

Summary of Small Meeting with Outside Members of the Managing Board

Overview

- Date December 19, 2025 (Friday)
- Moderator **Tomoko Yoshihara**, Analyst, UBS Securities Japan Co., Ltd.
- Panelists **Kazuo Ota**, Member of the Managing Board (Outside), Chairperson of the Nominating Committee and the Compensation Committee
Haruo Inoue, Member of the Managing Board (Outside), Member of the Nominating Committee and the Compensation Committee
Yuka Fujioka, Member of the Managing Board (Outside)
Kensuke Iizuka, Senior Executive Officer
- Participants Nine people from nine companies (institutional investors)

Opening remarks (Ms. Yoshihara)

Thank you all for joining us today. To begin, I would like to ask Mr. Iizuka to offer a few opening remarks and explain the purpose of today's meeting.

Purpose of the meeting (Iizuka)

Purpose of the meeting



- **To enhance transparency** through disclosure of, and dialogue on, the Company's governance practices
- **To strengthen the supervisory function** by deepening understanding of the areas investors focus on and expect
- To promote more active two-way communication

Thereby strengthening governance and enhancing medium- to long-term corporate value

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Last year, we held our first dialogue session between the outside members of the Managing Board and investors. It proved to be a meaningful and productive forum, which is why we have decided to hold it

again this year. I also serve as an outside member of the Managing Board at another company, and I am keenly aware that perspectives—as well as roles and responsibilities—differ depending on whether one is inside or outside the organization. Today, rather than limiting ourselves to formalities, I hope we can engage in open and candid dialogue. Through two-way communication, I believe we can deepen mutual understanding on both sides.

■Self-introductions:

Ota: I have served as an outside member of the Managing Board for six years. I spent more than 40 years at Kawasaki Heavy Industries, Ltd., with nearly 10 years in the aerospace business, 15 years in motorcycles, and a further 15 years in corporate functions. Through this experience, I have gained a solid understanding of how manufacturing businesses operate, and I hope to apply that knowledge in my role at Sysmex. As an outside member of the Managing Board, I make a conscious effort to maintain a flat, independent external perspective. Even if it is not always welcomed by the chair or the president, I believe it is important to speak up and actively express my views. I intend to continue fulfilling my role with this same mindset going forward.



Inoue: I joined Sysmex as an outside member of the Managing Board in June last year. I began my career in 1981 at The Sanwa Bank. After experiencing two bank mergers, I spent many years within the MUFG Group, primarily on the planning side of the business, including branch and retail planning, corporate planning, and the management of group companies. Subsequently, I served for four years at Sojitz Corporation, where I was responsible for internal controls, risk management, information security, and compliance. Drawing on this wide range of experience and insights, I hope to contribute meaningfully to Sysmex’s management and governance. Sysmex is a company that inspires a different kind of “romance” from banks or trading houses, and I find its strong social significance and sense of purpose highly rewarding. I strive in my day-to-day role to speak from an investor’s perspective, and I look forward to gaining further insights and stimulation through today’s dialogue.



Fujioka: I joined Sysmex as an outside member of the Managing Board in June last year. Over the course of my career, I have gained experience across a diverse range of fields, including media, academia, and business. I feel a strong sense of pride in being involved with a company that has not only domestic relevance but also significant international impact. By drawing comprehensively on my past experience and insights, and also bringing the perspective of a woman to the discussion, I strive to contribute viewpoints that differ from those of my fellow outside members of the Managing Board. With this awareness, I approach my role with a strong commitment to



contributing to the enhancement of Sysmex's corporate value.

■Summary of Q&A

Effectiveness of the Managing Board and the Substance of Its Discussions

Q. What kinds of discussions are taking place within the Managing Board with a view to enhancing corporate value? What role do the outside members of the Managing Board play in these discussions?

A. Ota In discussions aimed at enhancing corporate value, we place emphasis on achieving both sustainable growth and capital efficiency. In the past, there were instances where insufficient attention was paid to investment returns; however, I feel that a culture is now taking hold in which the appropriateness of investments and their recoverability are examined more clearly, with metrics such as ROE and ROIC serving as key reference points. Within the Managing Board, when deliberating management plans or significant matters, we comprehensively assess both strategic significance and profitability. Where necessary, we request additional analysis or more detailed information in order to enhance the quality and precision of decision-making. The chair also actively seeks input from the outside members of the Managing Board, and these vigorous discussions incorporating external perspectives are contributing to stronger governance. Going forward, we will continue to share information on investment progress and challenges with a high level of transparency and engage in constructive discussions based on deeper and more detailed information.

Q. With respect to the composition of the Managing Board, outside members are still fewer than half the total, and the board is chaired by Mr. Ietsugu, who comes from the founding family. We would like you to consider reviewing this structure going forward.

A. Ota We do not believe that having Mr. Ietsugu as chairperson raises any governance issues. We have fostered an environment in which outside members of the Managing Board can speak freely, and the quality of discussions has been improving. That said, the possibility that having an external chairperson could bring about qualitative changes, and this is a meaningful topic for future consideration. Within the Nomination and Compensation committees, which I chair, differing opinions are exchanged, leading to deeper and more constructive discussions. If similar processes were to take root within the Managing Board, I believe this could further strengthen governance. While I do not see major issues with the current structure, we will continue discussions with the aim of achieving an even more effective governance framework.

Q. From the perspective of protecting minority shareholders' interests, do you believe the current governance structure is functioning adequately? As outside members of the Managing Board, what role do you play in reflecting the voices of minority shareholders in management?

A. Inoue I understand the background to this question to be whether the intentions of the owner are

being overly reflected, or whether conflicts of interest may be arising. These are areas that should be safeguarded if governance is functioning properly, and I believe that is indeed the case. When I was appointed as an outside member of the Managing Board, I was explicitly encouraged to speak freely as an outside party. I am expected to contribute perspectives grounded in values and career experiences that do not exist internally, and I strive to express my views candidly. With this perspective, and taking into account the views of shareholders and other stakeholders, I endeavor to provide appropriate input to the Managing Board. In decision-making, our role is to fully identify and examine issues from an investor's perspective and to facilitate discussions that lead to decisions with a strong sense of conviction. This function is operating as intended. In particular, with respect to governance and risk management, I personally maintain a strong sense of awareness, confirming the identification of risks, the clarification of responsible departments, and the status of PDCA implementation. While the Company is diligent and produces outcomes through thorough discussion, it is always necessary to verify whether all necessary issues and facts have been fully covered. The framework is taking shape, but improving effectiveness is the essence of true risk management, and we recognize this as an ongoing challenge that requires continued action.

Q. How do you, as outside members of the Managing Board, engage with management risks (financial, legal, reputational, etc.) and fulfill the monitoring and oversight function? Please respond particularly from the perspective of risk management as seen through the lens of minority shareholders.

A. Fujioka At the time of my appointment, I was told to speak frankly and rigorously, without any hesitation. I feel that this is a Managing Board with the breadth of mind to take our candid views seriously and with genuine interest. Based on this premise, I make a conscious effort to express my opinions proactively. My involvement in management risks extends beyond the Managing Board itself to a variety of forums, including prior briefings, the Internal Control Committee, Group management reporting meetings, the Audit and Supervisory Committee, and other opinion-exchange meetings, where I have opportunities to exchange views and participate in judgment. For example, while my area of expertise is international politics, I provide input on geopolitical risks, such as dependence on specific countries and corresponding countermeasures. In this sense, I believe I am able to contribute meaningfully to risk-related discussions.

Q. While it is natural that outside members of the Managing Board can speak freely, if the executive side does not take action, it is necessary to point this out again and hold them accountable. Internal criticism is also part of the role of outside members, and at present, the oversight of execution appears somewhat lenient. When management fails to act, we would like outside members to rigorously pursue the matter as representatives of shareholders and

to communicate that stance through the integrated report and other disclosures.

A. Ota I believe this observation is valid, and I recognize that there is room for improvement. We have engaged in constructive dialogue with management to enhance execution effectiveness, but going forward, we intend to conduct more in-depth follow-up and strengthen our engagement to further reinforce execution capabilities. In order to meet shareholders' expectations, we are committed to continuing our efforts with an even stronger emphasis on transparency and accountability.

Q. Please explain the system for providing information to the Managing Board. For example, to what extent was the Managing Board aware of the deterioration in the external environment in China?

A. Ota I believe that information was shared appropriately. With respect to the external environment in the Chinese market, signs of risk had been identified for some time, and responses were being pursued. However, the rapid pace of the recent changes was difficult to predict. At the time of the revision, we confirmed the situation with multiple stakeholders, but it is true that the environment deteriorated at a speed beyond expectations. Going forward, we intend to further strengthen our framework so that negative signs can be detected at an earlier stage and appropriate information disclosure can be made in a timely manner.

The Nomination and Compensation Committees

Q. From this fiscal year, a stock-based compensation system for executives has been introduced that incorporates evaluation indicators such as relative TSR, value-added productivity, and environmental metrics. Please explain the background to this discussion, the weighting, and the reasons for selecting these KPIs.

A. Ota I believe that our executive compensation framework receives a passing evaluation in that performance-linked compensation accounts for approximately 70% of total remuneration. However, we identified as a challenge the fact that the degree of achievement of our mid- to long-term plans was not adequately reflected in compensation, and we therefore initiated reforms. Because it is not feasible to change everything at once, we first linked the executive shareholding association and stock options to the Mid-Term Management Plan. Although the proportion is currently only 4%, we see this as a breakthrough and intend to drive reform from this starting point. This 4% is structured to evaluate achievement of the Mid-Term Management Plan, rather than single-year earnings. With respect to the evaluation metrics, ROE and TSR are mandatory performance indicators; value-added productivity is incorporated as a human capital metric; and relevant indicators are linked on the environmental side. We regard this as the first phase of reform and intend to connect it to second and third phases going forward.

Q. Please tell us about the discussions held by the Nomination Committee this fiscal year. In particular, there remains concern regarding succession planning given the Company's status as an owner-led enterprise.

A. Ota Since the start of this fiscal year, the Nomination Committee has been meeting actively and frequently. Our current focus is on succession for the president. When we presented a general succession model, the discussion became very robust, and deliberations have continued over multiple sessions. As a result of these discussions, we confirmed the need to provide outside members of the Managing Board who participate in the Nomination Committee with opportunities not only to review written information on current executives and potential candidates, but also to gain direct, first-hand exposure to them. Specific opportunities have already been arranged. The approach going forward remains under discussion. We also need to further refine the future governance framework, including its structure and form. Taking into account the underlying intentions and perspectives involved, we believe it will be necessary to hold several more rounds of dialogue.

Q. What skill sets are you seeking in the next CEO? Given that the Company appears to be entering a new phase following a period of strong leadership under Chairperson Ietsugu, what type of leadership will be required to achieve sustainable growth going forward? Please also share your views on the human capital strategy, including future generations, and the challenges ahead.

A. Inoue As we discuss the succession plan, information is being shared regarding the desired profile of the next leader, evaluation criteria, and the types of challenges candidates are being asked to take on under the Mid-Term Management Plan. This has increased the clarity of our discussions and enabled us to form more concrete images of potential successors. With respect to the overall talent composition, an ideal talent portfolio has been defined, and the degree to which it is being fulfilled is also being assessed. At present, I understand that the level of readiness for key positions is generally sufficient. Through ongoing communication, I have gained the impression that highly capable individuals are fulfilling their responsibilities, and that operations are being carried out in line with established talent development programs.

A. Fujioka There is a strong awareness of the importance of developing the next generation of leaders, and initiatives in this area have been sustained over many years. Specifically, Sysmex Academy plays a central role in cultivating future leaders, with the Chair personally involved in advancing education based on a clear vision of the type of talent the Company seeks to develop. I believe that the executive officer layer, regardless of gender, is well positioned in terms of depth and capability.

Q. With respect to the skill set of outside members of the Managing Board, are there any areas

that may be lacking? For example, is there a need for individuals with deep expertise in global MedTech or global management?

A. Inoue From a diversity standpoint, the model answer might be that women or non-Japanese members are needed. However, as you suggest, I believe that individuals with experience in global management are particularly important. The Company already operates globally, and in light of future growth, such experience will be essential in the next management structure. Within the Nomination Committee, the role and composition of the Managing Board and its members have been raised as discussion themes, and we intend to continue examining these issues going forward.

Enhancement of corporate value and the share price

Q. How does the Managing Board view the prolonged weakness in the share price? Were the risk factors that led to significant share price volatility following the Q1 results recognized in advance? What discussions took place within the Managing Board regarding appropriate communication with the market?

A. Inoue We take the impact of share price volatility on our shareholders very seriously. We recognize that contributing factors included revising the initial plan downward twice. We also believe there is room for improvement in the timing of disclosures, including those related to special factors. With respect to the appropriateness of the plan, management has also taken this deeply to heart, and it is being discussed as an important theme within the Mid-Term Management Plan. We will continue to follow up closely as well.

With regard to the system replacement, which was a special factor, similar initiatives have been implemented over an extended period in other regions. Although the impact in Japan was large, we disclosed this fiscal year's plan on the assumption that the effects could be absorbed, given that comparable responses had been made in each region. From the Managing Board's perspective, we are reviewing the incident and advancing discussions aimed at enhancing the disclosure process and strengthening risk management. In order to further reinforce trust with shareholders, we intend to improve the quality of our communication and connect this to sustained enhancement of corporate value.

Q. In response to the weak share price, what discussions have taken place internally? As a message to the market, we would also like you to consider share repurchases. If there has been discussion within the Managing Board, please tell us about it.

A. Inoue The share price is an important issue for us, and we have repeatedly discussed it internally. While we recognize we are still in the middle of this effort, we have discussed measures intended to address concerns from the equity market, such as discontinuing the rolling approach to the Mid-Term Management Plan and committing to our numerical targets. With

respect to the use of cash, as Sysmex is still in a growth phase we believe growth investment should be prioritized first. At the same time, we have strengthened shareholder returns—for example, by raising the payout ratio and clearly stating a progressive dividend policy—and we intend to continue these efforts.

Q. We believe that the continued decline in capital efficiency is one factor behind the weak share price. Rather than focusing on achieving ¥ 1 trillion under the Long-Term Corporate Strategy, isn't it more important to explain specifically how ROE will be improved?

A. Ota I largely agree with your view. Having ¥1 trillion as a goal is important, and I believe it is also important to consider how we can grow in order to achieve it. At the same time, as you point out, we must work to improve capital efficiency. We need to steadily improve ROE and ROIC as sales increase. Going forward, we will clarify the initiatives that directly translate into improved capital efficiency and disclose them in a clearer manner, with the aim of achieving sustained enhancement of corporate value.

Q. Is the Company's underlying performance excluding foreign exchange effects being appropriately discussed? What discussions have taken place within the Managing Board regarding the factors behind the decline in capital efficiency?

A. Ota Given that overseas sales account for about 80% of the total, yen depreciation is a positive factor for earnings, but my impression is that the upside has been less than expected. Conversely, even if the yen strengthens, I feel the impact may not be limited. To take the analysis further, I believe more careful scrutiny is needed. For example, I feel there has been insufficient discussion and response regarding the profit structure of products on a consolidated basis. This is an assignment for the executive side, but it is an important issue. Some companies disclose profit margins by product category. I believe we should analyze in greater detail the consolidated profit structure for instruments and reagents.

Progress of the Long-Term Corporate Strategy and Mid-Term Management Plan

Q. This fiscal year marks the third year of the Long-Term Corporate Strategy and the final year of the 28th Mid-Term Management Plan. How do you assess the progress of initiatives to date, and what are the key issues to be addressed in the next Mid-Term Management Plan?

A. Ota This fiscal year has been challenging, but initiatives are progressing steadily. Although we revised downward the fixed plan in the third year after discontinuing the rolling approach to the Mid-Term Management Plan, we are committed to steadily achieving the current plan's goals and to linking it to the next Mid-Term Management Plan without betraying shareholders' trust. I expect the next Mid-Term Management Plan to incorporate initiatives that directly contribute to achieving the goals of the Long-Term Corporate Strategy and to enhancing corporate value.

Improving capital efficiency and raising ROE are particularly important themes, and we will continue to engage in transparent discussions while considering concrete options, including shareholder return measures.

A. Inoue With respect to the current Mid-Term Management Plan, I must conclude that it has been challenging. Looking ahead, as we expand both business domains and geographic reach through the three growth strategies, we must steadily address management challenges such as establishing appropriate governance frameworks to support that expansion. In the next Mid-Term Management Plan, it will be necessary to clearly articulate the concrete steps and narrative toward achieving the goals set out in the Long-Term Corporate Strategy. I believe Sysmex is capable of making a major leap forward and a company that should continue to take on challenges. In making investment decisions, we will place strong emphasis on governance and investment returns. The scale and governance requirements of a ¥500 billion company differ significantly from those of a ¥1 trillion company, and I believe substantial evolution will be required. These issues must be thoroughly discussed and examined within the next Mid-Term Management Plan.

A. Fujioka Given the highly uncertain business environment, it is necessary to assume risks more rigorously. To respond to changes in external factors such as dependence on specific markets and policy trends, it is important to conduct evaluations using multiple scenarios, including alternative options. As an outside member of the Managing Board, I intend to contribute to overcoming challenges toward sustainable growth by maintaining close communication with management and strengthening risk management and flexible strategic responses.

Q. I appreciate that geopolitical risks are being discussed not only in terms of short-term sales risks, but also with reference to differences in the rule of law and norms across countries. I also understand that among Japanese companies, Sysmex is one with the broadest global footprint. However, we feel that dialogue on these risks does not always progress smoothly. To what extent does top management understand these risks?

A. Fujioka I do not necessarily share the view that dialogue on geopolitical risks is difficult to advance, nor do I believe this is unique to Sysmex. While the concept of economic security has become more widely recognized, the speed at which the international order is changing has been rapid—almost to the point of breakdown. As a result, it is still not uncommon for companies and business leaders to view security and the economy as separate issues, and I raise this topic in various forums. China has historically been a region where profits could be expanded during its phase of economic development, but going forward, the overall environment is becoming increasingly uncertain. Business can compete with confidence only when the rule of law and safety are ensured, and while I do not believe we should overconcentrate in any single market,

careful consideration from a geopolitical perspective is warranted when determining which countries or regions to prioritize. I have also raised issues such as potential contingencies involving Taiwan and sea lanes, but I believe that without specialized expertise, it can be difficult for individuals to maintain a sufficiently sharp awareness of these risks.

Q. With respect to business operations in Russia, while the mission of providing medical care is important, there is concern that this could lead to insufficient risk awareness. Are these issues being thoroughly discussed from perspectives beyond the financial statements?

A. Ota We thoroughly organized the necessary information and discussed response policies from multiple perspectives, including our mission involving the provision of medical care and financial considerations. Through persistent efforts to implement feasible measures, we reached a conclusion that enables us to continue providing services to customers while also realizing economic benefits. The associated risks were discussed in considerable depth.

Q. While the Company's business is global, is the globalization of corporate functions and R&D insufficient? In particular, given that R&D personnel should gain global experience from an early stage, how do you view the risks associated with remaining concentrated in Kobe?

A. Ota We recognize that having a global perspective is essential to strengthening competitiveness going forward. In particular, for R&D personnel it is important to gain overseas experience at an early stage and to develop diverse values and a sense of different markets. While there remains room for improvement in the current Japan-centered mindset, initiatives to broaden international perspectives are already underway, and we intend to strengthen them steadily. In both market development and R&D, we will further reinforce strategies premised on a global perspective and connect these efforts to sustainable growth.

Closing remarks (Ms. Yoshihara)

This concludes today's session. Thank you very much for providing us with this valuable opportunity.

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