

# Presentation

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**Asano:** This is Asano speaking. Thank you very much for attending today's financial results meeting.

Today, in addition to the financial results for the fiscal year ended March 31, 2023, I would like to present an overview of our new long-term corporate strategy and medium-term management plan that start from the fiscal year ending March 31, 2024.

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- 1. Financial Highlights for the Fiscal Year Ended March 31, 2023**
- 2. Long-Term Corporate Strategy 2033 (VA33)**
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(Fiscal Years Ending March 31, 2024 to 2026)**
- 4. Financial Forecast for the Fiscal Year Ending March 31, 2024**

### (Appendix)

- The Sysmex Group adopted International Financial Reporting Standards (IFRS) in the fiscal year ended March 31, 2017. Figures are disclosed in compliance with IFRS.
- In the fiscal year ended March 31, 2022, the Sysmex Group changed its method of recognizing the costs of configuration or customization services in cloud computing contracts as an expense when these services are received.
- This material contains forward-looking statements about the Sysmex Group. These forward-looking statements are based on the current judgments and assumptions of the Sysmex Group in light of the information currently available to it. Uncertainties inherent in such judgments and assumptions, the future course of our business operations and changes in operating environments both in Japan and overseas may cause our actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements or financial position either expressed or implied within these forward-looking statements.

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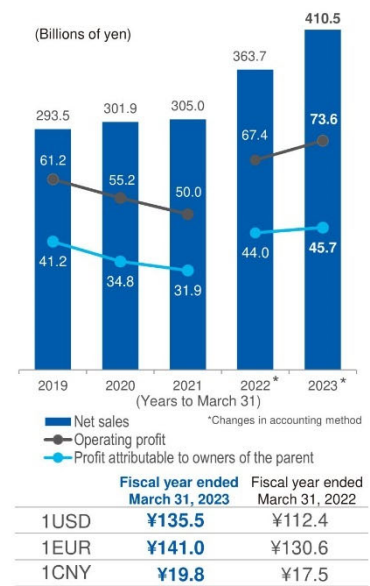
Here is what we will discuss today.

## Financial Highlights: Net Sales and Operating Profit Reached Record Highs



(Billions of yen)	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2022		YoY (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	<b>410.5</b>	<b>100%</b>	363.7	100%	<b>112.8%</b>
Cost of sales	<b>194.4</b>	<b>47.4%</b>	173.1	47.6%	<b>112.3%</b>
SG&A expenses	<b>112.3</b>	<b>27.4%</b>	94.2	25.9%	<b>119.2%</b>
R&D expenses	<b>31.0</b>	<b>7.6%</b>	26.7	7.4%	<b>116.0%</b>
Other income (expenses)	<b>1.0</b>	<b>0.3%</b>	(2.1)	-0.6%	-
Operating profit	<b>73.6</b>	<b>17.9%</b>	67.4	18.5%	<b>109.3%</b>
Profit attributable to owners of the parent	<b>45.7</b>	<b>11.2%</b>	44.0	12.1%	<b>103.8%</b>

- ✓ **Net sales:** Net sales increased on a yen basis in all regions, leading to double-digit growth.
- Operating profit:** Up, owing to the modulating impact of sharply higher raw materials costs, plus the effect of yen depreciation.
  - **Exchange rate impact:** Net sales: +¥38.89 billion Operating profit: +¥16.91 billion
  - **At the exchange rates prevailing one year earlier:**
    - Net sales: +2.2%
    - Operating profit: -15.8%
- ✓ **Profit attributable to owners of the parent:** Up, despite the impact of foreign exchange losses  
 Note: Foreign exchange losses were ¥1.33 billion (a year-on-year deterioration of ¥2.19 billion)



First, here is a summary of the financial results for the fiscal year ended March 31, 2023.

In the fiscal year ended March 31, 2023, we faced a difficult environment due to lockdowns in China and soaring prices caused by geopolitical issues, etc.

However, with the tailwind of yen depreciation, sales were JPY410.5 billion, 112.8% of the previous year's level, operating income was JPY73.67 billion, 109.3% of the previous year's level, and net income was JPY45.78 billion, 103.8% of the previous year's level, all record highs.

## Q4 Business Results (Year on Year)



The cost of sales ratio improved substantially, due to the product mix, but the operating margin was flat year on year, owing to the impact of other income (expenses).

(Billions of yen)	Q4 of the fiscal year ended March 31, 2023 (January–March)		Q4 of the fiscal year ended March 31, 2022 (January–March)		YoY change (Previous period = 100%)
	Results	Ratio	Results	Ratio	
Net sales	<b>111.7</b>	100.0%	104.8	100.0%	<b>106.6%</b>
Cost of sales	<b>50.5</b>	45.2%	51.6	49.3%	<b>97.8%</b>
SG&A expenses	<b>30.8</b>	27.6%	26.4	25.2%	<b>116.4%</b>
R&D expenses	<b>8.9</b>	8.0%	8.4	8.1%	<b>106.2%</b>
Other income (expenses)	<b>(2.0)</b>	-1.9%	(0.2)	-0.2%	-
Operating profit <small>Note: Figures in parentheses exclude the impact of other income (expenses).</small>	<b>19.3</b>	17.3% (19.1)	18.0	17.2% (17.4)	<b>106.9%</b>
Profit attributable to owners of the parent	<b>10.5</b>	9.5%	11.5	11.0%	<b>91.8%</b>
● Exchange rates	Q4 of the fiscal year ended March 31, 2023 (January–March)		Q4 of the fiscal year ended March 31, 2022 (January–March)		*Changes in accounting method
	1USD	<b>¥132.3</b>		¥116.2	
	1EUR	<b>¥142.1</b>		¥130.4	
	1CNY	<b>¥19.3</b>		¥18.3	

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This is a Quarter on Quarter comparison between Q4 of the current fiscal year and Q4 of the previous fiscal year.

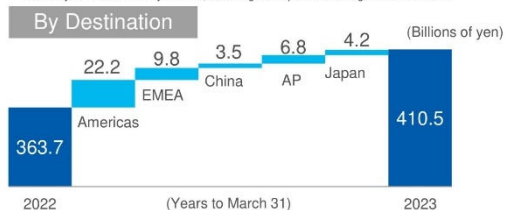
Compared to the previous fiscal year, the operating income margin remained at the same level as the same period of the previous year, as the impact of impairment losses in other operating income, which was mainly the impairment loss of Oxford Gene Technology, was approximately JPY2 billion.

However, the cost of sales ratio improved significantly from 49.3% to 45.2% due to the product mix.

# Breakdown of Net Sales (by Destination and Product Type)

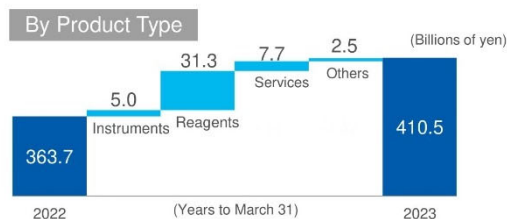
(Billions of yen)	Fiscal year ended March 31, 2023		YoY (Previous period = 100%)	
	Results	Ratio	Yen basis	Local currency basis
Net sales	410.5	100.0%	112.8%	102.2%*
Americas	105.9	25.8%	126.6%	105.2%
EMEA	111.3	27.1%	109.7%	101.6%
China	96.9	23.6%	103.8%	92.4%
AP	36.4	8.9%	123.2%	111.9%*
Japan	59.8	14.6%	107.6%	-
Instruments	91.7	22.4%	105.8%	95.5%*
Reagents	247.5	60.3%	114.5%	104.2%*
Services	54.3	13.2%	116.7%	103.5%*
Others	16.8	4.1%	118.1%	108.2%*

\*Year-on-year increase on a yen basis, excluding the impact of exchange rate fluctuations



## Major Reasons for Changes by Destination

Americas	<ul style="list-style-type: none"> <li>In addition to increases in North America, a reinforced sales structure in Brazil led to favorable performance in the hematology and urinalysis fields in Central and South America.</li> </ul>
EMEA	<ul style="list-style-type: none"> <li>Despite the geopolitical impact of the Russia/Ukraine situation, sales increased, centered on the hematology, urinalysis and life science fields, helped by the acquisition of a large tender in Italy.</li> </ul>
China	<ul style="list-style-type: none"> <li>Sales were affected by lockdowns, but in the second half, reagent sales recovered to previous-year levels.</li> <li>Demand for instruments remains sluggish, owing to economic stagnation.</li> </ul>
AP	<ul style="list-style-type: none"> <li>Sales grew by double digits, pushed up mainly by a shift to direct sales in India.</li> </ul>
Japan	<ul style="list-style-type: none"> <li>The XR™-Series boosted sales in the hematology field, and sales of immunochemistry reagents were favorable. Also, the medical robotics business expanded.</li> </ul>



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This shows the reasons for increase or decrease in sales by region and product type. First, by region.

In all regions, sales increased on a yen basis, and on a local currency basis, sales increased in all regions except China.

In the Americas, sales were 105.2% of the previous year's level on a local currency basis, thanks to steady growth in North America, partly because of the Urinalysis field alliance with Siemens, as well as strong sales of hematology and Urinalysis field in Central and South America due to a strengthened sales structure in Brazil.

In EMEA, sales were affected by Russia's invasion of Ukraine, but this was compensated for by large project orders in Italy and other factors, resulting in sales on a local currency basis that were 101.6% of the previous year's level.

China was affected by lockdowns. Reagent sales recovered in the second half of the year, but equipment sales were weak due to the impact of the coronavirus, resulting in a decline in sales on a local currency basis to 92.4% of the previous year's level.

In the Asia Pacific, sales grew mainly in India, where we have shifted to direct sales, and achieved double-digit growth on a local currency basis at 111.9% of the previous year's level.

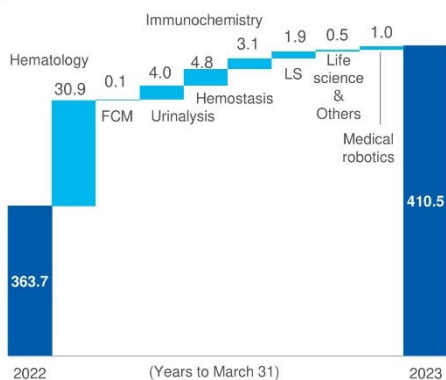
In Japan, sales were 107.6% of the previous year's level, thanks to growth in the hematology field lead by XR series, as well as in the immunochemistry field, and also in the medical robotics business.

By product category, instrument sales were negative year-on-year in local currency basis due to weak instrument sales in China, while sales of reagents and services grew steadily.

# Breakdown of Net Sales (by Business and Field)



Sales by Business and Field (Billions of Yen)



**COVID-related testing**  
 (Included in the life science, immunochemistry and others categories)  
 In the fiscal year ended March 31, 2023: ¥6.1 billion  
 (¥5.6 billion in Japan, ¥0.5 billion overseas)

(Reference):  
 ¥8.2 billion in the fiscal year ended March 31, 2022  
 (¥5.5 billion in Japan, ¥2.7 billion overseas)

Growth, Centered on the Hematology Field

(Billions of Yen)	Fiscal year ended March 31, 2023		YoY (Previous period = 100%)	
	Results	Ratio	Yen basis	Excluding FX impact
Net sales	410.5	100.0%	112.8%	102.2%
Hematology	241.3	58.8%	114.7%	102.7%
FCM	2.2	0.6%	109.0%	97.7%
Urinalysis	34.0	8.3%	113.6%	100.8%
Hemostasis	66.9	16.3%	107.8%	98.1%
Immunochemistry	23.5	5.7%	115.5%	108.9%
Clinical chemistry	3.4	0.8%	115.8%	107.1%
Life science	19.9	4.9%	110.9%	105.4%
Others	16.6	4.1%	100.4%	95.0%
Diagnostics business	408.1	99.4%	112.6%	101.9%
Medical robotics business	2.3	0.6%	180.2%	180.2%

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This slide shows sales by business and field.

In addition to growth in the hematology field, the immunochemistry, clinical chemistry, and life science businesses performed well. Sales in the medical robotics business also increased.

As for the hemostasis business, D-dimer testing for coronavirus patients declined in the fiscal year ended March 31, 2023, resulting in a negative YoY comparison, but other items performed well.

# Results by Destination (Americas)



(Million USD)	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	YoY (Previous period = 100%)	
			Local currency basis	Yen basis
Sales	<b>781.7</b>	743.0	<b>105.2%</b>	126.6%
Instruments	<b>213.9</b>	204.3	<b>104.7%</b>	125.5%
Reagents	<b>362.2</b>	342.5	<b>105.7%</b>	127.4%
Services, others	<b>205.6</b>	196.2	<b>104.8%</b>	126.3%

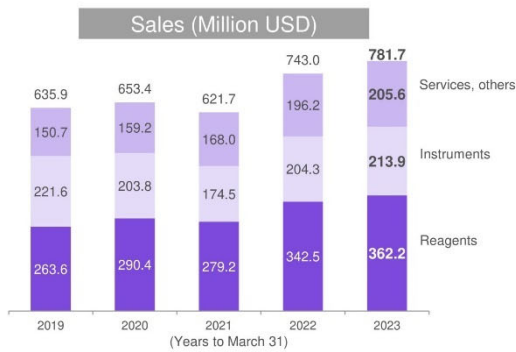
Sales rose, due to favorable performance centered on urinalysis and hematology reagents. In addition to higher sales in Central and South America, sales in North America were boosted by the impact of the alliance with Siemens in the urinalysis field.

### ● Instruments

- ✓ Sales were favorable in the hematology field in North, Central and South America.

### ● Reagents

- ✓ In the urinalysis field, sales rose due to expansion of the installed instrument base in North, Central and South America.
- ✓ In the hematology field, sales were favorable in Central and South America, centered on Brazil.



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The following is an explanation of the situation by region. First, Americas.

In North America, sales of instruments, reagents, and services in the hematology field and sales of reagents in the urinalysis field increased, due in part to a recovery in demand for testing and the effect of the alliance with Siemens for urine testing.

In Central and South America, as I explained earlier, sales increased mainly in hematology field due to the success of measures to strengthen sales.



## Results by Destination (EMEA)



(Million EUR)	Fiscal year ended	Fiscal year ended	YoY (Previous period = 100%)	
	March 31, 2023	March 31, 2022	Local currency basis	Yen basis
Sales	<b>790.0</b>	777.6	<b>101.6%</b>	109.7%
Instruments	<b>199.1</b>	196.6	<b>101.3%</b>	109.4%
Reagents	<b>465.6</b>	453.1	<b>102.8%</b>	111.0%
Services, others	<b>125.3</b>	128.0	<b>97.9%</b>	105.8%

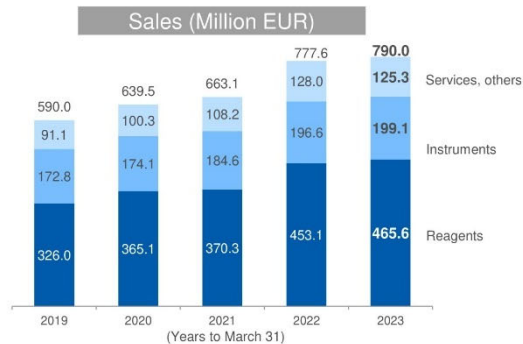
Sales were down in Russia, but winning a large tender boosted instrument sales in Italy, and sales of hematology reagents were favorable. As a result, sales were up for the region.

### ● Instruments

- ✓ Sales were favorable in the urinalysis field, owing in part to the winning of a large tender in Italy.
- ✓ Sales of compact instruments in the hematology field rose, centered on Africa.

### ● Reagents

- ✓ In the hematology field, sales increased, centered on Turkey and France.
- ✓ Demand for COVID-19-related testing turned downward.



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As for EMEA, there was a revenue decline in Russia of about 11 million EUR, and coronavirus testing also declined due to the end of the pandemic, but these were offset by the acquisition of a large project in Italy and reagents in the hematology field, resulting in an increase in revenue.

## Results by Destination (China)



(Million CNY)	Fiscal year ended	Fiscal year ended	YoY (Previous period = 100%)	
	March 31, 2023	March 31, 2022	Local currency basis	Yen basis
Sales	<b>4,907.6</b>	5,313.1	<b>92.4%</b>	103.8%
Instruments	<b>767.7</b>	1,151.3	<b>66.7%</b>	75.0%
Reagents	<b>3,517.5</b>	3,586.0	<b>98.1%</b>	110.2%
Services, others	<b>622.4</b>	575.8	<b>108.1%</b>	121.2%

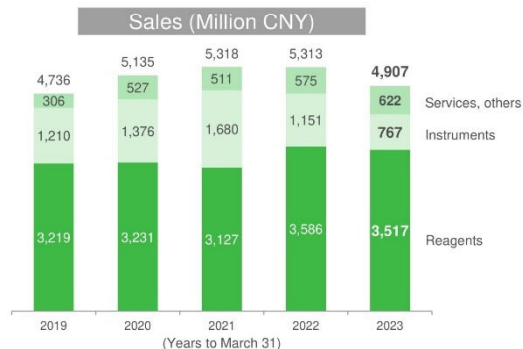
Sales fell due to the impacts of COVID-19 (lockdowns, a surge in infections) and government procurement policies. However, performance recovered in the fourth quarter, owing to a resurgence in testing demand and the expansion of knockdown production.

### ● Instruments

- ✓ Sales affected by the impact of COVID-19 and government procurement policies. However, sales rose for high-end instruments in the hemostasis field, and for knockdown instruments in the hematology and urinalysis fields.

### ● Reagents

- ✓ Sales rose in the hemostasis field for reagents used to predict COVID-19 aggravation, but overall reagent sales were down due to a drop in testing demand.



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Next is China. Quarterly sales trends are shown in the lower right-hand corner of the slide.

In Q1, sales declined significantly due to the impact of the lockdown in Shanghai caused by the zero-coronavirus policy, but began to recover from Q2 onward. By Q4, sales had recovered to the level of the previous fiscal year.

In Q3, the coronavirus lockdown was lifted, but this led to a rapid increase in the number of infected patients, and the government prioritized its medical resources for coronavirus control, which caused delays in the introduction of instrument, resulting in a drop in instrument sales, which are now recovering.

In addition, the introduction of preferential treatment of domestic products under the government procurement policy is having an impact mainly on lower-end markets, but we are responding by expanding knockdown production in China.

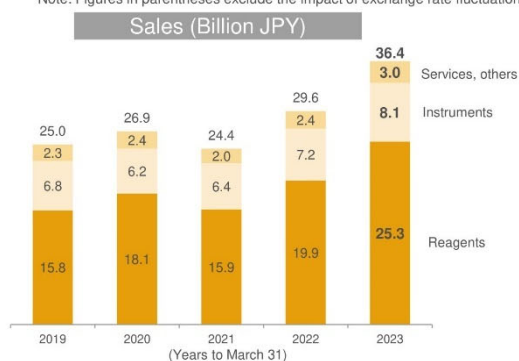
## Results by Destination (AP)



(Billions of yen)	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	YoY (Previous period = 100%) Yen basis
Sales	<b>36.4</b>	29.6	<b>123.2%</b> (111.9%)
Instruments	<b>8.1</b>	7.2	<b>112.1%</b>
Reagents	<b>25.3</b>	19.9	<b>127.2%</b>
Services, others	<b>3.0</b>	2.4	<b>123.8%</b>

Sales were up in all categories, helped by higher sales in India and favorable reagent sales, due to expansion of the installed instrument base.

Note: Figures in parentheses exclude the impact of exchange rate fluctuations.



### ● Instruments

- ✓ Sales were down slightly in the hemostasis and immunochemistry fields, reflecting the impact of COVID-19 in the previous year, but favorable performance in other fields led to an increase overall.
- ✓ Sales increased in the hematology field, centered on Indonesia and Taiwan.

### ● Reagents

- ✓ Boosted by expansion of the installed instrument base, performance continued in India and Vietnam, and was favorable in the hematology field.
- ✓ In Thailand and Southeast Asia, sales were solid in the urinalysis and immunochemistry fields, and reagent sales were up in all fields.

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In the Asia Pacific, sales in India grew 37% YoY due to the shift to direct sales.

Other countries also showed steady growth, resulting in double-digit growth even when excluding the effect of foreign exchange rates.



# Results by Destination (Japan)



(Billions of yen)	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022	YoY (Previous period = 100%) Yen basis
Sales	<b>59.8</b>	55.6	<b>107.6%</b>
Diagnostics business	<b>57.4</b>	54.3	<b>105.8%</b>
Instruments	<b>9.7</b>	9.5	<b>102.5%</b>
Reagents	<b>38.0</b>	35.5	<b>107.0%</b>
Services, others	<b>9.7</b>	9.2	<b>104.9%</b>
Medical robotics business	<b>2.3</b>	1.2	<b>180.2%</b>

Sales rose, due to higher sales of hematology instruments, as well as to favorable reagent sales in the hemostasis and immunochemistry fields and higher sales in the medical robotics business.

## Diagnostics business

### ● Instruments

- ✓ Sales rose by double digits in the hematology field, owing to the XR-Series. In addition, sales grew substantially in the immunochemistry field, due to a rise in demand related to COVID-19 testing and pushed up overall sales.

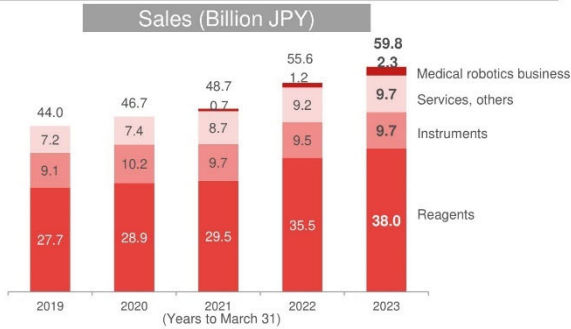
### ● Reagents

- ✓ Sales expanded, thanks to higher sales in the immunochemistry field stemming from an expanded installed instrument base and favorable performance in the hemostasis field in relation to reagents used to predict COVID-19 aggravation.

## Medical robotics business

- ✓ 35 units have been installed since the start of sales, including 17 during the fiscal year\*.
- ✓ More than 1,323 cases (as of March 2023)

\*Contract details differ, depending on the sales scheme and the amount and timing to book as sales are different, so the number of units installed does not align with sales results.



This is Japan.

In Japan, sales of XR in hematology field were strong, and the hematology field posted double-digit growth.

Coronavirus-related testing, coronavirus antigen testing in the immunochemistry field, and D-dimer testing in the hemostasis field also performed well.

Regarding immunochemistry field, the coronavirus pandemic led to an increase in the number of HISCL units installed, and sales of reagents other than antigens also increased.

In the medical robotics business, although we did not reach the plan due to a delay in the approval of hinotori for the expansion of medical departments, we are steadily moving forward with the approval of its application in general surgery and gynecology where, in addition to urologic surgery, its use has already been approved.

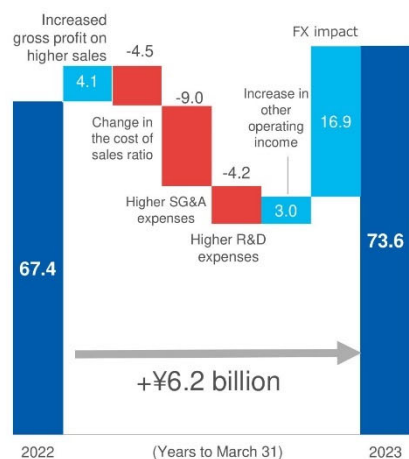
In the fiscal year ended March 31, 2023, 17 units were newly installed, bringing the cumulative number of units installed to 35. The number of cases in which it has been used has also been growing steadily, reaching 1,323 as of the end of March.

# Breakdown of Operating Profit



## Operating profit

(Billions of yen)



Note: Figures and comments below exclude the impact of exchange rates.

- Increased gross profit on higher sales: ¥4.1 billion
- Impact of change in the cost of sales ratio: ¥4.5 billion (worse by 1.2pt)
  - ✓ Sharply higher raw material prices: 1.2pt worse; sharply higher shipping costs: 0.5pt worse; service costs: 0.4pt worse
  - ✓ Changes in the product mix: 0.7pt improvement
- Higher SG&A expenses: ¥9.0 billion
  - ✓ Costs rose due to a resumption of sales and service activities in each region and the reinforcement of the direct sales structure.
  - ✓ Costs related to digitalization increased.
- Higher R&D expenses: ¥4.2 billion
  - ✓ Ongoing investments in product development and costs related to regulatory affairs were higher.
- Increase in other operating income: ¥3.0 billion
  - ✓ A decrease in other operating expenses and an increase in other operating income related to a fire at an outsourced storage facility
- FX impact: ¥16.9 billion positive impact

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Next is operating income.

Compared to the fiscal year ended March 31, 2022, there was an increase in gross profit due to higher revenues, but the gross profit margin itself remained at the same level as the previous year due to higher transportation and raw material costs, including semiconductor components, and higher service costs associated with higher labor costs.

SG&A expenses increased by JPY9 billion from the previous year due to increased sales service activities in each region and the shift to direct sales in some regions.

R&D expenses increased by JPY4.27 billion due to ongoing investments in product development and pharmaceutical affairs-related expenses, but the ratio of R&D expenses to net sales was 7.6%, the same as the previous year.

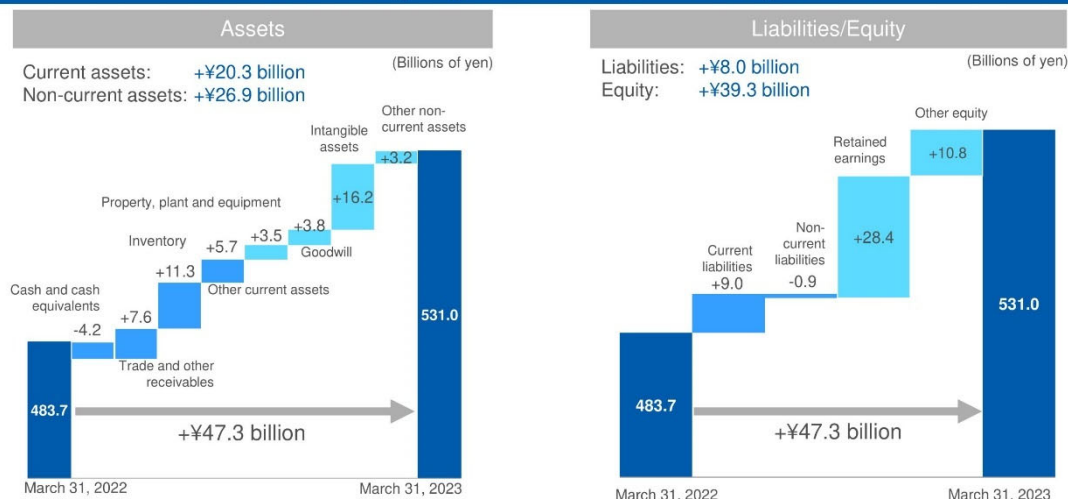
Other operating revenues, including impairment losses on Oxford Gene Technology and other assets, were partially offset by compensation for a fire at an outsourced warehouse that occurred in 2021, resulting in a total gain of JPY3.07 billion.

This, together with positive foreign exchange effects, resulted in a final increase of JPY16.91 billion.

## Breakdown of Changes in the Consolidated Statement of Financial Position



Inventory rose due to efforts to maintain stable inventories, and intangible assets increased owing to greater investment in digitalization.



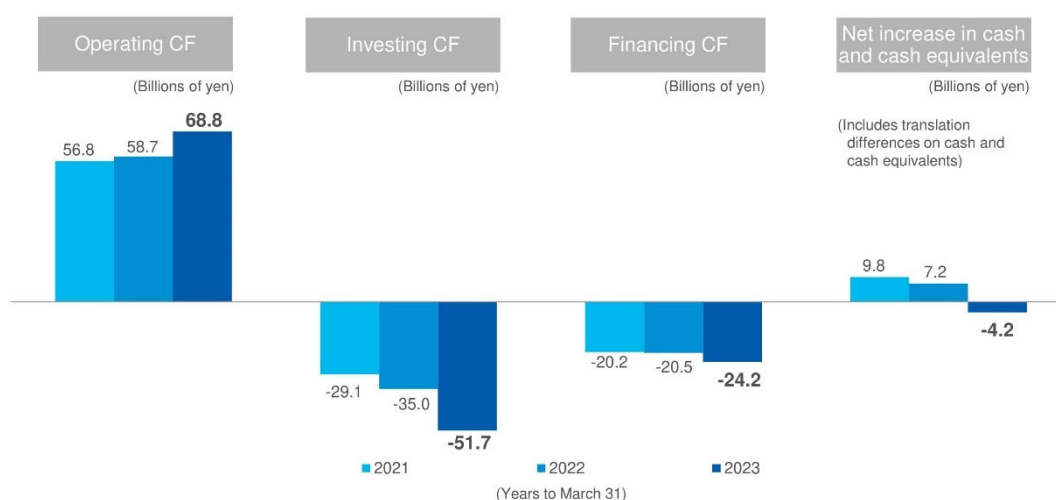
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Our consolidated financial position. Assets increased by JPY47.36 billion overall, including an JPY11.36 billion increase in inventories due to securing safe inventory and a JPY16.27 billion increase in intangible assets due to investments in digitalization.

## Consolidated Cash Flows



Investing cash flows increased due to the conversion of Astrego to a subsidiary and investment in digitalization.



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Cash flow. In the fiscal year ended March 31, 2023, cash flow from operating activities also increased significantly, but due to aggressive investments, such as the investment in Astrego and in digitalization, the result was that cash decreased by JPY4.29 billion from the previous year.

## Topics (April 2022 to March 2023)



### Diagnostics business

- Launch of sample transportation system modules for the XR-Series automated hematology analyzer (July 2022/Japan)
- Start of knockdown production of sample transportation system modules for the XN™-Series (December 2022/China)
- Receipt of manufacturing and marketing approval for Alzheimer disease tests (assay kit to identify amyloid beta in the brain using a small amount of blood) (December 2022/Japan)
- Expansion of immunochemistry reagent parameters to 57 (Q3 2022/China)
- **Signing of a global OEM agreement with Siemens Healthineers in the hemostasis field (March 2023)**

### Medical robotics business

- National insurance coverage for gastroenterology and gynecology indications for the hinotori™ surgical robot system (December 2022/Japan)

### Sustainability management

- Declaration of achieving carbon neutrality by 2040 (May 2022)
- Selected for inclusion in the Dow Jones Sustainability World Index for the seventh consecutive year (December 2022)
- **Selected as a “Human Capital Leaders 2022” for being a company committed to excellent human capital management and disclosure (February 2023/Japan)**

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Topics for the fiscal year ended March 31, 2023 are shown here. Topics shown in black are through Q3; topics in blue are for Q4.

In Q4, we signed an OEM agreement with Siemens in the field of hemostasis. Until now, both companies had been providing sales services in their respective sales areas by combining Sysmex's instrument and reagents with Siemens' instrument and reagents.

The new agreement enables the two companies to supply each other with OEM instrument and reagents in the field of hemostasis testing and to offer them under their respective brands in combination with their own products and services.

We expect that this will accelerate and expand our global expansion in the field of hemostasis.

In sustainability management, the Company was selected as one of the Human Capital Leaders 2022 as a company committed to excellent human capital management and information disclosure.

## Dividend Forecast for the Fiscal Year Ended March 31, 2023 (Proposal)

- The proposed dividend is ¥6 higher than for the year ended March 31, 2022.
- This dividend is ¥2 higher than forecast at the beginning of the fiscal year, due to a commemorative dividend to celebrate our 55th anniversary of establishment.

	Interim	Year-end	Annual	Payout ratio
Year ended March 31, 2022	¥37	¥39	¥76	36.0%
Year ended March 31, 2023 (proposed)	¥40	¥42* <small>Includes a 55th anniversary commemorative dividend (¥2)</small>	¥82	37.5%

\*We plan to propose this year-end dividend to the 56th Ordinary General Meeting of Shareholders.

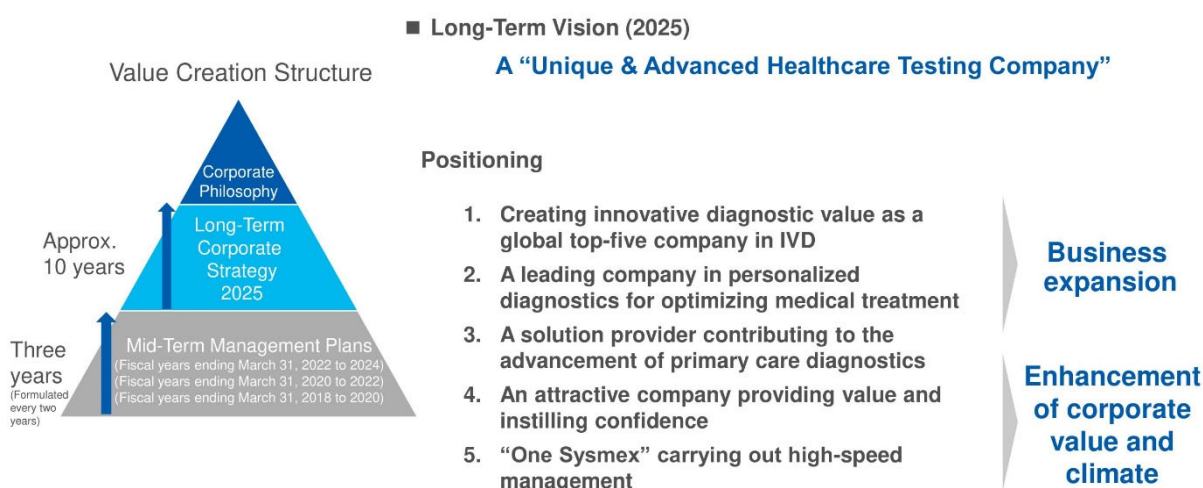
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Finally, this is the dividend. In February 2023, Sysmex celebrated its 55th anniversary. With the addition of a commemorative dividend of JPY2, we are proposing a dividend of JPY82 for the fiscal year that ended March 31, 2023, an increase of JPY6 from the previous year.

That concludes my explanation of the summary of financial results for the fiscal year ended March 31, 2023.

## Previous Long-Term Corporate Strategy 2025

### Long-Term Corporate Strategy Targeting 2025 That We Formulated in 2018



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I will now continue with an explanation of our new long-term corporate strategy 2033, which we call VA33, with the year 2033 as our goal.



Before I begin, I would like to review the previous Long-Term Corporate Strategy 2025.

The previous Long-Term Corporate Strategy was formulated in 2018 with the year 2025 as the goal. We set a vision of becoming "A Unique & Advanced Healthcare Testing Company" as our ideal state by 2025, and established the five positioning objectives shown here from the perspective of business expansion and improvement of corporate value and culture.

## Key Progress to Realize Our Positioning



### Business expansion

- New product sales**
  - ✓ Hematology
  - ✓ Immunochemistry
  - ✓ Life science

Launched the XR-Series  
Expanded reagent parameters (Alzheimer's, COVID-19 antigen, etc.)  
Launched OncoGuide™ NCC Oncopanel System for cancer genome profiling
- Alliance measures**
  - ✓ Forged alliance with Siemens in the hemostasis and urinalysis fields
- Regional measures**
  - ✓ Expanded items manufactured using knockdown production in response to Chinese measures giving preferential treatment to items manufactured in the country
  - ✓ Reinforce sales structures in India, Central and South America, the Middle East and other emerging markets
- New business**
  - ✓ Started the medical robotics business

### Enhancement of corporate value and climate

- ✓ Promoted digitalization internally
- ✓ Configured a global human resource management and job-based human resource system
- ✓ Promoted working styles to help enhance engagement

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Five years have passed since 2018, and as for business expansion, during this period, we have launched new products such as XR-Series in the hematology field and expanded reagent items in the immunochemistry field, and in the life science field, we launched the NCC Oncopanel for cancer genome profiling, and PCR tests for coronavirus, etc. In the hemostasis and urinalysis fields, we promoted collaboration with Siemens.

In addition, we have responded to China's preferential policies for domestic production by starting knockdown production there. We have also strengthened our sales structure in the so-called Global South, including India, Central and South America, and the Middle East.

As a new business, we launched "hinotori" robotic-assisted surgical system and started the medical robot business.

To enhance corporate value and corporate culture, we have promoted internal digitalization, adopted a job-based personnel system, and implemented reforms in work styles.

Through these measures we have worked toward achieving our 2025 Vision.



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



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Now, with two years left until 2025, in response to rapid changes in the medical environment, technological innovations, and rising expectations for the realization of a sustainable society, Sysmex has decided to formulate a new long-term corporate strategy, VA33, with a goal of 2033, 10 years from now, based on the Sysmex Way, the corporate philosophy of the Sysmex Group.

The VA in VA33 stands for Value Advance, and the meaning behind it is shown on the slide.

We aim to deliver to all our stakeholders the peace of mind that is at the heart of our corporate philosophy by responding to the increasingly diverse and complex healthcare needs and resolving the various issues facing society.

We have also formulated a three-year medium-term management plan starting from the fiscal year ending March 31, 2024 to realize our long-term corporate strategy VA33. This medium-term management plan, the mid-term plan, defines the group's priority actions to realize the action plan and put it into effect. This will be explained later.

# “Together for a better healthcare journey”

### Healthcare journey:

- We view the various healthcare-related events a person experiences throughout their lives (life stages), along with the corresponding process this involves (such as at healthcare institutions) as a “journey.”
- We will enlarge our business domains from the conventional focus on “diagnostics” to also include the “healthcare journey,” targeting the prevention, pre-symptomatic and prognosis monitoring stages.

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Let me begin by explaining our vision under the new Long-Term Corporate Strategy VA33.

Its vision is “Together For A Better Health Care Journey.”

The healthcare journey is the process of dealing with the various events that one experiences regarding one's own healthcare during one's lifetime, and the process of dealing with them, including with medical institutions.

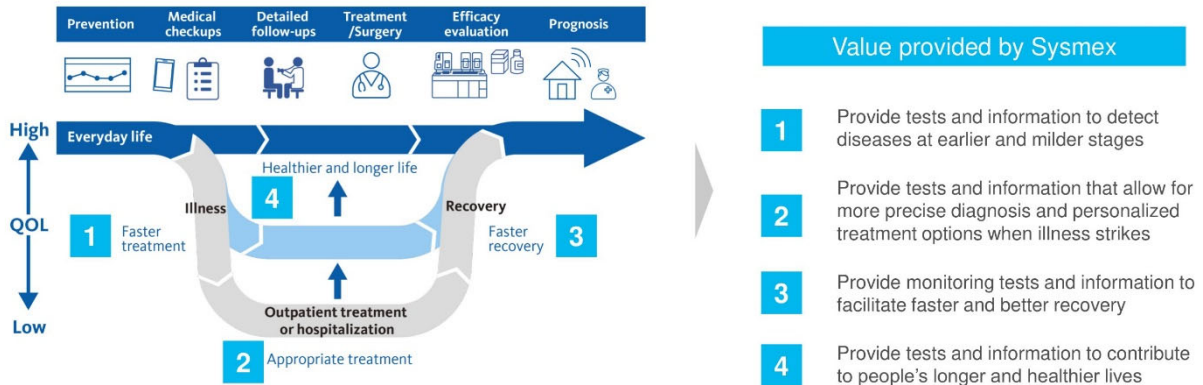
This new concept proposed by Sysmex sees the “journey” as when, for example, a person is diagnosed with a disease and is hospitalized for treatment, or goes to the hospital for treatment while leading their daily life, etc.

Our new vision is that Sysmex will support that journey with technology and solutions to make it even better.

# New Long-Term Corporate Strategy: Value Provided



We will help to improve the quality of life of people around the world at each stage of their healthcare journey and realize a fulfilling and healthy society by optimizing healthcare and healthcare costs



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I would like to explain how we will deliver value to help achieve this vision.

In your normal daily life, through personal health management and health checkups, we can prevent your health from deteriorating into poor health at an earlier and milder stage, and help everyone maintain a healthy condition.

At the stage of poor health or disease, we contribute to the improvement of quality of life by providing tests and information for more precise diagnosis and the selection of the best treatment for the individual.

In the recovery phase, we will also provide monitoring tests and information to help the patient recover faster and better.

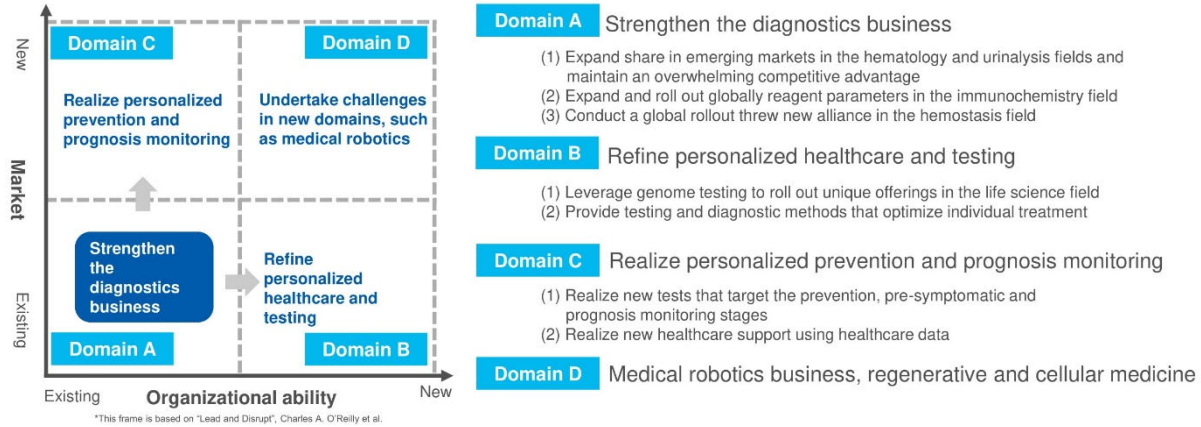
We will then provide testing and new services to contribute to a longer and healthier life for everyone.

On top of that, considering our potential for discontinuous growth and expansion, we will not limit ourselves to the existing specimen testing and diagnostics, but will also enter new business areas to realize a better healthcare journey.

# New Long-Term Corporate Strategy: Business Domain

Expand our business domain by strengthening existing businesses and creating new businesses

## Moving from “diagnostics (healthcare testing)” to the “healthcare journey”



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Next, this slide shows our growth strategy based on the value proposition I have just described.

I will use the innovation stream framework to explain our growth strategy. The innovation stream takes organizational ability on the horizontal axis and the market on the vertical axis, and divides it into four quadrants, depending on whether it is existing or new.

Organizational ability is a bit of a confusing concept, but it refers to the abilities and strengths that drive growth. Naturally, technology and business models are also included.

The lower left-hand corner is marked Domain A. This is an area where organizational ability “Existing” and the market “Existing”. In our case, this is the diagnostics business.

Domain A is the most important as it is the core area that has generated significant revenues, including hematology field, which we have been working on since our founding. We will continue to achieve high growth and profitability through thorough and in-depth exploration and deepening of the diagnostics business.

Specifically, for hematology and urinalysis fields, we will use our current overwhelming competitive advantage to capture markets in emerging countries, especially India and the Global South.

In immunochemistry field, in addition to test items, we will expand globally by leveraging distinctive items, such as Alzheimer's testing.

In the hemostasis field, we will leverage the OEM supply agreement with Siemens, which I mentioned earlier, to capture the global market.

Domain B, on the lower right, is an area where organizational ability is new and the market is existing.

In this area, we will expand our diagnostics business through new innovations, taking full advantage of our market strength in the core Domain A.

One way to do that is to expand our unique life science business using genomic testing and other methods. We will also develop new liquid biopsy technologies, such as Alzheimer's testing, to expand the market.

Domain C, in the upper left, is where organizational ability is existing and the market is new.

Here, we will maximize the organizational ability of the core Domain A and expand the venues and targets for providing inspections. More specifically, we will expand the market into the areas of prevention and prognostic monitoring.

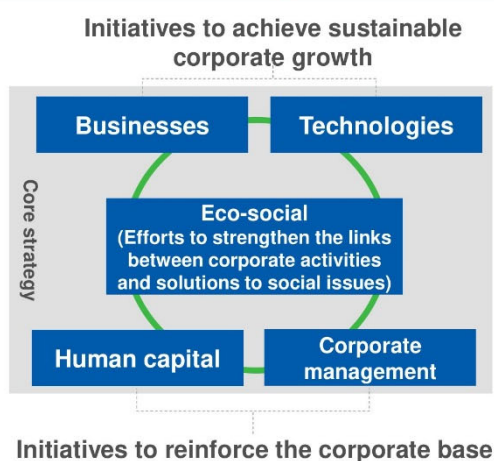
Domain D is a new business area, targeting the medical robotics business and regenerative medicine, which we will be working on in the future, and we will create new businesses through open innovation.

To summarize, the new management strategy is to thoroughly explore the diagnostics business, expand the diagnostics business by creating innovation, and take on the challenge of new businesses through open innovation.

## New Long-Term Corporate Strategy: Strategy and Targets



To reach our objectives, we will promote a core strategy consisting of five elements, in our aim to a ¥1 trillion company



### Financial targets

- Growth  
Net sales: **¥1.0 trillion or more**
- Profitability  
Operating margin: **20% or more**

### Sustainability targets

- Achieve zero product losses  
Percentage of unused waste: **0.1% or less**
- Switch to recycled and environmentally conscious materials  
Rate of use in containers and packaging materials: **100%**

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The new Long-Term Corporate Strategy will be developed into a basic strategy made up of the five components presented here, and we hope to become a company with sales exceeding JPY1 trillion by the fiscal year ending March 31, 2024.

The eco-social strategy, one of our basic strategies, is positioned as a strategy that aims to solve environmental and social issues simultaneously with corporate activities.

We will strengthen our corporate foundation by introducing the concept of human capital, which views employees and other human resources as assets that enhance the value of the Company, and by working closely with corporate management.

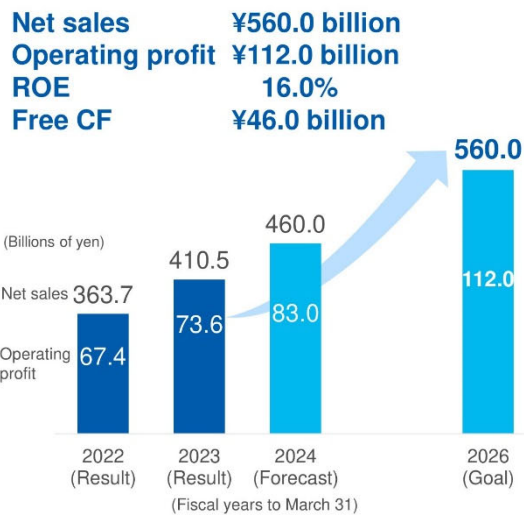
We will realize a transformation scenario for further growth by interlinking business and technology to create innovation in both existing and new businesses. We will achieve sustainability management by interconnecting these five elements to achieve our financial and sustainability goals as shown here.

The concludes my explanation of our new Long-Term Corporate Strategy.

## Overview of the Mid-Term Management Plan



Goals for the fiscal year ending March 31, 2026



### Key Actions for the Group

### Domain

Key Action	Domain
1 Enhance competitiveness and expand markets through innovation in diagnostics business domain	A
2 Accelerate commercialization centered on genetic testing in the domain of personalized medicine	B
3 Create a new business model in the domains of prevention and self-medication	C
4 Accelerate business growth in the therapeutic domain, centered on the medical robotics business	D
5 Realize a circular resource value chain and transform with a view to solving social issues	AB CD
6 Enhance corporate value by strengthening human capital and management base	—

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Now, I would like to explain our medium-term management plan, which is the first step in realizing our long-term corporate strategy.

First, the new medium-term management plan is a three-year management plan starting in 2023.

In 2025, the final year of the plan, we target net sales of JPY560 billion, operating income of JPY112 billion, ROE of 16%, and free cash flow of JPY46 billion.

The three-year average annual growth rate for sales is 10.9% and the average annual growth rate for operating margin is 15%.

To achieve this goal, we have established six Key Actions for the Group. The areas marked as domains in the table on the right-hand side of this page refer to the innovation stream domains I just explained.



# Major Initiatives Related to Key Actions



1	<b>Enhance competitiveness and expand markets through innovation in diagnostics business domain</b>	<ul style="list-style-type: none"> <li>• Accelerate global rollout and market introduction of the XR-Series</li> <li>• Expand business in the immunochemistry reagent parameters and promote early commercialization of business involving diagnosis of Alzheimer's disease</li> <li>• Leverage new alliance for global rollout in the hemostasis field</li> <li>• Promote regional strategies, centered on China and India</li> </ul>
2	<b>Accelerate commercialization centered on genetic testing in the domain of personalized medicine</b>	<ul style="list-style-type: none"> <li>• Develop new parameters using liquid biopsy technology (genes, cells, proteins)</li> <li>• Combine testing technologies to create new diagnostic value</li> </ul>
3	<b>Create a new business model in the domains of prevention and self-medication</b>	<ul style="list-style-type: none"> <li>• Develop testing systems in response to more decentralized healthcare</li> </ul>
4	<b>Accelerate business growth in the therapeutic domain, centered on the medical robotics business</b>	<ul style="list-style-type: none"> <li>• Medical robotics business: Accelerate introduction of hinotori surgical robot system in Japan and promote rollout overseas</li> <li>• Develop regenerative and cellular medicine products and commercialize digital medical services</li> </ul>
5	<b>Realize a circular resource value chain and transform with a view to solving social issues</b>	<ul style="list-style-type: none"> <li>• Green innovation through 4R (reduce, reuse, recycle, replace) across the entire value chain</li> <li>• Promote initiatives to achieve carbon neutrality by 2040</li> </ul>
6	<b>Enhance corporate value by strengthening human capital and management base</b>	<ul style="list-style-type: none"> <li>• Optimize our human capital portfolio and increase engagement</li> <li>• Enhance corporate value by strengthening the management base and winning the support of stakeholders</li> <li>• Improve business processes and productivity through digitization</li> </ul>

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This slide shows the specifics of the key actions to be taken during the period of the medium-term management plan, but it is a bit busy slide, so I will just explain the main points.

First, in the diagnostics business, in the hematology field, XR-Series is currently being introduced in Japan, but we will continue to introduce it to the market in EMEA, AP, China, and the Americas.

For the immunochemistry field, this is item expansion and Alzheimer's testing. As for the Alzheimer's testing, we will proceed with the insurance application in Japan and the FDA application in the US after introducing the test in LDT. For Europe, we will proceed with the IVDR application.

In the hemostasis field, in the new alliance agreement with Siemens, which I explained earlier, we will complete its preparation by the end of the fiscal year ending March 31, 2024 and begin its global expansion in the fiscal year ending March 31, 2025. In China, we will further accelerate knockdown production and expand immunochemistry items. In addition, we will capture markets in AP, India, and other emerging markets and the Global South.

The second part, personalized medicine, will develop the business with a focus on genome testing. In addition, in liquid biopsy, the liver fiber markers that have been put to practical use and the Alzheimer's test have become very competitive. This will be followed by the practical application of new liquid biopsy items.

Third, for prevention and self-medication, we will first develop testing instrument that can be used in clinics, for example, to respond to the decentralization of medical care and functions, and as I explained at the R&D briefing in this March, we will build a system that allows testing at home using an IT system.

The fourth set of key actions centers on the medical robotics business, which will build a solution business not only for hinotori, but also for the entire surgical field.

Fifth is the establishment of a circular resource value chain. We have declared that we will achieve carbon neutrality by 2040, and we will switch to environmentally friendly materials for packaging and consumables to achieve this goal.

Finally, to enhance corporate value, we will acquire and train the next generation of leaders and highly specialized personnel who will support the next generation of Sysmex. In addition, we will complete the digitization of the group, which is currently underway.

## Resource Allocation and Financial Strategies



Continued upfront investment for the future based on a strong earnings model, ensuring stable shareholder returns		
(Billions of yen)	Total over the past three years (fiscal years ended March 31, 2021 to 2023)	Total under the new mid-term management plan (fiscal years ending March 31, 2024 to 2026)
<b>Cash flow generation</b>	Operating CF: 184.4	280.0 or more
<b>Investment in facilities and businesses (Investing CF)</b>	101.0	170.0 <ul style="list-style-type: none"> <li>• Developments/facilities in emerging markets (such as India)</li> <li>• Promotion of digitalization</li> <li>• Expeditious M&amp;A</li> </ul>
<b>Shareholder returns</b>	46.8	<ul style="list-style-type: none"> <li>• Payout ratio of 30% or more</li> <li>• Steady dividend increases backed by rising performance</li> </ul>
<b>R&amp;D expenses</b>	80.3	125.0 <ul style="list-style-type: none"> <li>• Development of next-generation instruments and reagents</li> <li>• Development of technologies for new domains</li> </ul>
<b>Capital efficiency*</b> <small>*Final fiscal year</small>	ROE: 12.4%	16.0%

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Next is resource allocation and financial strategy.

Cash flow generation over the three-year period is expected to be more than JPY280 billion, and capital and business investment is expected to be JPY170 billion.

In return to shareholders, for the dividend payout ratio, Sysmex will continue to pay a stable dividend of 30% or more, as in the past.

With R&D expenditures of JPY125 billion over three years, we will make aggressive investments for growth.

As for capital efficiency, we aim to achieve ROE of 16%.

# Main Sustainability Targets



	New materiality	Major sustainability targets	Targets for the fiscal year ending March 31, 2026
● Creating new value for a healthy society	● Resolution of medical issues through innovation	Number of hematology tests	*2
	● Improvement in accessibility to healthcare	Surgeries performed using the robotic-assisted surgery system	*2
● Responsible provision of products, services and solutions	● Pursuit of quality and trust	Sales in emerging markets and developing countries	*2
	● Strengthening of supply chain management	Number of recalls	*2
		CSR survey response rate (in Japan and among primary suppliers overseas)	90%
● Reduction in environmental burden	● Resource circulation throughout the product life cycle	Zero product losses	0.18%
		Complete switch to recycled or environmentally conscious materials	60%
	● Reduction in environmental burden through activities at business offices	Reduction of GHG emissions (Scope 1, 2)	-40%
● Strengthening of Governance	● Corporate governance	Number of investor and analyst meetings	*2
	● Compliance	Number of internal reports	*2
	● Risk management	Number of information security trainees <sup>*1</sup>	*2
● Realization of an attractive workplace	● Increased engagement	Engagement score	75%
		Turnover ratio	10% or less
	● Promotion of diversity, equity and inclusion	Female managers ratio	20% or more
		Management diversity (percentage of women and non-Japanese nationals)	*2
	● Development of human resources	Training time per employee	40 hours
		Value-added productivity (Group)	¥22.5 million
	● Promotion of health and occupational safety	Annual working hours	1,980 hours

\*1 Target: Sysmex Group in Japan

\*2 Set as a monitoring index; no target value has been set.

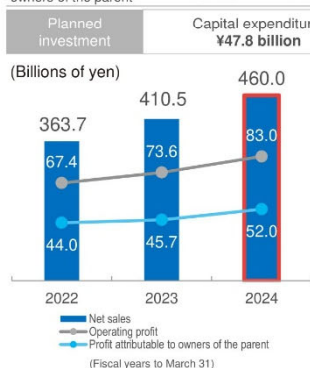
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Lastly, I would like to talk about sustainability management. We have established the materialities shown on this slide, as well as new sustainability goals. Using this as a benchmark, we will implement sustainability management. That concludes the overview of the medium-term management plan.

## Consolidated Earnings Forecast (Fiscal Year Ending March 31, 2024)



(Billions of yen)	Fiscal year ending March 31, 2024		Fiscal year ended March 31, 2023		YoY increase
	Forecast	Ratio	Results	Ratio	
Net sales	460.0	100.0%	410.5	100.0%	+12.1%
SG&A expenses	124.5	27.1%	112.3	27.4%	+10.8%
R&D expenses	37.5	8.2%	31.0	7.6%	+20.9%
Operating profit	83.0	18.0%	73.6	17.9%	+12.6%
Profit attributable to owners of the parent	52.0	11.3%	45.7	11.2%	+13.8%



● Assumed Exchange Rates

	Fiscal year ending March 31, 2024	Fiscal year ended March 31, 2023
1 USD	¥133.0	¥135.5
1 EUR	¥143.0	¥141.0
1 CNY	¥19.2	¥19.8

● Exchange Rate Sensitivity

	Net sales (year)	Operating profit (year)
USD	¥0.79 billion	¥0.18 billion
EUR	¥0.58 billion	¥0.14 billion
CNY	¥5.46 billion	¥4.18 billion

### ● Net sales

- ✓ Sales growth in each region, including China
- ✓ Launch of the XR-Series (EMEA, AP, China)
- ✓ Expansion of knockdown production in China (hemostasis, urinalysis field)
- ✓ Accelerated introduction of hinotori surgical robot system (planning to introduce 50 units)

### ● Operating profit

- ✓ Despite higher SG&A expenses (due to inflation) and proactive ongoing capital expenditure\*, we anticipate double-digit growth, thanks to lower cost of sales and higher gross profit.

\* Investments in R&D expenses, global OEM rollout in hemostasis field, and digitalization within the Company

### ● Assumptions about the external environment

- ✓ The reopening of China, recovery in testing demand and investment in healthcare infrastructure
- ✓ Ongoing demand for greater healthcare access, centered on emerging markets
- ✓ Easing of higher raw material and shipping costs, but ongoing inflation
- ✓ Decline in demand for COVID-19 testing (antigen, PCR)

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Next is the full-year forecasts for the fiscal year ending March 31, 2024.

First, sales are projected at JPY460 billion, up 12.1% from the previous year; SG&A expenses at JPY124.5 billion, up 10.8%; R&D expenses at JPY37.5 billion, up 20.9%; and operating income at JPY83 billion, up 12.6% from

the previous year, for an operating margin of 18%. Net income is projected at JPY52 billion, up 13.8% from the previous year. The assumed exchange rates are as stated here.

First, the factors that are expected to contribute to the increase in sales are the recovery of testing demand due to reopening in China, the expansion of knockdown products in China, the start of sales of the XR-series in EMEA, AP, and China, capturing increased demand in emerging markets such as India, and the accelerated introduction of hinotori.

We are aiming for a slightly challenging target for hinotori. We are now preparing proctor for gynecology and general surgery, where the scope of application has been expanded, and as announced yesterday by Mediaroid, we have obtained approval for a model with a hand clutch, which has been strongly requested by physicians. We will release a model with minor changes in July that incorporates the requests for improvement from doctors, and we will use this model as a trigger to accelerate sales.

In operating income, despite higher SG&A expenses, such as increased labor costs, and aggressive investment in R&D, the operating income margin is expected to improve due to the easing of soaring raw material and transportation costs, as well as cost reductions and other factors.

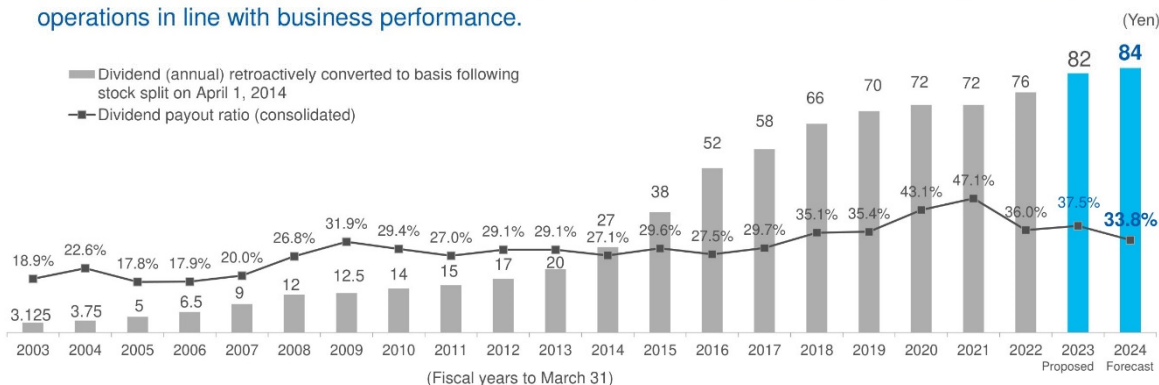
Although there has been a significant increase in R&D expenses, we intend to flexibly and intensively invest resources in projects that offer opportunities for growth. Capital expenditures are planned at JPY47.8 billion for investments in digitalization, self-generated intangible assets, customer support, and equipment.

## Dividend Forecast for the Fiscal Year Ending March 31, 2024



We forecast a year-on-year increase of ¥2 per share, to ¥84.

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.



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Finally, this is the dividend.

For the fiscal year ending in March 2024, we plan to increase the dividend by JPY2 to JPY84, for a payout ratio of 33.8%.

That is all from me. Thank you for your attention.

[END]