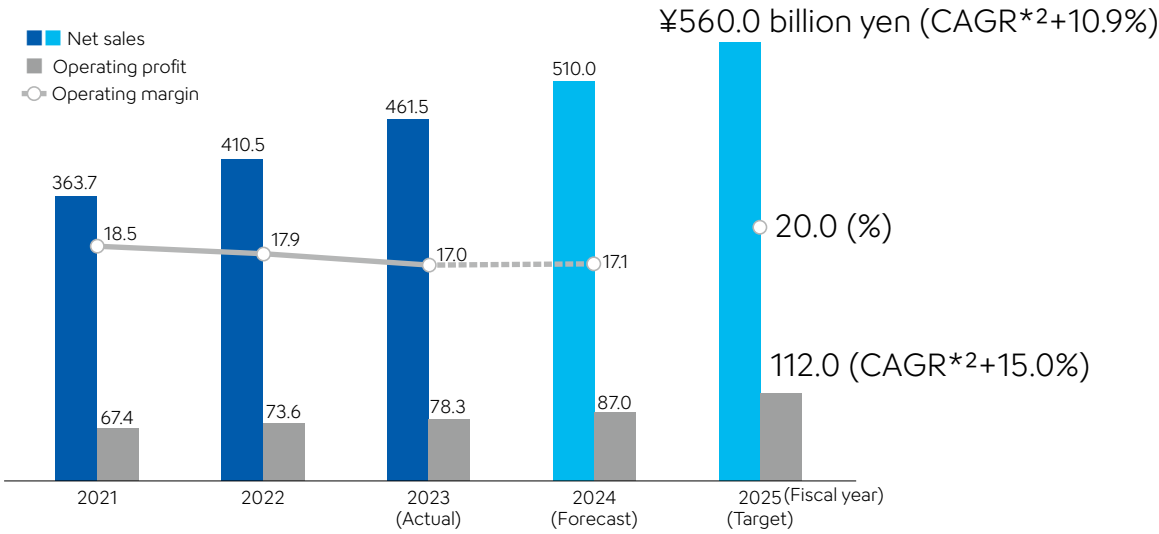


Mid-Term Management Plan Targets

Main Financial and Non-Financial Targets

	Fiscal 2023 (Actual)	Fiscal 2024 (Forecast)	Fiscal 2025 (Target)	Fiscal 2033 (Target)
Net sales	¥461.5 billion	¥510.0 billion	¥560.0 billion	¥1 trillion or more
Operating profit	¥78.3 billion	¥87.0 billion	¥112.0 billion	
Operating margin	17.0%	17.1%	20.0%	20% or more
ROE	12.1%	12.3%	16.0%	
Free cash flow	¥8.9 billion	—	¥46.0 billion	
Product losses (percentage of unused product waste*1)	—	—	0.18%	0.1% or less
Switch to recycled or 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

	Fiscal 2023 (Actual)	Fiscal 2024 (Forecast)	Fiscal 2025 (Target)*3	CAGR*2 (%)
Hematology	274.9	303.0	297.0	7.2
Urinalysis	39.0	42.5	43.0	8.1
Hemostasis	72.9	82.5	93.0	11.6
Immunochemistry	23.6	25.0	40.0	19.3
Clinical chemistry	3.3	3.5	5.0	13.4
FCM	3.3	5.0	7.0	45.7
Life science	20.5	21.5	31.0	15.9
Others	20.0	21.0	17.0	—
Diagnostics business	457.7	504.0	533.0	9.3
Medical robotics business	3.7	6.0	27.0	126.2
Total	461.5	510.0	560.0	10.9

Sales Target by Destination

	Fiscal 2023 (Actual)	Fiscal 2024 (Forecast)*4	Fiscal 2025 (Target)*3	CAGR*2 (%)
Japan	62.1	66.5	90.0	14.6
Americas	118.7	131.5	140.0	9.7
EMEA	127.4	137.0	140.0	7.9
China	109.9	121.0	130.0	10.3
Asia Pacific	43.1	54.0	60.0	18.0

Actual exchange rates in fiscal 2023: USD1 = JPY144.6, EUR1 = JPY156.8, CNY1 = JPY20.1
Forecast exchange rates for fiscal 2024: USD1 = JPY147.0, EUR1 = JPY158.0, CNY1 = JPY20.4
Forecast exchange rates for the mid-term management plan: USD1 = JPY133.0, EUR1 = JPY143.0, CNY1 = JPY19.2

*2 CAGR from fiscal 2022 to 2025
*3 At the time of announcement in May 2023
*4 Sales in Russia have been moved from EMEA to Asia Pacific.

Capital Policies (Three-Year Total)

	Past three years (Fiscal 2020–2022)	Three years of the 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 2023 (Actual)	Fiscal 2025 (Target)
● Creating new value for a healthy society	● Resolution of medical issues through innovation ● Improvement in accessibility to healthcare	Number of hematology tests	3,325 million	*1
		Number of cases with surgical robots	2,903	*1
		Sales in emerging markets and developing countries	¥164.6 billion	*1
● Providing responsible products, services, and solutions	● Pursuit of quality and trust ● Strengthening supply chain management	Number of recalls*2	2	*1
		CSR survey response rate (primary suppliers in Japan and overseas)	95%	90%
● Creating an attractive workplace	● Increased engagement	Engagement score	75%	75%
		Turnover ratio	7.7%	10% or less
	● Promotion of diversity, equity and inclusion	Female managers ratio	19.2%	20% or more
		Percentage of women and non-Japanese nationals in management*4	Women: 8.3% Non-Japanese nationals: 16.7%	*1
		Training time per employee	24.4 hours	40.0 hours
	● Development of human resources	Value-added productivity (Group)	¥19.97 million	¥22.50 million
		● Promotion of health and occupational safety	Total annual working hours*2	2,017 hours
● Reducing environmental burden	● Resource circulation in the product life cycle	Zero product loss	0.40%	0.18%
		Recycling of containers and packing and utilization of environment compliance materials	43%	60%
	● Reduction in environmental burden through business activities	Reduction of greenhouse gas emissions (Scope 1, 2)*3	29% reduction	40% reduction
● Strengthening Governance	● Corporate governance	Number of meetings with investors and analysts*4	723	*1
	● Compliance	Number of internal reports	26	*1
	● Risk management	Number of information security trainees*2	11,097	*1

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

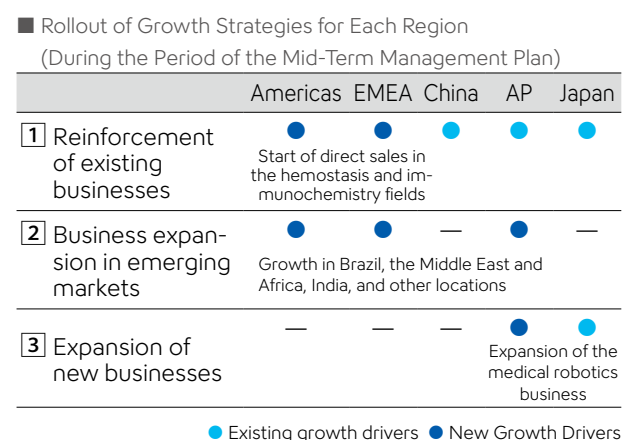
*4 Sysmex Corporation on a non-consolidated basis

>>Status of Sustainability Targets P93

Three Growth Strategies

1 Reinforcement of Existing Businesses 2 Business Expansion in Emerging Markets 3 Expansion of New Businesses

In our mid-term management plan, we are focusing on three growth strategies. First, we will reinforce our existing businesses by accelerating growth in the hemostasis and immunochemistry fields, in addition to the hematology and urinalysis fields, where we have expanded globally. We will also aim to further monetize the life science field. Second, under business expansion in emerging markets, we will actively seek to capture healthcare demand in rapidly growing regions such as India, Central and South America, and the Middle East and Africa. Third, for expansion of new businesses we are actively pursuing opportunities in new medical fields, primarily in developed countries.



1 Reinforcement of Existing Businesses

Commence direct sales, service and support in the hemostasis field in Europe and the United States Group Key Action 1

- By eliminating the split of sales territory with Siemens Healthineers, Sysmex doubled the target market.
- In addition to instruments, we began selling high-margin reagents and consumables in Europe and the United States.

Sysmex formed an alliance with Siemens Healthineers (hereinafter, "Siemens") in 1995, and together we have achieved a global No. 1 market share. Under the previous alliance, the two companies were responsible for sales in different regions. However, revisions to the agreement in 2023 did away with these territorial boundaries. Going forward, Siemens and Sysmex will supply each other with instruments and reagents, and market them globally under their respective brands. As a result, in April 2024 Sysmex's sales territory expanded to include markets such as Europe and the United States, effectively doubling the target market size.

To date, our business in Siemens territory has focused solely on instrument sales to Siemens. However,

under the new mutual OEM agreement, we can now sell high-margin reagents to our customers, alongside instruments. Additionally, going forward we plan to offer in-demand liquid reagents and other products developed and provided by Sysmex.

The customers Sysmex is targeting in the hemostasis field are the same as in the hematology field, where the Company has achieved the global No. 1 market share. We will leverage our strengths in service and support capabilities cultivated in the hematology field, as well as integrated system proposals with the hematology field, to maximize customer satisfaction and drive increased sales and profitability, thereby helping to meet the targets of our mid-term management plan.

■ Market Scale, by Region, in the Hemostasis Field (2022)



Expand immunochemistry parameters and begin a full-scale global rollout Group Key Action 1

- We are leveraging alliances to substantially increase the number of testing parameters.
- We are using Alzheimer's disease testing as a door opener to the European and U.S. immunochemistry markets.

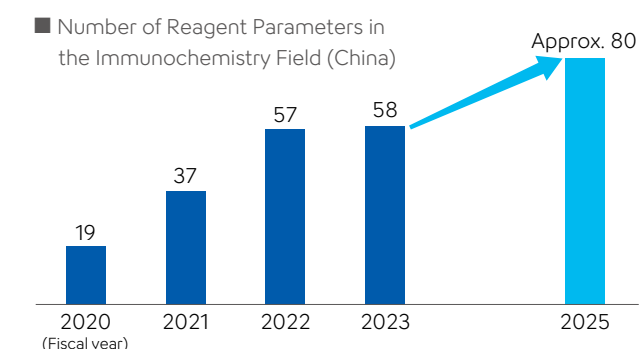
Immunochemistry is the largest segment of the IVD market. Sysmex has been focusing on the development of unique testing parameters and expanding its lineup in various regions. In particular, in China our number of testing parameters has tripled over the past four years in response to specific regional needs. Moving forward, we will further expand the testing parameters by developing them at our Wuxi facility in China, collaborating with local companies, and registering our products with regulatory authorities. Our goal during the period of this mid-term management plan is to introduce approximately 80 new testing parameters.

As part of our development of unique parameters, we have successfully developed a diagnostic reagent to assess the accumulation status of proteins believed to be the cause of Alzheimer's disease from a small amount of blood. We launched this reagent for sale in

June 2023 in Japan, in the United States (LDT) in August, and in Europe in December.

We are using this parameter as a door opener, to expand sales in the immunochemistry field beyond Japan, China, and Asia to include European and U.S. markets as well.

>>Testing Related to Alzheimer's Disease P50



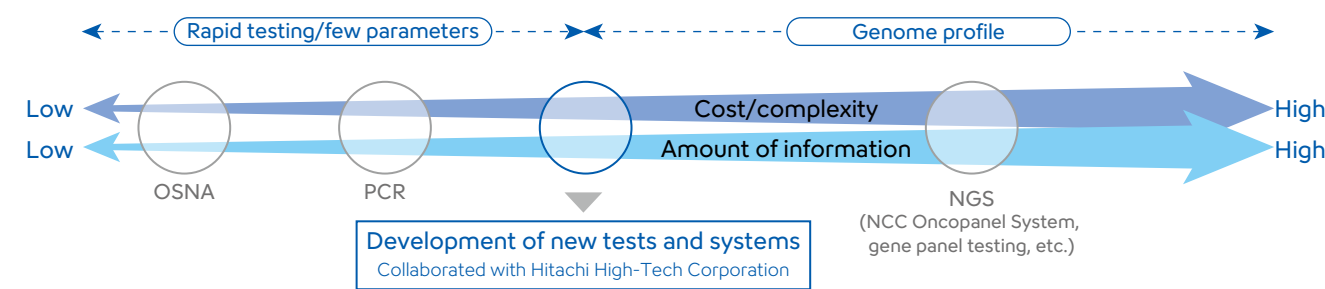
Expansion and shift to profitability in the life science field Group Key Actions 2 3

- We are working on the global expansion of a system for diagnosing cancer lymph node metastasis and PCR testing products.
- We are developing a gene testing system that will contribute to personalized medicine.
- We are working to improve business profitability by reviewing lab assay business and promoting open innovation.

Sysmex entered the life science field in 2000, with a focus on cancer gene testing. Since then, we have pursued extensive technology acquisition and product development, including the development of a system for diagnosing cancer lymph node metastasis using the OSNA method. Going forward, Sysmex plans to globally expand sales of products, including this system and PCR tests, which have already begun generating stable revenue in some regions. In addition, the Company has

entered into an agreement with Hitachi High-Tech for the joint development of a new gene testing system that is inexpensive and provides sufficient information. Meanwhile, Sysmex is reviewing its lab assay business, which involves receiving specimens from medical institutions and returning results, and aims to expand this business through open innovation. Through these initiatives, we intend to grow our business in the life science field and improve its profitability.

■ Overview of Gene Measurement Technologies



We aim to develop a low-cost gene testing system providing the amount of information necessary for diagnosis.

2 Business Expansion in Emerging Markets

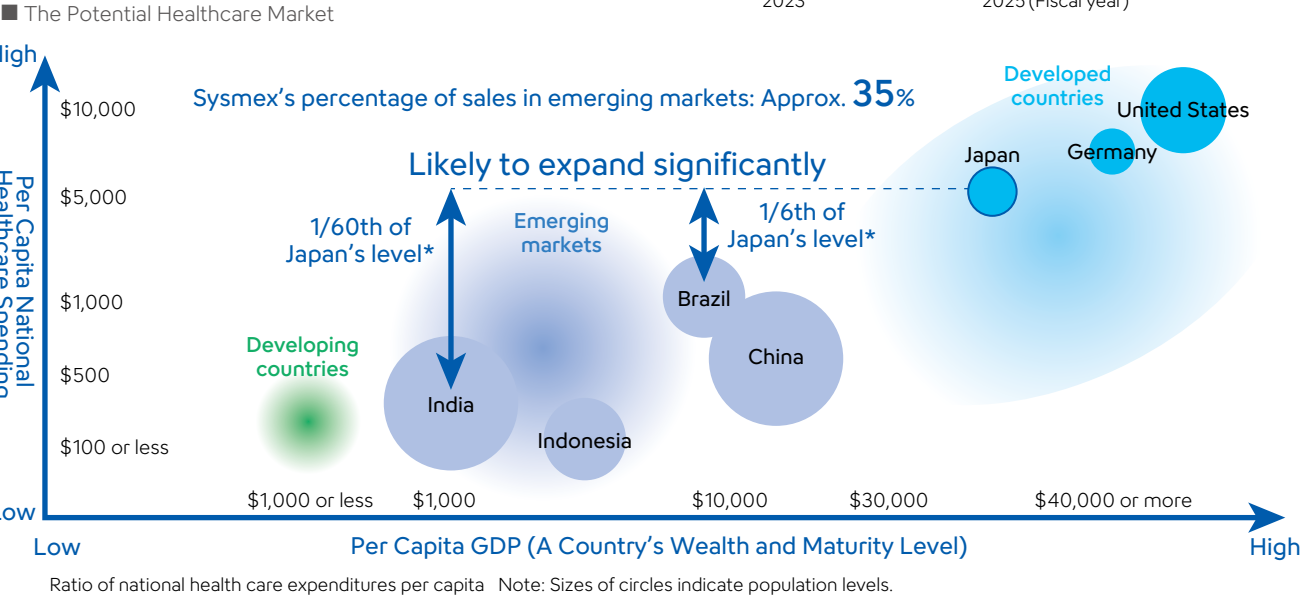
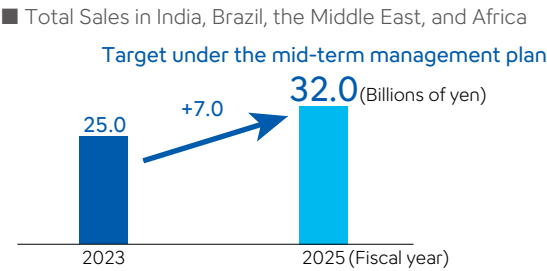
Efforts to expand business in emerging markets

Group Key Action 1

- We are enhancing sales, service and support systems, including the establishment of a product training center.
- We are reinforcing production functions, including the establishment of new manufacturing facilities.
- We are promoting the development of compact products and services tailored to the needs of emerging markets.

Emerging markets have high growth potential due to factors such as economic growth, population increases, and demographic aging. In terms of per capita spending on healthcare, Brazil is approximately 1/6th the size of Japan, while India is around 1/60th the size, suggesting significant opportunities for market expansion as healthcare needs grow. Sysmex has consistently seized growth opportunities in emerging markets such as China by entering those markets early on. India, which is positioned as a key region in our mid-term management plan, has been a focus since our early entry in 1998, and we established a reagent factory there in 2007. Since commencing direct sales, service and support operations in India in 2019, we have earned high marks from the market, and sales have been progressing well. In fiscal 2024, we plan to start

operations at our first facility capable of manufacturing both reagents and instruments. Meanwhile, we will continue to develop products tailored to regional needs. The Company is proactively expanding in other regions, as well, including through the establishment of product training centers. We expect combined sales in India, Brazil, and the Middle East and Africa to exceed ¥32.0 billion by the final year of the mid-term management plan.



Dharak Upadhyay
Senior Manager
Instrument Production
Sysmex India Pvt. Ltd.

Worksite Commentary: Initiatives at New Indian Base for the Supply of High-Quality Products

As part of the preparations for the launch of the new factory in India, I completed a three-month training program at i-Square, Sysmex's manufacturing facility in Japan, focusing on mastering high-quality production techniques. We are currently engaged in the recruitment and training of new staff by implementing a locally tailored training system that incorporates the skills acquired during the training. Furthermore, to ensure the delivery of highly reliable products, we are striving to achieve international quality standards through the acquisition of ISO certification and necessary manufacturing licenses. We are also committed to maintaining standard operating procedures (SOPs) and work instructions to guarantee that our factory's quality control aligns with that of our Japanese counterpart. By consistently producing high-quality products at the new facility and generating local employment opportunities, Sysmex aims to grow its business while enhancing the quality of life for local communities and their families.

3 Expansion of New Businesses

Initiatives to accelerate global expansion of the medical robotics business

Group Key Action 4

- We are accelerating the introduction of our robotic-assisted surgery system in Japan and preparing for its full-scale deployment overseas.
- We anticipate a steady improvement in profitability as the number of cases rises.

In 2020, Sysmex began the full-scale market introduction of a robotic-assisted surgery system in Japan as the exclusive global distributor for Medicaoid Corporation*. As of the end of fiscal 2023, 55 systems have been installed in Japan, and the number of surgeries performed has been increasing steadily. Sales are also approaching ¥4.0 billion, as this business expands and accounts for more than 5% of our sales in Japan.

In fiscal 2023, we responded promptly to customer demands and introduced version upgrades, such as hand clutch compatibility, significantly improving operability. Furthermore, we expanded the range of applicable medical specialties, allowing the system to support over 90% of robot-assisted surgeries in Japan. This has led to an increase in the number of units installed.

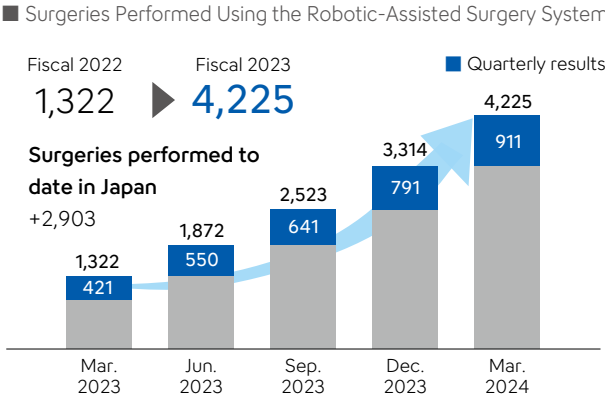
Going forward, we will strengthen our sales promotion activities to enlarge our installed base, focusing on nationwide university hospitals and core hospitals that are currently using our products. In this way, we aim to accelerate



our rise in the number of units installed. Overseas, we will expand into Asia. Singapore, where we obtained regulatory approval in fiscal 2023, will be our regional hub. We will also prepare for global expansion, aiming to obtain regulatory approval in Europe and the United States at an early stage.

Substantial increases in the number of units installed and surgeries performed has lifted sales of consumables such as forceps, boosting profitability. We expect Medicaoid to become profitable on an annual basis in fiscal 2025, and we will nurture the company into a new pillar of business for Sysmex.

* Medicaoid Corporation: A joint venture between Sysmex Corporation and Kawasaki Heavy Industries, Ltd.



Regenerative and cellular medicine initiatives

Group Key Action 4

- We are developing quality control tests for regenerative medical products and automating manufacturing processes.
- We are promoting the development of regenerative medicine products through open innovation.

Alongside technological innovations such as iPS cells, expectations are high for the regenerative and cellular medicine market, which is expected to grow to a value of ¥7.0 trillion by 2040. However, to deliver these therapies to a wide range of patients, certain challenges in cell manufacturing need to be addressed. These issues include cost increases due to process complexity, variability in quality due to subjective work, and a shortage of cell manufacturing experts. Sysmex aims to address these challenges by leveraging its expertise in the cell assessment technologies and digital platforms it developed in the hematology field to improve quality and automate processes. This will allow regenerative and cellular medicine to reach a larger number of patients. Furthermore, Sysmex will utilize its strengths to actively engage in open innovation, aiming to improve the quality of life for patients after organ

transplantation by developing revolutionary cell therapies that suppress rejection reactions. Meanwhile, we have welcomed Megakaryon Corporation into the Sysmex Group. Megakaryon has developed a foundational technology to produce platelets that can be transfused to almost all patients from iPS cells, and is working to commercialize the technology at an early date.

The Value Sysmex Provides

- Testing and biotechnologies cultivated in the field of *in vitro* diagnostics
 - ▶ Introduction of new quality control methods
- Engineering capabilities to achieve automation
 - ▶ Cost reduction and standardization
- Use of IT for quality and data management
 - ▶ Digitalization of manufacturing processes

Reinforce the Management Base (Management Resources)

Strengthen R&D Capabilities

Future Initiatives to Achieve Growth Strategies

- Accelerate development by strengthening the functions of overseas R&D centers and through open innovation
- Promote development of products that realize the touch-free concept and meet the needs of emerging markets
- Pursue development aimed at refining personalized medicine

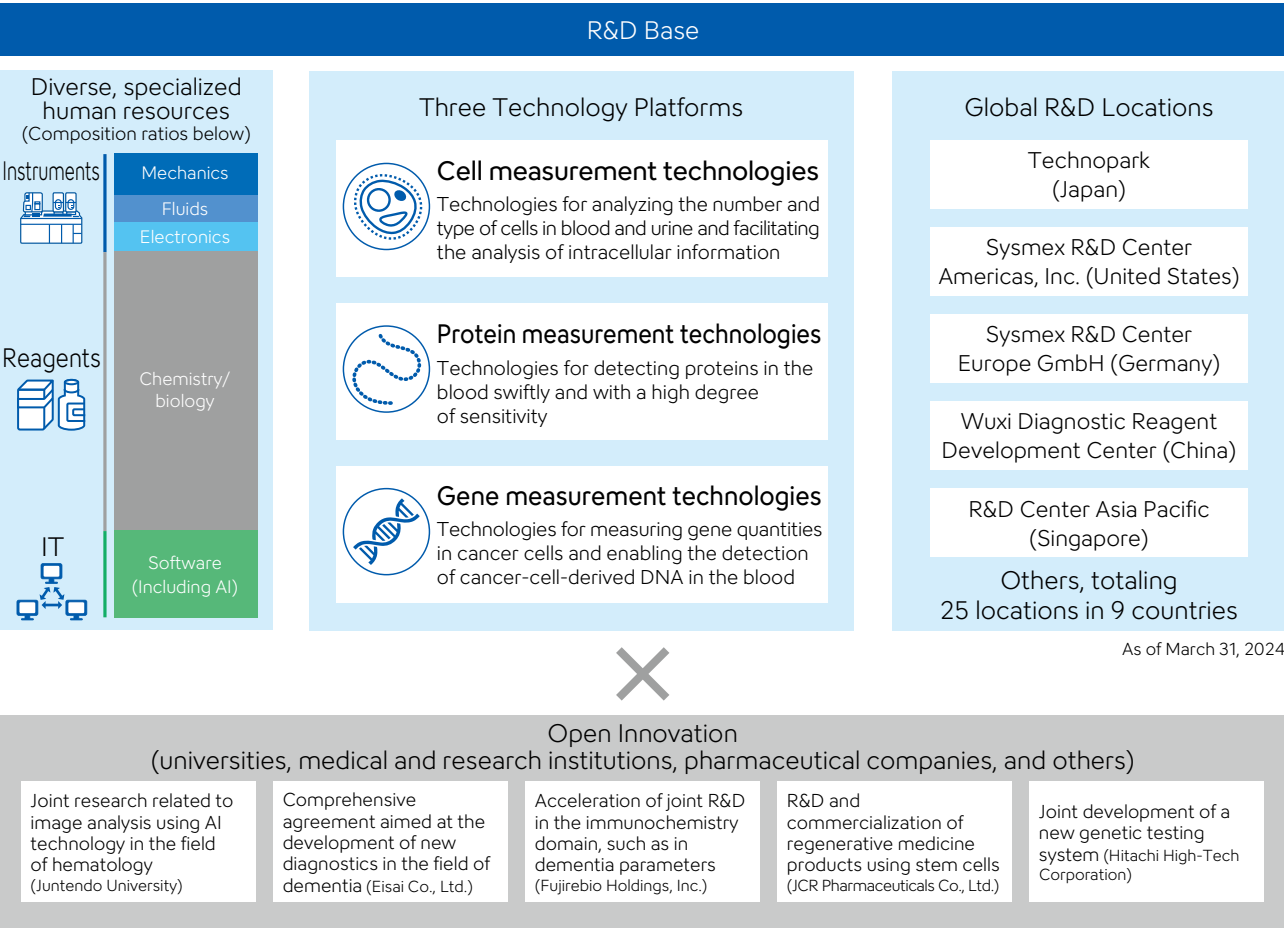
Creating High-Value-Added Products and Services through Synergies between Instruments, Reagents, and IT

Sysmex develops instruments, reagents, and IT solutions based on its technology platforms for measuring cells, proteins, and genes. Through the synergistic effects of these technologies, we are able to provide accurate testing data, which is crucial in the field of diagnostics, as well as to quickly identify the causes of errors that may occur during testing. In addition to creating new testing and diagnostic technologies, we also offer high-value-added products and services that consider factors such as improved usability and reduced environmental impact.

We are expanding our R&D facilities globally,

centered on Japan, to access world-class technology and engage in R&D tailored to regional needs. A diverse pool of talent, well-versed in various technologies and fields, is one of Sysmex's strengths that supports these R&D efforts. Under our mid-term management plan, we are actively acquiring and cultivating IT talent, such as data scientists, to accelerate the commercialization of digital healthcare, in addition to employees who are skilled in biology who can contribute to the development of hemostasis and immunochemistry reagents.

Furthermore, in the rapidly evolving healthcare environment, we will strive to develop innovative technologies and operate our business efficiently. We will actively leverage open innovation, M&A, and alliances with external partners to achieve our goals.



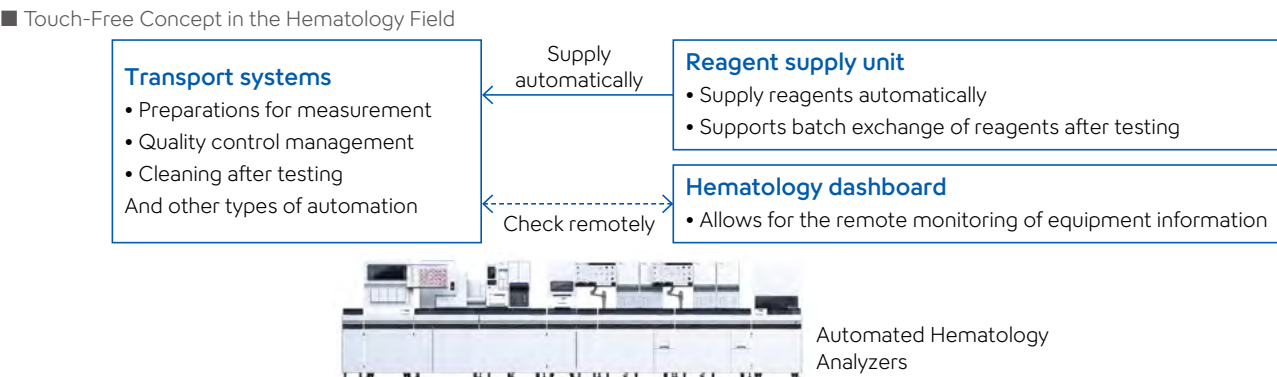
[Instruments and IT] Realizing the Touch-Free Concept

In instrument development, we have been working to improve processing capabilities to boost laboratory productivity and using transport systems to automate multi-sample processing. In addition to these efforts, for a number of years we have been working toward a transition from "user-friendly devices" to "hands-free devices." Turning the touch-free concept into reality will not only contribute to the automation and efficiency of laboratories in developed countries; it will also improve the quality of testing in emerging markets and depopulated areas with a shortage of lab technicians.

In our latest model in the hematology field, we

have incorporated features that automate daily quality control and instrument startup based on the above-mentioned concept. We have also been continuously enhancing functionality by developing a reagent supply unit that automatically replenishes reagents and a hematology dashboard that allows remote management of test progress and remaining reagent levels.

Moving forward, we will continue to expand our strengths in other fields, leveraging the expertise we have gained in the hematology field. As an example, we have developed an integrated blood testing system called Blood Science, which combines hematology and hemostasis. We have already introduced this system in the EMEA region and South Korea.

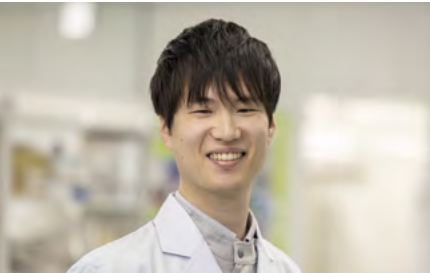
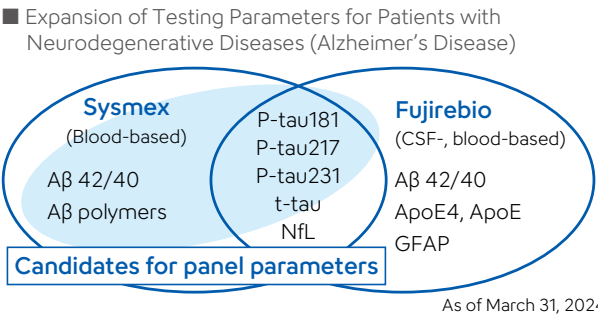


[Reagents] Developing Unique Testing Parameters

In reagent development, we are focused on expanding the range of biological reagents used in fields such as hemostasis and immunochemistry, in addition to the chemical reagents used in hematology.

As part of this effort, we have developed an immunochemistry assay to assist in assessing the accumulation in the brain of amyloid-beta (Aβ), one of the characteristics of Alzheimer's disease. This test can be conveniently performed using blood samples and is expected to be used as a screening test before conventional PET scans and to contribute to early diagnosis and treatment. We also plan to continue developing various cognitive-related assays, such as tests to

distinguish other types of dementia from Alzheimer's disease and tests tailored to different disease stages for targeted therapeutics. To contribute to more precise dementia diagnosis, we will also leverage our alliance with Fujirebio to accelerate the development of testing parameters that can be measured using blood samples.



Kazuto Yamashita
Research Manager
Leading Medical Research Group
Central Research Laboratories

Worksite Commentary: Developing Blood Test Parameters with Reduced Patient Burden for Early Diagnosis of Dementia

As the aging population continues to expand, the number of patients with dementia is increasing year by year and becoming a global social issue. Conventional methods for diagnosing Alzheimer's disease, which is the most popular cause of dementia, have faced challenges due to their invasiveness and cost. Sysmex has focused research on a less burdensome blood-based diagnostic test. In 2023, we developed an Aβ test reagent. By using our diagnostic technology, we hope that as many patients as possible can receive early diagnosis and appropriate treatment. Reducing the burden for patients themselves and for their families and those around them would be a source of great joy for us as developers. We will continue our efforts to expand and apply blood tests that detect various changes in the brain, aiming for a society where early diagnosis and treatment of dementia are possible. (Recipient of the Sysmex Group Award)

Step up Intellectual Property Activities

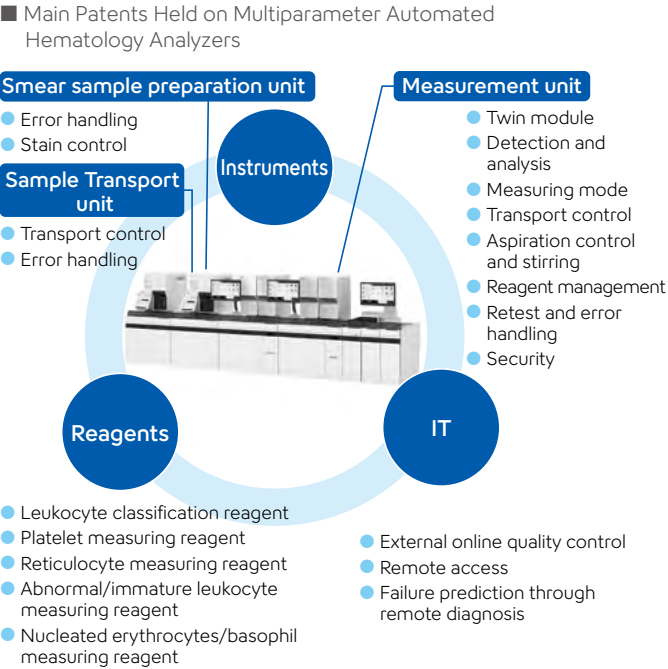
Future Initiatives to Achieve Growth Strategies

- Apply for and maintain patents to ensure competitive advantage through future value-added products
- Promote the acquisition of patents in emerging markets

Intellectual Property Activities to Protect Added Value

Sysmex continues to provide high-value-added products and services by leveraging synergies between instruments, reagents, and IT. We strategically promote intellectual property activities to maintain and strengthen these competitive advantages.

For example, our flagship model in the hematology field combines various technologies, including accumulated analysis techniques, automation technology, and user-friendly operability, to provide significant value. Sysmex holds over 900 patents to protect its unique added value globally.



In addition, we are strategically promoting patent applications for products to be developed in the future, as well as for technologies that contribute to future added value such as artificial intelligence, in order to maintain and strengthen our competitive advantage from a medium- to long-term perspective.

Intellectual Property Activities That Support the Global Business Expansion

Sysmex is actively expanding its global market share and enhancing its presence in emerging markets in the IVD field, with a focus on hematology. In addition to obtaining patents, we are actively promoting the acquisition of trademark rights and design rights to further expand our portfolio.

To protect competitive technologies, we hold patents mainly in Japan, the United States, Europe, and China, based on market size and the state of intellectual property legislation. Additionally, with a focus on future growth in emerging markets, we have been actively acquiring patents, particularly in India. Our patent holdings in India have grown by approximately four times in the past five years.

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



Use DX to Achieve Further Growth

Future Initiatives to Achieve Growth Strategies

- Launch a globally integrated core system in all regions for greater management visibility and faster decision-making
- Visualize information (improve productivity) through the operation of a centralized information management system for the value chain
- Strengthen global human resource identification and development through globally consistent HR management

Promoting DX Globally for Internal and Customer Use

Since 2000, Sysmex has been rapidly expanding its global presence. In managing its overseas subsidiary companies, Sysmex made use of regional headquarters to utilize the characteristics of each region, organization, and function. However, as the business has become more diverse and the scale has expanded in recent years, we have faced challenges, such as sub-optimal solutions and the decentralization of processes and information. To further enhance our competitiveness as a global company, we have recognized the need to visualize information in a timely manner, in order to speed decision-making and improve quality. Our operating environment also calls for prompt action in response to advances in AI technology, the growing importance of data utilization, and the emerging issue of IT personnel shortages in 2030.

Amid these developments, Sysmex is actively promoting digital transformation (DX) from two perspectives: internal digitalization (internal DX) and customer-oriented digitalization (customer DX). Internal DX focuses on three core aspects: improving management quality, enhancing human capital, and increasing productivity throughout the value chain. To improve management quality, we have been implementing new global core systems, and as of fiscal 2023 we had completed deployment in the Americas, EMEA, China, and Asia-Pacific. These systems enable advanced performance management and analysis in each region, as

well as timely information sharing, facilitating prompt management decision-making. To enhance human capital, we have launched a system that integrates HR data with the global personnel system we introduced in fiscal 2022. This facilitates the centralized management of personnel information, promoting the expansion and development of a diverse talent portfolio on a global scale. To increase productivity throughout the value chain, we have been implementing systems to strengthen traceability from procurement to development, production, sales, and service. This further enhances efficiency across the entire value chain, allowing for faster product development, optimized inventory management, and cost optimization.

Customer DX involves services that utilize IoT and cloud technology to connect and analyze various information in real time from analytical instruments. These services extract and visualize the necessary information for improved inspection quality and efficient operation of inspection laboratories. Additionally, we are building a globally standardized platform that contributes to these objectives.

Going forward, we will augment our expertise in robotic-assisted surgery systems as part of our global expansion efforts. We aim to develop network support systems that contribute to the safety and efficiency of operating rooms, as well as supporting the transfer of surgical skills. Through these initiatives, we will provide new value-added services.

[>>Enhance Human Capital P57](#)
[>>Main Products and Services P108](#)

■ Main Results We Anticipate as a Result of DX		
	Issues to Be Addressed	Expected Results
Improve management quality	Centralized management of linked information and performance management due to the increase in the number of affiliates	Realize rapid decision-making through seamless information linkage and highly accurate analysis
Enhance human capital	Centralized management of regionally dispersed human resources	Secure and develop an optimal human resource portfolio in line with business expansion
Increase productivity throughout the value chain	Stronger links to information fragmented across the value chain	Shortening the time to product introduction and supply by streamlining information linkage from procurement to development, production, and service
Enhance customer satisfaction	Response to diverse customer needs and the creation of value leading to competitive advantage	Realize new value to improve test quality and provide support at laboratories and in other medical settings

Expansion of Procurement, Production and Distribution Structures

Future Initiatives to Achieve Growth Strategies

- Internalize production of hemostasis reagents and immunochemistry reagents, and realize large-scale mass production
- Steadily expand knockdown production of instruments in the Chinese market
- Commence operation of new instrument and reagent production base in India

Large-Scale Mass Production of Reagents

Sysmex is committed to delivering high-quality products to customers around the world in a stable manner. Furthermore, we are enhancing our production system to realize our growth strategy, including the localization of reagent production and the transfer of instrument manufacturing to certain regions.

In fiscal 2023, Sysmex moved to in-house production of certain hemostasis reagents for the Chinese market. Hemostasis reagents, which contain biologically derived components, are more challenging to produce than hematology reagents, and the increasing demand for testing required large-scale production capabilities. To address these challenges, Sysmex established in-house sourcing and purification technologies for raw materials and improved production processes, resulting in a fourfold increase in production scale and cost reductions. Going forward, we aim to establish a solid foothold in the expanding Chinese market. Meanwhile, in immunochemistry we have begun mass production of Alzheimer’s disease test reagents and are working to build production system in preparation for future global market expansion.

We are also promoting environmentally friendly initiatives. In fiscal 2023, we aim to achieve a substitution rate of 50% for environmentally friendly materials in containers and packaging materials, contributing to waste reduction and GHG emissions reduction.

Promoting Local Production

In instrument production, we are steadily expanding our knockdown production of instruments in China. In fiscal 2023, we completed the transfer of production for major instruments in the hematology, urinalysis, and hemostasis fields. We expect to also complete the transfer of production in the immunochemistry field in fiscal 2024.

We are also building a new facility, the Group’s largest so far, to manufacture both instruments and reagents in India, which we consider to be a growth market. We expect the facility to commence operations in fiscal 2024.



Reagent factory

Conducting KAIZEN Activities at Domestic and Overseas Reagent Factories to Reduce Annual Costs by Equivalent of Around ¥800 Million

Sysmex engages in KAIZEN (improvement) activities aimed at fostering manufacturing talent through on-site activities and continuously improving the workplace environment to strengthen its factories. In fiscal 2021, we expanded this initiative to reagent factories overseas. Specifically, each factory is working to reduce water usage, waste, and working hours at manufacturing sites, making efforts to consider the environment and reduce costs from their own perspectives. We share information about these activities and their effects among reagent factories in Japan and overseas. In fiscal 2023, the number of activity proposals grew by approximately 50% year on year, showing that these efforts are steadily spreading. In addition to helping to address social challenges overall, diligent activities also resulted in cost savings of approximately ¥800 million in fiscal 2023.



Training to raise awareness of KAIZEN activities

Expanding Our Sales, Service and Support Structure

Future Initiatives to Achieve Growth Strategies

- Reinforce sales, scientific, and service and support systems due to the expansion of the region for direct sales in the field of hemostasis testing
- Launch Alzheimer’s disease test reagent in global markets
- Strengthen support functions with training centers in emerging markets such as Brazil and Turkey
- Accelerate the market introduction of robotic-assisted surgery systems in Japan and promote Asian expansion based in Singapore

Enhancing Systems to Expand Fields of Operation in Various Regions

Sysmex has a sales, service and support network that covers over 190 countries and regions. Additionally, we are working to strengthen our organization to realize various growth strategies tailored to the characteristics of each region.

In fiscal 2023, we made steady progress in rapidly obtaining regulatory approvals, strengthening sales, scientific, service and support capabilities in various countries, and preparing for the launch of a new global OEM agreement with Siemens Healthineers in the hemostasis field, which started in April 2024. In the hemostasis field, we stepped up our efforts to enhance customer satisfaction by introducing virtual training programs, which have been highly regarded in the hematology field. In immunochemistry, we have taken a significant step forward in the launch of Alzheimer’s disease test reagents in Japan, the United States (LDT), and Europe, paving the way for the widespread adoption of blood-based Alzheimer’s disease testing and the full-scale overseas expansion of the immunochemistry field.

We established training centers in Brazil and Turkey as part of our efforts to strengthen customer support functions and underpin business growth in emerging markets. In addition, we have been steadily introducing robotic-assisted surgery systems in Japan and accelerating market expansion for new businesses, including preparations for entry into Singapore and other overseas markets.



Virtual training (Sysmex America)

Overview of Activities and Topics in Fiscal 2023 in Sales, Service and Support (by Region)

Region	Direct sales ratio (fiscal 2023)	Overview of Activities and Topics in Fiscal 2023
Japan	100.0%	<ul style="list-style-type: none">Accelerated market launch of new products and peripheral devices in the hematology fieldLaunched Alzheimer’s disease test reagent and encouraged the spread of blood-based Alzheimer’s disease testingAccelerated market launch of robotic-assisted surgery systems by upgrading and expanding the range of applicable departments
Americas	75.8%	<ul style="list-style-type: none">Strengthened sales, scientific, service and support systems in conjunction with the expansion of the direct sales area in the hemostasis fieldIntroduced Alzheimer’s disease test reagent (LDT) in the United States and expanded the use of blood-based Alzheimer’s disease testing.Received the best service award in the IMV ServiceTrak survey related to urinalysis on first time participation
EMEA	78.4%	<ul style="list-style-type: none">Strengthened sales, scientific, service and support systems in conjunction with the expansion of the direct sales area in the hemostasis fieldStrengthened sales, scientific, service and support systems for market development in the immunochemistry field in line with the launch of the Alzheimer’s disease test reagentExperienced market expansion in Italy, Saudi Arabia, and other countries and regions that have transitioned to a direct sales and service structure
China	1.8%*	<ul style="list-style-type: none">Strengthened sales promotion by expanding knockdown production (hematology, hemostasis, urinalysis) in response to preferential measuresWon the top overall position in the IVD field for third consecutive years in a customer satisfaction survey conducted by a third-party research organization
AP	51.4%	<ul style="list-style-type: none">Strengthened sales, service and support systems in preparation for expansion in the Indian marketObtained marketing approval for robotic-assisted surgery systems in Singapore, and promoted the establishment of a training center in the country

* Hong Kong

Realize a Circular Value Chain (Reduction in Environmental Burden)

Future Initiatives to Achieve Growth Strategies

- 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

Reducing the Environmental Burden and Establishing a Competitive Advantage

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 the healthcare market, 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. Various countries have strengthened their environmental regulations, including in Europe and North America, increasing the focus on environmental sustainability among healthcare facilities and businesses, such as hospitals and commercial labs.

Based on these factors, we believe our efforts in reducing environmental impact will help us earn the trust of all stakeholders and establish a competitive advantage in the market.

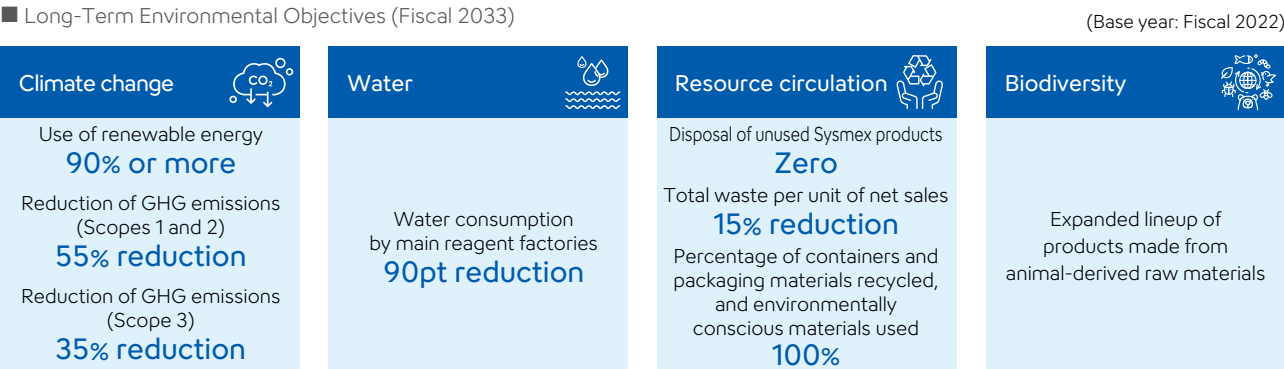
We formulated the “Sysmex Eco-Vision 2033,” identified a materiality item (“reduction in environmental burden”), and spelled out initiatives for resource circulation throughout the product life cycle and the reduction of environmental burdens through our business activities.

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 work on green innovation to decrease environmental impact.

We have achieved product miniaturization and space savings through environmentally conscious design. Additionally, we are actively engaged in developing reagents utilizing material science*, including transitioning production methods from the use of bio-derived materials to using silkworms and cultured cells. This helps to substantially reduce CO2 emissions, water resources, and raw material costs, while also enhancing customer satisfaction through the use of technologies to stabilize product quality. Furthermore, we are working on initiatives to extend the expiration date of our reagents. As an industry-first initiative, we are collaborating with our customers and suppliers to undertake the horizontal recycling of the polyethylene bags widely used in many reagent containers. After use, we aim to convert these containers into pellets (plastic raw material) and reshape them for use as recycled containers.

* A branch of engineering that combines knowledge of physics and chemistry to design, develop, and evaluate new materials and devices

>>Status of Sustainability Targets P93



■ Endorsing the TCFD Recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

>>Website >Sustainability >Environment >Environmental Management

■ 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 is greenhouse gases emitted indirectly by the Company due to energy use.
Scope 3 is greenhouse gases emitted throughout the group of businesses related to the company’s products and services (the supply chain) other than Scope 1 and Scope 2 emissions

CARBON NEUTRAL

Approved by SBTi

Sysmex has been approved by the Science Based Targets initiative (SBTi) for the Group’s greenhouse gas reduction target for fiscal 2033.

As part of the “Sysmex Eco-Vision 2033,” Sysmex has set reduction targets for GHG emissions. The Company’s target to reduce its Scope 1 and 2 emissions by 55% was found to be based on scientific evidence in line with a 1.5°C trajectory, while its target to reduce GHG emissions from use of sold products under Scope 3 by 35% was found to be well below the 2.0°C level.

We have also set a new engagement target, which

aims at 60% of our business partners* having science based targets within the next five years. This target has been also approved.

We will continue to promote green innovation and decarbonization efforts through creative initiatives that harness the collective wisdom of the Group.

* Suppliers related to Scope 3: “purchased goods and services,” “capital goods,” and “upstream transportation and delivery”



■ 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	• Reduction of biologically derived substances • Reduction of water consumption and GHG emissions	• Stable supply of raw materials • Stabilization of quality
● Spread of concentrated reagents (hematology and urinalysis fields)	• Curtailment of GHG emissions • Conservation of packaging and petroleum resources	• Improved usability (reduced frequency of reagent changes in the laboratory) • Reduction of inventory storage space
● Shift reagent production overseas	• Reduction of GHG emissions	• Realization of stable supply and reduction of transportation costs
● Extension of reagent expiration dates	• Reduction in waste	• Increased usability • Stabilization of quality • Reduction of costs
● Reduction of reagent waste in the manufacturing process	• Reduction in waste	• Reduction of costs
● Dry ice-free transportation (e.g., reagents for genetic testing)	• Reduction of GHG emissions	• Reduction of transportation costs • Increased flexibility and convenience in distribution

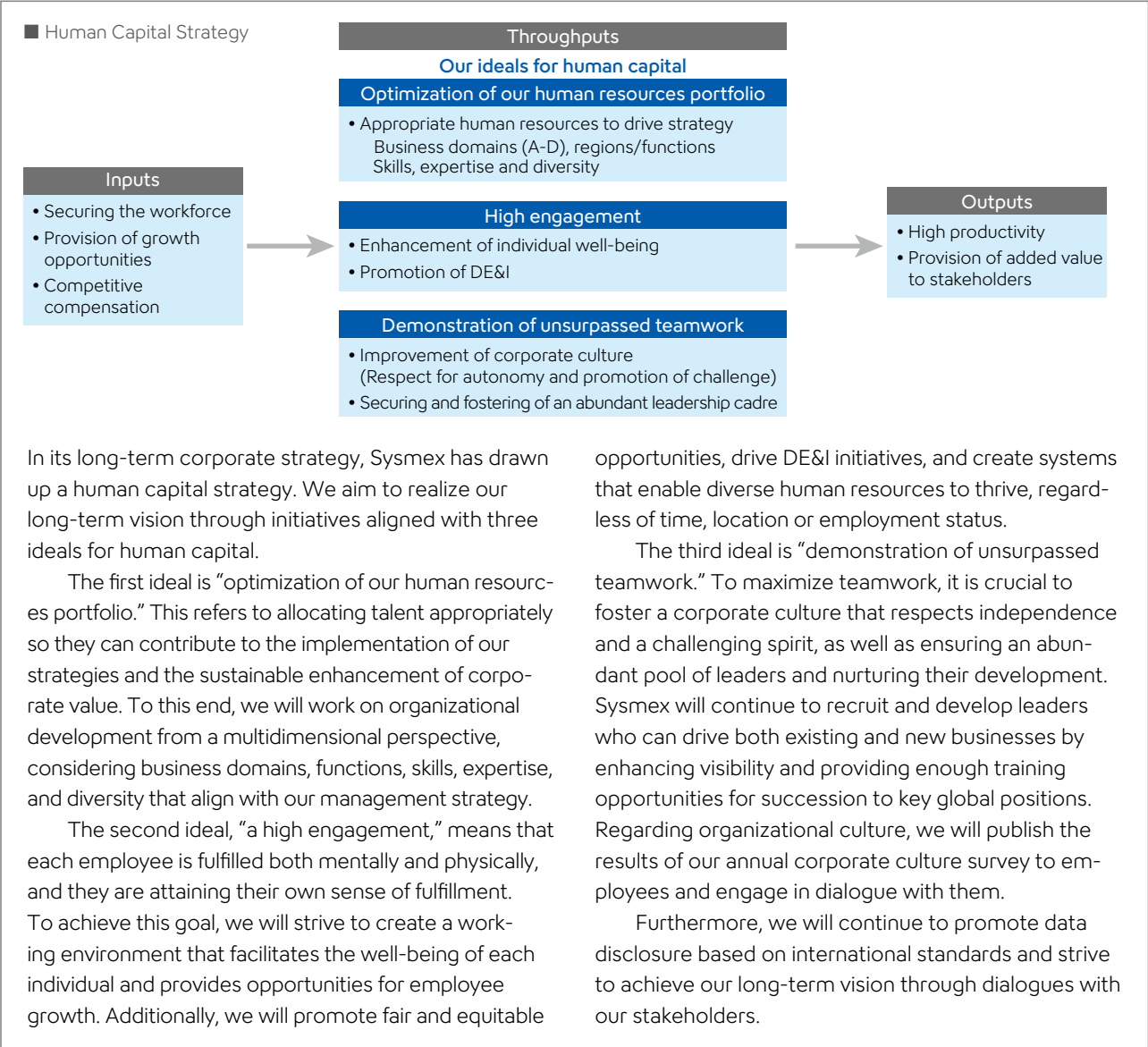
Noriko Kohata
Reagent Production Div.

Worksite Commentary: Reducing Waste in the Reagent Manufacturing Process

Urinalysis reagents comprise products containing particles of five different specific gravities, and continuous stirring is required to ensure uniform filling in the containers. However, the conventional manufacturing method unavoidably generated dead volume, resulting in approximately 1 ton of waste annually.

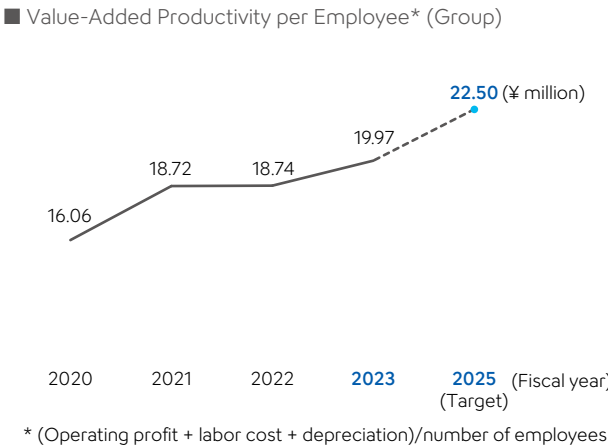
To address this issue, we sought out expertise from multiple departments, not just the production floor, to explore manufacturing methods that would be more efficient and suited to the field. We optimized the shape of the tank bottom, the shape of the stirring blades, and the stirring speed. As a result, we were able to eliminate residual liquid in the tank, achieve zero waste disposal, and simultaneously reduce costs while maintaining product quality. Furthermore, by utilizing the device we built in-house, we expect to alleviate the burden on workers and improve work efficiency. (Fiscal 2023 Sysmex Group Award Recipient)

Reinforcing Human Capital



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 have held regular meetings with the HR leaders of regional headquarters to discuss key topics related to human capital and drive global improvements in value-added productivity. In fiscal 2023, we reached ¥19.97 million, surpassing our target of ¥19.38 million. Despite the impact of the yen’s depreciation, we were able to secure the necessary number of employees, and we invested aggressively in human capital to generate profits and improve productivity. Going forward, we aim to enhance productivity further by promoting DX.



Future Initiatives to Achieve Growth Strategies

- Develop next-generation leaders for key global positions
- Recruit and cultivate specialized human resources (biology, IT)
- Strengthen personnel to expand regions where we conduct direct sales, service and support, and cultivate business in Europe and the United States in the fields of hemostasis and immunochemistry

Expanding Our HR Portfolio

We are working to put in place and develop an HR portfolio optimized for each of the business domains defined in our long-term corporate strategy. In particular, overseas we are expanding the number of personnel in production, sales, and service divisions as our business there expands. For example, we plan to increase the number of employees in India by approximately 80 when our new factory in that country goes on line. In the hemostasis field, where we have begun selling directly in Europe and the United States, we have increased our number of specialists with academic knowledge. Meanwhile, as we have the same customers in the hematology and hemostasis fields, we are streamlining business development by making effective use of the human capital already deployed in the hematology field. In addition, advances in DX have made it possible to manage disparate regional human resource information, globally and in a centralized manner. This will allow us to further expand our HR portfolio on a global basis.

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Developing Next-Generation Leaders (Global)

In addition to the job-based personnel system it introduced in fiscal 2020, Sysmex has begun to manage global human resource information, as mentioned above. Based on this system, in fiscal 2023 we provided training at the Group leadership level to enhance succession to key positions. Ten people from six countries participated in this training, where they enhanced their

understanding of the Sysmex Way and Sysmex’s business. At the same time, the training promoted the formation of a global network of employees.

Sysmex Corporation conducts talent reviews to measure any gaps between a position’s requirements and the actual situation, and regularly monitors the talent pool to ensure successors are in place. In fiscal 2023, our internal appointment rate for key positions was 100%, the same as in fiscal 2022, and we had a succession coverage rate, indicating the percentage of key positions that have a successor candidate, of 311%. This figure was up significantly year on year, as a result of ongoing succession planning. For the Group as a whole, we will implement the Global Leadership Program and other measures to cultivate the next generation of management.

Introducing a Stock-Granting Compensation Plan (ESOP)

Our human capital strategy highlights the importance of providing competitive compensation, enhancing engagement, and attracting and nurturing a deep leadership team. In fiscal 2024, we began introducing an ESOP, starting with people in certain key positions at overseas subsidiaries. From fiscal 2025, we plan to expand this program to include people in key positions throughout the Group, in Japan and overseas. Under this compensation plan, eligible employees will receive shares in the Company, and their compensation will increase in line with the Company’s stock price, so employees will accumulate assets as corporate value increases.



Ulrike Weber
Executive Planner of Global Human Resources/
Head of Global Human Resources

Worksite Commentary: We are strengthening our global HR governance and promoting our human capital strategy.

Sysmex has developed a global HR policy and the HR management system to support it across the Group. To leverage this foundation and promote operational efficiency across the entire Group, Sysmex has established the position of Head of Global Human Resources. I have been appointed to this role and will be working closely with HR leaders from the four regional subsidiaries and headquarters to strengthen our strategic planning and execution capabilities in building an optimal global talent portfolio. This includes driving the development of leadership talent through programs such as the Global Leadership Program and ensuring that personnel are deployed appropriately. I will also strive to enhance human capital governance.



Message from the Executive in Charge of Finance

We will strive for sustained profit growth through the transformation of our business model. Meanwhile, we will enhance disclosure and dialogue by implementing new management methods using ROIC and making investment effectiveness by business segment visible.

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

Progress in Fiscal 2023

We made steady advances in our growth strategy in fiscal 2023, the first year of Long-Term Corporate Strategy 2033 and our mid-term management plan (fiscal 2023 to fiscal 2025). Thanks to favorable exchange rates, we posted record-high sales and operating profit. Specifically, we achieved sales increases in local currency terms in all regions by launching new products in the hematology field and capturing growth opportunities in emerging markets. Notably, we achieved double-digit growth in China and the Asia Pacific. On the profitability front, we were affected by higher personnel costs and expenses due to inflation, spending to strengthen the direct sales system, as well as increased depreciation expenses associated with investment in digitalization. As a result, the operating margin was 17.0% (down 0.9 percentage point year on year). We consider improving profitability to be a priority issue.

Financial Policy, Growth, and Profitability in Our Long-Term Corporate Strategies and Mid-Term Management Plan

In our long-term corporate strategies, we emphasize specific financial indicators, namely net sales, the operating margin, free cash flow, and ROE (see Figure 1). As

part of our financial objectives, we have set targets for revenue of ¥1 trillion or more and an operating margin of 20% or higher by fiscal 2033. Our fundamental policy remains unchanged: we are focused on generating profits through double-digit revenue growth that exceeds the pace of market growth and on maintaining an operating margin of around 20%, allowing for reinvestment of cash.

In terms of growth, by allocating resources appropriately we will focus on the “reinforcement of existing businesses,” “business expansion in emerging markets,” and “expansion of new businesses” strategies outlined in our mid-term management plan (see Figure 2). In the hematology field, we have high expectations for growth in emerging markets, including India and Brazil, where we achieved year-on-year growth of over 30%. Additionally, our global OEM contract with Siemens Healthineers will help us grow in the hemostasis field, where our target market has approximately doubled in size. Furthermore, in immunochemistry field we will expand our business by enhancing unique parameters backed by proprietary technologies, such as liver fibrosis markers and Alzheimer’s disease test reagents.

In terms of profitability, we anticipate some volatility in commodity prices and exchange rates. We plan to build a robust revenue structure that can respond flexibly to such changes. In terms of cost, a key focus will be on reducing our cost of sales ratio in fields other than

■ Major KPIs for Long-Term Corporate Strategy 2033 (Figure 1)

Net Sales	Double-digit growth (fiscal 2033 target: ¥1 trillion or more) <ul style="list-style-type: none">Achieve high growth in the expanding healthcare market
Operating Margin	20% or more <ul style="list-style-type: none">High profitability to allow investment for the future and stable shareholder returns
Free Cash Flow	<ul style="list-style-type: none">Healthy financial position due to increased operating cash flow and reinvestment in growth
ROE	<ul style="list-style-type: none">Capital efficiency that meets stakeholder expectations and is comparable to global companies in the same industry

■ Profit Growth and Investment Directions under the Mid-Term Management Plan’s Growth Strategies (Figure 2)

	Factors driving profit growth	Investment of resources
Reinforcement of existing businesses (hematology, hemostasis, immunochemistry, and life science fields)	Develop the hemostasis and immunochemistry fields in Europe and the United States, launch new products in the hematology field * Driven by developed countries	Develop unique testing parameters, develop new products, gain regulatory approval, strengthen sales service and support structures in the hemostasis and immunochemistry fields
Business expansion in emerging markets (hematology and urinalysis fields)	Expand market scale, enlarge area of operation * Maximum growth potential	Strengthen sales, service and support structures, develop product models for emerging markets, reinforce production systems, product lease assets
Expansion of new businesses (medical robotics business, regenerative medicine and cell therapy)	Become profitable in the medical robotics business during the mid-term management plan period	Launch a regenerative medicine and cellular medicine business, expand the medical robotics business overseas

hematology, where we have significant room for improvement. We will expand sales of reagents with low-cost ratios through the growth of the hemostasis and immunochemistry fields, and we will steadily reduce the cost ratio through initiatives such as moving to the in-house production of raw materials. We expect personnel expenses to rise, owing to increases in headcount and wage levels, and we will continue to invest proactively in human capital for future growth. Therefore, it is important to improve value-added productivity by focusing on continuous process efficiency and productivity enhancements through digital transformation (DX). Since fiscal 2018, we have been updating our IT systems for nearly all global business processes, from R&D to production, supply chain management, sales, and services. We expect to essentially complete this process in fiscal 2024. Although we anticipate cost increases in fiscal 2024 as IT infrastructure systems are implemented globally, by fiscal 2027 we expect to achieve effective cost reductions of ¥3.0 billion and create the equivalent of ¥7.0 billion in qualitative and risk reduction effects. Regarding R&D expenses, we recognize that technological and product development is essential for evolving our business model. We will continue to invest 7–8% of revenue in order to create new value for future growth and expand our business scale. At the same time, we consider it important to improve value-added

productivity through efficiency enhancements. We are working to refine and improve expense management.

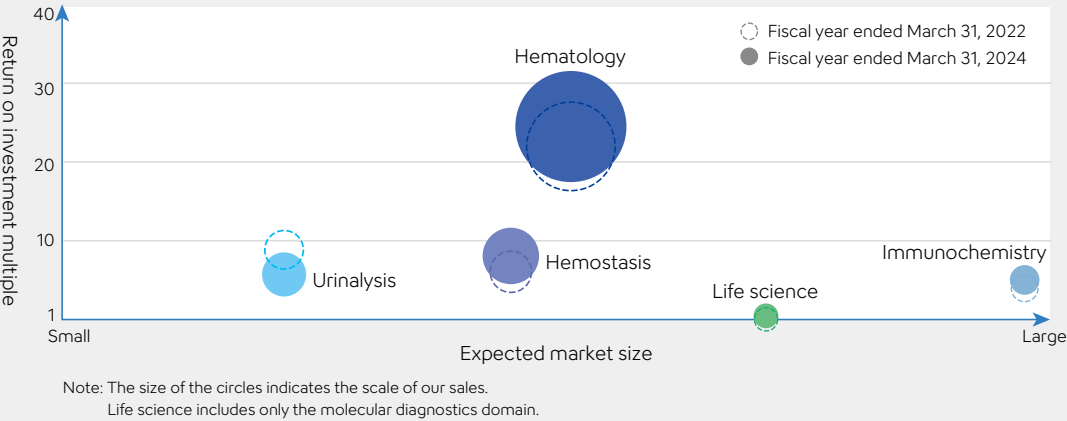
Use ROIC to Improve Capital Efficiency

Under our long-term corporate strategies, which focus on strengthening existing businesses and expanding into new areas, improving capital efficiency becomes even more important than before. Sysmex maintains a return on invested capital (ROIC) that exceeds the weighted average cost of capital (WACC) and maintains a certain capital spread. That said, there is room for improvement compared to other global companies in the same industry, and we aim to consistently achieve an ROIC level of 15% or higher. On the other hand, in recent years our capital has expanded faster than profits because inventories and accounts receivable have grown due to business expansion, as well as to an increase in intangible assets stemming from investments in digitalization. While we expect these investments to begin generating returns going forward, we recognize the need to reinforce management that is conscious of capital costs, in order to improve our corporate value. Therefore, we are introducing two mechanisms in fiscal 2024. During the implementation process, it will be important to meet the expectations and demands of shareholders and investors while also making a direct contribution

■ ROIC Drivers in Fiscal 2023 (Figure 3)

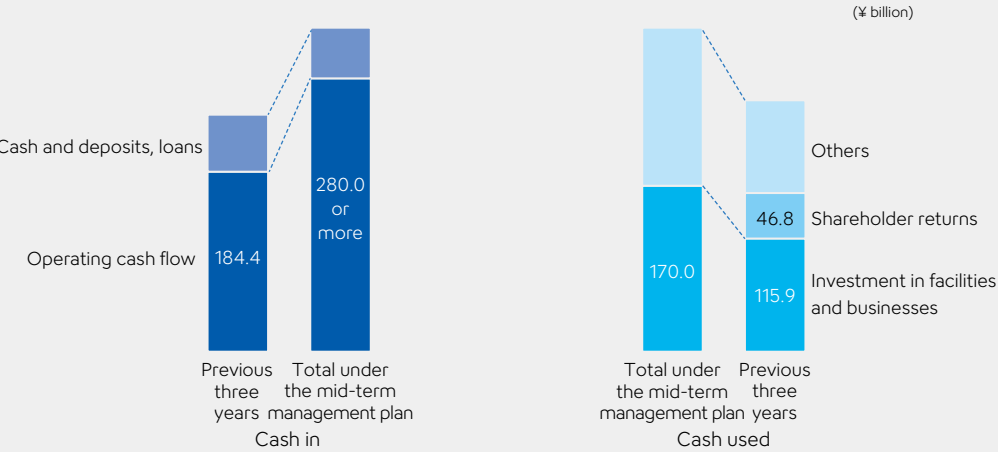
	Year-on-Year Change	ROIC Impact
Positive Drivers		
Logistics cost ratio	-0.2%	+0.15pt
Expense ratio	-0.2%	+0.13pt
Disposal write-off ratio	-0.1%	+0.12pt
Property, plant and equipment turnover	+0.1	+0.11pt
Negative Drivers		
Labor cost rate	+0.8%	-0.63pt
Service cost ratio	+0.5%	-0.38pt
Intangible assets turnover	-0.5	-0.22pt
Depreciation and amortization ratio	+0.2%	-0.21pt
Accounts receivable turnover	+3.1	-0.13pt
Accounts payable turnover	-2.5	-0.11pt

■ Return on Investment Multiples for Individual Businesses (Figure 4)



■ Financial Guidance under the Mid-Term Management Plan (Fiscal 2023-2025) (Figure 5)

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	• Dividend payout ratio of 30% • Stable dividend increases backed by earnings growth	



to reinforcing Group management. We have prioritized simplicity and acceptability in our considerations. Generally, ROIC and operating profit are managed by business segment, but Sysmex operates across different fields, making it more difficult to calculate ROIC and operating profit on a segment-by-segment basis. Therefore, our approach will utilize unique indicators.

One system we are introducing is “ROIC sensitivity management,” which aims to improve ROIC for the Company overall. Our purpose is to visualize the drivers that have a significant impact on ROIC as ROIC sensitivity drivers, prioritize them within each function and region, and actively engage in KAIZEN (improvement) activities. For example, when working to improve logistics costs, rather than focusing on how unit costs fluctuate daily due to external factors, we will concentrate on strategically addressing themes such as reducing reagent consumption, expanding concentrated reagents, and downsizing instruments.

The second point is “management that balances strategy and investment,” through which we will enhance investment effectiveness in each field. We have adopted a field-specific indicator called the return on Investment multiple* that incorporates not only the income statement but also elements of the balance sheet. Taking a holistic view of the entire Company and considering differences in the market environment and business stage in each field will allow us to give greater

consideration to the validity of each strategy and investment and engage in dialogue both internally and externally. Looking at performance for the field-specific return on investment multiple combined with market size (see Figure 4), we note a high multiple in the hematology field, which has been a core business since our founding, and an area where we have a strong global presence and high levels of profitability. Situations are different in other fields, and this is reflected in their different return multiples. Differences arise due to factors such as being at a stage of preparing for global expansion, differences in business stages, and variations in profitability due to the product mix. The life science field has a relatively low multiple, of just above 1.0. To improve this, we aim to expand sales of highly profitable products and services and reassess those with low profitability.

* Taking business characteristics into consideration, the average of gross profit for the most recent two fiscal years is used as the numerator and the average of business costs for the most recent five fiscal years as the denominator. Business costs are the sum of business unit SG&A expenses, R&D expenses, capital expenditures, M&A, and investment securities in the subject area.

Capital Allocation under the Mid-Term Management Plan

We have earmarked a cumulative amount specifically for growth investments during the three years of the

mid-term management plan (fiscal 2023 to fiscal 2025) (see Figure 5).

Cash flows from operating activities are our main source of capital for allocation. The impact of inflation and an increase in SG&A expenses led to sluggish growth in operating profit in fiscal 2023. However, revenue has been growing as expected, and by continuing to reduce costs, improving the product mix, and anticipating our investments in digitalization reach a turning point in fiscal 2024, we plan to generate more than ¥280.0 billion in operating cash flow over the plan’s three-year period. Additionally, in fiscal 2023 we borrowed approximately ¥29.0 billion to help fund future growth, including such measures as the acquisition of Company shares through the introduction of an Employee Stock Ownership Plan (ESOP) and the construction of a new factory in India.

We will allocate ¥170.0 billion toward facility and business investments, and use the remainder for shareholder returns and other purposes. Regarding facility investment, we are executing planned investments in leasing assets related to the expansion of sales in emerging markets, building a new factory in India (to be completed in fiscal 2024), and investing in digitalization (to be nearly complete in fiscal 2024). For shareholder returns, our basic policy is to enhance corporate value based on cash flow growth and to return profits to shareholders. We aim for a dividend payout ratio of 30% and strive to

increase dividends steadily. Additionally, in fiscal 2023 we implemented a three-for-one stock split to improve liquidity and attract a diverse range of investors.

Future Dialogue and Disclosure Policy

To enhance corporate value and shareholder value, we must achieve ongoing increases in earnings per share, expand multiples, and increase the capital spread. I have explained measures we are working on to lower our WACC, drive profit growth, and boost ROIC improvement. However, given the complex and uncertain business environment, we believe it is also important to promote a long-term management perspective and mitigate stock price volatility and fluctuations in capital costs.

Going forward, we will appropriately disclose metrics on the progress and results of our strategic investments, and further enhance our dialogue with the capital market. As part of this effort, we have adopted ROIC sensitivity drivers and return on investment multiples. Due to the wide range of indicators in our long-term corporate strategies and mid-term management plan, we have organized them along a time axis. (See P33 “Materiality and the Organization of Strategies and Indicators.”) We will continue to engage in disclosure in a way that contributes to constructive dialogue with our shareholders and investors. Thank you for your continued support.

Performance Highlights (As of the end of fiscal 2023)

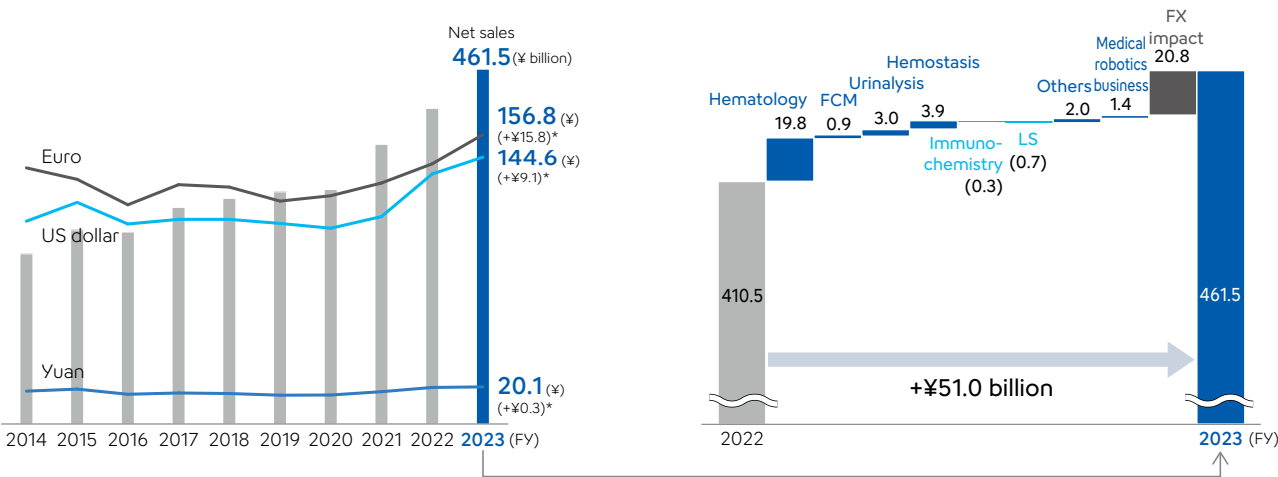
Figures for 2014 are presented in accordance with Japanese GAAP. From fiscal 2015, figures are presented in accordance with IFRS.

Financial Performance

Net Sales

¥461.5 billion
(Up 12.4% year on year)

Reasons for Changes in Net Sales in Fiscal 2023 (by Field)

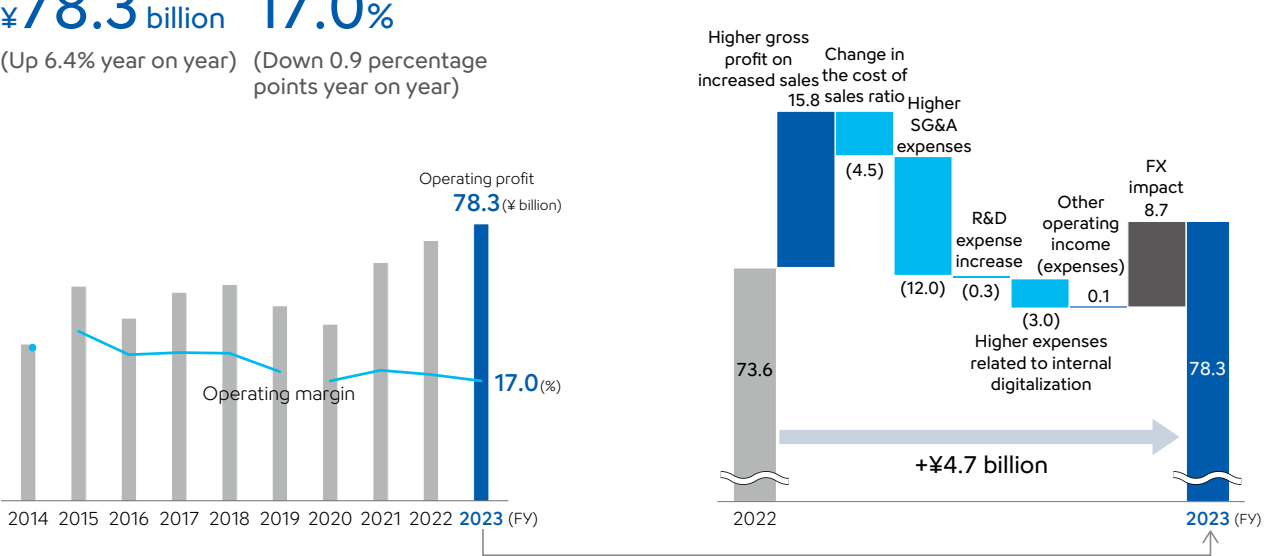


In fiscal 2023, in the hematology field we expanded local production of instruments in China, and instrument sales rose in India and other emerging markets. Also, an increase in the installed instrument base pushed up the number of tests, driving up reagent sales and overall sales in the hematology field. In the urinalysis and hemostasis fields, as well, sales were up, due to higher reagent sales. In the immunochemistry and life science fields, sales were down, owing to a decrease in demand for testing related to COVID-19.

Operating Profit/Operating Margin

¥78.3 billion 17.0%
(Up 6.4% year on year) (Down 0.9 percentage points year on year)

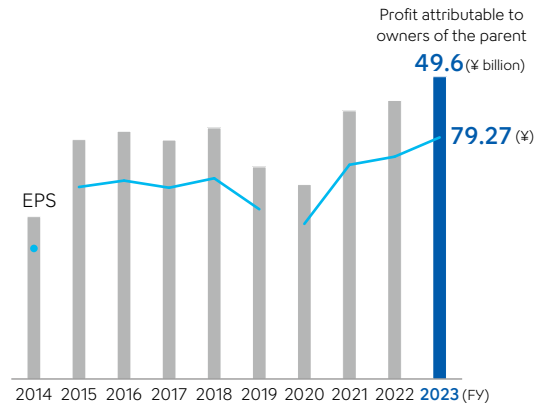
Reasons for Changes in Operating Profit in Fiscal 2023



In fiscal 2023, personnel expenses rose, mainly due to inflation in Europe and the United States. SG&A expenses rose, due to vigorous sales, services, and support in line with business expansion, and expenses and amortization expenses were up in line with investment in digitalization. Despite these factors, plus yen depreciation, profit increased.

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

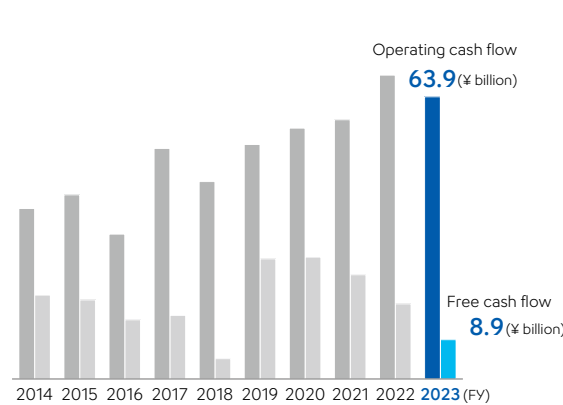
¥49.6 billion ¥79.27
(Up 8.4% year on year) (Up 8.7% year on year)



Profit increased, owing to higher operating profit and the impact of foreign exchange losses (gains).

Operating Cash Flow/
Free Cash Flow

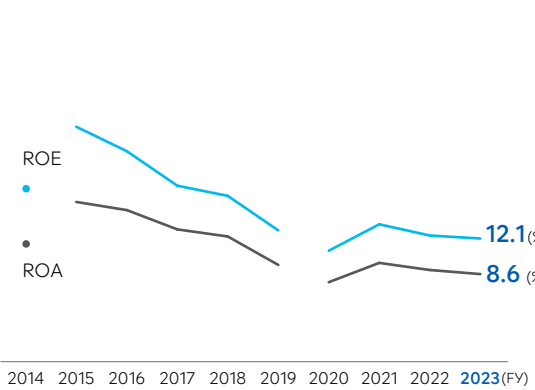
¥63.9 billion ¥8.9 billion
(Down 7.2% year on year) (Down 47.7% year on year)



The increase in sales required additional working capital, causing net cash provided by operating activities to decrease. Net cash used in investing activities increased due to proactive investment, including for digitalization and the establishment of bases in emerging markets. Free cash flow decreased as a result.

ROE/ROA

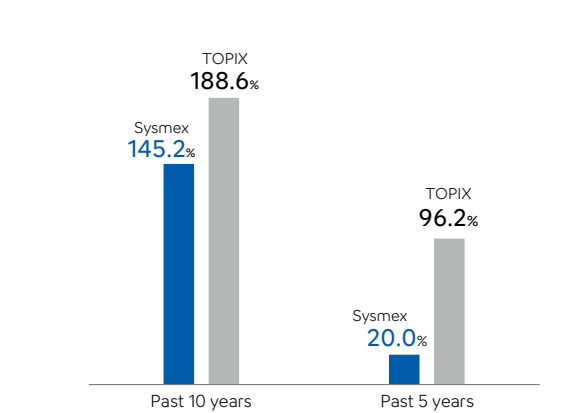
12.1% 8.6%
(Down 0.3 percentage points year on year) (Down 0.4 percentage points year on year)



These indicators decreased despite higher profit, owing to a rise in the sum of equity attributable to owners of the parent and assets.

Total Shareholder Return (TSR)
(Annualized Rate)

145.2% 20.0%
(Past 10 years) (Past 5 years)



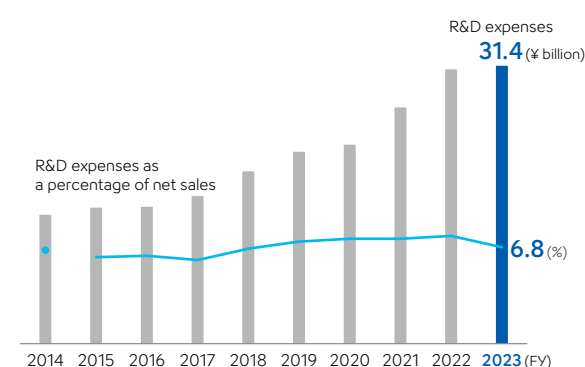
Despite stable ongoing dividends, TSR is below TOPIX, due in part to a dip in the share price.

Financial and Non-Financial Performance

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

¥31.4 billion 6.8%

(Up 1.1% year on year) (Down 0.8 percentage points year on year)

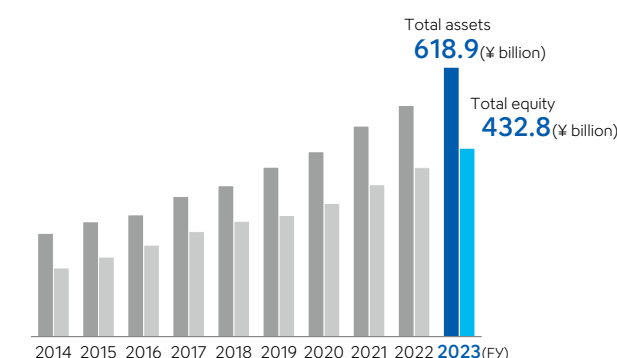


Despite ongoing investment in R&D, R&D expenses as a percentage of net sales were flat year on year due to careful scrutiny of R&D themes.

Total Assets/Total Equity

¥618.9 billion ¥432.8 billion

(Up 16.5% year on year) (Up 11.5% year on year)

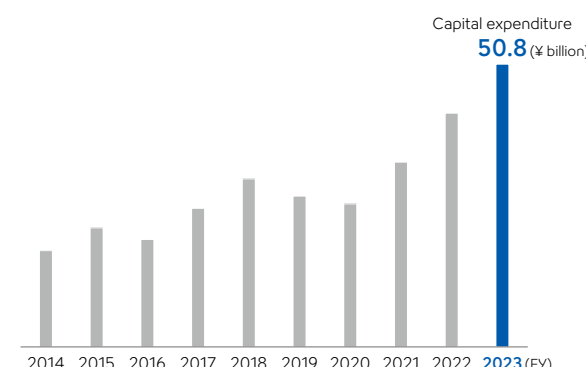


Assets: Trade and other receivables, property, plant and equipment, and intangible assets increased.
Equity: Retained earnings increased.

Capital Expenditure (including tangible and intangible)

¥50.8 billion

(Up 21.0% year on year)

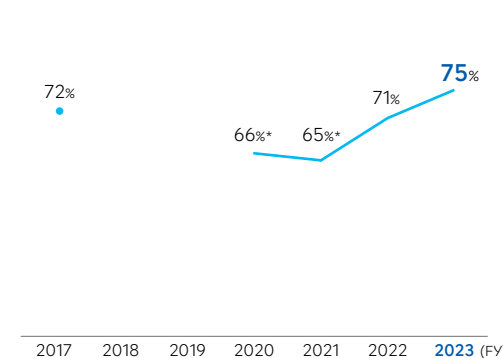


Capital expenditure rose, due to the establishment of bases and a rise in customer lease assets in line with investment in digitalization and the establishment of bases in emerging markets.

Engagement Score

75%

(up 4.0 percentage points year on year)



The engagement score rose due to the enactment of safety measures during the COVID-19 pandemic, and work style adaptations, promotion of DE&I, and attractive compensation.

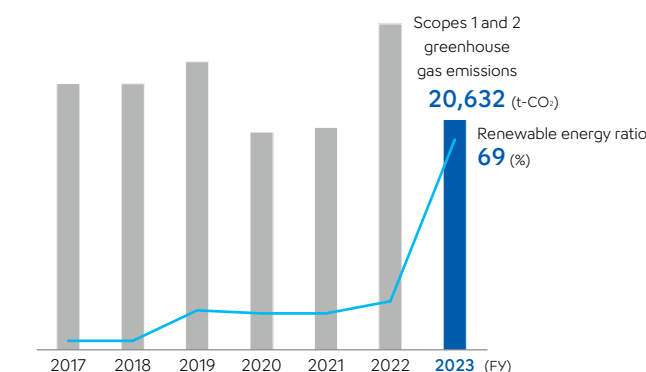
* Figures exclude EMEA in fiscal 2020 and fiscal 2021.

Non-Financial Performance

Scopes 1 and 2 Greenhouse Gas Emissions/ Renewable Energy Ratio

20,632t-CO₂ 69%

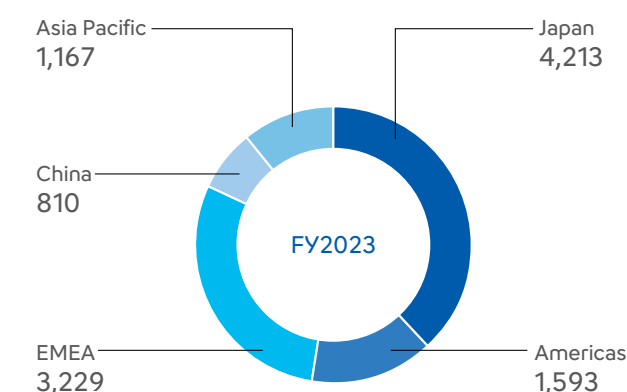
(Down 29% year on year) (Up 53 percentage points year on year)



In addition to switching to renewable energy sources, mainly at major sites in Japan, the Company has promoted the installation of energy-saving equipment, resulting in a significant reduction in greenhouse gas emissions.

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

11,012 61.7%



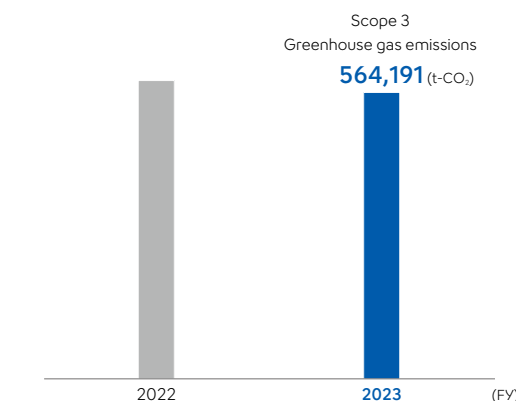
We continued to expand our direct sales and service territories, including through a mutual OEM agreement with Siemens Healthineers in the hemostasis field, in line with the expansion of our business scale.

* Including part-time employees and others

Scope 3 Greenhouse Gas Emissions

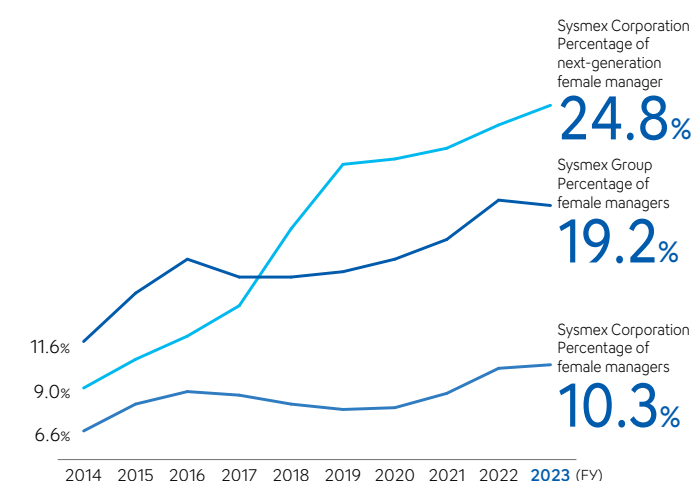
564,191t-CO₂

(Down 4% year on year)



We reduced emissions from products sold by promoting a modal shift in product shipments by enhancing energy-saving features, and by promoting instrument sales.

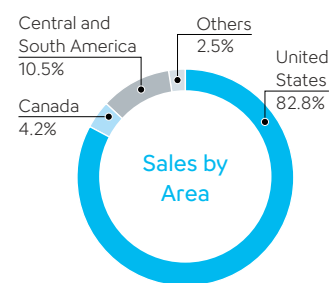
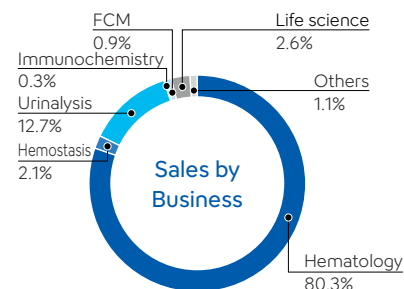
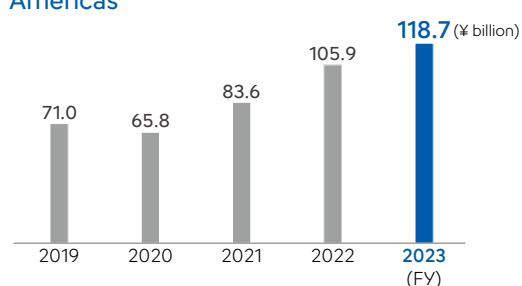
Percentage of female managers/ Percentage of next-generation female managers



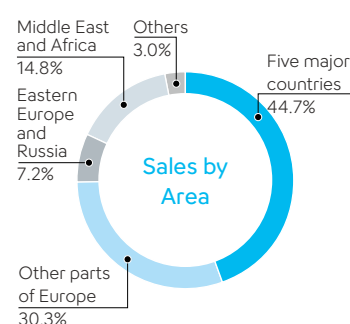
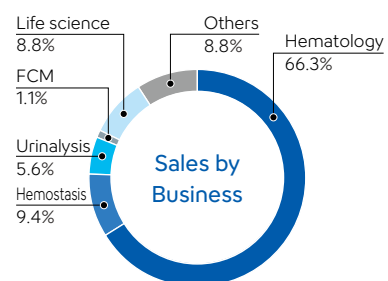
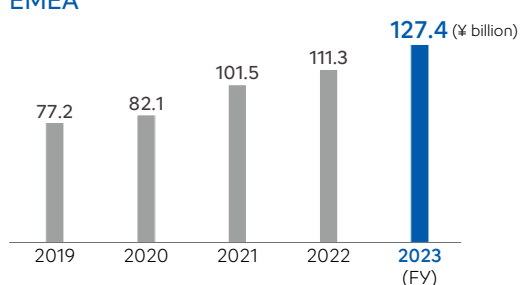
The percentage of female managers in overseas regions increased, particularly in the United States. The figure also improved in Japan, owing to a new personnel system that offers more diverse career options.

Net Sales by Destination

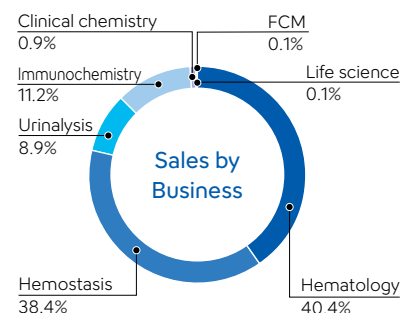
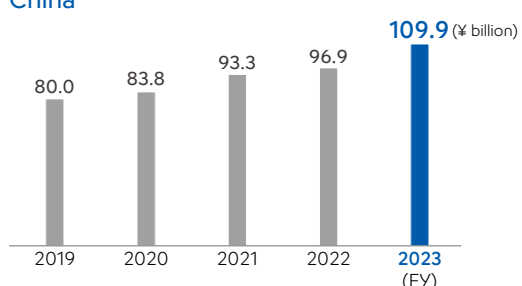
Americas



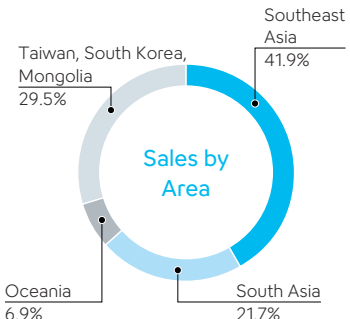
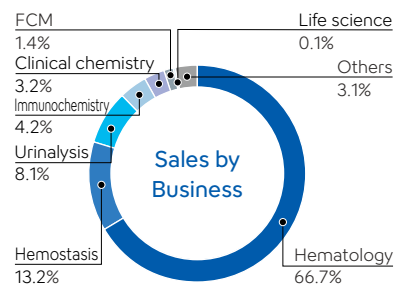
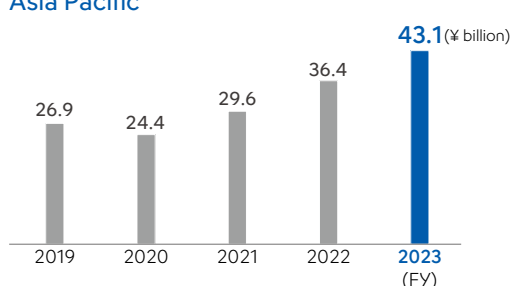
EMEA



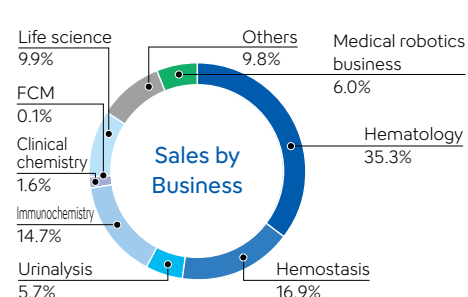
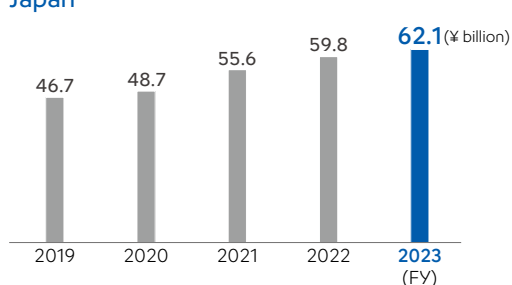
China



Asia Pacific



Japan



Results by Destination in Fiscal 2023

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 2023, instrument sales were flat, but reagent sales rose due to increases in the installed instrument base in the hematology and urinalysis fields in North America, as well as a rise in LDT sales of our Alzheimer's disease test reagent. In Central and South America, sales of both instruments and reagents were favorable in the hematology and urinalysis fields. As a result, sales for the region were ¥118.7 billion (up 12.2% year on year). Sales were up 5.0% 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. Instrument sales were down in fiscal 2023, due in part to geopolitical risks, but an increase in the installed instrument base in direct sales regions led to higher reagent sales, centered on the hematology field. Accordingly, regional sales amounted to ¥127.4 billion (up 14.5% year on year). Sales were up 2.8% 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. Instrument sales were down in fiscal 2023, due to the impact of measures giving preferential treatment to instruments manufactured within the country. However, a rise in reagent demand prompted higher sales of urinalysis, hemostasis, and immunochemistry reagents. As a result, sales in China came to ¥109.9 billion (up 13.5% year on year). Sales were up 10.8% on a local currency basis.

Asia Pacific

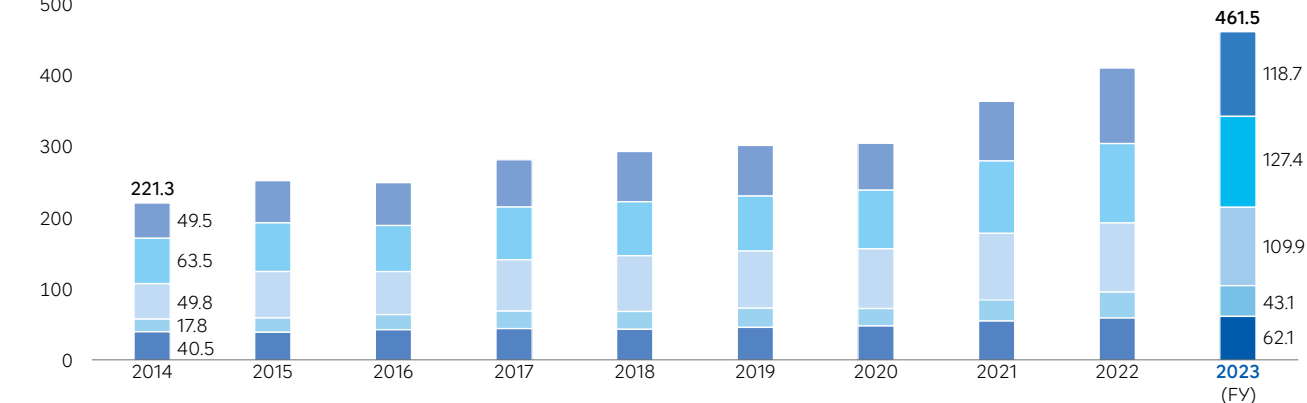
The Asia Pacific region has a large population, and the market is expected to expand going forward. This market is diverse, with economic levels, languages, and healthcare systems differing by country. Nevertheless, we are reinforcing our position by providing solutions from a customer viewpoint and meeting local needs. In India, where we transitioned to direct sales in fiscal 2019, instrument sales were robust in fiscal 2023, centered on the hematology field. In Southeast Asia, an increase in the installed instrument base pushed up reagent sales in the hematology, hemostasis, urinalysis, and immunochemistry fields. As a result, sales in the Asia Pacific region amounted to ¥43.1 billion (up 18.1% year on year).

Japan

Aiming to establish an undisputed No. 1 position in the IVD market in Japan, Sysmex differentiates itself from competitors. We are also moving into the medical robotics business, developing business in regenerative medicine and cell therapy, and striving to build business in other new markets. In fiscal 2023, instrument sales increased, partly thanks to the launch of new hematology and urinalysis products. Also, an increase in the installed instrument base pushed up sales of hematology and hemostasis reagents. In the medical robotics business, sales grew due to a version upgrade to our robotic-assisted surgery system and regulatory approval in additional surgical fields. Accordingly, sales in Japan came to ¥62.1 billion (up 3.9% year on year).

■ Net Sales by Destination

(¥ billion)



Topics in Fiscal 2023

Here, we introduce key topics related to Sysmex's business in fiscal 2023.

- Adopted new long-term corporate strategies, launched a mid-term management plan, appointed Mr. Asano as president
- Launched an Alzheimer's disease test reagent that enables blood-based measurement (Japan, Europe, the United States (LDT)) >>P54
- Filed application for the use of our robotic-assisted surgery systems in respiratory surgery >>P105
- Began the global rollout of a flagship model in the hematology field (EMEA, Asia Pacific)
- Obtained regulatory approvals in preparation to commence direct sales in the hemostasis field in Europe and North America >>P45

• Launched world's first point-of-care testing system in Europe to detect antimicrobial susceptibility

In June 2023, in Europe Sysmex launched a system for the rapid detection of antimicrobial susceptibility, helping to address the global healthcare challenge of antimicrobial resistance (AMR). Using urine samples, this system allows for rapid detection of the presence of bacteria and the effectiveness of antimicrobials, providing results in as little as 30 minutes, compared to the several days required by conventional methods. The system thus supports the appropriate prescription of antimicrobial drugs for patients. In June 2024, this testing system received the prestigious Longitude Prize on AMR, the largest scientific prize in the United Kingdom.



System for the rapid detection of antimicrobial susceptibility

• Japan's first gene panel testing system for inherited retinal dystrophy (IRD) covered by insurance

Sysmex's IRD gene panel testing system received coverage under Japan's national health insurance system in August 2023, and the Company commenced assay services utilizing this system in September. This system allows for comprehensive blood-based genomic profiling of IRD patients or suspected patients, providing valuable information for identifying the genes that cause IRD. Identifying the causative genes allows for the implementation of personalized treatment plans and genetic counseling, which are expected to improve the quality of life of patients and their families.



IRD gene panel testing system

• Megakaryon Corporation becomes a consolidated subsidiary, in line with a bid to accelerate efforts in the field of regenerative and cellular medicine

To accelerate efforts in the field of regenerative and cellular medicine, Sysmex welcomed Megakaryon Corporation to the Group as a consolidated subsidiary in December 2023. Megakaryon possesses foundational technology for producing platelets from human iPS cells. We will utilize the expertise we have gained in the field of IVD testing and diagnostics to advance the development of automated manufacturing systems for platelet preparations derived from human iPS cells. We will also explore applications such as using the raw materials of standard substances for quality control of Sysmex's analyzers.



• Strengthening our direct sales and service structure to expand business in Italy

To date, Sysmex has engaged in direct sales and service in Italy in the fields of life science and industrial FCM. In April 2024, we also began providing direct sales and service in the hematology, urinalysis, and hemostasis fields. Given the increasing demand for medical services in Italy as its society ages, we aim to expand our business and increase market share in various diagnostic fields by proposing solutions to the diverse challenges faced in medical settings.

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 2023, we announced dividends for the year of ¥84 per share, which includes an interim dividend of ¥42. As a result, the dividend payout ratio came to 35.4%. On April 1, 2024, we conducted a three-for-one split of Sysmex's ordinary shares to create a more investment-friendly environment by lowering the amount per investment unit and improving the liquidity of share.

Fund Procurement and Liquidity Management

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

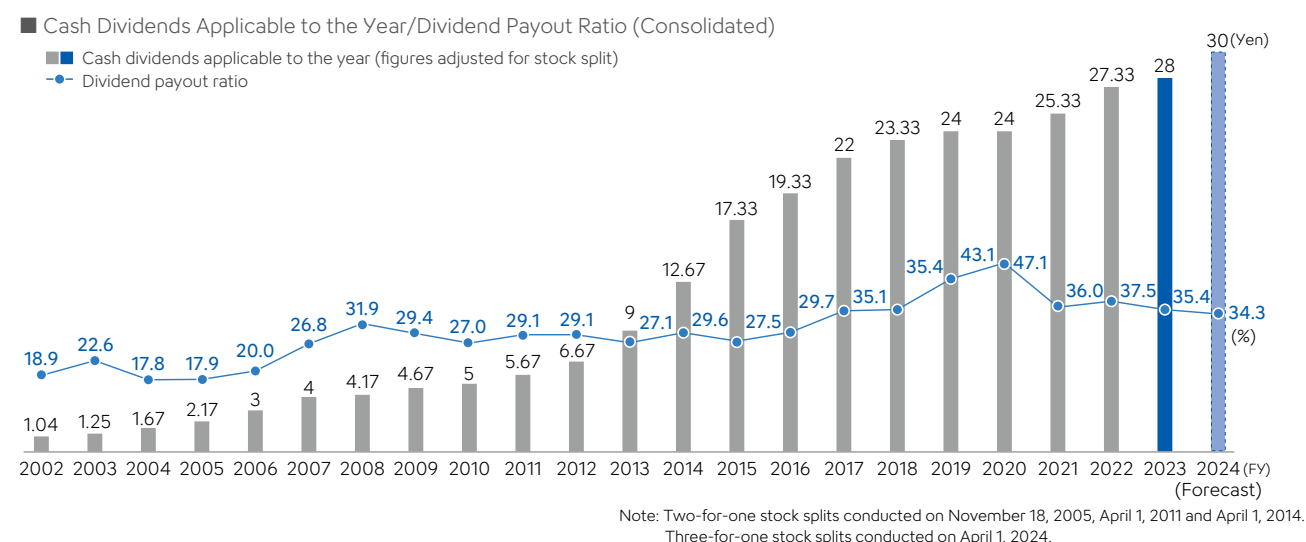
management at affiliates in Japan. Sysmex Corporation currently holds an issuer rating of AA- from Rating & Investment Information, Inc. (R&I), with the rating updated based on an annual review. In fiscal 2023, the Company mainly funded its capital expenditure and R&D activities out of cash generated through operating activities. We used long-term bank borrowings to meet some long-term capital requirements.

Outlook for Fiscal 2024

Sysmex launched a new mid-term management plan in April 2023. By the final year of the plan, fiscal 2025, we are targeting net sales of ¥560.0 billion and operating profit of ¥112.0 billion.

Our targets for fiscal 2023 were net sales of ¥460.0 billion and operating profit of ¥83.0 billion. We achieved our sales target, thanks to the effect of new product launches and by taking advantage of growth opportunities in emerging markets. Operating profit was up year on year, but we fell short of our target.

Looking at our assumptions for the external environment in fiscal 2024, we expect demand for testing to remain high in all regions, particularly in emerging markets. In the hemostasis field, we have begun direct sales in Europe and North America. In the hematology field, we will benefit from new product launches. We also anticipate growth in emerging markets, centered on India, and we will stage a full-scale global roll-out in the medical robotics business. We expect sales and profits to rise as a result. For fiscal 2024, we forecast net sales of ¥510.0 billion, operating profit of ¥87.0 billion, and profit attributable to owners of the parent of ¥55.0 billion. Our calculations assume full year exchange rates of ¥147 per U.S. dollar, ¥158 per euro and ¥20.4 per yuan.



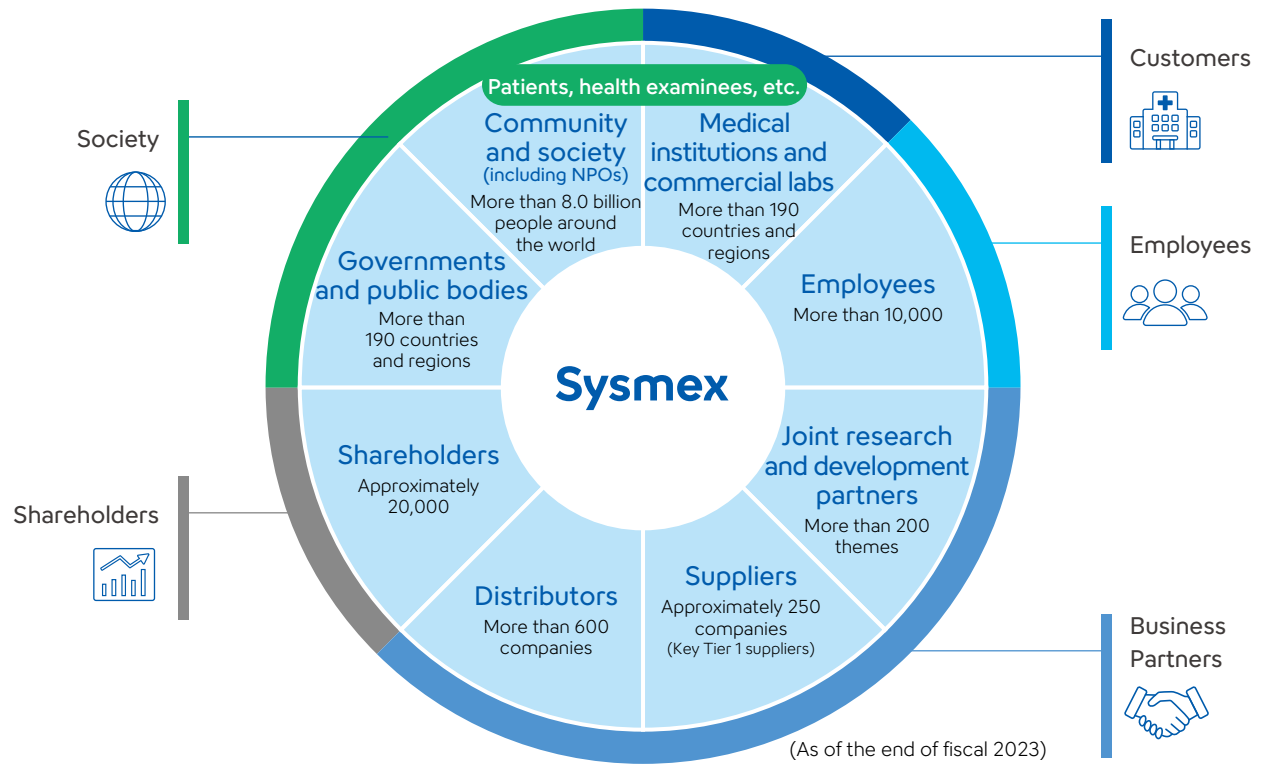
Stakeholder Engagement

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 and social 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 2023)

>>Status of Sustainability Targets P93 >>Website >Sustainability >Sustainability Management >Stakeholder Engagement

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 scientific seminars (hybrid online/at-venue format)

>>Customer Assessment P110

Employees

To achieve sustainable growth, it is essential that we work on recruiting, developing, and deploying human resources, promoting diversity and inclusion, and creating a workplace that is comfortable, appealing and conducive to work, in line with our Long-Term Corporate Strategy 2033. We have set the engagement score on our corporate culture survey, as one of our sustainability targets, and we are undertaking initiatives to achieve this target.

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

>>Human Capital Strategy P57

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/presentations
- Conducting CSR surveys of suppliers
- Holding meetings with sales distributors and visiting

CSR survey response rate (primary suppliers of raw materials)
95%

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 corporate strategy, mid-term management plan, business model, R&D, shareholder returns, sustainability, 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 corporate strategy, business activities and ESG-related initiatives, we conducted facility tours and tours of offices in Japan and overseas.
 - We provide English-language materials, including scripts, at each event.
- Dialogues with individual shareholders
 - Provided information through our shareholder newsletter and website
 - Orientation briefings for individual investors

Meetings with institutional investors and analysts
More than 700 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.)

Employees participating in Group corporate citizenship programs
More than 6,000 per year