Sysmex Report 2024

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Fiscal 2023 (April 1, 2023 to March 31, 2024)

Together for a better
healthcare journey



Sysmex Corporation

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Together for a better healthcare journey

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

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

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

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Editorial Policy

The Sysmex Report, an integrated report that summarizes financial and non-financial information, is intended to help stakeholders understand Sysmex's medium- to long-term value creation. For fiscal 2024, we have expanded on our growth trajectory in diagnostics, which is the foundation of our business, as well as the details of the three growth strategies in our mid-term management plan and the initiatives at each management base, in order to provide a better understanding of our future growth. For more detailed information, please visit our website or see our Sustainability Data Book.
In editing this publication, we referred to the International Integrated Reporting Council's International Integrated Reporting Framework, as well as the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry.

Environment Social Governance
Guidance for Collaborative Value Creation

Sustainability Data Book

Information Disclosure System

Financial Information	Non-financial Information
Sysmex Report (an integrated report, published annually)	
Investor Relations Site https://www.sysmex.co.jp/en/ir/index.html This site discloses details of financial, stock and shareholder information. • Financial statements • Financial data, etc.	**Sustainability Site** https://www.sysmex.co.jp/en/csr/index.html • Sustainability Data Book (PDF, published annually) https://www.sysmex.co.jp/en/csr/report/index.html
	Corporate Governance Report https://www.sysmex.co.jp/en/corporate/governance.html

Organizations Covered

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

Forward-Looking Statements

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

Period Covered

The target period is fiscal 2023 (April 1, 2023 to March 31, 2024), but the report also covers some activities conducted after April 2024.

Accounting Standards and Accounting Policies

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

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

Independent Practitioner's Assurance

In order to improve the reliability of the data disclosed, we have obtained an Independent Practitioner's Assurance for our environmental and social data.

>>Website >Sustainability Data Book 2024 >Independent Practitioner's Assurance

Cover Story



We aim to provide new value by creating innovations in the domain of *in vitro* diagnostics (IVD) as well as by exploring the domains of pre-symptomatic and preventive medicine and treatment. As part of this effort, in the field of surgery we are working with partner companies to promote minimally invasive surgery that reduces the burden on patients by providing sales, service and support for robotic-assisted surgery systems in the surgical field. We aim to help realize personalized healthcare, which is optimized to the individual, through our unique technologies and solutions, empathizing with the desire of people to live a long and healthy life, and improving their healthcare journey.

>>Website: Brand Concept Movie

Corporate Philosophy of the Sysmex Group

"Instilling confidence in stakeholders"
——A Sysmex Ideal Unchanged Since Our Founding ——

Our founder, Taro Nakatani, defined the basis of our management as the "Three Aspects of Confidence (*anshin*)," instilling confidence among customers, business partners, and employees. Based on this understanding, we have continued to manage the Company and act with our stakeholders always in mind.

In 2007, Sysmex established the Group corporate philosophy called the "Sysmex Way," which carries forward and expands upon the Company's founding principles. The "Sysmex Way" outlines our mindset, direction, and values for contributing to society and continuing to grow. In addition, through our Shared Values*, we declare our commitment to instilling "confidence" not only in our customers, business partners, and employees as demonstrated by the "Three Aspects of Confidence," but in our shareholders and society as stakeholders.

The Founder's Purpose

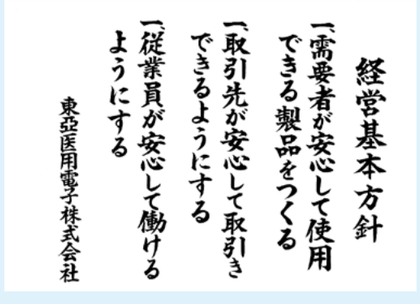


Founder: Taro Nakatani

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

The "Three Aspects of Confidence:"

- Confidence among our customers
- Confidence in our associates
- Confidence of our employees



Our founding philosophy, the "Three Aspects of Confidence:"

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

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

Sysmex Way

Mission

Shaping the advancement of healthcare.

Value

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

Mind

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

Shared Values

To our Customers

Ensure *anshin* with unmatched quality, advanced technology, mindful support, and actions that reflect the needs of our customers.
We constantly seek to better understand what our customers require so that we may generate new and more satisfactory solutions.

To our Employees

Ensure *anshin* by honoring a diversity of employees, respecting their personality, and providing a workplace where they can fulfill their potential.
We value independence and a challenging spirit, provide employees with opportunities for self-fulfillment, growth, and reward for their accomplishments.

To our Business Partners

Ensure *anshin* based on fairness and impartiality in a broad range of partnerships.
We strive to grow as a company in step with our business partners through respect and mutual trust.

To our Shareholders

Ensure *anshin* by promoting the proper disclosure of information and keeping closer communication with shareholders with sound and transparent management.
We are committed to an innovative yet consistent style of management for sustainable growth and increased shareholder value.

To Society

Ensure *anshin* as a responsible member of society by conducting our business adhering to the highest ethical standards in addition to laws and regulations.
We play an active role in addressing environmental and other issues facing our society.

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

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

Sysmex's History

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





Launched first made-in-Japan automated hematology analyzer (1963)

Establishment (1968)

Opened a representative office in Germany (1972)

Opened a representative office in the United States (1977)

Launched the Sysmex brand (1978)

Launched the world's first hematology transport system (1990)

Commenced direct sales and service in the United Kingdom (1991)

Formed alliance in the hemostasis field with the current Siemens Healthineers (1995)
Established a joint venture company in China (1995)

Established a local subsidiary in Singapore (1998)
Entered an alliance with F. Hoffman-La Roche related to hematology products (1998)
Changed company name to Sysmex Corporation (1998)

Began offering the SNCS network service (1999)

Listed on the first sections of the Osaka and Tokyo stock exchanges (2000)

Commenced direct sales and service in the United States (2003)

Achieved the global No. 1 share of the hematology market (2006)

Formulated the "Sysmex Way," the corporate philosophy of the Sysmex Group (2007)

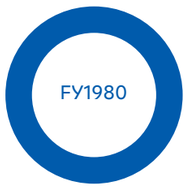
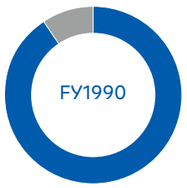
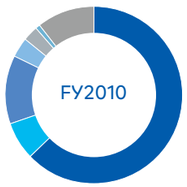
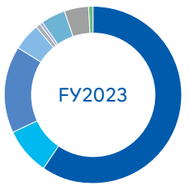
Opened a bio-diagnostics reagent center (2019)

Entered a global OEM agreement with Siemens Healthineers in the hemostasis field (2022)

Fiscal 2023 net sales
¥461.5 billion
Overseas sales ratio:
86.5%

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

Business Fields ▶Hematology ▶Urinalysis ▶Hemostasis ▶Immunochemistry ▶Life science ▶Medical robotics

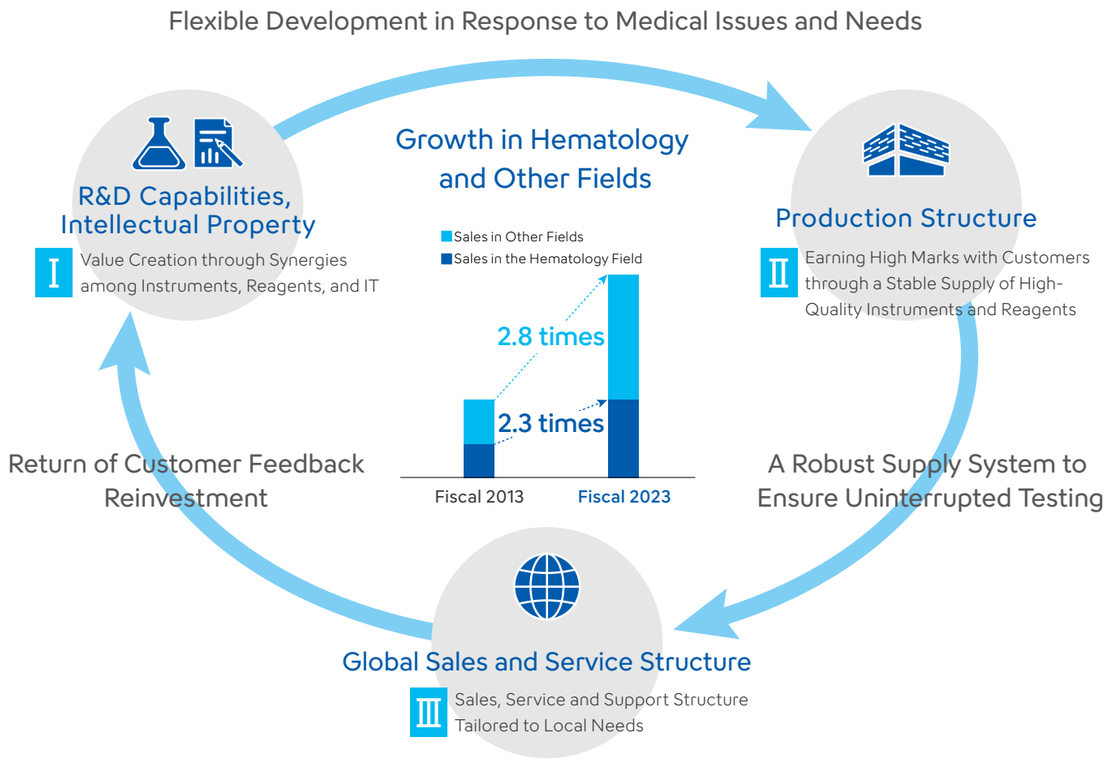
	1963—1980'	1980'—1990'	1990'—2010'	2010'—
Changes in the Operating Environment	Enrollment in National Health Insurance (Japan) Growth in Healthcare Demand	Increasingly Diverse Healthcare Needs Efforts to Optimize Medical Expenses	Promotion of Globalization Advent of the IT Revolution	Medical Application of Innovative Technologies Increasingly Diverse Healthcare and More Diverse Needs
Value Provided by Sysmex	**Automation of Blood Cell Testing (Hematology)** • Launched first made-in-Japan automated hematology analyzer • Developed reagents as well as instruments, realizing increases in testing quality and performance	**Increasing Value Provided to Laboratories in Addition to Testing** • Developed the world's first hematology transport system, making the testing process more efficient and safer • Expanded into the fields of urinalysis, hemostasis and immunochemistry	**Expanding the Sales and Service Area Beginning to Provide Services Utilizing IT** • Expanded our direct sales and service structure, and expanded offerings to more than 190 countries and regions • Began using IT to provide proprietary services and support	**Taking on Challenges in Personalized Medicine and Other Areas to Further Expand Our Business Domain** • Developed and commercialized a gene testing system in the cancer domain • Expanded into testing for Alzheimer's disease and others • Launched a medical robotics business
Changes in Sales by Field	 Hematology 100% (including some sales from other fields)	 Hematology 90.8% Non-hematology 9.2% (urinalysis, hemostasis, immunochemistry, and others)	 Hematology 62.8% Urinalysis/fecal occult blood 7.1% Hemostasis 12.6% Immunochemistry 3.4% Clinical chemistry 2.9% Life science 0.8% Others 10.4%	 Hematology 59.6% Urinalysis 8.5% Hemostasis 15.8% Immunochemistry 5.1% Clinical chemistry 0.7% FCM 0.7% Life science 4.4% Others 4.3% Medical robotics 0.8%

Management Resources Cultivated Since Our Founding

- Diverse Human Resources
- R&D Capabilities Intellectual Property
- Production Structure
- Global Sales and Service Structure
- Stable Financial Foundation
- Environmental Resources
- Brand Strength

Our Growth Trajectory

Our Cycle of Evolution in the Field of *in Vitro* Diagnostics



Sysmex's Cycle of Evolution

Sysmex has continuously grown in the field of *in vitro* diagnostics by acquiring and strengthening various management resources. This growth is driven by a cycle of sharing customer feedback throughout the entire Group and leveraging it to enhance product development and service improvements.

First, we have established a sales, service and support structure that aligns with local business customs, in addition to conducting direct sales and service/support on a global scale. This enables us to understand medical challenges and the needs of our customers, primarily laboratories, in various regions. To leverage this understanding for future value creation, we are working on the R&D of our products and services through the integration of our proprietary instruments, reagents, and IT technologies, as well as the utilization of open innovation. In terms of production, we manufacture our instruments in Japan, nearby our core research and development facilities, in order to produce high-quality and a wide range of products. Our reagents, meanwhile, are produced in 10 countries worldwide to ensure a robust and stable supply system that enables us to deliver reagents to customers promptly and ensure that essential medical testing continues uninterrupted.

In addition to the hematology field, this cycle has created value in new areas such as hemostasis, immunochemistry, and the life science field, contributing to the expansion of sales and allowing us to achieve sustainable growth.



R&D Capabilities, Intellectual Property

I Value Creation through Synergies among Instruments, Reagents and IT

Through our proprietary technology platforms and open innovation, we continue to generate industry-leading innovations that provide accurate test data and improve productivity in testing laboratories. We also drive innovation through the development of new testing and diagnostic technologies.

R&D Base for Achieving Growth

Instruments, Reagents, and IT

Three Technology Platforms
(Cells, Proteins, and Genes) + Open Innovation

Innovations Driving the Industry

Improvements to Laboratory Productivity		New Testing and Diagnostic Technologies*	
1963	Launched first made-in-Japan automated hematology analyzer	1988	World's first reticulocyte analyzer
1990	World's first hematology transport system*	1995	World's first fully automated urine analyzer
1999	Began offering network services	2004	Technology for diagnosing lymph node metastasis using the OSNA™ method
2011	Industry's first concentrated reagent (hematology field)*	2022	Blood-based test for Alzheimer's disease
2023	World's first automated measurement function for quality control materials (hematology field)*	2023	Rapid antimicrobial susceptibility testing system

* Year launched

Future Upsides

Further automation and development of new testing and diagnostic technologies to add value and enhance profitability

- Promoting Further Automation to Realize the Touch-Free Concept >>P50
- Developing New Testing Parameters and Diagnostic Technologies through Open Innovation >>P49
- Rolling out Knowhow into Other Businesses, Such as Medical Robotics and Regenerative and Cellular Medicine >>P48



Production Structure

II Earning High Marks with Customers through a Stable Supply of High-Quality Instruments and Reagents

To deliver small quantities of a wide variety of high-quality instruments to our customers, we have established an efficient production system utilizing IT. We have expanded our global production capacity for reagents that support everyday testing, taking into consideration supply arrangements in times of crisis. In recent years, we have strengthened our production capacity for bio-diagnostic reagents.

As of March 31, 2024

Instruments

Concentrated Production

8 Locations Centered in Japan



<<Progress on Local Production>> China, India

Reagents

Global Production

Chemistry **8** locations

Biology **6** locations

<<Bio-Diagnostic Reagent Bases>>

2002 International Reagents Co., Ltd. becomes subsidiary (Japan)
2009 Establishment of the Wuxi Diagnostic Reagent Development Center (China)
2010 HYPHEN BioMed, SAS becomes subsidiary (France)
2019 Establishment of bio-diagnostic reagent center (Japan)

Future Upsides

Building a More Flexible and Robust Production System with DX

- Realizing a More Seamless Production System using DX
- Establishing an Overseas Production System in India and Other Countries >>P47

Future Upsides

Increase in sales and profitability by moving to in-house production of substances for bio-reagents

- Increasing the Number of Parameters in the Immunochemistry Field >>P46
- Moving to the In-House Production of Substances for the Hemostasis Field >>P53

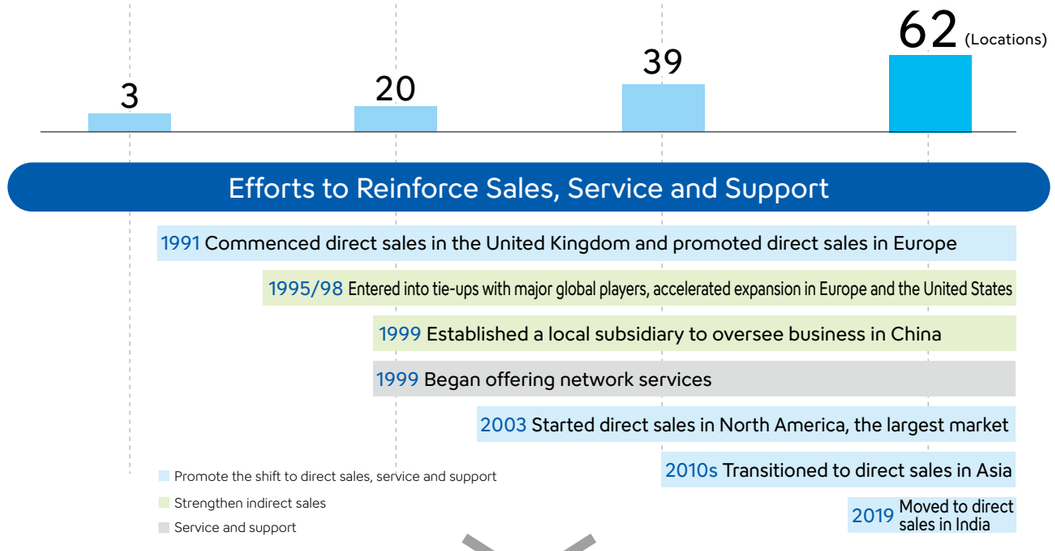


Global Sales and Service Structure

III Sales, Service and Support Structure Tailored to Local Needs

In addition to selling through distributors familiar with local business customs, we have expanded direct sales, service and support in various regions, which has greatly contributed to our growth. We have established a strong brand presence through service and support systems tailored to the needs of each region.

Sales, Service and Support Locations



Efforts to Reinforce Sales, Service and Support

1991 Commenced direct sales in the United Kingdom and promoted direct sales in Europe
1995/98 Entered into tie-ups with major global players, accelerated expansion in Europe and the United States
1999 Established a local subsidiary to oversee business in China
1999 Began offering network services
2003 Started direct sales in North America, the largest market
2010s Transitioned to direct sales in Asia
2019 Moved to direct sales in India

Promote the shift to direct sales, service and support
Strengthen indirect sales
Service and support

Future Upsides

Increase sales by expanding the region where we conduct direct sales, service and support

- Working to Expand the IVD Market in Emerging Markets
- Expanding Market Share Mainly in Emerging Markets >>P47
- Commencement of Direct Sales, Service and Support in the Hematology Field in Europe, the United States, and Other Markets >>P45
- Strengthening of IT-Based Services

Snapshot (Sysmex's Management Resources)

Note: Unless indicated otherwise, figures are as of the end of fiscal 2023.

R&D Capabilities and Intellectual Property

Global R&D bases, technologies and knowhow

R&D bases
25 locations

Three-year total R&D investment
¥89.2 billion
(Fiscal 2021–2023)

Average number of development projects per year
Around **65**
(Average over the past five years)

Number of patents
3,868
(Total number of patents, utility model rights and design rights)

Issues
- Acquire and strengthen technologies through open innovation and others

Production and Distribution Structure

Commitment to quality and stable supply

Instrument production bases
8 locations

Number of items produced (reagents)
1,212 items

Reagent production bases
14 locations

Suppliers (Tier 1)
Approximately **250** companies

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

Global Sales and Service Structure

Access to healthcare needs that varies by region and facility

Sales and service bases
62 locations

Customer needs addressed
Approximately **13,500**
(non-consolidated basis)

Countries and regions where business is conducted
More than **190**

Queries to the customer service center
79,468

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

Stable Financial Foundation

Sustainable growth and high profitability

Net sales
¥461.5 billion

Operating margin
17.0%

Market capitalization
¥1.6 trillion

ROE
12.1%

Percentage of recurring sales
78.1%
(Sales of reagents, services and support, others)

Issues
- Further improve profitability and capital efficiency

Diverse Human Resources

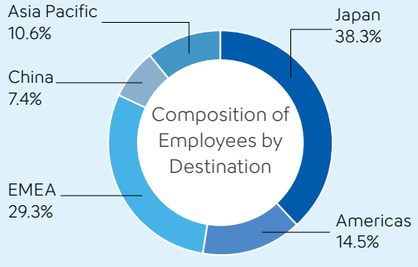
Realizing growth and respecting individuals, and building a human resource portfolio

Engagement score
75%

Number of employees
11,012

Female managers ratio
19.2%

Training time per employee
24.4 hours



Issues
- Strengthen engagement
- Respond to global competition for talent

Environmental Resources

Efficient use of environmental resources

Complete switch to recycled or environmentally conscious materials
43%

Reduction of GHG emissions (Scope 1, 2)
Cut **29%**

Decreased electricity consumption by new products in the hematology field
Approximately **40%**
(Compared with Sysmex's older products)

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

Brand Strength

Trust from stakeholders

Customer assessment in the United States
Top rating for the past 17 years
(Source: IMV ServiceTrak™ 2023, Hematology)

Rollout of the Sysmex Way translated into
9 languages

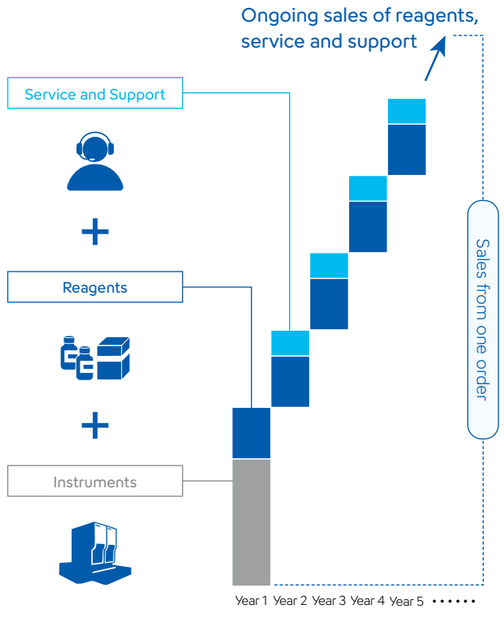
Corporate culture survey
Percentage of positive responses to the Sysmex Way
70%

Issues
- Further enhance brand value

Sysmex's Business Model

Earnings Structure

■ A Stable Profit Model

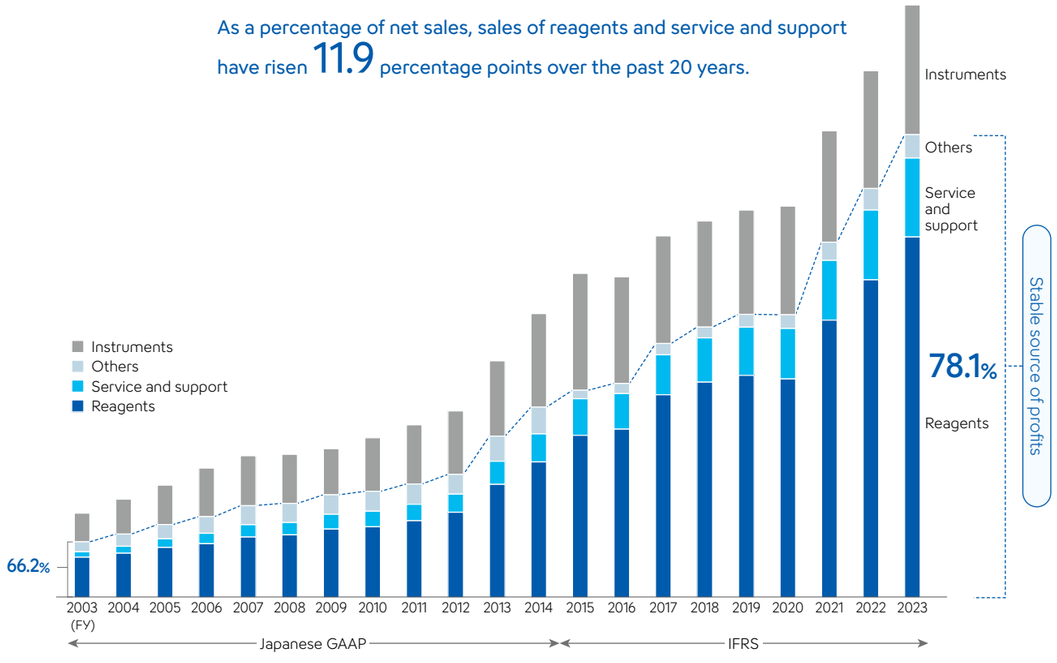


Our earnings structure is characterized by stable and ongoing revenue sources and high profitability. In our mainstay field of hematology, even after customers purchase instruments, we generate ongoing revenue by selling specialized reagents and providing service and support.

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

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

■ Sales of Reagents and Service and Support



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

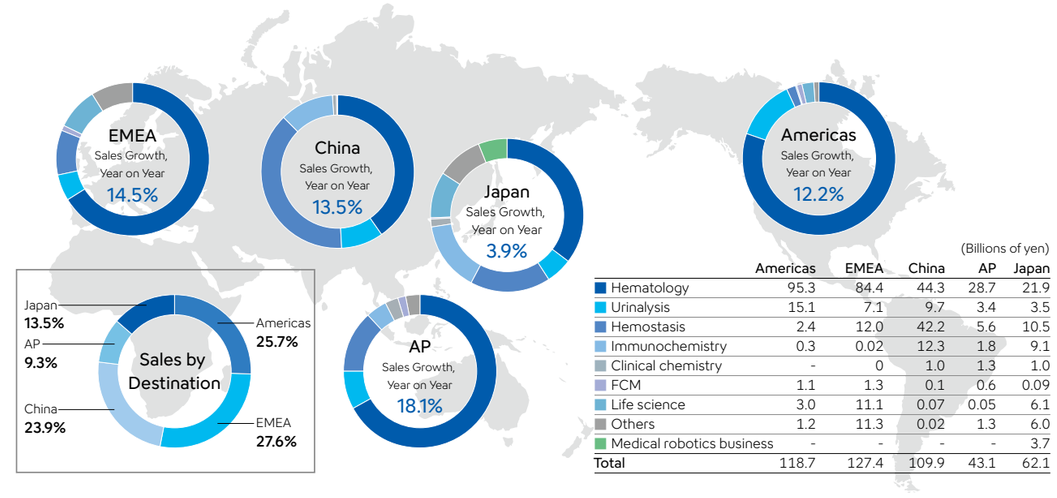
Characteristics by Field and Region

■ IVD Market Scale and Company Positioning

	Market Scale*1 ($ million)	Growth Rate (2023-2025)	Main participating manufacturers*1	Sysmex's Sales Composition (Fiscal 2023)	Market Share	Main Alliances
Hematology	4,000	4%	Danaher, Mindray, Siemens Healthineers, Abbott	59.6%	No. 1 53%	Roche, Cellavision
Urinalysis Of which, sediment urinalysis	1,200 (500)	3%	Danaher, Siemens Healthineers, EIKEN CHEMICAL	8.5%	No. 1*2	EIKEN CHEMICAL, Siemens Healthineers
Hemostasis	3,000	4%	Werfen, Stago	15.8%	No. 1*2	Siemens Healthineers
Immunochemistry	23,000	4%	Roche, Abbott, Siemens Healthineers, Danaher	5.1%	—	Fujirebio Holdings
IVD market	80,000	4%	1 Roche 2 Abbott 3 Danaher 8 **Sysmex**	—	—	—

*1 Our ranking (As of March 31, 2024) and market size and growth rate (as of November 2022) for IVD market and each field of testing are our own estimates based on disclosed information.
Calculations are based on the exchange rates during the year of the survey, so simple year-on-year comparisons of market size are not possible.
*2 Includes sales through alliances

■ Sales by Destination and Business (Fiscal 2023)



(Billions of yen)

	Americas	EMEA	China	AP	Japan
Hematology	95.3	84.4	44.3	28.7	21.9
Urinalysis	15.1	7.1	9.7	3.4	3.5
Hemostasis	2.4	12.0	42.2	5.6	10.5
Immunochemistry	0.3	0.02	12.3	1.8	9.1
Clinical chemistry	-	0	1.0	1.3	1.0
FCM	1.1	1.3	0.1	0.6	0.09
Life science	3.0	11.1	0.07	0.05	6.1
Others	1.2	11.3	0.02	1.3	6.0
Medical robotics business	-	-	-	-	3.7
Total	118.7	127.4	109.9	43.1	62.1

The *in vitro* diagnostics (IVD) market, which is relatively unaffected by global circumstances and economic trends, continues to grow in tandem with advances in healthcare, and the market is worth an estimated $80 billion. The market is dominated by major global companies, based primarily in Europe and North America, with Sysmex being the only company from Asia to make it into the top 10. Notably, Sysmex has established a leading position in the hematology field, with a global market share of over 50%. Our position in advanced countries is particularly strong, but we are also focusing on rapid growth in emerging markets. Additionally, Sysmex has achieved the No. 1 position and continues to expand in the fields of urinalysis and hemostasis. Meanwhile, in the largest market segment, immunochemistry, our presence to date has been limited to Asia, but we plan to push for extensive global expansion in the aim of further growth.

Our sales have been growing steadily in all regions, with significant growth in the Asia Pacific (AP) region, led in recent years by India. Looking at composition of sales, the focus in all regions is the hematology field, which serves as an entry point for testing. However, in Japan, China, and the AP region, we have expanded notably into the hemostasis and immunochemistry fields. In Europe and North America, we commenced direct sales in the hemostasis field in April 2024, and we are making progress in entering the immunochemistry field. We anticipate future growth in these fields, which will become a second pillar of business following the hematology field.

Sysmex's Value Creation

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

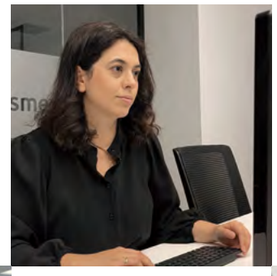
My Contribution to the Healthcare Journey

Based on the "Sysmex Way," the corporate philosophy of the Sysmex Group, we have formulated a long-term corporate strategy ending in fiscal 2033. Through this, we have revised our materiality (priority issues), drafted a new vision and designed strategies that are consistent with our materiality. Based on these strategies and plans, Sysmex aims to achieve sustainable growth and increase its corporate value.



I am working on the global rollout of reagents to test for Alzheimer's disease and helping to provide testing.

Zhenyu Xu
Immunology & Clinical Chemistry Business Development
Sysmex Corporation



I am working to build a sustainable supply chain that is resilient to disasters.

Aysegul Dursun
Sysmex Turkey Diagnostik

I aim to increase financial efficiency and improve customer satisfaction through the use of digital tools.

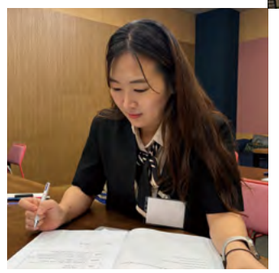
Sandra Krock
Sysmex America, Inc.



I aim to utilize data from robotic-assisted surgery systems to support surgeries, improve efficiency, and create new value.

Masanao Ohashi
Global Management Division
Sysmex Corporation





I am pursuing the creation of clinical value and launch of unique biomarkers that can contribute to the healthcare.

Kim SuJung
Sysmex Korea Co.,Ltd.



I will continue working to improve our production processes and pursue the creation of high-quality products with our partners.

Kazunari Kanei
Reagent Production Division
Sysmex Corporation

Sysmex has revised the criteria for its Group award system, adding eco-social and other perspectives to further strengthen sustainability management. The people descried above are some of our award winners in fiscal 2023.

Message from the Group CEO



Hisashi Ietsugu
Chairperson and Group CEO

The healthcare sector will remain dynamic, and Sysmex is in a position to contribute to the advancement of healthcare on a global scale. By continuing to evolve and grow, we will fulfill our mission of "Shaping the advancement of healthcare" well into the future.

Creating Value in Healthcare

Healthcare is constantly changing and evolving. In recent times, we have seen the significant impact of the COVID-19 pandemic on society, leading to changes in consumer behavior and work habits, among various other practices. Additionally, we have experienced the rapid development and widespread adoption of diagnostic tests and vaccines, which have become integrated into our daily lives. While we have overcome the pandemic and made advancements, it is important for us as a society to continue addressing these ongoing challenges.

The desire for well-being and health is fundamental to humanity, and the healthcare market continues to expand as the global population ages and grows. Furthermore, advancements in medicine, physiology, and digital technology are ongoing, and there is great anticipation for the societal implementation of these innovations.

What value should Sysmex create in the healthcare sector? Our core business, *in vitro* diagnostics testing, serves as the gateway to the healthcare journey, including diagnosis, treatment, and prognosis. It is crucial for Sysmex to continue developing new technologies and testing parameters to address the increasing number of diseases and expand its product portfolio. Additionally, we must provide accurate diagnostic value that meets diverse medical needs in different regions around the world. Sysmex operates in over 190 countries and regions, and we have a dominant share of the market in hematology, which represents the fundamental testing and entry point for diagnostics. We have also earned top-level customer satisfaction ratings worldwide. This positions Sysmex to fully understand the realities of healthcare globally. By listening to customers input, conducting product development that meets their needs, and providing highly satisfactory products and services, Sysmex must continue to grow and evolve as it fulfills the corporate mission of "Shaping the advancement of healthcare."

Our Own Growth and Evolution

In the future, digitalization will continue to accelerate, not only in genetic analysis and personalized medicine, but also in digital healthcare. It will become more important than ever to focus on the health of each individual. In the Long-Term Corporate Strategy 2033 we formulated in fiscal 2023, we have expanded our target areas to encompass the entire healthcare journey, including prevention, prognosis, and treatment, in addition to *in vitro* diagnostics. We will actively invest in talent and technology, and accelerate collaboration with other companies and organizations to contribute to improvements in accessibility to healthcare, healthcare optimization, the configuration of sustainable healthcare infrastructure, and the extension of healthy lifespans.

To achieve these goals, Sysmex's management must continue to evolve. Fiscal 2023 was an important year, as it marked the first year of President Asano's tenure and the initial year of our Long-Term Corporate Strategy 2033. The strategy progressed well overall, enabling us to achieve record-high sales and profits. While challenges remain, such as improving profitability and verifying investment effectiveness, we can see a path to their resolution. In terms of governance, in fiscal 2023 outside members of the Managing Board became chairs of both the Nominating Committee and the Compensation Committee. We also welcomed new outside members to the Managing Board, increasing its independence. Furthermore, the Sysmex Academy, which aims to cultivate the next generation of leaders, held its 14th session, and participants are now actively supporting the current management. We have also made advances in succession planning, including the introduction of succession management for key positions within the Group.

We take great pride in being a key player in the thriving healthcare industry, where our every endeavor is directly linked to global health. We will continue to evolve and grow as we move forward.

Message from the President



Kaoru Asano
President

**Based on our long-term vision,
"Together for a better healthcare journey,"
we aim to increase corporate and shareholder value by continuing to evolve our business model resolutely and without fear of failure, based on three growth strategies.**

Reflecting Back on My First Year as President Feeling Energy from My Interactions with Employees around the World

Fiscal 2023 marked the beginning of a new long-term corporate strategy and also my first year as president. Looking back, we faced various challenges, but we were able to overcome them by working together as a group.

At the start of our new long-term corporate strategy, the activity that I focused on the most was engaging in dialogue with employees. I believe it is crucial for each individual employee to resonate with our vision and strategy and to act autonomously. Personally, I felt a strong desire to connect with and learn from our 10,000 employees worldwide, so I visited various locations across the globe. In addition to meeting with local subsidiaries in each region, I visited locations in Brazil and Italy to directly explain our vision and strategy and to hear explanations about local initiatives and challenges. I was deeply impressed by the passion and dedication of our employees and their heartfelt commitment to working at Sysmex. I was repeatedly amazed by their meticulous attention to detail in addressing the needs of our local customers. Above all, I am delighted to see that concrete actions are being implemented in each region and division based on a shared understanding and resonance with our long-term vision, "Together for a better healthcare journey." Moving forward, we will further strengthen and accelerate these initiatives.

Three Growth Strategies

Sysmex has outlined three growth strategies in its mid-term management plan, which concludes in fiscal 2025, based on the Long-Term Corporate Strategy 2033. These strategies are "reinforcement of existing businesses," "business expansion in emerging markets," and "expansion of new businesses." In fiscal 2023, the Company made steady progress in implementing initiatives based on these strategies.

First, about the reinforcement of existing businesses. In Sysmex's mainstay hematology business, sales of our new flagship model have been strong. Moving forward, we aim to expand our global presence and further solidify our position as the market leader in hematology. Additionally, leveraging the network we have established in the hematology field, we will accelerate the expansion of our business in other areas.

In the hemostasis field, we initiated direct sales and service in Europe and North America from fiscal 2024, based on our revised alliance agreement with Siemens Healthineers. In immunochemistry, we have successfully commercialized Alzheimer's disease testing using blood samples, and we will continue expanding it to Europe and North America, following our success in Asia. Furthermore, in the life science field we are undergoing a business transformation aimed at improving profitability.

Next, about "business expansion in emerging markets." India, Brazil, and the Middle East and Africa are expected to experience significant growth in healthcare demand due to economic expansion and population growth. Sysmex entered these markets early and has been strengthening its sales, service and support systems in preparation for market acquisition. In fiscal 2023, we anticipate substantial revenue growth in emerging markets such as India, Brazil, and the Middle East, allowing us to achieve the targets in mid-term management plans for these regions one year ahead of schedule. Currently, we are accelerating our efforts in anticipation of further healthcare demand, including the establishment of a new factory in India, as we continue to invest in growth.

Last, in terms of "expansion of new businesses," Sysmex is actively pursuing business beyond its diagnostics business as part of its long-term vision, "Together for a better healthcare journey." These businesses include medical robotics and regenerative and cellular medicine. In fiscal 2023, the upgraded version of our domestically developed robotic-assisted surgery system earned market recognition, leading to its adoption in many hospitals.

Three growth strategies

>>P45

■ Examples of initiatives

1 Reinforcement of existing businesses



Commencing direct sales in the hemostasis field in Europe and the United States

2 Business expansion in emerging markets



Establishment of a new production base in India in preparation for future growth

3 Expansion of New Businesses



Reinforcement of sales of the robotic-assisted surgery system in Japan and overseas

The number of applicable medical departments has also expanded, resulting in a steady increase in the number of surgeries performed and sales of consumables and services. Additionally, Sysmex is expanding into Asian markets, starting with obtaining regulatory approval in Singapore, and plans to file for regulatory approval in Europe in fiscal 2024. In the field of regenerative and cellular medicine, Megakaryon Corporation, which possesses technology for producing platelets from iPS cells, has joined the Group as a subsidiary. Through these initiatives, Sysmex is capturing market growth and business opportunities through its three growth strategies while also venturing into new business domains.

Advancing Sustainability Management: Long-Term Management Strategy

We aim to encompass the entire healthcare journey within our scope of business, going beyond *in vitro* diagnostics and expanding into a wide range of activities including prevention, treatment, and prognosis. Through this broad-based business development, we will continuously evolve our business model and strive for solid growth and expansion.

In executing our strategy, we have formulated a fundamental strategy consisting of five elements: business, technology, eco-social, human capital, and corporate management. We have established specific indicators based on this strategy. This approach allows us to take assured steps towards achieving our goals, uniting our efforts throughout the Company. We have also employed backcasting design to our strategy, integrating sustainability and growth efforts. By expanding our business in emerging markets and expanding our range of testing parameters, we aim to accelerate growth, enhance corporate value, improve accessibility to healthcare, and contribute to the realization of optimal medical care.

Under our eco-social strategy, under the theme of a "circular resource society" we aim to reduce environmental impact while enhancing productivity in the laboratory through initiatives such as CO_2 reduction and the development and sale of concentrated reagents.

Our human capital strategy calls for us to increase investments in human capital, optimize our talent portfolio, strengthen engagement, and promote efforts related to diversity, equity, and inclusion (DE&I). Additionally, we have obtained and will utilize ISO 30414, which pertains to the disclosure of international human capital information, to drive transparency and advance our strategies.

Furthermore, we aim to enhance employee motivation and maximize corporate value through the implementation of an Employee Stock Ownership Plan (ESOP). We are also fully committed to promoting digital transformation (DX) and plan to completely renovate our global core systems in fiscal 2024. By completing our internal next-generation digital platform, we will be prepared to generate new value.

Our numerical targets for fiscal 2033 are net sales of ¥1 trillion or more and an operating margin of 20% or higher. We will continue to achieve sales growth that outpaces global market increases in *in vitro* diagnostics by maintaining double-digit sales growth and a 20% operating margin. In addition, as non-financial indicators we will focus on metrics such as the disposal rate of unused Company products, the substitution rate of environmentally friendly materials, employee engagement, customer satisfaction, and ROE. We will also work on utilizing management methods based on ROIC.

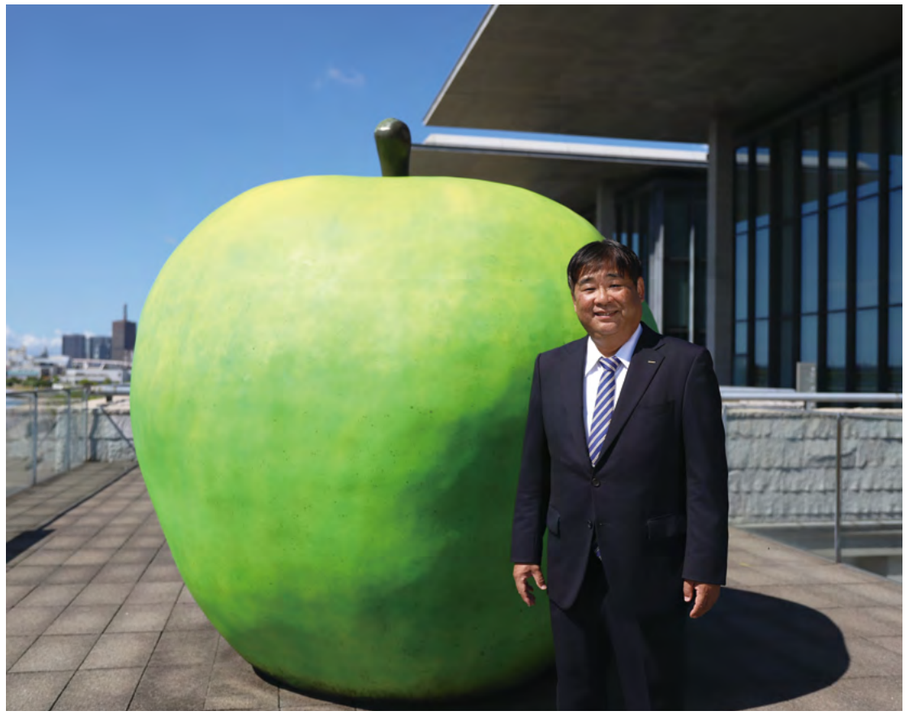
Green Apple

Looking at the business cards I exchanged since assuming the position of president last year, I counted more than 1,000 cards. During the year, I engaged actively in dialogue not only within the Company but also with external stakeholders, based on the conviction that collaboration with external parties is key to enhancing our corporate value going forward. This approach will enable us to seek knowledge and technologies that we do not possess internally. It also presents opportunities for learning and personal growth from the outside.

I also think it is important to remain humble and embrace a spirit of challenge. Sysmex has already established a strong position in the world and has grown to a scale where it is aiming for net sales of ¥500.0 billion. One of our biggest risks is of becoming arrogant or falling into the "large-company trap" and adopting a silo mentality.

Adjacent to the Sysmex headquarters in Hyogo Prefecture is the Hyogo Prefectural Museum of Art, which features a sculpture called the "Green Apple" by world-renowned architect Tadao Ando. The sculpture embodies a message of not fearing failure, maintaining a strong sense of determination, and even if one is still immature and "sour," still being a green apple filled with hope. I strongly resonate with this message, so I have chosen the "Green Apple" as my message to employees for fiscal 2024. Sysmex employees join the Company with the will and dream of supporting the health of as many people as possible. Looking back on Sysmex's history, we have grown by holding onto these dreams tenaciously, just like a venture company. Fundamentally, Sysmex still is a venture company, and we should be an organization filled with the energy of growth. For precisely that reason, I intend to fill the Company with employees who are not afraid of failure and will continue to dream.

My mission is to harness this venture spirit and turn Sysmex into a ¥1 trillion company.



President Asano standing by the "Green Apple" designed by Tadao Ando

Healthcare Journey

Sysmex's long-term vision is "Together for a better healthcare journey." We aim to expand our scope of value creation beyond our traditional involvement in the IVD field to include areas such as pre-symptomatic disease and disease prevention and prognosis, with the goal of enhancing our social and economic value.

Sysmex's Proposed Healthcare Journey

Sysmex defines the healthcare journey as a concept in keeping with its long-term vision and foundation for value creation based on the Sysmex Way, the corporate philosophy of the Sysmex Group. The phrase encompasses the value Sysmex hopes to provide and the society it wants to realize. The concept is based on the idea of viewing the patient's experience as a process, known as the patient journey, from the onset of illness. Sysmex has positioned the various events and processes that individuals experience in their lifetime (life stages) regarding their own healthcare, including interactions with healthcare institutions during medical examinations, prevention based on the results of health checkups, receiving diagnoses and undergoing hospitalization or outpatient treatment while maintaining daily life, as a part of a journey. Anticipating the growing importance and evolution of healthcare, Sysmex recognizes the significance of supporting each individual around the world, contributing to their lives, health, and peace of mind (*anshin*), not just in terms of illness and treatment. Accordingly, we will continue to provide value to make this journey even better.

Sysmex has traditionally provided value in the field of testing, specifically in the areas of basic testing, medical checkups, detailed follow-ups, and efficacy evaluation. By capturing value from the perspective of the healthcare journey, we need to expand our scope of value creation beyond the testing field and into preventive medicine and the therapeutic domain. Additionally, our targets for value provision expanded from medical institutions to individuals. Starting with health management to stay healthy, if a person experiences health issues, we aim to facilitate the transition to testing and treatment at an earlier and milder stage, ensuring that they receive more appropriate treatment and recover better and more quickly, ultimately allowing them to enjoy good health for longer periods. This is the value that Sysmex hopes to provide and the society it aims to realize.

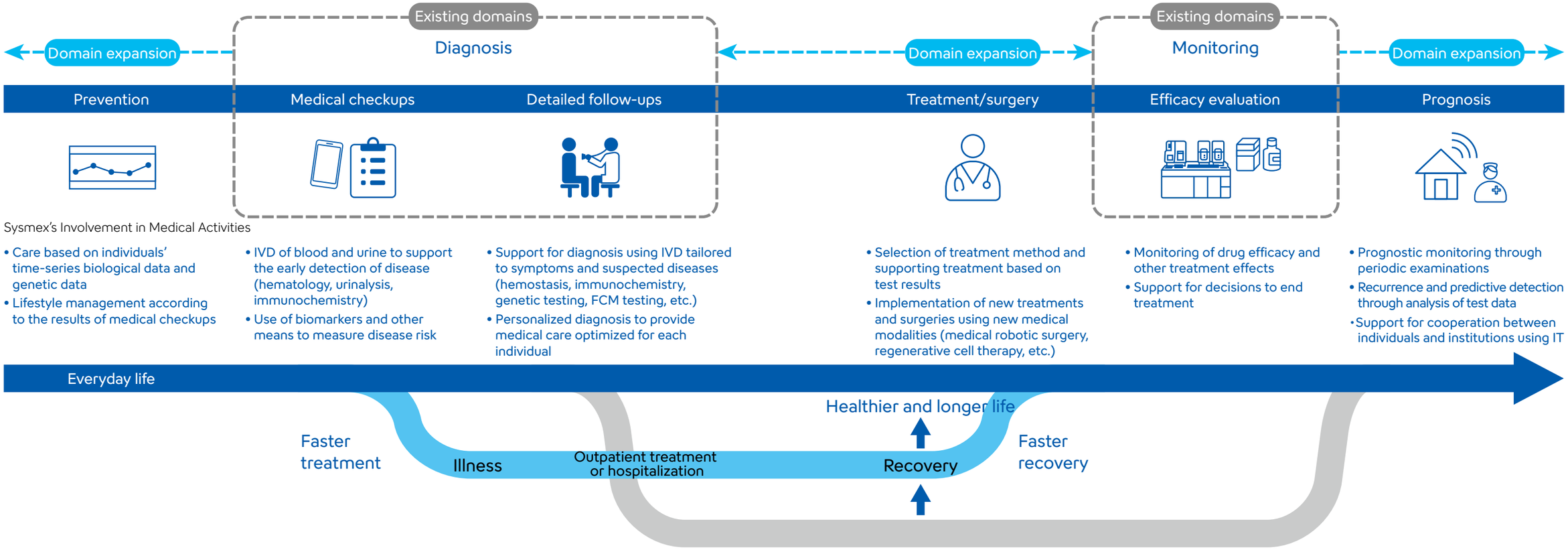
■ The Healthcare Environment

<<Medical Environment, Systems, and Regulations>>

- Rises in average life expectancy
- Optimization of social security expenditures and medical expenses and more personalized and decentralized medical care
- Increased importance of prevention and self-medication
- Ongoing healthcare disparities and the issue of accessibility to healthcare
- Development of healthcare infrastructure to cope with pandemics (e.g., emerging markets)

<<Treatment and Technology>>

- Technological innovations in genetic analysis, ultra-highly sensitive measurement, miniaturization of medical devices, and their implementation in medicine
- Increasing need for personalized medicine
- Practical application of new therapeutic methods such as regenerative and cellular medicine and gene therapy
- Acceleration of the evolution of digital technology and expansion of the implementation and use of robotics technologies
- Expanding needs for testing against a backdrop of high-cost drugs



Story of Value Creation

Sysmex develops its business based on the "Sysmex Way," the corporate philosophy for the Sysmex Group, whose stated mission is "Shaping the advancement of healthcare." In May 2023, Sysmex formulated Long-Term Corporate Strategy 2033, which concludes in fiscal 2033, and in line with our long-term vision, "Together for a better healthcare journey," we will continue contributing toward the development of healthcare and the healthy lives of people.

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

Input

Management Resources >>P13

- **Diverse Human Resources** (Human Capital) >>P57
- **R&D Capabilities Intellectual Property** (Intellectual Capital) >>P49/51
- **Production Structure** (Manufactured Capital) >>P53
- **Global Sales and Service Structure** (Social and Relationship Capital) >>P54
- **Stable Financial Foundation** (Financial Capital) >>P59
- **Environmental Resources** (Natural Capital) >>P55
- **Brand Strength** (Brand Capital)

Business Domains

Expansion of approach targets
Currently: Medical institutions
Expand to: Individuals

Disease Prevention and Prognosis

Expansion in IVD Domains

Portfolio Expansion

IVD

Regional Expansion

Entry into New Domains

Therapy and Surgery

>>Healthcare Journey P25

Value Creation Strategies

Materiality >>P31

Creating new value for a healthy society
- Resolution of medical issues through innovation
- Improvement in accessibility to healthcare

Providing responsible products, services, and solutions
- Pursuit of quality and trust
- Strengthening supply chain management

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

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

Strengthening Governance
- Corporate governance
- Compliance
- Risk management
- Respect for human rights

Core Strategies >>P35

Businesses and Technologies

Enhancing the Value of Testing and Expanding Market, Taking on Challenges in New Domains
- Strengthen the diagnostics business
- Refine personalized healthcare and testing
- Realize personalized prevention and prognosis monitoring
- Undertake challenges in medical robotics and other new domains

Eco-social

Establishing a Business Model Adapted to a Circular Resource Society
- Establishment of a circular resource value chain
- Achieve carbon neutrality

Human Capital

Acquiring and Cultivating Talent from around the World in Line with Management Strategies
- Optimization of the human resources portfolio
- High engagement
- Demonstration of teamwork at its best

Corporate Management

Building an Autonomous and Agile Organizational Management System
- Reinforce the management base
- Increase capital efficiency

Outputs

- Expanding Our Market Share, Centered on Emerging Markets
- Enhancing the value of instruments, reagents, and IT solutions
- Evolving the value chain in collaboration with medical institutions and suppliers
- Building a Portfolio of Human Resources That Contributes to Advances in Healthcare (Specialized Human Resources, DX Human Resources, etc.)
- Creating a Resilient Global Management Structure

Outcomes

Enhancing Social Value

Healthcare and Society

Extending Healthy Lifespans of People Around the World
- Improvement in accessibility to healthcare
- Realization of optimized healthcare
- Increases in quality of life
- Improvement in the sustainability of healthcare (optimization of medical expenses)

>>Providing Value in the Healthcare Sector P37

Environment

Realizing a recycling-oriented society
- Establishment of a circular resource value chain
- Response to climate change, water resources, and biodiversity

Increasing Corporate Value

Financial Value
- High valuation (PBR, PER)
- Capital spread
- ESG rating

Non-Financial Value
- Corporate brand
- Human resources who contribute to social issues
- Employee happiness
- Stakeholder trust

Capital Enhancement

Long-Term Corporate Strategy

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

Long-term vision **"Together for a better healthcare journey"**

Key Points of Our Strategy

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

Value

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

Advance

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

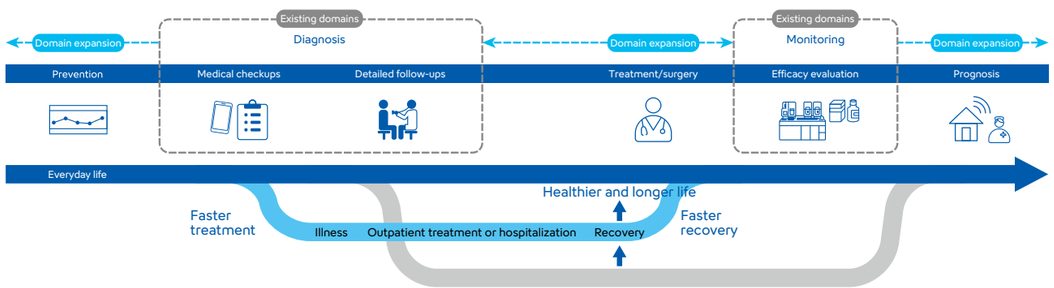
Quantitative Targets

Growth	Profitability	Achieve zero product losses	Switch to environmentally conscious materials
Net sales	Operating margin	Percentage of unused product waste	Rate of use in containers and packaging materials
¥1 trillion or more	20% or more	0.1% or less	100%

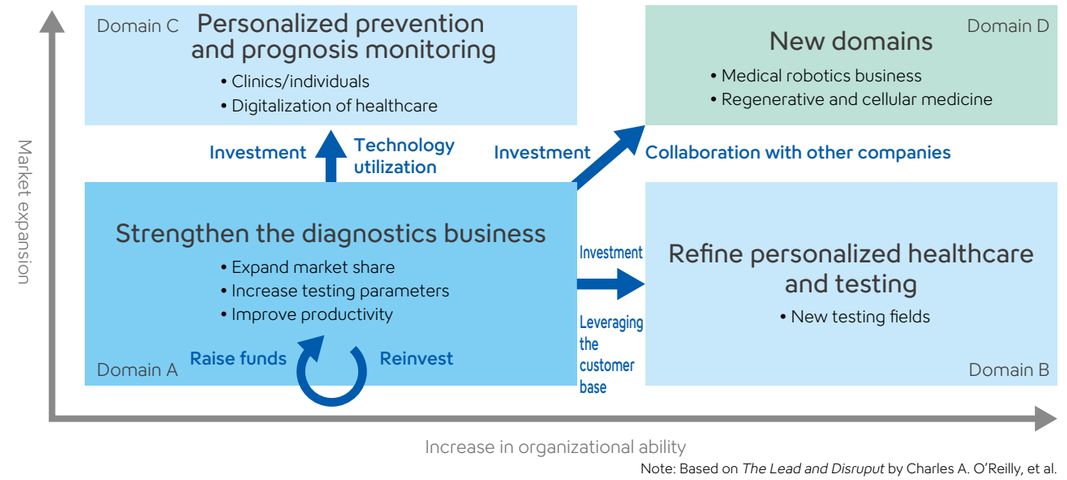
Overview of Long-Term Corporate Strategy 2033

Sysmex creates long-term corporate strategies based on its vision for the future. We use a 10-year timeframe and revise our strategy as needed in response to changes in the operating environment. Our previous long-term corporate strategy, formulated in 2018, set forth a "Unique & Advanced Healthcare Testing Company" as our long-term vision. We have been steadily expanding our business in the fields of hematology, urinalysis, hemostasis, and immunochemistry, while also developing businesses of reagents to test for Alzheimer's disease in personalized medicine, primary care, and laying the groundwork for the commercialization of new businesses such as medical robotics.

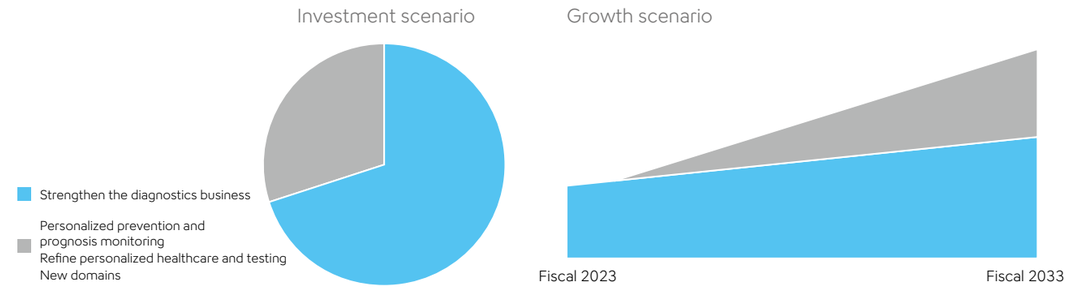
Based on these advances and our outlook for the operating environment, in 2023 we set forth our long-term vision, "Together for a better healthcare journey.," and formulated Long-Term Corporate Strategy 2033. With the aim of improving each individual's healthcare journey, enhancing quality of life, optimizing medical expenses, and improving accessibility to healthcare, we will evolve our business model, including expansion into new fields of business. >>Healthcare Journey P25



Business Domains and Strategy Design



Note: Based on *The Lead and Disruput* by Charles A. O'Reilly, et al.



With regard to business domains, we are expanding beyond our traditional base in *in vitro* diagnostics (IVD) to include disease prevention, treatment, and prognosis, and we will extend our targets to include individuals as well as medical institutions. Specifically, we have organized our strategy based on two axes—organizational ability and the market—as the figure above shows. First, we will further enhance the diagnostics business (existing business) by expanding market share, increasing the number of testing parameters, and improving productivity, among other initiatives. We will use the cash flow generated here for reinvestment in existing business and as a source of growth investment in new fields and new businesses. Specifically, we aim to refine personalized healthcare and testing, starting with the life science field, and provide our existing business customers with new products and services utilizing innovative technologies. Additionally, by leveraging technology and know-how from our existing business, we will approach clinics and individuals, expanding into new markets such as personalized prevention and prognosis monitoring. Finally, as part of our commitment to taking on challenges in new domains, we will collaborate with other companies and invest in businesses to explore therapeutic domains such as robotic-assisted surgery systems and regenerative and cellular medicine.

In designing this strategy, we have placed a greater emphasis on sustainability, taking into account the long-term vision and resetting our priorities according to the SDGs and our materiality. From here, we have outlined core strategies, consisting of business and technologies, eco-social, human capital, and corporate management. We have set a total of four quantitative targets. On the financial side, these are growth and profitability targets. We have also set non-financial targets related to product loss and environmentally friendly materials in order to achieve a circular society.

Our financial targets are net sales of ¥1 trillion or more and an operating margin of 20% or higher, with growth centering on our existing diagnostics business. Due to the potential for further growth by expanding business in emerging markets and increasing test parameters, we plan to invest approximately 70% of cash flow in the diagnostics business. Meanwhile, in new fields and businesses that will drive future growth, we plan to allocate funds to R&D investment, technology acquisition, and M&A. We view new fields and businesses as essential areas for future growth, so we will actively pursue business expansion in those areas.

Materiality (priority issues)

Sysmex's Materiality

Priority SDGs to Address		Materiality: Initiative	Materiality: Theme	Targets
3 Good Health and Well-Being		• Resolution of medical issues through innovation • Improvement in accessibility to healthcare	Creating new value for a healthy society*2	Sustainability Targets under the Mid-Term Management Plan >>P44
9 Industry, Innovation and Infrastructure 12 Responsible Consumption and Production 17 Partnerships for the Goals		• Pursuit of quality and trust • Strengthening supply chain management	Providing responsible products, services, and solutions*2	
5 Gender Equality 8 Decent Work and Economic Growth		• Increasing engagement*1 • Promotion of diversity, equity & inclusion*2 • Development of human resources • Promotion of health and occupational safety	Creating an attractive workplace	
13 Climate Action		• Resource circulation in product life cycle*2 • Reduction in environmental burden through business activities*2	Reducing environmental impacts*2	
(Governance)		• Corporate governance • Compliance • Risk management • Respect for human rights*1	Strengthening governance	

Opportunities and Threats >>P83

*1 Newly added materiality item

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

>>Status of Sustainability Targets P93

The Process of Positioning and Identifying Our Materiality

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

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

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

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

Furthermore, we established the new materiality items as the basis for setting our core strategy and monitoring indicators in our Long-Term Corporate Strategy 2033. Our core strategy was further aligned with the mid-term management plan and sustainability targets to create a framework for Sysmex's vision for value creation.

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

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

The Flow of Identifying Materiality

2017 Identify

STEP 1: Understand and Organize the Issues
Elicit global social issues and requests from stakeholders.

STEP 2: Prioritize
Evaluate medium- to long-term risks and opportunities from the perspectives of stakeholders and Sysmex, and order these according to priority.

STEP 3: Confirm Suitability
Deliberate and approve at management meetings.

2021 Review

Partially revised based on environmental analysis in conjunction with the development of the mid-term management plan.

(GRI, SASB, SDGs, sustainability index assessments)

2023 Redesign

Analyze the external environment

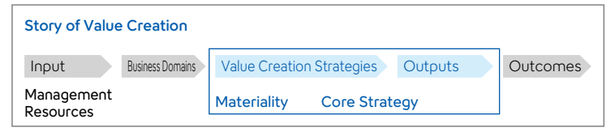
Analyze the current status | Identify priority SDGs to address ▼ Identify 14 materiality items in five fields | Long-term vision

To design materiality, we identify priority SDGs to address, while organizing issues to realize the long-term vision by backcasting, based on our previous materiality

Priority SDGs to Address



Materiality and the Organization of Strategies and Indicators



We have organized the timeline and magnitude of impact of initiatives for each materiality issue in relation to its impact on corporate value. We have also identified the key indicators in our mid-term management plan that will contribute to corporate value in the future. Please note that we assume short-term impacts will continue to affect both the medium and long term.

Blue text indicates sustainability targets.

Materiality		Impact on future corporate value*1			Long-term corporate strategy		Important indicators in the Mid-Term Management Plan (Impact on corporate value by time horizon)			Group Key Actions under the Mid-Term Management Plan >>P42
		Short term 1 to 2 years	Medium term 3 to 6 years	Long term 7 or more years	Core strategy	Major initiatives	Impact in the short term (1 to 2 years)	Impact in the medium term (3 to 6 years)	Impact over the long term (7 or more years)	
Creating new value for a healthy society	Resolution of medical issues through innovation				Businesses and technologies	• Increase number of testing parameters • Acquire and commercialize new technologies • Expand new businesses	• Market share in each field • Number of hematology tests • Number of cases with surgical robots	• Number of unique testing parameters developed • Number of cancer genomes analyzed	• Number of patents/number of new patents • Number of conference presentations and papers published	1 2 3 4
	Improvement in accessibility to healthcare					• Expand geographic coverage • Increase number of primary care products	• Number of countries where deployed, number of direct sales locations • Sales in emerging and developing markets • Number of fields of testing in countries where deployed	• Number of primary care products deployed • Sales of rapid antimicrobial susceptibility testing systems and regions where introduced		1 3
Providing responsible products, services, and solutions	Pursuit of quality and trust					• Improve customer satisfaction • Maintain world-class quality	• Number of recalls	• NPS®(Net Promoter Score)*2 • VOC (Voice of Customer) items collected • Queries to the customer service center	—	1 2 3 4
	Strengthening supply chain management					• Ensure stable supplies • Pursue quality throughout the supply chain	• Deficiency ratio • Lead times		• CSR survey response rate	1 2 3 4
Reducing environmental impacts	Resource circulation in the product life cycle				Eco-social	• Achieve zero product losses • Promote the adoption of concentrated reagents, overseas reagent production • Accelerate substitution with eco-materials (silkworms, cultured cells, etc.) • Foster collaboration throughout the supply chain		• Zero product losses • Recycling of containers and packing and utilization of environment compliance materials • Reduced use of animal-derived raw materials	• Reduction of packaging and labeling materials • Recycling rate • Reduction of total waste	5
	Reduction in environmental burden through business activities					• Reduce GHG emissions, expand the use of renewable energy • Decrease water consumption		• Ratio of renewable energy • Reduction of GHG emissions (Scopes 1, 2, 3) • Reduction of water consumption (major reagent factories)	• Reduction of using energy per employee	5
Creating an attractive workplace	Increasing engagement				Human capital	• Share vision and strategy • Enhance dialogue	• Engagement score • Percentage reporting a favorable impression of the "Sysmex Way"	• Turnover ratio		6
	Promotion of DE&I					• Foster corporate culture		• Female managers ratio	• Percentage of women at each level • Percentage reporting a favorable impression of "well-being"	6
	Development of human resources					• Increase investment in human capital • Strengthen human resource portfolio management	• Personnel plan and number of employees • Personnel expenses	• Training time per employee • Human resource development investment • Value-added productivity • Succession plan effectiveness and coverage rate		6
	Promotion of health and occupational safety					• Improve the work environment		• Total annual working hours	• Lost-term injuries frequency rate/lost work days rate	6
Strengthening Governance	Corporate governance				Corporate management	• Enhance effectiveness of the Managing Board • Increase capital efficiency • Engage in dialogue with capital markets • Augment brand recognition	• ROE • ROIC	• Effectiveness of the Managing Board • ESG rating • Voting approval rate		5
	Compliance Risk management Respect for human rights					• Reinforce the management structure • Accelerate DX	• Number of information security trainees	• Percentage of women and non-Japanese nationals in management • Number of internal reports		5

*1 The shade of blue represents the intensity of the impact.
*2 NPS® is a registered trademark of Bain & Company, Fred Reichheld, and Satmetrix Systems.

Core Strategy

Core Strategies

Businesses and Technologies

Strengthening Our Diagnostics Business
Positioning this business as a driver of revenue growth, we will work to improve laboratory productivity and expand testing that leads to new diagnostic indicators. We will concentrate on the hematology field, where we are the overwhelming market leader, as well as the urinalysis, hemostasis, and immunochemistry fields. We will develop products and unique testing parameters that meet the healthcare needs of emerging markets and various countries and regions, and strive to deliver new value that spans testing fields.

Refine Personalized Healthcare and Testing
In addressing societal challenges such as cancer and Alzheimer's disease, we aim to provide new diagnostic value through the integration of new and existing technologies. This includes the practical application of liquid biopsy technology, expanding our genetic testing portfolio, and developing diagnostic solutions that leverage genetic information.

Realize Personalized Prevention and Prognosis Monitoring
In this domain, we will focus on developing primary care products that expand the locations and subjects for testing, in response to the decentralization of healthcare and the increasing demand for self-medication. We will also work on new tests targeting the presymptomatic and preventive domains, as well as developing programs for predictive testing.

Undertake Challenges in New Domains, such as Medical Robotics
We will continue to explore new areas, including the surgical domain, where we aim to provide surgical solutions. We will also pursue opportunities in the areas of regenerative and cellular medicine, where we will make full use of the quality control and robotics technologies cultivated through our IVD business.

Eco-social

Establishment of a Circular Resource Value Chain/Achieve Carbon Neutrality
We will strive to build a business model that balances the resolution of environmental and social issues with business expansion through reforms to the value chain that are adapted to a circular-oriented society. In addition to efforts to achieve carbon neutrality and conserve water resources in our business operations, we will focus on environmentally conscious design in instruments and reagents. We will also accelerate the adoption of alternatives to animal-derived substances and of environmentally conscious materials.

Human Capital

Optimization of the Human Resources Portfolio/High Engagement/Demonstration of Teamwork at its Best
We will strive to attract and cultivate highly skilled professionals to build an optimal talent portfolio that allows us to make advances in healthcare. We will respect the individuality of diverse personnel and foster a workplace environment that promotes the well-being of each person, while providing growth opportunities. Additionally, we will focus on evolving a corporate culture and developing leaders across the Group.

Corporate Management

Reinforce the Management Base/Increase Capital Efficiency
To promote innovation and execute our strategies, we will establish a self-directed and agile organizational management structure. We will enhance the utilization of external resources through alliances and open innovation, strengthen our Group governance and risk management systems by using digital technologies, and strive to increase capital efficiency. Additionally, we will expand two-way dialogue with stakeholders and enhance our brand value.

Major Initiatives

Innovation
- Increase number of testing parameters
- Acquire and commercialize new technologies
- Expand new businesses

Access to healthcare
- Expand geographic coverage
- Increase number of primary care products

Quality
- Improve customer satisfaction
- Maintain world-class quality

Supply chain
- Ensure stable supplies
- Pursue quality throughout the supply chain

Resource recycling
- Achieve zero product losses
- Accelerate substitution with eco-materials
- Foster collaboration throughout the supply chain

Climate change/energy countermeasures
- Reduce GHG emissions, expand the use of renewable energy
- Decrease water consumption

Engagement, DE&I
- Share vision and strategy, enhance dialogue, foster corporate culture

Cultivation of human resources
- Increase investment in human capital
- Strengthen human resource portfolio management

Occupational health and safety
- Improve the work environment

Reinforcement of governance
- Enhance effectiveness of the Managing Board
- Increase capital efficiency
- Engage in dialogue with capital markets
- Augment brand recognition
- Reinforce the management structure
- Accelerate DX

Quantitative targets

<<Growth>>
Net Sales — ¥1 trillion or more (fiscal 2033)

<<Profitability>>
Operating Margin — 20% or more (fiscal 2033)

<<Product losses>>
Percentage of unused product waste — 0.1% or less (fiscal 2033)

<<Environment>>
Rate of recycled or environmentally conscious materials used in containers and packaging/labeling materials — 100% (fiscal 2033)

<<Sharing the Vision>>
Ratio of favorable responses to the Sysmex Way — 75% or more (fiscal 2025)

<<Capital Efficiency>>
ROE — 16% or more (fiscal 2025)

Increase in Corporate Value

Profit Growth

Reduction in Cost of Capital

Higher Capital Efficiency

Providing Value in the Healthcare Sector

In the healthcare sector, its main sphere of operations, Sysmex is working to respond to healthcare issues faced by patients and medical institutions. By providing new value, we aim to realize a better healthcare journey and contribute to the extension of healthy lifespans for people around the world.

Stages of the Healthcare Journey >>P25	Healthcare issues of importance to Sysmex	Directions of Sysmex's initiatives	Specific Outputs	Outcome Value for medical institutions	Outcome Value to society
Fundamental Testing (Medical Checkups)	Reduction of disparities in healthcare Developed countries: ★★ Emerging markets: ★★★	• Support testing systems and expand sales networks in regions where basic medical care needs to be improved, such as emerging markets • Expand primary care products • Provide medical information to healthcare professionals Core Fields Hematology, hemostasis, urinalysis	• Develop a diverse product portfolio, including compact models • Achieve adoption as standard equipment • Provide medical and scientific information • Provide product training • Analyze big data from testing*	• Automate and standardize testing for any environment • Improve levels of medical care	Extend Healthy Lifespans of People around the World Improvement in Accessibility to Healthcare • Testing for everyone, expansion of healthcare Realization of Optimized Healthcare • Choose the best medical treatment for each individual (realization of personalized medicine) • Undergo testing with less mental, physical, and financial burden • Access advanced medical technology • Progress in the treatment of diseases with high unmet needs • Improve the treatment completion rate Increases in Quality of Life • Healthy everyday lives • Prognosis forecasting Improvement in the Sustainability of Healthcare • Optimize medical costs
	Improve laboratory efficiency Developed countries: ★★★ Emerging markets: ★★★	• Automate testing system • Provide new value through IT software Core Fields Hematology, hemostasis, urinalysis, immunochemistry	• Provide new automated systems • Offer new systems to reduce the workload of laboratory technologists, such as concentrated reagents • Promote virtual training for products • Expand the Caresphere™ network solution	• Improve management efficiency by increasing laboratory productivity • Achieve cross-disciplinary decision-making across fields of testing	
Detailed Follow-Ups	Creation of new testing and diagnostic techniques to reduce patient burdens Developed countries: ★★★ Emerging markets: ★★	• Create new testing technologies through open innovation • Refine gene detection technology Core Fields Hematology, hemostasis, urinalysis, immunochemistry, gene testing	• Develop new testing and diagnostic systems and biomarkers • Develop low-cost and efficient gene testing*	• Realize appropriate diagnosis, treatment, and drug administration • Promote personalized medicine by realizing highly versatile genomic medicine	
Treatment, Surgery	Achievement of early patient recovery, reduction of burdens, and cost decreases Developed countries: ★★★ Emerging markets: ★	• Realize new treatments and diagnoses • Achieve results in regenerative and cellular medicine Core Fields Medical robotics business, regenerative and cellular medicine domain	• Expand services and support cultivated in the field of IVD into the operating room* • Establish production and quality control technologies for regenerative and cellular medicine*	• Enhance and improve efficiency of robotic-assisted surgery system • Improve cure rate through the spread of regenerative and cellular medicine	
Prevention Efficacy Evaluation Prognosis	Diagnosis of recurrence risk, and prevention Response to the decentralization of medical functions Developed countries: ★★★ Emerging markets: ★	• Use AI in prevention and prognosis monitoring • Endeavor to enhance healthcare literacy Core Fields Gene testing, new business	• Conduct data-based monitoring (public health, etc.)* • Provide mechanism for efficient centralized management of various types of medical data	• Halt the expansion of emerging and re-emerging infectious diseases • Strengthen medical institution and home healthcare networks	

★: Degree of need over the next five years

* Technologies and products under development

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.

2017 — 2018 — 2019 — 2020 — 2021 — 2022 (Fiscal year)

Mid-Term Management Plan (2017–2019)

Theme
- Returning to a growth trajectory

Results
- Launched new products (hemostasis, life science: gene panel testing, etc.)
- Expanded our direct sales area (Egypt, India)
- Established a bio-reagent center

Issues
- Optimization of product life cycles
- Developing of professional human resources from a medium- to long-term perspective
- Reforming our business processes through DX

Mid-Term Management Plan (2019–2021)

Themes
- Enhancing our competitive advantage and expanding our business portfolio
- Reforming the Group's human resource management

Results
- Launched new products (hematology: high-end, low-end, and tests related to COVID-19)
- Sold robotic-assisted surgery system
- Introduced job-based HR management

Issues
- Business structure reform (increase sales ratios of non-hematology fields)
- Further growth in emerging markets
- Identification and practice of materiality

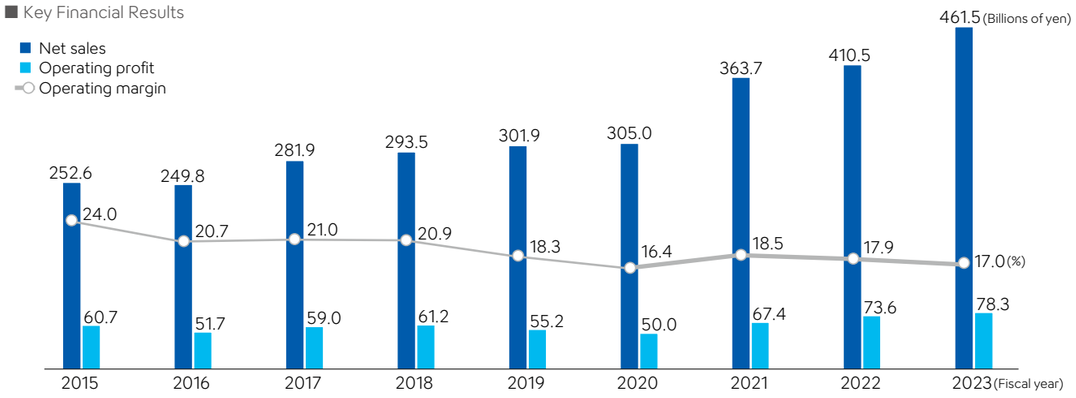
Mid-Term Management Plan (2021–2023)

Themes
- Sustaining the expansion of our corporate scale and developing new businesses
- Improving sustainability management and further promoting DX

Results
- Launched new products (immunochemistry: expanded reagent parameters such as for testing for Alzheimer's disease, etc.)
- Reinforced our business in emerging markets, such as Brazil and Saudi Arabia
- Declared our intention to achieve carbon neutrality
- Transitioned to global core systems

Issues
- Increased competitiveness and market expansion in the diagnostics business
- Acceleration of business growth in new domains
- Promotion of sustainability management and human capital management

■ Key Financial Results



Overview of the Mid-Term Management Plan

Background to Formulation of the Mid-Term Management Plan

Long-Term Corporate Strategy 2033 (VA33)

- Achieving a better healthcare journey
- Practicing sustainability management (coexistence with the environment and society)

Recognition of the Environment

- Increasingly sophisticated medicine (expansion of personalized medicine through genetic testing, etc.)
- Decentralization of medical functions
- Accelerating digitalization
- Manifestation of geopolitical risks
- Shift toward a recycling-oriented society

Issues under the Previous Mid-Term Management Plan

- Expansion of product portfolio to enhance competitiveness
- Promotion of strategies focused on emerging markets
- Early commercialization of new business domains
- Development of a more viable management structure
- Further promotion of environmental preservation

Mid-Term Management Plan (Fiscal 2023–2025)

Implementation of a transformation scenario to achieve growth through innovation and strengthen the corporate foundation to realize the long-term vision

Three Growth Strategies

1. Reinforcement of existing businesses (P45)
2. Business expansion in emerging markets (P47)
3. Expansion of new businesses (P48)

Reinforce the management base (management resources)

- Strengthen R&D capabilities (P49)
- Step up intellectual property activities (P51)
- Use DX to achieve further growth (P52)
- Expansion of procurement, production and distribution structures (P53)
- Expand the sales, service and support structure (P54)
- Realize a circular value chain (P55)
- Enhance human capital (P57)

Group Key Actions (GKA) 1 – 6

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.

Long-Term Corporate Strategy
Core Strategy

Businesses and Technologies

Eco-social

Human Capital

Corporate Management

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

1 Enhance competitiveness and expand markets through innovation in diagnostics business domain

Achieve sustainable growth in the diagnostics business, which is a pillar of profitability and growth under this plan

- Hematology: Accelerate global development and launch of new products
- Hemostasis: Establish and commence systems for direct sales, service and support in Europe and the United States
- Immunochemistry: Expand the reagent portfolio and roll out Alzheimer's disease testing in the United States and Europe
- In emerging markets, provide products and services that contribute to improvements in accessibility to healthcare

2 Accelerate commercialization centered on genetic testing in the domain of personalized medicine

Establish business for next-generation medical care by expanding and utilizing gene panel testing, liquid biopsy technology, etc.

- Develop new parameters using liquid biopsy technology (cells, proteins, genes)
- Create new diagnostic value by combining testing technologies through alliances
- Accelerate the introduction into the Chinese market of products using the OSNA method

3 Create a new business model in the domains of prevention and self-medication

Make contributions in new areas in light of the decentralization of medical functions and increasing awareness toward disease prevention among individuals

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

4 Accelerate business growth in the therapeutic domain, centered on the medical robotics business

Accelerate the introduction of the robotic-assisted surgery system in the domestic market and promote its global development
Create regenerative medicine products; automate and digitalize cell production and quality testing

5 Realize a circular resource value chain and transform with a view to solving social issues

Promote environmentally friendly design to realize a circular value chain

- Step up efforts to reduce product waste, including through promotion of recycling
- Strengthen efforts to reduce GHG emissions and elicit cooperation from suppliers

6 Enhance corporate value by strengthening human capital and management base

Expand the Group's human resources portfolio based on the long-term corporate strategy

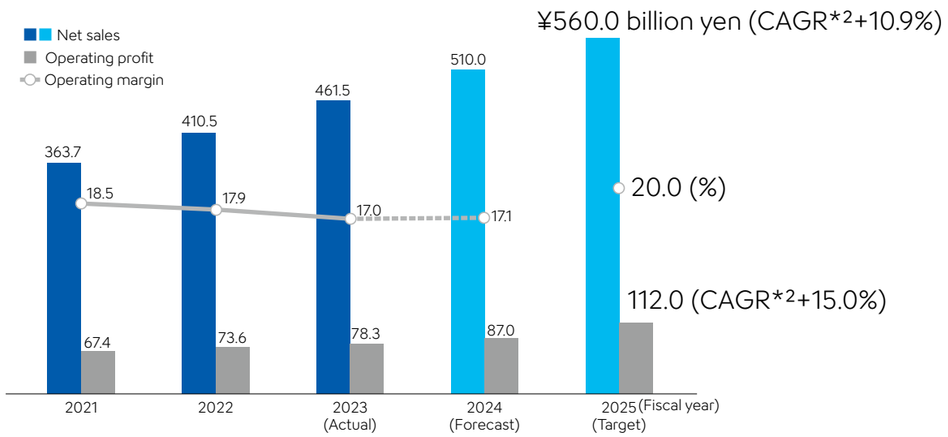
- Attract, cultivate, and deploy highly skilled professionals and other human resources
- Develop next-generation leaders for key global positions
- Strengthen DE&I initiatives through flexible work styles

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

(Billions of yen)

	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

(Billions of yen)

	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	• Developments/facilities in emerging markets (such as India) • Promotion of digitalization • Expeditious M&A
Shareholder returns	¥46.8 billion	• Payout ratio of 30% or more • Steady dividend increases backed by rising performance	
R&D expenses	¥80.3 billion	¥125.0 billion	• 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	Number of hematology tests	3,325 million	*1
		Number of cases with surgical robots	2,903	*1
	• Improvement in accessibility to healthcare	Sales in emerging markets and developing countries	¥164.6 billion	*1
● Providing responsible products, services, and solutions	• Pursuit of quality and trust	Number of recalls*2	2	*1
	• Strengthening supply chain management	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
	• Development of human resources	Training time per employee	24.4 hours	40.0 hours
		Value-added productivity (Group)	¥19.97 million	¥22.50 million
	• Promotion of health and occupational safety	Total annual working hours*2	2,017 hours	1,980 hours
● Reducting 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.

■ Rollout of Growth Strategies for Each Region
(During the Period of the Mid-Term Management Plan)

	Americas	EMEA	China	AP	Japan
1 Reinforcement of existing businesses	● Start of direct sales in the hemostasis and immunochemistry fields	●	●	●	●
2 Business expansion in emerging markets	● Growth in Brazil, the Middle East and Africa, India, and other locations	●	—	●	—
3 Expansion of new businesses	—	—	—	● Expansion of the medical robotics business	●

● Existing growth drivers ● New Growth Drivers

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

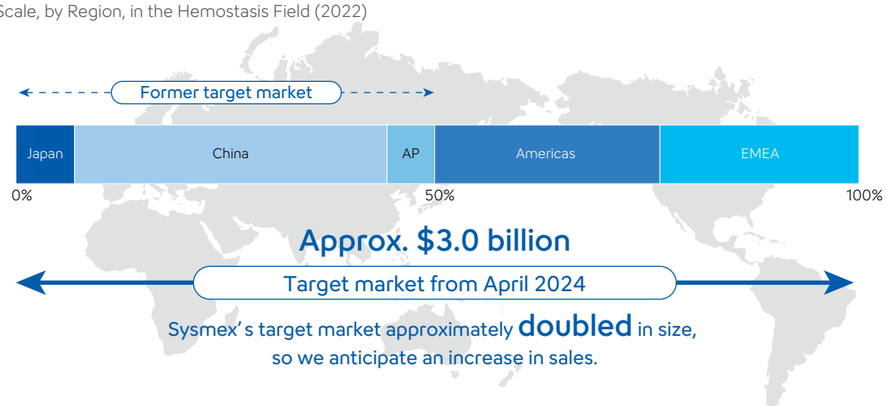
- By eliminating the split of sales territory with Siemens Healthineers, Sysmex doubled the target market.
- In addition to instruments, we began selling high-margin reagents and consumables in Europe and the United States.

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.

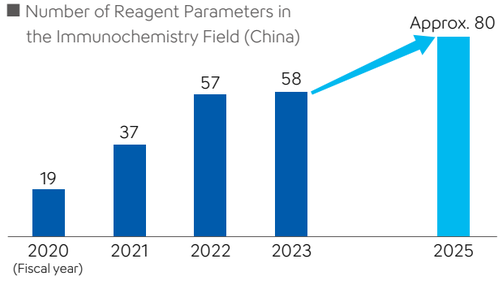
Immunochemistry is the largest segment of the IVD market. Sysmex has been focusing on the development of unique testing parameters and expanding its lineup in various regions. In particular, in China our number of testing parameters has tripled over the past four years in response to specific regional 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

■ Number of Reagent Parameters in the Immunochemistry Field (China)

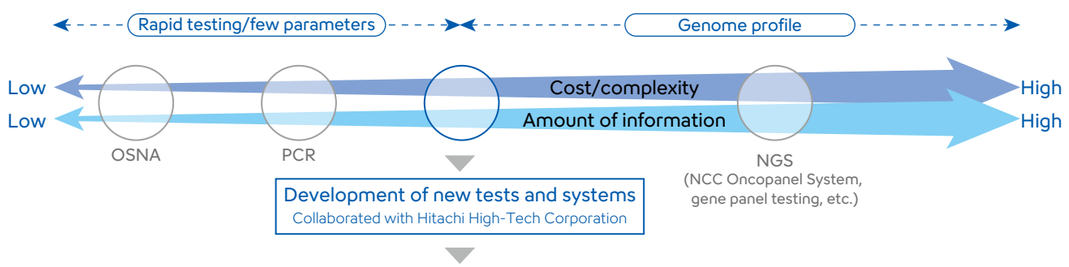


Expansion and shift to profitability in the life science field Group Key Actions 2 3

- 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

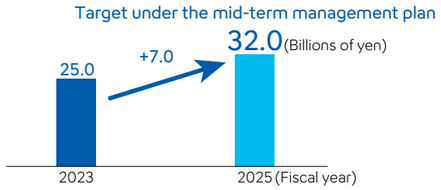
Efforts to expand business in emerging markets — Group Key Action 1

- 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.

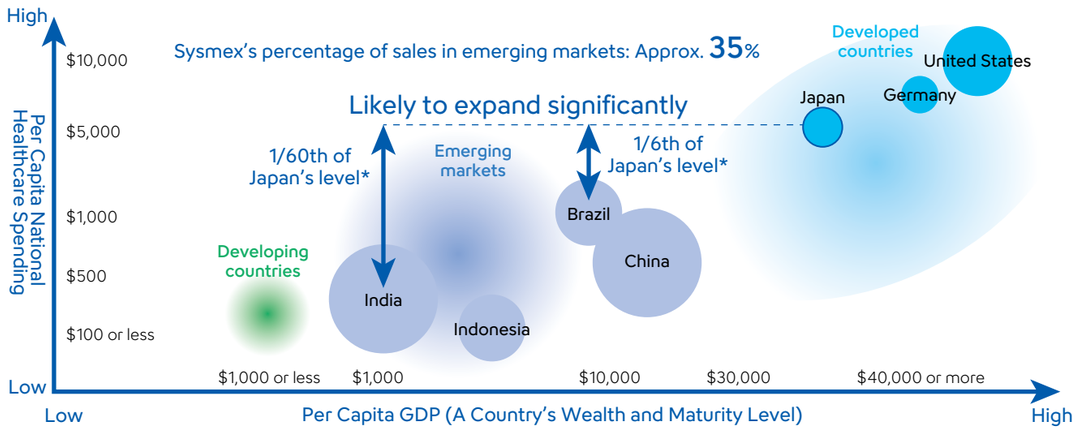
Emerging markets have high growth potential due to factors such as economic growth, population increases, and demographic aging. In terms of per capita spending on healthcare, Brazil is approximately 1/6th the size of Japan, while India is around 1/60th the size, suggesting significant opportunities 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.

■ Total Sales in India, Brazil, the Middle East, and Africa



■ The Potential Healthcare Market



Ratio of national health care expenditures per capita Note: Sizes of circles indicate population levels.



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 Medicaroid 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 Medicaroid to become profitable on an annual basis in fiscal 2025, and we will nurture the company into a new pillar of business for Sysmex.

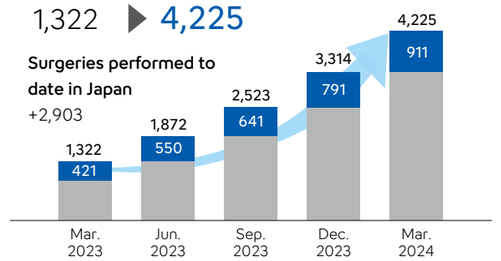
* Medicaroid Corporation: A joint venture between Sysmex Corporation and Kawasaki Heavy Industries, Ltd.



Robotic-assisted surgery system

Units installed
Fiscal 2022 35 ▶ Fiscal 2023 55

■ Surgeries Performed Using the Robotic-Assisted Surgery System



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. Magakaryon 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

Strengthen R&D Capabilities

Future Initiatives to Achieve Growth Strategies

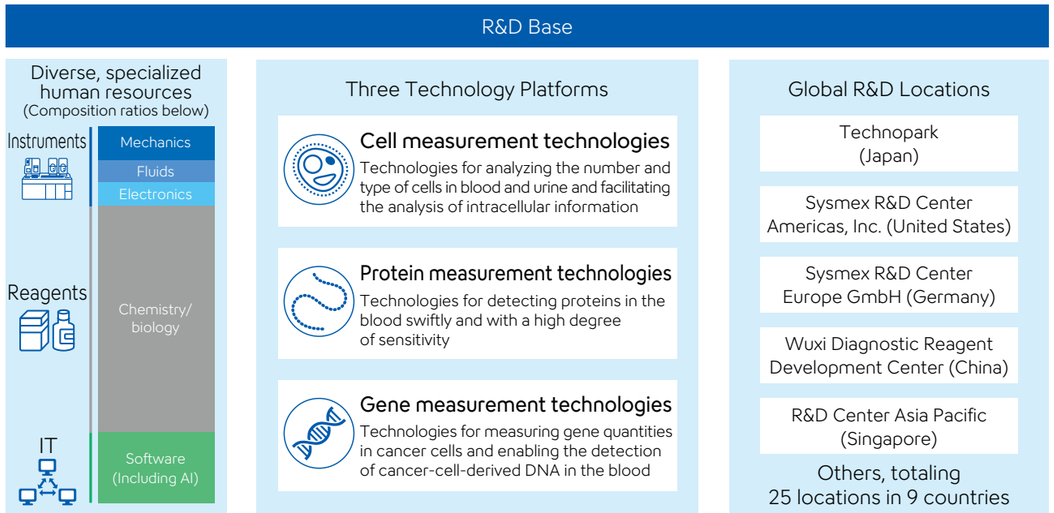
- Accelerate development by strengthening the functions of overseas R&D centers and through open innovation
- Promote development of products that realize the touch-free concept and meet the needs of emerging markets
- Pursue development aimed at refining personalized medicine

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.



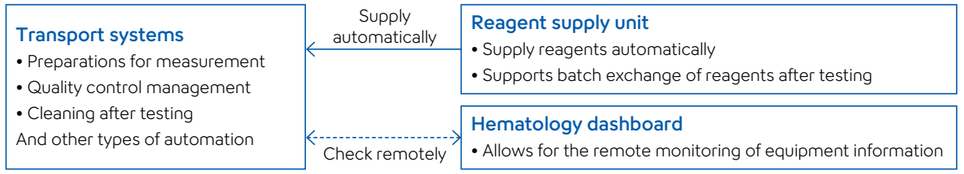
[Instruments and IT] Realizing the Touch-Free Concept

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.

■ Touch-Free Concept in the Hematology Field





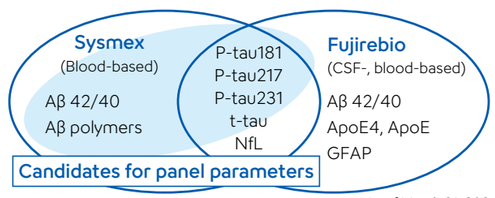
Automated Hematology Analyzers

[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.

■ Expansion of Testing Parameters for Patients with Neurodegenerative Diseases (Alzheimer's Disease)



As of March 31, 2024



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

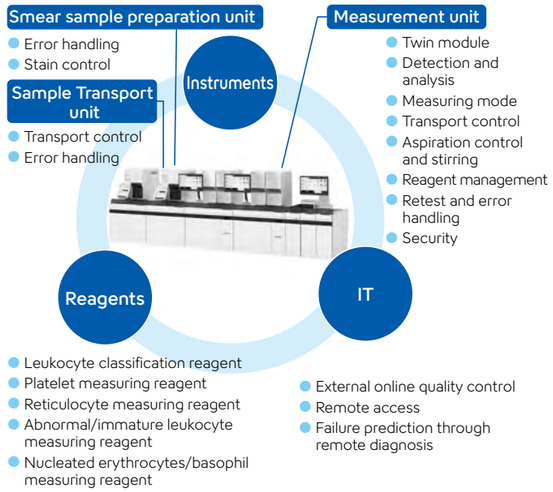
- Apply for and maintain patents to ensure competitive advantage through future value-added products
- Promote the acquisition of patents in emerging markets

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.

■ Main Patents Held on Multiparameter Automated Hematology Analyzers



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.

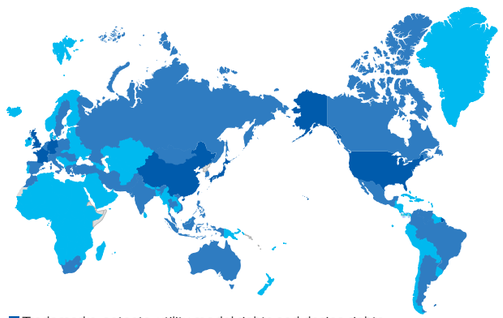
Intellectual Property Activities That Support the Global Business Expansion

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.

■ Regions Where We Have Filed for Trademarks, Patents, Utility Model Rights and Design Rights



- Trademarks, patents, utility model rights and design rights
- Trademarks, carefully selected patents, utility model rights, and design rights
- Trademarks

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 suboptimal 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%	• Accelerated market launch of new products and peripheral devices in the hematology field • Launched Alzheimer's disease test reagent and encouraged the spread of blood-based Alzheimer's disease testing • Accelerated market launch of robotic-assisted surgery systems by upgrading and expanding the range of applicable departments
Americas	75.8%	• Strengthened sales, scientific, service and support systems in conjunction with the expansion of the direct sales area in the hemostasis field • Introduced 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%	• Strengthened sales, scientific, service and support systems in conjunction with the expansion of the direct sales area in the hemostasis field • Strengthened sales, scientific, service and support systems for market development in the immunochemistry field in line with the launch of the Alzheimer's disease test reagent • Experienced market expansion in Italy, Saudi Arabia, and other countries and regions that have transitioned to a direct sales and service structure
China	1.8%*	• Strengthened sales promotion by expanding knockdown production (hematology, hemostasis, urinalysis) in response to preferential measures • Won 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%	• Strengthened sales, service and support systems in preparation for expansion in the Indian market • Obtained 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 CO_2 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

■ Long-Term Environmental Objectives (Fiscal 2033)

(Base year: Fiscal 2022)

Climate change	Water	Resource circulation	Biodiversity
Use of renewable energy **90% or more** Reduction of GHG emissions (Scopes 1 and 2) **55% reduction** Reduction of GHG emissions (Scope 3) **35% reduction**	Water consumption by main reagent factories **90pt reduction**	Disposal of unused Sysmex products **Zero** Total waste per unit of net sales **15% reduction** Percentage of containers and packaging materials recycled, and environmentally conscious materials used **100%**	Expanded lineup of products made from animal-derived raw materials

■ 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)

CARBON NEUTRAL

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

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"

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

■ 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.

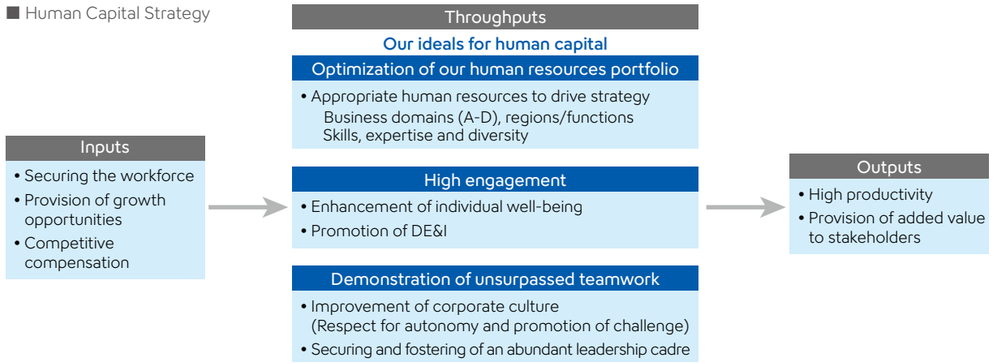
Worksite Commentary: Reducing Waste in the Reagent Manufacturing Process

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

■ Human Capital Strategy



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

The first ideal is "optimization of our human resources portfolio." This refers to allocating talent appropriately so they can contribute to the implementation of our strategies and the sustainable enhancement of corporate value. To this end, we will work on organizational development from a multidimensional perspective, considering business domains, functions, skills, expertise, and diversity that align with our management strategy.

The second ideal, "a high engagement," means that each employee is fulfilled both mentally and physically, and they are attaining their own sense of fulfillment. To achieve this goal, we will strive to create a working environment that facilitates the well-being of each individual and provides opportunities for employee growth. Additionally, we will promote fair and equitable opportunities, drive DE&I initiatives, and create systems that enable diverse human resources to thrive, regardless of time, location or employment status.

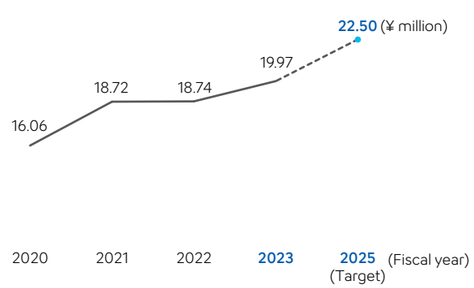
The third ideal is "demonstration of unsurpassed teamwork." To maximize teamwork, it is crucial to foster a corporate culture that respects independence and a challenging spirit, as well as ensuring an abundant pool of leaders and nurturing their development. Sysmex will continue to recruit and develop leaders who can drive both existing and new businesses by enhancing visibility and providing enough training opportunities for succession to key global positions. Regarding organizational culture, we will publish the results of our annual corporate culture survey to employees and engage in dialogue with them.

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

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.

■ Value-Added Productivity per Employee* (Group)



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

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.

>>R&D P49

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 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.

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

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

■ 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

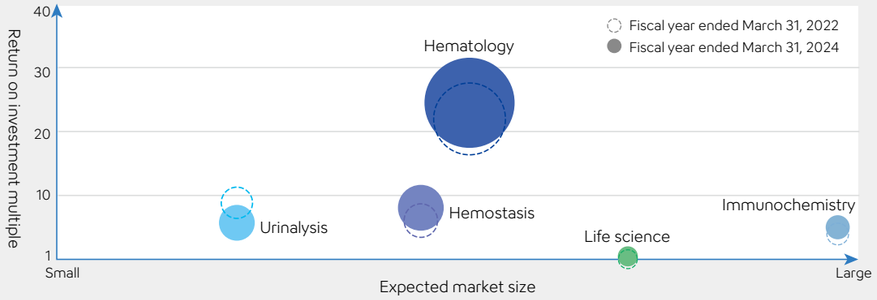
Use ROIC to Improve Capital Efficiency

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

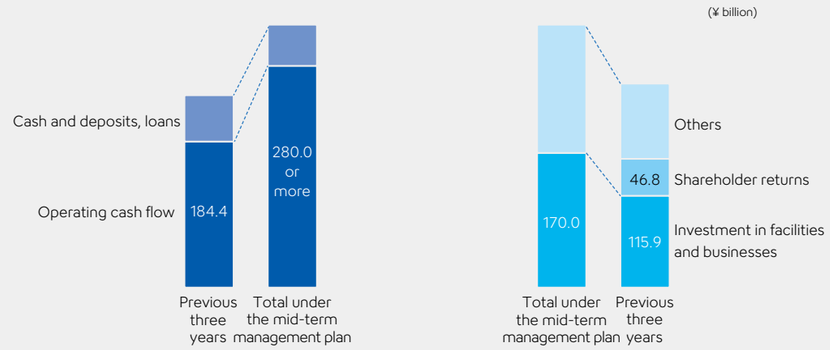
■ Return on Investment Multiples for Individual Businesses (Figure 4)



Note: The size of the circles indicates the scale of our sales.
Life science includes only the molecular diagnostics domain.

■ 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)

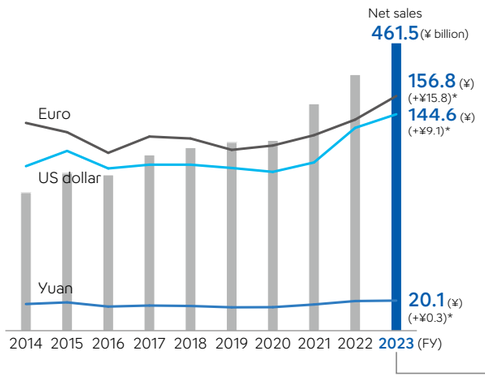
Figures for 2014 are presented in accordance with Japanese GAAP. From fiscal 2015, figures are presented in accordance with IFRS.

Financial Performance

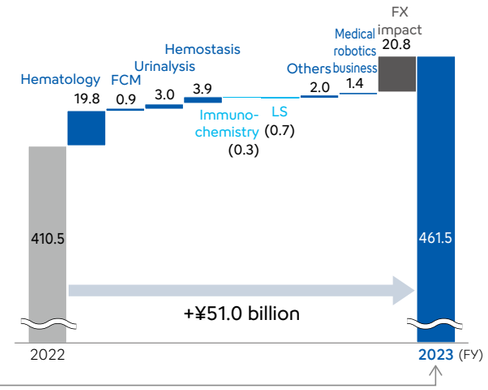
Net Sales

¥461.5 billion

(Up 12.4% year on year)



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

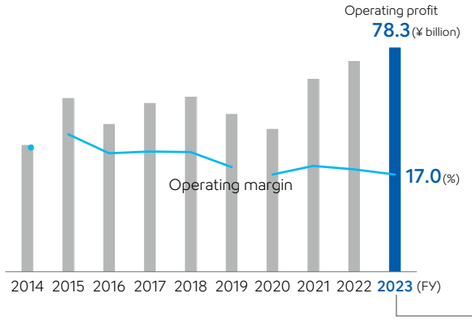


In fiscal 2023, in the hematology field we expanded local production of instruments in China, and instrument sales rose in India and other emerging markets. Also, an increase in the installed instrument base pushed up the number of tests, driving up reagent sales and overall sales in the hematology field. 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.

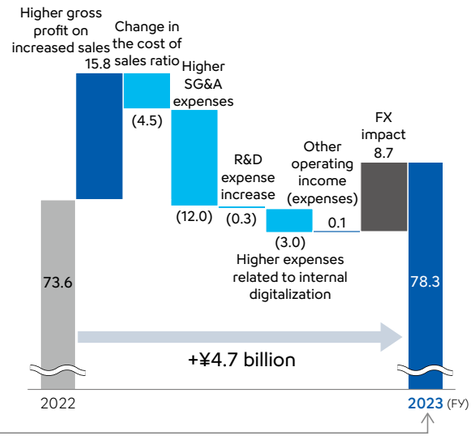
Operating Profit/Operating Margin

¥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

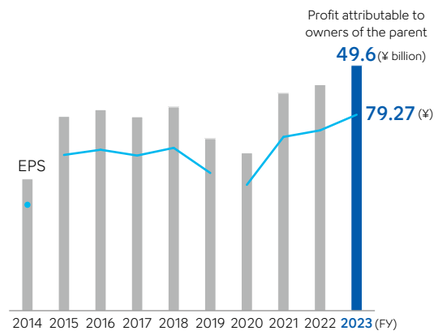


In fiscal 2023, personnel expenses rose, mainly due to inflation in Europe and the United States. SG&A expenses rose, due to vigorous sales, services, and support in line with business expansion, and expenses and amortization expenses were up in line with investment in digitalization. Despite these factors,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

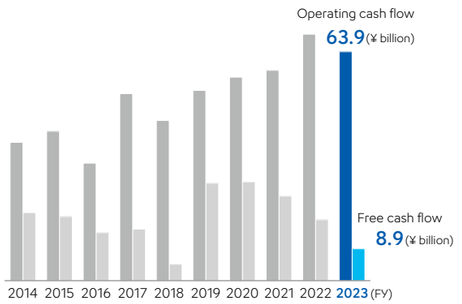


Profit increased, owing to higher operating profit and the impact of foreign exchange losses (gains).

Operating Cash Flow/ Free Cash Flow

¥63.9 billion **¥8.9 billion**

(Down 7.2% year on year) (Down 47.7% year on year)

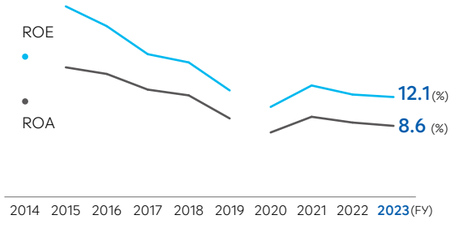


The increase in sales required additional working capital, causing net cash provided by operating activities to decrease. Net cash used in investing activities increased due to proactive investment, including for digitalization and the establishment of bases in emerging markets. Free cash flow decreased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

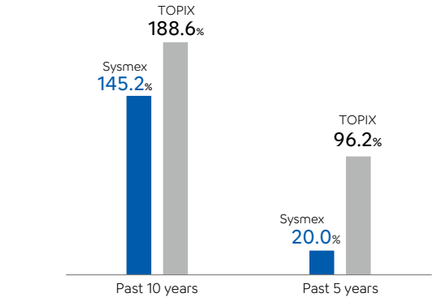


These indicators decreased despite higher profit, owing to a rise in the sum of equity attributable to owners of the parent and assets.

Total Shareholder Return (TSR) (Annualized Rate)

145.2% **20.0%**

(Past 10 years) (Past 5 years)



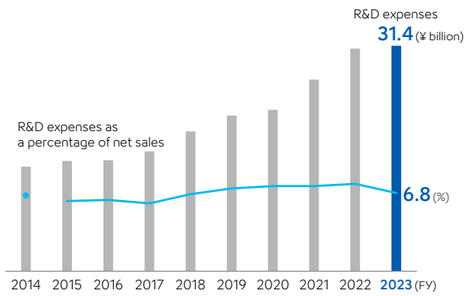
Despite stable ongoing dividends, TSR is below TOPIX, due in part to a dip in the share price.

Financial and Non-Financial Performance

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

¥31.4 billion (Up 1.1% year on year)

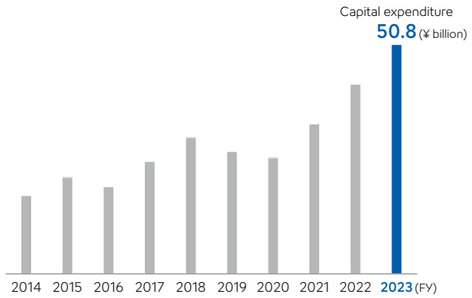
6.8% (Down 0.8 percentage points year on year)



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.

Capital Expenditure (including tangible and intangible)

¥50.8 billion (Up 21.0% year on year)

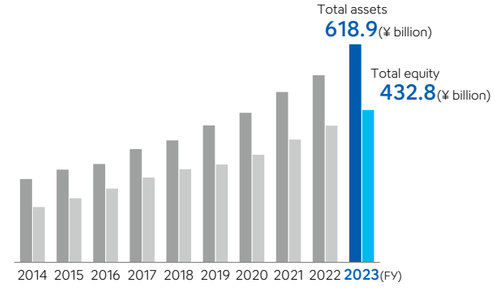


Capital expenditure rose, due to the establishment of bases and a rise in customer lease assets in line with investment in digitalization and the establishment of bases in emerging markets.

Total Assets/Total Equity

¥618.9 billion (Up 16.5% year on year)

¥432.8 billion (Up 11.5% year on year)

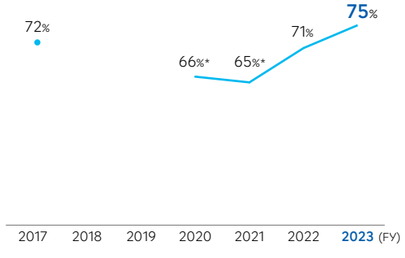


Assets: Trade and other receivables, property, plant and equipment, and intangible assets increased.
Equity: Retained earnings increased.

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.

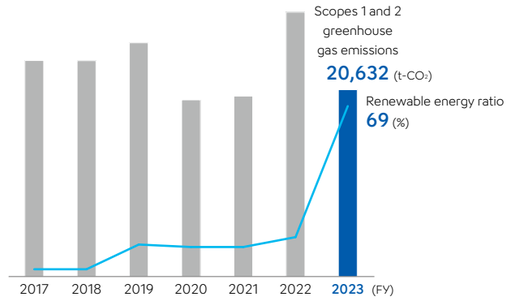
* Figures exclude EMEA in fiscal 2020 and fiscal 2021.

Non-Financial Performance

Scopes 1 and 2 Greenhouse Gas Emissions/ Renewable Energy Ratio

20,632t-CO_2 (Down 29% year on year)

69% (Up 53 percentage points year on year)

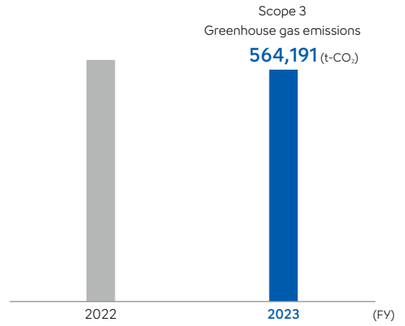


In addition to switching to renewable energy sources, mainly at major sites in Japan, the Company has promoted the installation of energy-saving equipment, resulting in a significant reduction in greenhouse gas emissions.

Scope 3 Greenhouse Gas Emissions

564,191t-CO_2

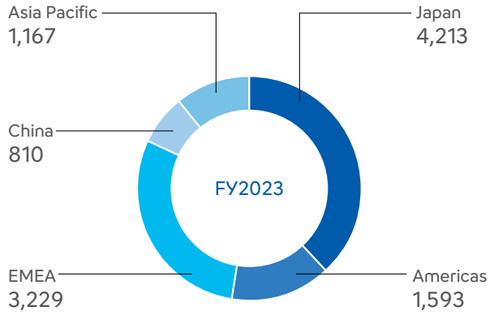
(Down 4% year on year)



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

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

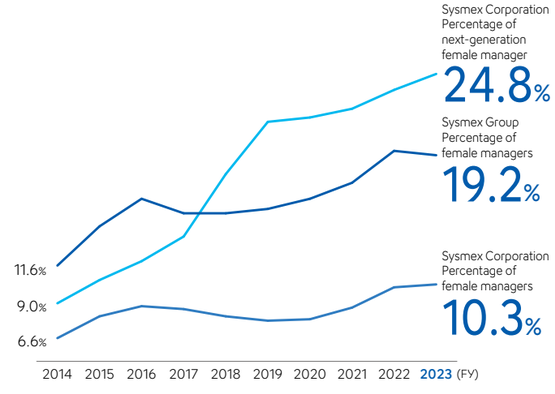
11,012 **61.7%**



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

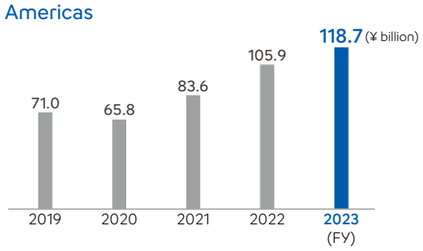
Percentage of female managers/ Percentage of next-generation female managers

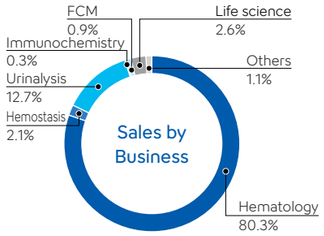


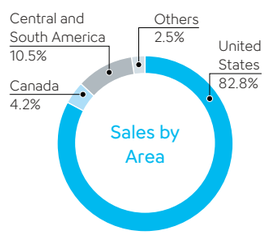
The percentage of female managers in overseas regions increased, particularly in the United States. The figure also improved in Japan, owing to a new personnel system that offers more diverse career options.

Net Sales by Destination

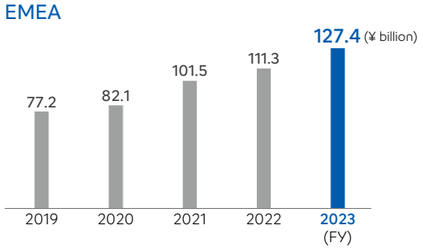
Americas

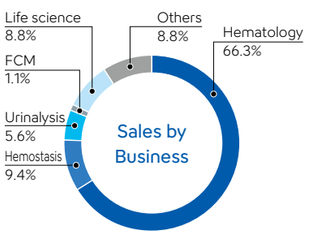


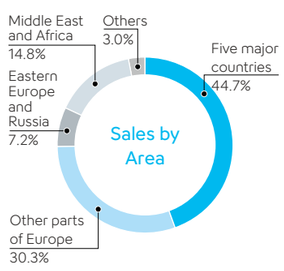




EMEA

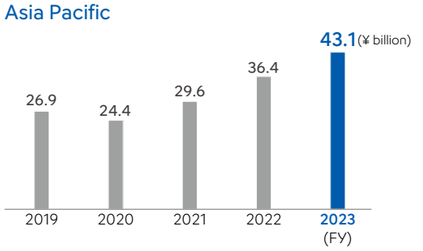


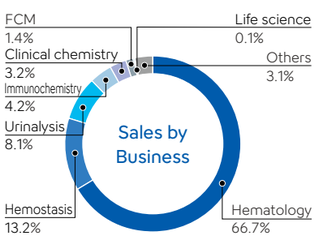


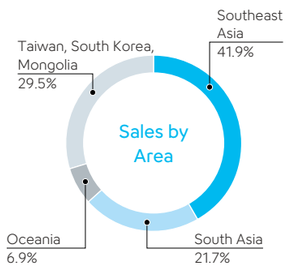


China

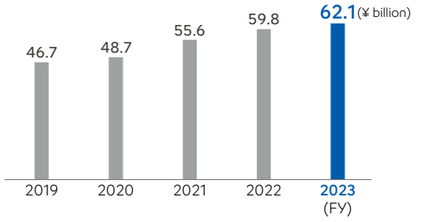
Asia Pacific

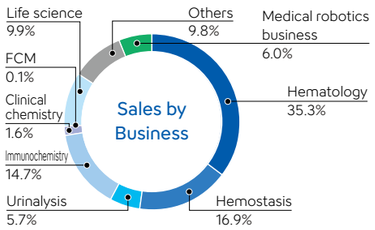






Japan





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.

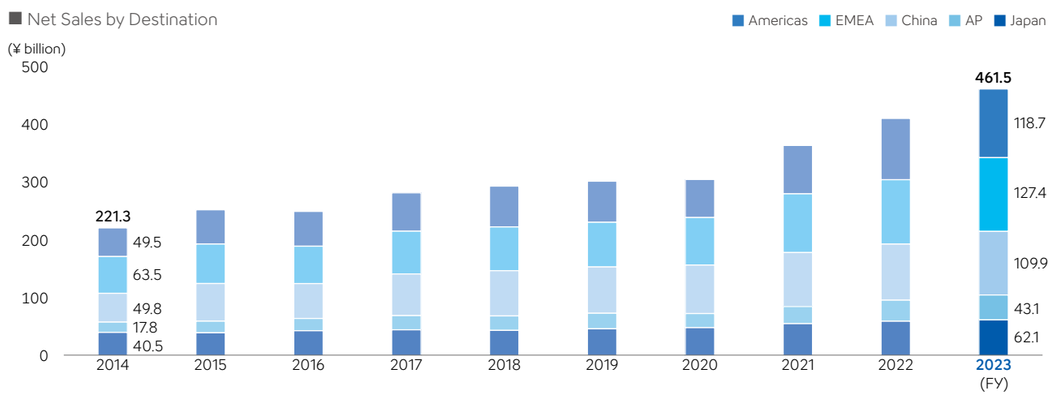
Asia Pacific

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



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

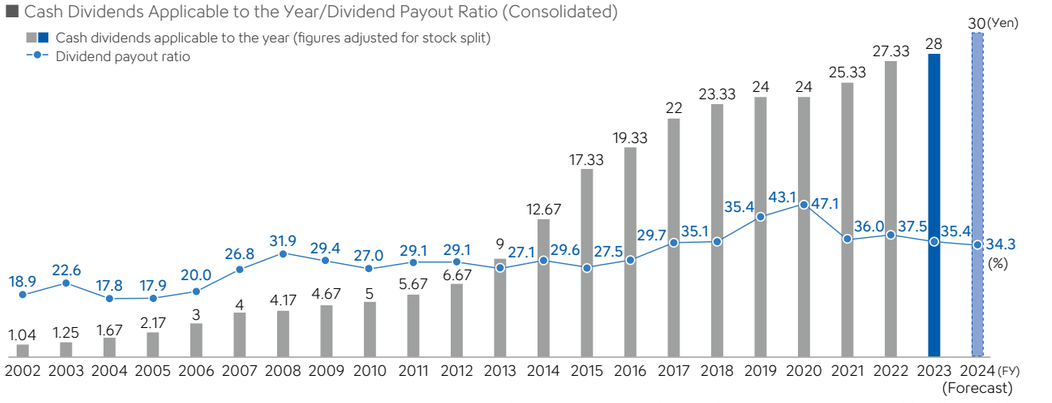
Sysmex raises working capital as necessary through short-term bank loans and other means. Consolidated subsidiaries obtain bank loans as needed to secure working capital, but in October 2003, the Company introduced a cash management system (CMS) to increase efficiency by unifying financing and capital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



Note: Two-for-one stock splits conducted on November 18, 2005, April 1, 2011 and April 1, 2014.
Three-for-one stock splits conducted on April 1, 2024.

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.

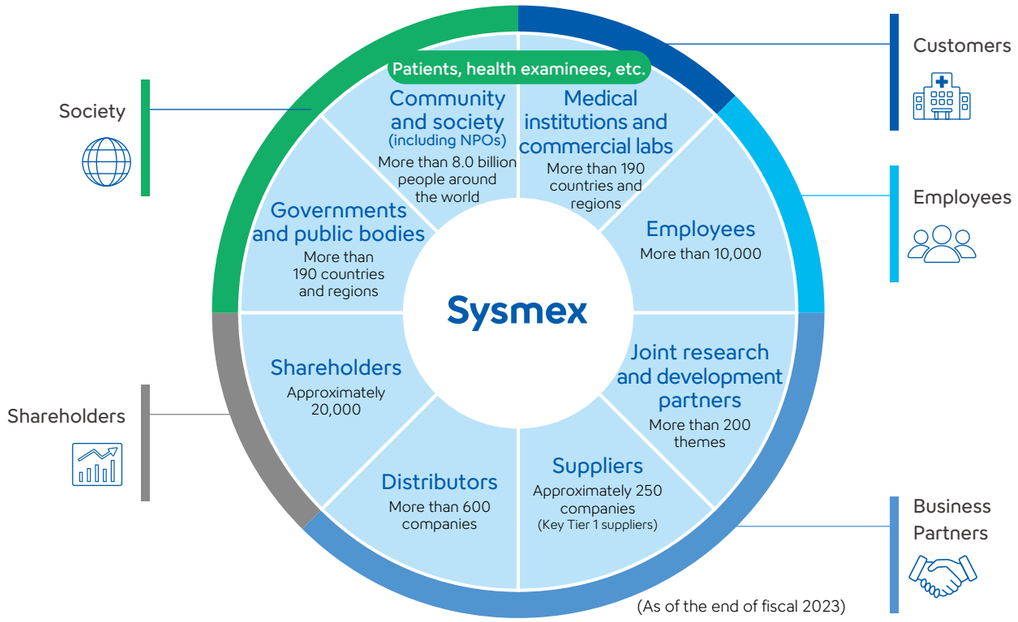
Stakeholder Engagement

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

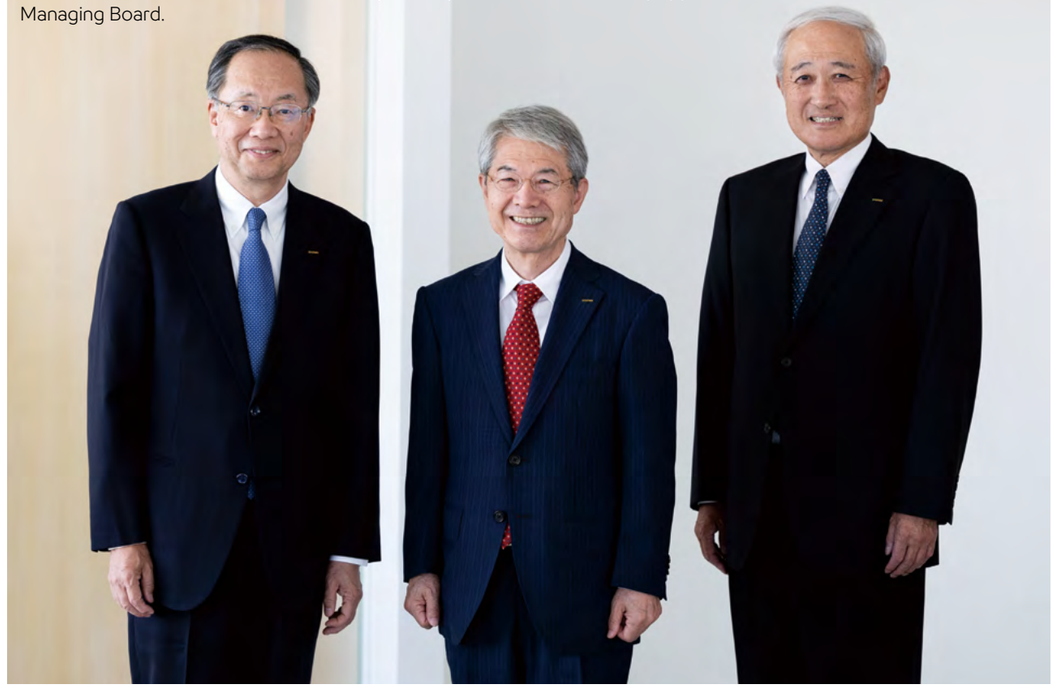
Corporate Governance

Sysmex recognizes that reinforcing corporate governance is an important management issue. We are working to maximize the corporate value of the overall Group by increasing management speed and efficiency.



Roundtable Discussion among Outside Members of the Managing Board

We held a roundtable discussion among outside members of the Managing Board to learn about progress on strategies and future issues from the perspectives of the chairperson of the Nominating Committee and the Compensation Committee, members of the Audit and Supervisory Committee, and newly appointed outside members of the Managing Board.



Haruo Inoue
Member of the Managing Board (Outside), Independent Director
Member of the Nominating Committee and the Compensation Committee

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

Michihide Iwasa
Member of the Managing Board (Outside), Independent Director
Member of the Audit and Supervisory Committee, the Nominating Committee and the Compensation Committee

Please share your expectations for and assessment of the long-term vision and long-term corporate strategy.

Ota: As mentioned in last year's Sysmex Report, the Company can achieve stable growth just through the expansion of its existing business. However, we have defined our value proposition under the concept of a "healthcare journey" and have formulated a long-term corporate strategy towards its realization. Prioritizing the allocation of management resources and acknowledging the need for discontinuous growth are essential to realizing this strategy. It is not an easy path, but declaring our future vision, has clarified intentions of our management team have become clear. Over the past year, I feel that discussions on specific measures to achieve our vision have deepened.

Iwasa: I also believe the current long-term vision will serve as a driving force for the Company's future, and in 10 or 20 years we will look back and see this as a turning point. I see the path of expanding our business globally, with a focus on extending healthy lifespans, as a suitable direction for the Company to broaden its value. However, achieving the targets of ¥1 trillion in net sales and an operating margin of 20% will require significant innovation and evolution in new businesses such as medical robotics and regenerative and cellular medicine, in addition to the existing diagnostics business, which is highly profitable. Fortunately, the Company has a flexible corporate culture that has actively promoted open innovation and fostered growth. I believe that strategic investments, including acquisitions, and a human capital strategy that evolves as our scale increases will be important.

Inoue: I was appointed as an outside member of the Managing Board just this year, but I can sense two strong sets of determination in the vision and strategies. One is the determination to play a greater role in the socially significant healthcare sector, rather than just being content with the current situation. The other is the determination to achieve discontinuous growth, rather than following the same path as before. I also feel the pride and engagement of the management team and employees, as they are in markets and positions where they can achieve these ambitious goals, and they have the strengths to do so. I am proud and excited to be an outside member of the Managing Board.

How would you evaluate fiscal 2023, and what were particular points of emphasis for the Managing Board?

Ota: Fiscal 2023 was our first year for the long-term corporate strategy and the mid-term management plan (fiscal 2023–fiscal 2025), and things went generally according to plan. We achieved double-digit growth, which is one of our commitments, and made steady progress on each of our strategies. One notable example is the successful growth of our business in India, including the factory that is under construction there. Our business scale tends to be proportional to the population, and in recent years we have seen our operations in China expand. Our next focus is on emerging markets, including India. In addition to sales growth, in fiscal 2023 we established a solid business foundation ahead of our competitors, which gives us great potential for significant future expansion. Furthermore, taking into account our prioritization in the allocation of resources, our pivot to life science has been a significant step forward.
Iwasa: We got off to a smooth start in fiscal 2023. In particular, our emerging markets strategy, Alzheimer's disease testing, and the medical robotics business have all shown promising results—the seeds we planted in the past are now blossoming into tangible businesses. By managing and operating our indicators and milestones with greater precision, we have also increased the speed and flexibility of decision-making in resource allocation and strategy execution. Furthermore, as part of our efforts to be mindful of capital costs, we have decided to implement return on invested capital (ROIC) sensitivity management and strengthen our management of the balance between strategy and investment. Rather than simply adopting ROIC as a formality, we aim to develop and utilize methods that are suitable for our company, in the expectation that they can be applied effectively in management.
Inoue: I also recognize the importance of considering capital costs and ROIC, as they are essential when making investments and venturing into new businesses. When taking investments risks, you need an evaluation mechanism that goes beyond just assessing investments and returns, and also evaluates the process itself.



That said, we should not forget that achieving precise calculations is not the purpose of the exercise. For companies like ours that engage in cross-sector business activities, it can be challenging to measure sector-specific ROIC. What matters is to evaluate the process by tracking trends and through analysis, and to implement the plan-do-check-act (PDCA) cycle.
Ota: Indeed. As was mentioned earlier, President Asano and the management team have carefully considered and introduced ROIC management, which is a type of pivot. Adopting such management practices is one way to respond to the demands of shareholders and investors. However, the Company has not met expectations in terms of ROE and a stock price that has remained unchanged over the past five years. Therefore, I believe the Company needs to demonstrate clear progress in terms of strong growth in emerging markets and the early monetization of new businesses in the investment stage, followed by high growth.
Iwasa: Yes, I agree. It is essential to provide a clear roadmap for achieving the quantitative targets for fiscal 2033. While existing businesses have a solid growth foundation and resource allocations, new business ventures have longer investment payback periods and higher levels of uncertainty. It is important to share investment plans and risk management methods that are convincing and acceptable to all stakeholders.
Inoue: When sounding out outside members of the Managing Board, I found that a PBR of approximately 3.5 times and a PER of approximately 30 times reflected high expectations from investors. But Sysmex is not a company that can be satisfied with these levels. To meet higher price expectations, the Company must present a strong commitment to discontinuous growth and the process to achieve it. I believe that the size and robustness of our vision will create such expectations.

What items will you focus on monitoring under the long-term corporate strategy and mid-term management plan?

Ota: As we have discussed already, the Managing Board is placing a strong emphasis on monitoring the effectiveness of investments and strategizing for discontinuous growth. Additionally, we have been closely monitoring internal DX initiatives and IT investment governance. However, we have identified areas for improvement in project management and risk management, as investment durations and spending amounts for the internal DX project has exceeded initial plans. We should apply the lessons learned from this experience to our future investments.
Iwasa: The Audit and Supervisory Committee has set two key priorities. The first to manage and use a PDCA cycle on investment plans, which includes verifying specific operational methods with a focus on capital cost-conscious management. The second is to strengthen the Group's governance structure. As the Company grows larger, it needs to enhance the internal control system on a global scale. The governance structure is particularly vital, given our emerging markets strategy. The Company has delegated significant authority to its four overseas regional



headquarters, and we will be monitoring the progress of these reforms to the governance structure.
Inoue: The Company has a recurring-revenue business, in which it provides reagents and services following the introduction of testing instruments, as well as a new business that takes risks to achieve growth based on the revenue generated. It is essential to manage both aspects of the business effectively, taking both offensive and defensive approaches, and gain a deep understanding of the execution process through discussion. In terms of sustainability, we place particular importance on matters related to talent within our materiality framework. In addition to relying on indicators and systems, we will check their effectiveness and assess their impact on enhancing corporate value.
Iwasa: The Company is deeply committed to sustainability. I personally believe that promoting DE&I under the materiality item of "creating an attractive workplace" is key. As the business expands, it becomes increasingly important to foster a culture where every employee can engage in healthy dialogue and thrive.
Ota: Indeed, Sysmex strongly embraces the mission of the healthcare business, and a strong awareness of technology, quality, and sustainability permeate the organization. This attitude also provides a competitive advantage in attracting talent. Recently, I have received word about excellent professionals joining the Company, including from overseas.

What are the activities of Nominating and Compensation committees?

Ota: Last year, we saw the effective succession of top management, as Mr. Asano assumed the position of president. I believe this was a timely personnel decision, as we embarked on our long-term corporate strategy. In fiscal 2023, the Nominating Committee discussed succession plans that extend to the executive officer level. We previously had opportunities to exchange views among outside members of the Managing Board, as well as internal Board members, and executive officers. Currently, we are also engaging in discussions with department heads. Through these discussions and by getting to know the people, I feel that we are able to have meaningful discussions regarding succession planning based on each individual's reality. Meanwhile, the Compensation Committee is working on the reassessment of officer compensation. Our compensation structure consists of 30% fixed compensation and 70% variable (performance-based) compensation. This proportion is high relative to other companies, and is highly regarded. Going forward, we intend to systematize the evaluation of performance from a medium- to long-term perspective and streamline the compensation system to contribute further toward the enhancement of corporate value.
Iwasa: Fiscal 2023 marked the start of an outside member of the Managing Board serving as chairperson of both the Nomination and Compensation committees, with Mr. Ota currently fulfilling that role. Having an outside member chair these committees makes it easier to incorporate diverse perspectives and deepen discussions. Going forward, I believe long-term assessment criteria will become a more important part of compensation systems, and I hope to encourage active discussions from various viewpoints.
Inoue: I am currently not attending committee meetings, but I would like to express my thoughts and aspirations. As Sysmex is a listed company, it is crucial for the Nomination and Compensation committees to be accountable by presenting an independent and objective perspective on executive appointments and evaluations. To ensure sustainable growth, we need to establish mechanisms that merit stakeholder approval. Given the changing external environment, succession planning and compensation systems must be continuously reviewed and revised in order to make a direct contribution to enhancing corporate value. It is important for me to engage in discussions using my own past experiences and to mobilize this knowledge to help establish systems and disclosure protocols that shareholders and investors can easily understand.
Ota: Yes, as outside members of the Managing Board, we strive to supervise the Company's management and leverage our respective experiences to help enhance corporate value. Thank you for your time today.

Iwasa and Inoue: Thank you.



Corporate Governance

Basic Policy on Corporate Governance

Based on the "Sysmex Way," the corporate philosophy of the Sysmex Group, we are working to maximize corporate value by enhancing management soundness and transparency and raising management speed and efficiency.

In its efforts to date to shore up corporate governance, Sysmex has established an Audit and Supervisory Committee and sought to enhance the Managing Board's effectiveness. In addition, we have appointed outside members of the Managing Board, thereby strengthening the board's supervisory function. Furthermore, we have introduced an executive officer system to accelerate decision-making on business execution and respond swiftly to changes in the business environment.

Management Organization

The Company currently has 12 members on the Managing Board (of whom five are outside members). Also, three board members are members of the Audit and Supervisory Committee. (Two members of the Audit and Supervisory Committee are outside members of the Managing Board.) The Company also has 16 executive officers (of whom four concurrently serve as members of the Managing Board). We have also established the Nominating Committee and the Compensation Committee as advisory bodies. In fiscal 2022, we aimed to have the majority of members of the Managing Board be independent outside members, and since fiscal 2023, independent outside members of the Managing Board have served as the chairs of each committee. In June 2024, we welcomed new independent outside members to further improve the independence of the Managing Board, increasing the ratio of independent outside members of the Managing Board from 33% to 42%. We are committed to continuously working on improving our independence.

To facilitate accurate and timely decision-making, we have established and operate various committees in addition to our Managing Board. These committees include the Global Strategy Committee, which discusses and examines the mid- to long-term management direction, important strategies, and issues within the Group, and the Steering Committee, which conducts discussions, deliberations, and reports on important matters related to the implementation of annual plans.

In addition, to enhance the audit and supervisory function of the Managing Board and improve transparency and objectivity in management, the Audit and Supervisory Committee conducts audits using the internal control system.

>>Status of Each Committee in Fiscal 2023 P79

Compliance with Japan's Corporate Governance Code

Sysmex complies with each of the principles of Japan's Corporate Governance Code, introduced by the Tokyo Stock Exchange. Please see our website for details.

>>Website >About Sysmex >Corporate Governance

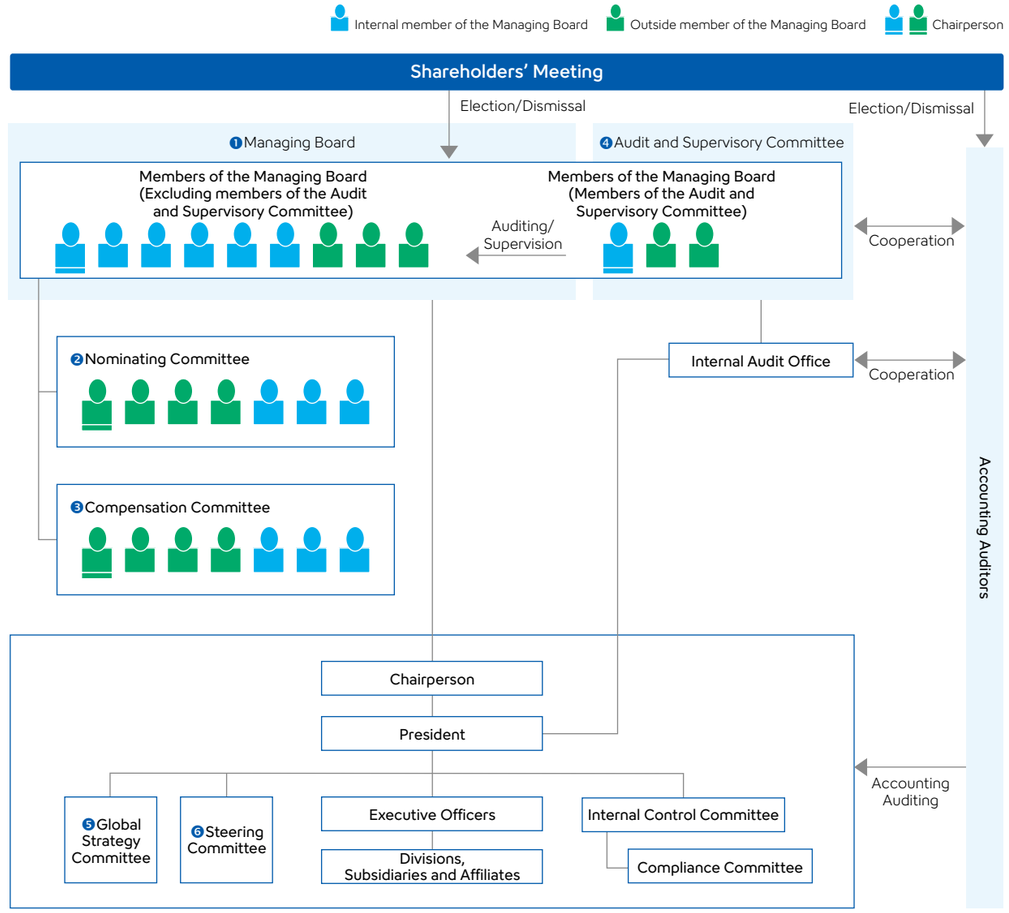
Appointing Members of the Managing Board

Internal members of the Managing Board are appointed based on a balance of knowledge, experience, and ability to make accurate and prompt decisions, manage risks appropriately, monitor business execution, and cover each functional and business unit of the Company, as well as those with sufficient social credibility. People appointed as outside members of the Managing Board (excluding Audit and Supervisory

■ Advances in Corporate Governance

(Fiscal Years)	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	2024.4〜
Management organization	Company with a Board of Corporate Auditors												From June 2016 Company with an Audit and Supervisory Committee								
	From April 2005 Executive officer system																				
																	From April 2020 Internal Control Committee				
									Chief officer system (CEO)						From April 2018 System enhancement						
Term of office for members of the Managing Board	Two years												One year (Two years for members of the Audit and Supervisory Committee)								
Outside members the Managing Board (Number of Independent Directors)									One (One)				Four (Fiscal 2015–2018: four Fiscal 2019: three)				Five (Fiscal 2020–2023: four From June 2024: five)				
Ratio of outside members of the Managing Board									14%	11%		30%	33%				42%				
Corporate auditors (Outside)	From June 1995 One (out of three serving corporate officers)	From June 2006 Two (out of four serving corporate auditors)											Chairperson: Internal member of the Managing Board (57%)								
Nominating Committee (Ratio of outside members)	From April 2005 Chairperson: Internal member of the Managing Board (0%)												Chairperson: Internal member of the Managing Board (25%)							Chairperson: Independent outside member of the Managing Board (57%)	
Compensation Committee (Ratio of outside members)	From April 2005 Chairperson: Internal member of the Managing Board (0%)												Chairperson: Internal member of the Managing Board (25%)							Chairperson: Independent outside member of the Managing Board (57%)	
Accounting standards	Japanese GAAP												From April 2016 International Financial Reporting Standards (IFRS)								
Philosophy	Founding philosophy "Three Aspects of Confidence"	"Sysmex Way," the corporate philosophy of the Sysmex Group																			

■ Corporate Governance Structure



■ Status of Organizations in Fiscal 2023

Organization	Agenda items and reporting Items	Composition	Meetings Held in Fiscal 2023
❶Managing Board	Making important management decisions and supervising the execution of duties <Agenda items and reporting Items> • Appointments and dismissals of members of the Managing Board, compensation-related matters • Reports on the status of business execution by members of the Managing Board • Evaluation of the Managing Board's effectiveness • Audit policy, audit plan, and audit implementation report (members of the Audit and Supervisory Committee) • Matters related to the Group's internal control • Matters related to sustainability • Group operating performance; quarterly, semiannual, and annual results • Matters related to long-term strategy and investment • Plans for addressing risks and the status of activities	Members of the Managing Board	17
❷Nominating Committee	A Managing Board advisory body involved in executive appointments <Agenda items and reporting Items> • HR matters related to succession of the president • Matters concerning the election and dismissal of members of the Managing Board and executive officers • Proposals to be submitted to annual shareholders' meetings concerning the election and dismissal of the members of the Managing Board	Chairperson and Group CEO, President, members of the Managing Board (1), outside members of the Managing Board (4)	2
❸Compensation Committee	A Managing Board advisory body involved with decisions on executive compensation <Agenda items and reporting Items> • Details of members of the Managing Board and executive officers' remuneration (policy for determining the amount of remuneration, etc. and the method for calculating it)	Chairperson and Group CEO, President, members of the Managing Board (1), outside members of the Managing Board (4)	2
❹Audit and Supervisory Committee	An independent body that primarily audits the members of the Managing Board in the performance of their duties. <Agenda items and reporting Items> • Audit policy and audit plan, contents of audit report, decision on the appropriateness of reappointing the accounting auditor, agreement on remuneration of the accounting auditor, etc. • Status of activities of each Audit and Supervisory Committee member (important meetings, committee reports, approval decisions, etc.), audit plans of important subsidiaries, internal audit reports, and evaluation of the accounting auditor, etc.	Audit and Supervisory Committee	17
❺Global Strategy Committee	Deliberates on and discusses medium- to long-term Group management directions, important strategies and issues	Chairperson and Group CEO, President, senior executive officers, member of the Audit and Supervisory Committee (1)	13
❻Steering Committee	Discusses and reports on projects that are important from the perspective of making progress on the Group fiscal yearly plan	Chairperson and Group CEO, President, executive officers, member of the Audit and Supervisory Committee (1)	20

■ Members of Major Boards (As of June 21, 2024)

	Name \ Board	Rate of Attendance at Meetings of the Managing Board	Rate of Attendance at Meetings of the Nominating Committee	Rate of Attendance at Meetings of the Compensation Committee	Rate of Attendance at Meetings of the Audit and Supervisory Committee
Internal	Hisashi Ietsugu	100% ●	100%	100%	—
	Kaoru Asano	100%	100%	100%	—
	Kenji Tachibana	100%	100%	100%	—
	Iwane Matsui	100%	—	—	—
	Tomokazu Yoshida	100%	—	—	—
	Takashi Ono	100%	—	—	—
	Tomoo Aramaki	100%	—	—	100% ●
External	Masayo Takahashi*1	88%	—	—	—
	Kazuo Ota	100%	100% ●	100% ●	—
	Hidekazu Fukumoto*1	100%	100%	100%	—
	Haruo Inoue	—*2	—	—	—
	Yuka Fujioka	—*2	—	—	—
	Kazumasa Hashimoto	100%	100%	100%	100%
	Michihide Iwasa	100%	100%	100%	100%

Note: Rates of attendance are for fiscal 2023. ● Chair (fiscal 2024) *1 Stepped down in June 2024. *2 Member from June 2024

Committee members) must have abundant work experience and broad insight, and be able to provide appropriate advice to the Company's management. Nominations for members of the Managing Board are made on the basis of a comprehensive evaluation of all candidates, regardless of their professional experience, age, nationality, race or ethnicity, or gender.

Compliance

Based on the "Sysmex Way" and our Shared Values, we define our view of compliance as "conducting business activities not only in compliance with applicable laws and regulations, but also based on fairness and high ethical standards." We have established a Global Compliance Code, in which particularly important conformance rules and behavioral guidelines for all Group executives and employees to abide by are set out, and we conduct training and work to instill this code. The code describes our thoughts on ethics in relation to research and development, prevention of bribery, and adherence to international guidelines such as the Universal Declaration on Human Rights, as well as conserving the global natural environment. Sysmex has established and operates an internal reporting system for all Group companies.

>>Risk Management P83
>>Website >Sustainability >Governance >Compliance Management

Effectiveness of the Managing Board

The Managing Board is composed of members having diverse knowledge, experience, expertise and high level of specialization. We strive to ensure appropriate diversity and scale, taking into account the overall balance of the Managing Board, and respect the opinions of outside members of the Managing Board.

■ Skill Matrix for Members of the Managing Board (As of June 21, 2024)

	Name	Gender	Year	Initial appointment	Independent	Knowledge and experience: Corporate management	Management and business planning	Global	Sales and service	Research and development	Production/SCM	IT/DX	Finance/accounting	Human resources/general affairs
Internal	Hisashi Ietsugu	M	1949	1986		●	●		●				●	●
	Kaoru Asano	M	1958	2014		●	●			●		●		
	Kenji Tachibana	M	1957	2014		●	●	●	●		●	●	●	●
	Iwane Matsui	M	1961	2019		●	●	●	●			●		
	Tomokazu Yoshida	M	1964	2021		●	●			●				
	Takashi Ono	M	1965	2023		●	●	●	●		●			
	Tomoo Aramaki	M	1966	2022				●	●				●	
External	Kazuo Ota	M	1955	2019	○	●	●	●				●	●	●
	Haruo Inoue	M	1957	2024	○	●	●		●			●	●	
	Yuka Fujioka	F	1969	2024	○	●		●						●
	Kazumasa Hashimoto	M	1953	2020	○	●	●		●				●	●
	Michihide Iwasa	M	1956	2020	○	●					●			

Note: The above represents the main skills and experience of each Member of the Managing Board and does not represent all skills and experience.

■ Definition of skills and experience

Item	Definition
Corporate management	Management experience as a representative, executive director, executive officer, etc. at a company, organization, etc.
Management and business planning	Experience and knowledge of management planning, risk management, business strategy, planning, promotion, etc. as a practicing, managing, or executive officer in charge, etc.
Global	Experience of overseas assignment.
Sales and service	Experience and knowledge of domestic and overseas sales, marketing, technical services, etc. as a practicing, managing, or executive officer in charge, etc.
Research and development	Experience and knowledge of technology strategy, technology and product development, IT development, intellectual property, etc. as a practicing, managing, or executive officer in charge, etc.
Production/SCM	Experience and knowledge of production, procurement, logistics, quality, etc. as a practicing, managing, or executive officer in charge, etc.
IT/DX	Experience and knowledge of IT/DX, etc. as a practicing, managing, or executive officer in charge, etc.
Finance/accounting	Experience and knowledge of accounting, finance, business administration, etc. as a practicing, managing, or executive officer in charge, etc.
Human resources/general affairs	Experience and knowledge of human resources, labor affairs, human resources development, diversity, legal affairs, compliance, etc. as a practicing, managing, or executive officer in charge, etc.

Note: Judgment is made based on whether or not the Member of the Managing Board has a total of about three years of experience in each of the items stated on the left.

To enhance the functions of the Managing Board, the Company conducts a document-based questionnaire survey of all members of the Managing Board (including members of the Audit and Supervisory Committee). The Board's effectiveness is determined on the basis of deliberation by the Managing Board of the aggregate results. The questionnaire survey conducted in fiscal 2023 confirmed that the Managing Board is functioning effectively and fulfilling its role appropriately. In addition, we have recognized the need for a continued response, undertaking initiatives to further enhance effectiveness.

Evaluation Criteria

Size, balance and diversity of the Managing Board
- The number of members of the Managing Board and outside members of the Managing Board, and the diversity of the members of the Managing Board (balance of knowledge, experience, ability, and expertise).

Provision of materials and information necessary for sufficient discussion of each agenda item
- The timing and content of materials and other information necessary to understand the background of the Managing Board's agenda

Effectiveness of deliberations and discussions at the Managing Board
- Number of agenda items/contents, deliberation time, useful deliberations and discussions, activation of discussions through free expression of opinions, and appropriate decision-making after sufficient deliberations

Execution of duties by members of the Managing Board (for stimulating discussion)
- Reviewing materials in advance, providing necessary and sufficient information on the agenda in advance, and providing clear explanations and answers to questions

Training opportunities for members of the Managing Board
- Provision of appropriate training opportunities for members of the Managing Board

Executive Compensation

Compensation for members of the Managing Board makes a clear link between operating performance and responsibility for achievements. Compensation for members of the Managing Board (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board) is divided into three broad categories: fixed compensation, performance-linked compensation, and non-monetary compensation.

Fixed compensation comprises compensation for members of the Managing Board and compensation for business execution. Position-specific factors (related to the scale of responsibility of members of the Managing Board, as well as the degree of their impact on Group management) are used to determine disbursements. Performance-linked compensation is linked to consolidated operating performance for the Group, using profit attributable to owners of the parent as an indicator. In addition, calculations are based on the results of evaluation of the degree of achievement of important priorities in the mid-term management plan and the sustainability targets linked to the materiality that we have identified. This indicator refers to net earnings for the consolidated fiscal year (sales net of expenses and profit or loss), which the Company considers an appropriate indicator for performance-linked compensation. As non-monetary compensation, Sysmex encourages officers to acquire Company shares. Sysmex's aims to enhance corporate value from a shareholder perspective, boost the incentive to enhance corporate performance over the medium- to long-term, and augment personnel retention.

A certain portion of fixed compensation for members of the Managing Board and executive officers is applied toward the purchase of the Company's stock. The Company aims for the Chairperson and Group CEO to hold shares worth five times his fixed compensation, and for other members of the Managing Board and executive officers to hold shares worth twice their fixed compensation, holding the acquired shares during their terms of office. As of March 31, 2024, the Chairperson and Group CEO held 616,000 shares (94 times his fixed compensation), and other members of the Managing Board and executive officers (those who hold shares) held an average of 13,000 shares (5 times their fixed compensation).

Compensation for members of the Managing Board who are members of the Audit and Supervisory Committee, and outside members of the Managing Board, comprises fixed compensation only.

Being delegated this resolution by the Managing Board, the Company's Compensation Committee determines the specific details of remuneration, etc. for each individual member of the Managing Board, excluding Audit and Supervisory Committee members. The Managing Board confirms the appropriateness of the process for determining officer compensation and compensation amounts via the Audit and Supervisory Committee. This committee has three members (of whom two are outside members of the Managing Board). >>Shares Held by Individual Directors P87

■ Status of the Managing Board in Fiscal 2023

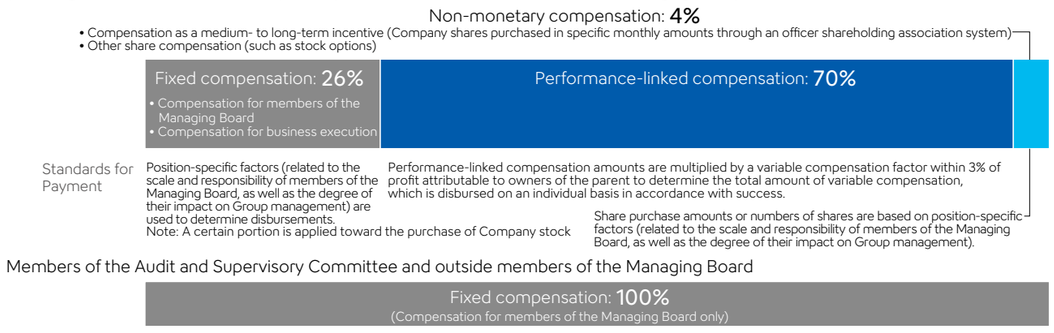
	Issues in fiscal 2022 Issues and status of response in fiscal 2023	Survey results and issues in fiscal 2023	Policy for response to fiscal 2024
Structure	Issue: Increase the ratio of independent outside members of the Managing Board Response: Ratio of independent outside members of the Managing Board increased from 33% to 42% as of June 2024. Issue: Ensuring diversity Response: Discussions centered on the Nominating Committee	Result: The size of the Managing Board, the ratio of outside members of the Managing Board, and their qualifications and experience are generally appropriate. Issue: Establishment of organizational structure to further improve effectiveness going forward	• Consideration of candidates for appointment considering the balance of knowledge, experience, and capabilities of the members of the Managing Board and their diversity
Operation	Issue: Improve operation, more lively discussion Response: Provision of advance explanations to outside members of the Managing Board each time there is an agenda item for discussion Early presentation of meeting materials	Result: Provision of information necessary for discussion of the Managing Board agenda Issue: Although the early provision of materials improved compared to the previous year, continued efforts are called for to accelerate the provision of materials	<Consideration of the following measures to stimulate discussion> • Further enhancement of prior explanations to outside members of the Managing Board • Holding meetings for exchange of opinions among outside members of the Managing Board only • Consideration for the introduction of quantitative indicators for investment projects and periodic reporting of past investment projects
Status of Agenda Items and Deliberations	Issue: Increased opportunities for discussion of key management indicators Response: Discussions held on ROIC, one of the indicators in the long-term corporate strategy	Result: Agenda items and discussion time at the Managing Board are appropriate, and decisions are being made appropriately Issue: More opportunities to discuss important indicators and agenda items	• Continuous enhancement of prior explanations and securing sufficient time for deliberations <Strengthening of sustainability management> • Further discussion of important management indicators with an awareness of capital cost management, human capital enhancement, environmental considerations, etc.

■ Examples of Managing Board Agenda Items and Discussions

Theme	Specific Discussions and Deliberations
Initiatives to achieve the long-term corporate strategy and the mid-term management plan	• Progress and measurement of effectiveness of internal digitalization (progress monitoring, future direction, risk management, and specific return on investment) • Business opportunities and risks associated with the acquisition of Megakaryon Corporation based on its affinity with the Company's business and its monetization structure, financing plans, etc.
Efforts to improve capital efficiency and other aspects of corporate value	• Introduction of ROIC (effects of introduction, plan for Company-wide adoption, importance of enhancing corporate value, consideration of disclosure targets for key drivers) • Debt financing (necessity and future investment plan for further growth)
Sustainability-related	• Sustainability targets (progress on each materiality, future initiatives) • ESOP implementation (importance of engagement improvement, human resource development, and acquisition, careful examination and schedule for key positions to be applied overseas and throughout the Group)

■ Breakdown of Executive Compensation (Fiscal 2023)

Compensation for members of the Managing Board
(excluding members of the Audit and Supervisory Committee and outside members of the Managing Board)



Members of the Audit and Supervisory Committee and outside members of the Managing Board

Fixed compensation: 100%
(Compensation for members of the Managing Board only)

■ Actual Executive Compensation (Fiscal 2023)

(Millions of yen)

Executive category	Total compensation	Amount of compensation by type			Number of executives Receiving compensation
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Members of the Managing Board (excluding members of the Audit and Supervisory Committee and outside members of the Managing Board)	807	213	565	28	7
Members of the Audit and Supervisory Committee (excluding outside members of the Managing Board)	20	20	—	—	1
Outside members of the Managing Board	36	36	—	—	5

■ Executives Receiving Total Compensation of ¥100 Million or More (Fiscal 2023)

(Millions of yen)

Name	Executive category	Company category	Amount of compensation by type			Total compensation
			Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Hisashi Ietsugu	Member of the Managing Board	Submitting company	52	184	6	243
Kaoru Asano	Member of the Managing Board	Submitting company	52	163	6	222
Kenji Tachibana	Member of the Managing Board	Submitting company	31	86	4	122
Iwane Matsui	Member of the Managing Board	Submitting company	30	72	4	106

Risk Management

Our Perspective on Operating Risks

Sysmex is responsible for the steady provision of products and services to customers in more than 190 countries and regions around the world, ensuring that testing operations (which are essential to healthcare) are not interrupted. For that reason, we have formulated countermeasures from a short- to long-term perspective to ensure that operations continue under any circumstances. In addition to risks related to economic trends, we consider natural disasters, climate change, and other environmental and geopolitical risks. We also consider increasingly stringent healthcare regulations in individual countries, the emergence of product quality issues, and information leaks to be significant risks. Risk management also supports our ongoing growth. By responding swiftly in a rapidly changing operating environment, we strive to earn the support of our stakeholders and to maintain or increase our position in the market.

Risk Management Structure

Sysmex has established an Internal Control Committee as the organization overseeing risk management for the entire group. This committee is chaired by the president and consists of members of the Managing Board (excluding outside members), with the Internal Control Office, an organization independent of the business divisions, serving as the secretariat. Outside members of the Managing Board participate as observers. The committee conducts risk assessments annually and identifies and implements countermeasures for risks that have significant impacts on the business.

For example, we have formulated a Business Continuity Plan (BCP) to ensure a stable supply of products and services to medical institutions and the stable operation of Sysmex products at medical institutions, if risks such as disasters and cyber threats materialize. The BCP involves the establishment of regulations and manuals for responding to crises, and identifies important products to be given supply priority.

In fiscal 2023, an earthquake on the Noto Peninsula in Japan affected multiple raw material supplier factories. Despite this, we swiftly responded to supply issues and continued to supply products to our customers without interruption. We also supported the rapid restoration of testing systems for our affected customers.

In terms of information security, we established a Global Information Security Committee in May 2023 to strengthen the overall management structure of the Group. In addition to enhancing internal measures, we have implemented a Product Security Incident Response Team (PSIRT) to ensure that our products and services have robust cybersecurity measures in place, providing peace of mind for our customers.

>>Website >Sustainability >Governance >Risk Management

■ Principal Operating Risks

Materiality	Risks	Major Content		Principal Responses
Healthy society	Technological innovation	<Threat> Decrease in competitive advantage due to delayed response to technological innovation <Opportunity> Enhance added value through innovation		● Continue to invest aggressively in the development of new technologies ● Promote open innovation to integrate Sysmex's technologies with those of universities, research institutes, companies, etc. ● Establish R&D bases around the world. In addition to conventional *in vitro* diagnostics (IVD), expand initiatives in personalized medicine and preventive medicine, etc.
	Healthcare reform	<Threat> Decrease sales opportunities due to inadequate or delayed response to healthcare reforms <Opportunity> Increase competitive advantage through rapid response to regulations and needs		● Obtain and maintain regulatory approvals in a timely and accurate manner by building a global network ● Develop new diagnostic technologies that contribute to personalized medicine by accurately ascertaining the diversifying and increasingly sophisticated needs of customers in each region. ● Develop and market products and services that contribute to the efficiency of medical workflow, work toward the early detection of diseases, and improve access to healthcare
	Intellectual property	<Threat> Impact on business due to infringement or violation of intellectual property rights <Opportunity> Provide unique products and services by acquiring intellectual property rights		● Obtain patents and thoroughly eliminate counterfeit products in countries around the world ● Strengthen competitive advantage and promote innovation through active rights acquisition and licensing of intellectual property rights ● Promote business activities that respect intellectual property rights through employee education. Introduce an employee award system related to intellectual property.
Responsible products	Quality	<Threat> Reduce reliability due to poor quality of products and services <Opportunity> Improve reliability and competitive advantage by improving quality		● Establish a Group quality policy to monitor and improve the quality and safety of products and services. ● Obtain certification under international standards for quality management systems at all production sites ● Collect and analyze information on product reliability and safety from Japan and overseas, and reflect the results in our products and services
	Stable supply	<Threat> Impact on product supply due to interruptions or delays in procurement or production <Opportunity> Provide peace of mind and improve reliability through efforts to ensure stable supply of products and services		● Ensure inventories of parts and raw materials and purchase from multiple suppliers ● Enhance prevention and recovery measures against large-scale disasters such as earthquakes, typhoons, and floods at factories and warehouses ● Produce reagents at multiple sites and establish a mutual supply network among major sites
	Geopolitics	<Threat> Impact on operations of rising geopolitical tensions <Opportunity> Enhance reliability through an ongoing supply of products and services		● Continuously monitor the situation in each country and region by utilizing our global network ● Promote the transfer of local production of reagents
Attractive workplace	Human resources	<Threat> Decline in competitiveness due to intensifying competition for human resources and outflow of human resources <Opportunity> Strengthen management foundation by creating an attractive workplace		● Create a work environment in which diverse human resources can fulfill their potential with confidence ● Adopt a Group-wide job-based personnel system and provision of educational programs as a foundation for supporting the realization of autonomous careers ● Introduce the Stock-Granting Compensation Plan (ESOP Trust) that also contributes to employee asset formation ● Strengthen transparency in the disclosure of human resources-related information by acquiring international standard certification for human capital disclosure, in order to enhance the human resources system that supports sustainable growth
Environment	Climate change and other environmental factors	<Threat> Impact on business due to inadequate environmental response or natural disasters <Opportunity> Improving reliability and competitive advantage by addressing environmental issues		● Establish the Environmental Management Committee to promote environmental management ● Endorse TCFD recommendations, establish 2040 carbon neutrality target and science based targets, and accelerate initiatives ● Establish Sysmex Eco-Vision 2033 and promote initiatives that contribute to both environmental friendliness and business growth
Governance	Economic trends	<Threat> Decline in sales opportunities due to deteriorating economic conditions <Opportunity> Increase investment in healthcare infrastructure due to favorable economic conditions		● Promote standardization and efficiency of testing by providing solutions utilizing robotics, AI, and other technologies that contribute to improving the profitability of medical institutions. ● Expand sales opportunities by promoting the development and introduction of products suited to the diverse needs of emerging markets (India identified as a key market)
	Exchange rate fluctuations	<Threat> Negative impact on consolidated results, including decreases in overseas sales and assets due to yen appreciation <Opportunity> Positive impact on consolidated results, including increases in overseas sales and assets due to yen depreciation		● Hedge risks of foreign currency-denominated receivables and payables mainly through forward exchange contracts. ● Reduce the impact of foreign exchange rate fluctuations by diversifying reagent production bases globally
	Human rights	<Threat> Loss of public trust due to inadequate response to human rights <Opportunity> Improving reliability through appropriate human rights measures		● Human rights policy stipulates the implementation of due diligence. Promote efforts to prevent and mitigate negative impacts on human rights, including those of external partners involved in the supply chain. ● Establish whistleblower hotlines in Japan and overseas ● Provide education to prevent harassment and disseminate correct labor-related knowledge
	Information systems and security	<Threat> Impact on customers and business due to cyber-attacks <Opportunity> Improve reliability of products and services by strengthening security support		● Establish a product security policy and manage vulnerabilities in product design, production, and post-sale to provide reliable peace of mind to our customers ● Implement mechanisms to detect unauthorized communications and quarantine malware to minimize its impact on the Group's business ● Promote efforts to familiarize employees with the rules for using AI technology and to accelerate innovation through proactive use of AI technology
	Investment, including corporate acquisitions	<Threat> Delays in achieving strategic goals due to lack of investment effectiveness <Opportunity> Accelerate business by maximizing investment effectiveness		● Strengthen monitoring of investment considerations, decision-making, and the post-merger integration (PMI) process ● Proactively take risks in necessary investments for business growth

Members of the Managing Board



Kenji Tachibana

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

Hisashi Ietsugu

Chairperson and Group CEO

Kaoru Asano

President

Iwane Matsui

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

Kazumasa Hashimoto

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

Yuka Fujioka

Member of the Managing Board
(Outside)
Independent Director

Kazuo Ota

Member of the Managing Board
(Outside)
Independent Director

Tomokazu Yoshida

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

Takashi Ono

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

Haruo Inoue

Member of the Managing Board
(Outside)
Independent Director

Tomoo Aramaki

Member of the Managing Board
(Member of the Audit and
SupervisoryCommittee)

Michihide Iwasa

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

Members of the Managing Board (As of June 21, 2024)

Hisashi Ietsugu (born 1949)
Chairperson and Group CEO
Number of Company shares held: 1,848,000

Sep. 1986 Joined the Company, Member of the Managing Board
Mar. 1990 Member of the Managing Board and Senior Executive Officer, Managing Director
Feb. 1996 Member of the Managing Board and Senior Executive Officer, Managing Director (Representative Director)
Apr. 1996 Member of the Managing Board and Senior Executive Officer, Senior Managing Director (Representative Director)
Jun. 1996 President and CEO
Apr. 2013 Chairman and CEO
Apr. 2023 Chairperson and Group CEO (current)

Reasons for Appointing

He has managed all of Sysmex and provided strong leadership for many years. He was appointed because he will be essential for increasing the corporate value with his sense of balance, enabling appropriate supervision and decision-making of the entire management based on his insight and abundant experience and achievements as a corporate manager.

Kaoru Asano (born 1958)
President
Number of Company shares held: 163,200

Aug. 1987 Joined the Company
Apr. 2009 Executive Officer, Manager of Central Research Laboratories
Apr. 2011 Executive Officer, Executive Vice President of R&D Strategic Planning
Apr. 2013 Senior Executive Officer
Jun. 2014 Member of the Managing Board and Senior Executive Officer
Apr. 2015 Member of the Managing Board and Senior Executive Officer, Managing Director
Apr. 2017 Member of the Managing Board and Senior Executive Officer, Senior Managing Director
Apr. 2018 Member of the Managing Board and Senior Executive Officer, Senior Managing Director, COO LS Business Unit and CTO
Apr. 2021 Member of the Managing Board and Senior Executive Officer, Senior Managing Director, CTO
Apr. 2023 President (current)

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

Reasons for Appointing

He has been managed in research, technology development and technological strategy, and has provided strong leadership for many years. He was appointed because leveraging his experience and insight will be essential for increasing corporate value.

Kenji Tachibana (born 1957)
Member of the Managing Board and Senior Executive Officer
Senior Managing Director
Corporate Management, Regulatory Affairs &Quality Assurance and DX Strategy Development
Number of Company shares held: 123,900

Mar. 1980 Joined the Company
Apr. 1998 President of Sysmex Singapore Pte Ltd. (presently Sysmex Asia Pacific Pte Ltd.)
Apr. 2011 Executive Officer, Executive Vice President of IVD Business Development
Apr. 2013 Senior Executive Officer
Jun. 2014 Member of the Managing Board and Senior Executive Officer
Apr. 2015 Member of the Managing Board and Senior Executive Officer, Managing Director
Apr. 2017 Member of the Managing Board and Senior Executive Officer, Senior Managing Director
Apr. 2018 Member of the Managing Board and Senior Executive Officer, Senior Managing Director, COO IVD Business Unit
Apr. 2021 Member of the Managing Board and Senior Executive Officer, Senior Managing Director (current)

Reasons for Appointing

He has been involved in business strategy development and international businesses and has contributed to strategic and global business development. He was appointed because he will be essential for increasing corporate value through the growth of businesses.

Iwane Matsui (born 1961)
Member of the Managing Board and Senior Executive Officer
Senior Managing Director
Japan and International Business and Medical Robotics (MR) Business
Number of Company shares held: 14,100

Apr. 1985 Joined the Company
Jul. 2001 President of Sysmex Europe GmbH (presently Sysmex Europe SE)
Apr. 2011 Executive Officer, Executive Vice President of Corporate Business Planning
Apr. 2013 Executive Officer, Executive Vice President of International Business Management
Apr. 2017 Senior Executive Officer
Apr. 2019 Senior Executive Officer, Managing Director
Jun. 2019 Member of the Managing Board and Senior Executive Officer, Managing Director
Apr. 2023 Member of the Managing Board and Senior Executive Officer, Senior Managing Director (current)

Reasons for Appointing

He has been involved in promoting businesses such as domestic and international sales and marketing serving as a sales manager for domestic sales and as a representative of several overseas regional headquarters of the Group for many years, and has contributed to global business development. He was appointed because his abundant experience and wide-ranging insight will be essential for increasing the corporate value of the Group.

Tomokazu Yoshida (born 1964)
Member of the Managing Board and Senior Executive Officer
Managing Director, CTO
R&D
Number of Company shares held: 6,900

Jun. 2000 Joined the Company
Apr. 2017 Executive Officer, Executive Vice President of Central Research Laboratories and MR Business Development
Apr. 2020 Senior Executive Officer
Apr. 2021 Senior Executive Officer, Managing Director
Jun. 2021 Member of the Managing Board and Senior Executive Officer, Managing Director
Apr. 2023 Member of the Managing Board and Senior Executive Officer, Managing Director, CTO (current)

Reasons for Appointing

He has been involved in research and technology development for many years and has contributed to business development. He was appointed because his abundant experience and wide-ranging insight will be essential for increasing the corporate value.

Takashi Ono (born 1965)
Member of the Managing Board and Senior Executive Officer
Managing Director
Eco-Social (ES) Strategy and Business Strategy Development
Number of Company shares held: 32,379

Apr. 1987 Joined the Company
Apr. 2009 Executive Vice President of Sysmex America, Inc.
Apr. 2010 President of Sysmex Reagents America, Inc.
Apr. 2019 Executive Officer and SCM Executive Vice President
Apr. 2021 Senior Executive Officer
Apr. 2023 Senior Executive Officer, Managing Director
Jun. 2023 Member of the Managing Board and Senior Executive Officer, Managing Director (current)

Reasons for Appointing

He has been involved in product planning, market development, production and supply chain management (SCM) and has contributed to the global business development. He was appointed because his abundant experience and wide-ranging insight will be essential for increasing the corporate value of the Group.

Kazuo Ota (born 1955)
Member of the Managing Board (Outside)
Independent Director
Number of Company shares held: N/A

Apr. 1978 Joined Kawasaki Heavy Industries, Ltd.
Apr. 2013 Executive Officer, General Manager of Planning & Control Division, Aerospace Company of Kawasaki Heavy Industries, Ltd.
Apr. 2015 Managing Executive Officer, General Manager of Corporate Planning Division, In Charge of Finance & Human Resources (Corporate) of Kawasaki Heavy Industries, Ltd.
Jun. 2015 Senior Vice President, General Manager of Corporate Planning Division, In Charge of Finance & Human Resources (Corporate) of Kawasaki Heavy Industries, Ltd.
Apr. 2018 Director, Managing Executive Officer, President of Motorcycle & Engine Company of Kawasaki Heavy Industries, Ltd.
Jun. 2019 Advisor of Kawasaki Heavy Industries, Ltd.
Jun. 2019 Joined the Company, Member of the Managing Board (Outside) (current)

Reasons for Appointing

He was appointed to utilize his abundant experience and deep insight in corporate management for management of the Company.

Haruo Inoue (born 1957)
Member of the Managing Board (Outside)
Independent Director
Number of Company shares held: N/A

Apr. 1981 Joined The Sanwa Bank, Limited (presently MUFG Bank, Ltd.)
Apr. 2008 Executive Officer, General Manager of Corporate Planning of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (presently MUFG Bank, Ltd.)
Jun. 2010 Managing Executive Officer of Mitsubishi UFJ NICOS Co., Ltd.
Jun. 2011 Director and Managing Executive Officer of Mitsubishi UFJ NICOS Co., Ltd.
May 2012 Managing Executive Officer, Deputy General Manager of Retail Department of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (presently MUFG Bank, Ltd.)
May 2014 Managing Executive Officer of the Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jun. 2014 Representative Director and President and Chief Executive Officer of Mitsubishi UFJ NICOS Co., Ltd.
Apr. 2020 Senior Managing Executive Officer of Sojitz Corporation
Apr. 2022 Executive Vice President of Sojitz Corporation
Jun. 2024 Joined the Company, Member of the Managing Board (Outside) (current)

(Important concurrent position)
Member of the Managing Board (Outside) of UNIRITA Inc.

Reasons for Appointing

He was appointed to utilize his abundant experience and deep insight in the business world, as a corporate manager of a financial institution, for management of the Company.

Yuka Fujioka (born 1969)
Member of the Managing Board (Outside)
Independent Director
Number of Company shares held: N/A

Apr. 1993 Joined Announcing Department, Development Bureau of Kansai Television Co., Ltd.
Apr. 1999 Newscaster, such as CS Broadcast Asahi Newstar and Lecturer for Simul Academy Conference Interpreter Course
Sep. 2008 Part-time Lecturer at Kwansei Gakuin University Center for International Education and Cooperation (current)
Apr. 2009 Part-time Lecturer for Kobe College, School of Letters, Department of English, Global Studies Course
Apr. 2010 Part-time Lecturer at Kwansei Gakuin University, School of International Studies (current)
Jul. 2016 Representative Director and President of Fujioka-Kinzoku Co., Ltd. (current)
Jun. 2018 Member of the Managing Board (Outside) of Maruichi Steel Tube Ltd. (current)
Jun. 2024 Joined the Company, Member of the Managing Board (Outside) (current)

(Important concurrent position)
Member of the Managing Board (Outside) of Maruichi Steel Tube Ltd.

Reasons for Appointing

She was appointed to utilize her global perspective and deep knowledge, abundant experience in management, and deep insight for management of the Company.

Tomoo Aramaki (born 1966)
Member of the Managing Board (Member of the Audit and Supervisory Committee)
Number of Company shares held: 21,600

Apr. 1989 Joined the Company
Apr. 2019 Executive Vice President of the Business Administration of the Company
Jun. 2022 Member of the Managing Board (Member of the Audit and Supervisory Committee) (current)

Reasons for Appointing

He has long been involved in the business administration department and has also served as the head of the business administration department of the Company's overseas subsidiaries. He was appointed to utilize his abundant experience and insight, which is necessary to increase the audit and supervisory functions.

Kazumasa Hashimoto (born 1953)
Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee), Independent Director
Number of Company shares held: N/A

Apr. 1976 Joined Sumitomo Bank (presently Sumitomo Mitsui Banking Corporation)
Apr. 2004 Executive Officer of Sumitomo Mitsui Banking Corporation
Apr. 2007 Managing Executive Officer of Sumitomo Mitsui Banking Corporation
Jun. 2010 President and Representative Director of Ginsen Co., Ltd.
Jun. 2014 President and Representative Director, and Chief Operating Officer of Kansai Urban Banking Corporation (presently Kansai Mirai Bank, Limited)
Jun. 2016 Chairman of the Board, President and Representative Director of Kansai Urban Banking Corporation
Apr. 2018 Representative Director and President of Kansai Mirai Financial Group, Inc.
Apr. 2019 Chairman of Kansai Mirai Bank, Limited.
Jun. 2019 Outside Corporate Auditor of THE ROYAL HOTEL, LIMITED
Jun. 2020 Joined the Company, Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee) (current)
Apr. 2023 Special Advisor of Kansai Mirai Bank, Limited. (current)

Reasons for Appointing

He was appointed to utilize his abundant experience and deep insight into corporate management as a corporate manager of a financial institution.

Michihide Iwasa (born 1956)
Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee), Independent Director
Number of Company shares held: N/A

Apr. 1979 Jointed Kobe Steel, Ltd.
Apr. 2009 Senior General Manager of Raw Materials Purchasing Department of Kobe Steel, Ltd.
Apr. 2010 Executive Officer of Iron & Steel Business of Kobe Steel, Ltd.
Apr. 2012 Managing Executive Officer of Iron & Steel Business of Kobe Steel, Ltd.
Jun. 2014 Representative Director and President of Kobelco Logistics, Ltd.
Jun. 2020 Senior Advisor of Kobelco Logistics, Ltd.
Jun. 2020 Joined the Company, Member of the Managing Board (Outside) (Member of the Audit and Supervisory Committee) (current)

Reasons for Appointing

He was appointed to utilize his abundant experience and deep insight into corporate management for audits of the Company.

Executive Officers (As of June 21, 2024)



Kensuke Iizuka
Senior Executive Officer
In charge of Corporate Strategy, Human Resources, and Next Generation Medical Business Development
Executive Vice President of Corporate Business Planning Div.



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



Mitsuhisa Kanagawa
Senior Executive Officer
In charge of Instrument Production and SCM.



Peng Zuo Hui
Executive Officer
President and CEO,
Sysmex Shanghai Ltd.



Alain Baverel
Executive Officer
CEO, Sysmex Europe SE



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



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



Takaaki Nagai
Executive Officer
Deputy in charge of Instrument Production and SCM
Executive Vice President of Production Design Center



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



Andy Hay
Executive Officer
CEO, Sysmex America, Inc.



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



Kenji Tsujimoto
Executive Officer
Executive Vice President of Next Generation Medical Business Development Div.

Executive Officers' Main Responsibilities

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

Consolidated Financial Data (10 Years)

Japanese GAAP			(¥ billion)
(Fiscal years)	2014	2015	
For the year:			
Net sales	221.3	253.1	
Operating income	44.4	56.9	
Net income[1]	26.6	36.2	
Capital expenditure[2]	17.3	19.9	
Depreciation	11.2	12.2	
R&D expenses	14.6	17.7	
Net cash provided by (used in) operating activities	38.6	39.5	
Net cash provided by (used in) investing activities	(19.5)	(21.6)	
Net cash provided by (used in) financing activities	(7.5)	(8.7)	
At year-end:			
Total assets	247.9	267.6	
Cash and cash equivalents, end of year	50.2	56.4	
Total equity	169.5	188.0	
Interest-bearing liabilities	0.7	1.3	
Per share data:			
Equity (yen)[3]	270.79	299.83	
Net income (basic)[3] (yen)	42.83	58.14	
Net income (diluted)[3] (yen)	42.67	57.90	
Cash dividends applicable to the year[3] (yen)	12.67	17.33	
Dividend payout ratio (%)	29.6	29.8	
Other data:			
Operating margin (%)	20.1	22.5	
Overseas sales ratio (%)	81.7	84.3	
Equity ratio (%)	68.0	69.9	
Return on equity (ROE) (%)	17.0	20.4	
Return on assets (ROA)[4] (%)	11.6	14.1	
Number of employees (Including part-time and other employees)	6,742	7,446	
Exchange rates:			
US dollars (yen)	109.9	120.1	
Euros (yen)	138.8	132.6	
Chinese Yuan (yen)	17.8	18.9	

IFRS		(¥ billion)
(Fiscal years)	2015	
For the year:		
Net sales	252.6	
Operating profit	60.7	
Profit attributable to owners of the parent	39.2	
Capital expenditure[2]	21.4	
Depreciation and amortization	12.1	
R&D expenses	15.4	
Net cash provided by (used in) operating activities	41.7	
Net cash provided by (used in) investing activities	(23.8)	
Net cash provided by (used in) financing activities	(8.7)	
At year-end:		
Total assets	263.9	
Cash and cash equivalents, end of year	56.4	
Total equity	182.8	
Interest-bearing liabilities	1.3	
Per share data:		
Equity attributable to owners of the parent[3] (yen)	293.11	
Profit attributable to owners of the parent (basic)[3] (yen)	63.03	
Profit attributable to owners of the parent (diluted)[3] (yen)	62.77	
Cash dividends applicable to the year[3] (yen)	17.33	
Dividend payout ratio (%)	27.5	
Other data:		
Operating margin (%)	24.0	
Overseas sales ratio (%)	84.2	
Equity ratio (%)	69.3	
Return on equity (ROE) (%)	23.1	
Return on assets (ROA)[5] (%)	15.7	
Number of employees (Including part-time and other employees)	7,446	
Exchange rates:		
US dollars (yen)	120.1	
Euros (yen)	132.6	
Chinese Yuan (yen)	18.9	

								(¥ billion)
2016	2017	2018	2019	2020	2021	2022	2023	
249.8	281.9	293.5	301.9	305.0	363.7	410.5	**461.5**	
51.7	59.0	61.2	55.2	50.0*[7]	67.4	73.6	**78.3**	
40.6	39.2	41.2	34.8	31.9*[7]	44.0	45.7	**49.6**	
19.3	24.9	30.2	27.1	25.7	33.2	42.0	**50.8**	
12.3	14.6	15.8	23.9	25.5	27.4	31.8	**35.8**	
15.5	16.7	19.5	21.7	22.5	26.7	31.0	**31.4**	
32.8	52.2	44.7	53.1*[6]	56.8*[7]	58.7	68.8	**63.9**	
(19.4)	(37.8)	(40.1)	(25.9)	(29.1)*[7]	(35.0)	(51.7)	**(54.9)**	
(10.8)	(11.5)	(14.0)	(20.5)*[6]	(20.2)	(20.5)	(24.2)	**(9.0)**	
279.8	321.9	346.7	389.2*[6]	424.8*[7]	483.7	531.0	**618.9**	
57.9	61.4	51.0	56.5	66.4	73.7	69.4	**75.5**	
210.2	241.4	265.1	278.3	306.0*[7]	349.0	388.3	**432.8**	
1.1	0.9	0.8	23.1*[6]	22.5	22.8	23.5	**56.3**	
335.29	384.86	422.36	443.26	486.96*[7]	554.95	617.56	**692.94**	
65.10	62.76	65.87	55.70	50.91*[7]	70.29	72.94	**79.27**	
64.91	62.61	65.76	55.64	50.82*[7]	70.16	72.91	**79.24**	
19.33	22.00	23.33	24.00	24.00	25.33	27.33	**28.00**	
29.7	35.1	35.4	43.1	47.1*[7]	36.0	37.5	**35.4**	
20.7	21.0	20.9	18.3	16.4*[7]	18.5	17.9	**17.0**	
82.6	84.0	85.0	84.5	84.0	84.7	85.4	**86.5**	
74.8	74.8	76.3	71.3	71.9*[7]	72.0	73.0	**69.8**	
20.7	17.4	16.3	12.9	10.9*[7]	13.5	12.4	**12.1**	
14.9	13.0	12.3	9.5	7.8*[7]	9.7	9.0	**8.6**	
7,930	8,445	8,715	9,231	9,510	9,812	10,522	**11,012**	
108.4	110.9	110.9	108.7	106.1	112.4	135.5	**144.6**	
118.8	129.7	128.4	120.8	123.7	130.6	141.0	**156.8**	
16.1	16.8	16.5	15.6	15.7	17.5	19.8	**20.1**	

1. Figures shown for fiscal 2015 is "net income attributable to owners of the parent."
2. Including tangible and intangible items
3. Dividend (actual) converted to post-split basis. As of April 1, 2024 (Three-for-one stock split).
4. ROA = Net income attributable to owners of the parent/total assets (yearly average)×100
5. ROA = Profit attributable to owners of the parent/total assets (yearly average)×100
6. Adopted IFRS 16 (from fiscal 2019)
7. In fiscal 2021, Sysmex changed its accounting policy for configuration or customization costs in cloud computing contracts to recognize costs as expenses when services are received. Accordingly, we have by retroactively adjusted the figures for the fiscal 2020.

Status of Sustainability Targets

Materiality		KPI*1		Target			Results					Progress and Future Initiatives
				Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	
Creating new value for a healthy society	Resolution of medical issues through innovation	Number of hematology tests	Number of CBC tests (based on the number of reagents)	—	—		—	—	2,971 million	2,977 million	3,325 million	Looking at market share in fiscal 2023, we saw higher reagent sales in all regions, due to an expansion of the installed instrument base. In Japan, the introduction of new high-end models proceeded well. However, due to the impact of government procurement policies in China, our share of the mid/low-end market temporarily decreased there, resulting in a slight decline compared to the previous year. However, our measures to transfer production to local facilities in China is on track. Installation progressed smoothly, concluding in fiscal 2023 (hematology field). The number of surgeries performed using our robotic-assisted surgery system increased substantially, owing to an increase in the number of units installed and expansion in the types of medical procedures for which the system can be used. The number of cancer genomes analyzed and the number of breast cancer tests using the OSNA method remained at the same level as in the previous fiscal year. The number of patent applications decreased, as we grew more stringent in our selection of patents that would deliver future value and filed more strategic patent combinations. We will continue to monitor the social impact of both our existing diagnostics business and our new medical robotics business.
		Hematology market share*2	Percentage of consolidated sales to the market size of instruments, reagents, and services in a single year in the field of hematology	—	—		54.7%	55.6%	54.6%	54.0%	53.0%	
		Number of cases with surgical support robot	Number of cases with surgical robot system (manufactured by Medicaroid Corporation)	—	—		—	—	—	1,323	2,903	
		Number of patents	Total number of patents, utility model rights and design rights obtained	—	—		3,143	3,485	3,680	3,832	3,868	
		Number of new patents	Total number of patents, utility model rights and design rights applied for	—	—		306	287	298	257	200	
		Number of cancer genomes Analyzed*3	Number of cancer genomes analyzed by the NCC OncoPanel	—	—		—	1.6 thousand	1.6 thousand	1.7 thousand	1.6 thousand	
		Number of breast cancer tests using the OSNA method	Number of breast cancer tests using the OSNA method	—	—		—	46 thousand	54 thousand	52 thousand	52 thousand	
	Improvement in accessibility to healthcare	Sales in emerging and developing markets	Consolidated sales in emerging and developing markets	—	—	—	—	¥122.0 billion	¥143.0 billion	¥156.7 billion	¥164.6 billion	Sales in emerging markets and developing countries grew by around ¥8.0 billion year on year, due to our enhanced sales and service structure in emerging markets, including India, Brazil, the Middle East, Turkey, and Saudi Arabia. One of our growth strategies is to expand our business in emerging markets, and accordingly we are working to support improvements in accessibility to healthcare and quality.
Providing responsible products, services, and solutions	Pursuit of quality and trust	Number of recalls*3	Number of voluntary recalls/repairs for products sold (instruments and reagents)	—	—		—	4	2	2	2	In fiscal 2023, we had two recalls, the same number as in the previous fiscal year, without receiving any health hazard reports, and received no FDA warning letters, as in the previous fiscal year. We successfully prevent defective products from entering the market by establishing a system that ensures compliance with the regulations of each country, conducting regular quality audits, timely collecting information from the market through our global quality complaint handling system, and thoroughly investigating the causes of defective products. We will continue our efforts to maintain and improve the safety and quality of our products.
		Number of FDA warning letters	Number of FDA warning letters issued to Sysmex	—	—		—	0	0	0	0	
	Strengthening supply chain management	CSR survey response rate (primary suppliers in Japan and overseas)	Percentage of raw material suppliers that responded to CSR surveys (primary suppliers in Japan and overseas)	90%	90%		85%	89%	90%	94%	95%	The CSR survey response rate for fiscal 2023 was 95%, meeting our 90% target. In addition to working toward improvement of initiatives based on the results of the CSR survey, we conducted six training sessions on CSR survey and BCP response items. We also procurement policy briefings to explain our supply chain management policy and eco-social strategy, which was attended by approximately 250 suppliers. We will continue to promote sustainable procurement and ensure a stable supply of our products and services.
		Number of training sessions for suppliers (Japan)*4	Number of briefings, training, and other training sessions for domestic suppliers (single year)	5	5		—	2	5	5	6	
		Third-party certification rate of suppliers (primary, Japan)*4	Percentage of primary raw material suppliers (domestic) obtaining third-party certification for manufacturing or product quality	—	—		—	86%	88%	86%	88%	
Reducing environmental impacts	Resource circulation in product life cycle	Zero product loss	Unused disposal rate of in-house manufactured goods, raw materials and spare parts (cost/sales percentage)	0.22%	0.18%	Less than 0.1%	—	—	—	—	0.40%	As part of our efforts towards achieving zero product loss, we have implemented a recycling program for discontinued equipment and parts. However, waste was generated as a result of our discontinuation of supplying hemostasis reagents in Russia. As a result, the rate of unused Sysmex products discarded as waste in fiscal 2023 was 0.4%, falling short of our target. Regarding the adoption of environmentally conscious materials in containers and packaging, we have made progress in the transition to cardboard incorporating recycled paper and reagent boxes made from FSC-certified materials. In fiscal 2023, our rate of use reached 43%, meeting our target. In addition to promoting a modal shift during product shipment and selling products with enhanced energy-saving features, we have succeeded in reducing Scope 3 emissions. In fiscal 2023, we achieved a 4% reduction, meeting our target. We will collaboratively create innovative solutions that will advance the realization of a circular society by taking on the challenge of green innovation with stakeholders and utilizing Sysmex's strengths.
		Recycling of containers and packing and utilization of environment compliance materials	Rate of recycled or environmentally conscious materials used in containers and packaging/labeling materials	30.0%	60.0%	100%	—	—	—	—	43%	
		Reduction of greenhouse gas emissions (Scope 3)	Percentage of reduction of greenhouse gas emissions (Scope 3) with FY2022 as the base year	Cut 3%	Cut 10%	Cut 35%	—	—	—	—	Cut 4%	
		Reduction of packaging and labeling materials	Percentage reduction of total packaging material weight with FY2019 at the base year	—	—	—	—	Cut 4%	Up 9%	Cut 7%	Cut 9%	

*1 The shaded KPIs were added in April 2023. The items whose targets are displayed as "—" are monitoring items for which no targets are set.
*2 Source: Clearstate and Sysmex estimates
*3 Target: Sysmex Group in Japan
*4 Target: Sysmex Corporation on a non-consolidated basis

Materiality		KPI*1		Target				Results					Progress and Future Initiatives
				Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)		Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	
Reducing environmental impacts	Reduction in environmental burden through business activities	Reduction of greenhouse gas emissions (Scopes 1, 2)	Reduction rate of GHG emissions (Scope 1, 2) from fiscal 2022	Cut 30%	Cut 40%	Cut 55%		—	—	—	—	Cut 29%	We have been promoting the transition to renewable energy and the installation of energy-saving equipment. Despite an increase in corporate vehicle usage after the easing of COVID-19, the reduction rates for Scope 1 and Scope 2 emissions in fiscal 2023 were generally in line with our targets. Additionally, thanks to a significant reduction in the heat conversion value of electricity through the introduction of renewable energy, energy use per employee decreased by 8%, surpassing our target. We will continue to promote operational efficiency and energy-saving measures. We have completed the transition to renewable energy at major domestic locations, and we will extend these efforts to our overseas locations. We remain committed to reducing greenhouse gas emissions.
		Ratio of renewable energy	Percentage of using renewable energy	65%	75%	90% or higher		—	—	—	—	69%	
		Reduction of using energy per employee	Percentage of reduction of using energy per employee with FY2022 as the base year	Cut 1%	Cut 3%	—		—	—	—	—	Cut 8%	
		Reduction of water consumption (main reagent factories)	Percentage of reduction of water consumption per production of reagents with FY2022 as the base year	Cut 4pt	Cut 23pt	Cut 90pt		—	—	—	—	Cut 2pt	Regarding the reduction of water consumption in reagent factories, we have been reviewing tank cleaning methods and promoting water recycling, but so far effectiveness has been limited. On the other hand, we achieved a significant 32% reduction in waste, meeting our target, by introducing recycling and reuse activities at each site and reviewing the calculation method for waste liquid at our North American factory. In fiscal 2023, efforts to reduce product waste included shortening the supply lead time for reagents to overseas subsidiaries, which resulted reduced waste by ¥40.0 million. Going forward, we will continue to strengthen global supply–demand management and promote initiatives such as extending expiration dates to reduce waste further.
		Reduction of total waste	Percentage of reduction waste generated by business activities per consolidated sales	Cut 1%	Cut 5%	Cut 15%		—	Cut 8%	Cut 15%	Cut 27%	Cut 32%	
		Ratio of product waste to sales	Ratio of products waste caused by expiry and other reasons to consolidated sales	—	—	—		—	0.6%	0.6%	0.5%	0.4%	
Strengthening governance	Corporate governance	Number of meetings with investors and analysts*2	Number of meetings with institutional investors and securities analysts	—	—			—	506	485	597	723	The waning impact of the COVID-19 pandemic increased in-person meetings, including visits by overseas investors to Japan and overseas roadshows. We effectively utilized conferences hosted by securities firms and other opportunities to hold individual and group meetings with a wide array of investors. Consequently, in fiscal 2023 the number of companies we met with increased by more than 100 from the previous fiscal year.
	Compliance	Number of internal reports	Number of internal reports of incidents received	—	—			11	12	28	21	26	In fiscal 2023, we had 15 unethical incidents, none of which was a serious violation. A total of 26 internal reports were received in Japan and from overseas. We investigated and appropriately handled each incident. Considering training and awareness-raising activities for employees as the foundation for promoting and ensuring compliance, we will continue to provide periodic training opportunities for employees to ensure that they will act in accordance with the Global Compliance Code.
		Number of unethical incidents	Total number of incidents in which the violations the law were found, and disciplinary actions were taken for the violation of the Global Compliance Code	—	—		—	7	5	14	9	15	
	Risk management	Number of information security trainees*3	Number of participants in information security training (gross)	—	—			—	2,720	3,601	4,900	11,097	In fiscal 2023, we conducted online cyber security training in multiple languages for all our Group employees as well as temporary employees and independent contractors. We also provided training in handling of spear phishing (BEC and phishing scams) and held seminars on handling of emails to raise employees' awareness of information security. We will continue to conduct regular employee training and strengthen the Group's information security management system.
		Participation rate in disaster drills*3	Percentage of participants in training using safety confirmation tool assuming a disaster, etc. (including employees on long-term leave)	—	—			—	98.7%	98.7%	99.4%	99.4%	In fiscal 2023, we conducted disaster drills and training. We will continue to enhance our response to risks associated with business continuity by conducting regular drills and training, introducing a system to check employees' safety and creating rules and manuals related to disaster response. The percentage of participants in training using safety confirmation tool exceeds 99%. To strengthen our disaster response capabilities further, from next fiscal year we will set the rate of participation in disaster prevention training as a KPI.

*1 The shaded KPIs were added in April 2023. The items whose targets are displayed as "—" are monitoring items for which no targets are set.
*2 Target: Sysmex Corporation on a non-consolidated basis
*3 Target: Sysmex Group in Japan

Materiality		KPI*1		Target				Results					Progress and Future Initiatives
				Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)		Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	
Creating an attractive workplace	Increased engagement	Engagement score	Percentage of positive responses to engagement in the corporate culture survey	75%	75%			—	66% (except EMEA)	65% (except EMEA)	71%	75%	The engagement score for fiscal 2023 improved by an additional 4 percentage points from the previous year, reaching 75% for the Group. This score is on par with those of Fortune 500 companies, and high employee engagement is a key driver for the Group's growth. By reviewing certain items, as well as through initiatives such as dissemination of the Sysmex Way, implementation of safety measures and flexible work arrangements during the COVID-19 pandemic, promotion of DE&I, and the realization of attractive rewards, the engagement score improved particularly for Japan, leading to increased satisfaction in working for Sysmex. For example, the Company received high scores in areas such as "I believe this is a company where I can work safely" and "Opportunities for growth are provided." However, the score for "Knowledge and information is shared across departments" was low, highlighting the need to strengthen collaboration between departments as one of our challenges moving forward. The turnover rate for fiscal 2023 dropped by 0.7 percentage points from the previous fiscal year as a result of our initiatives to enhance human resource development and review compensation systems in each region. In particular, we saw substantial improvements in turnover in the Americas and China. We will continue to improve employee engagement by recruiting and training talented people, creating a comfortable working environment and promoting labor–management dialogues.
		Turnover ratio	Turnover rate of regular employees (Ratio for people who have left the organization for any reason, including layoffs, job cuts, job changes, retirement age, etc.)	10% or less	10% or less			10.1%	7.5%	10.9%	8.4%	7.7%	
		Self-turnover rate	Annual retirement rate for personal reasons	—	—			—	—	—	6.8%	5.6%	
		Return rate from parental leave*2	Return to work after parental leave	—	—			—	—	—	100%	99%	
		Percentage of men taking childcare leave*2	Percentage of male employees (including part-time workers) taking childcare leave after their spouse bears a child	60% or higher	65% or higher			—	31%	53%	62%	61%	The percentage of male employees taking childcare leave in fiscal 2023 was 61% of eligible employees, meeting our target of 60%. This significant increase was attributable to various initiatives. These included setting targets in our action plans under the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women's Active Engagement in Professional Life, helping employees balance parenting and work, conducting continuous awareness-raising activities to establish a comfortable working environment, such as holding round-table discussions for all domestic employees and conducting seminars by internal and external lecturers and creating a guidebook for male employees, and encouraging managers to understand various work styles. We will continue to take actions to increase the percentage of male employees taking childcare leave.
	Promotion of diversity, equity & inclusion	Female managers ratio	Ratio of women at director level or above	18% or higher	20% or higher	—		15.5%	16.2%	17.3%	19.5% (except Russia)	19.2%	In fiscal 2023, our female managers ratio remained at around 19%. The ratio has trended upward over the past five years, with the previous four years at 15%, 16%, 17%, and 19%. Our female managers ratio is high overseas, at more than 30%, led by the Americas. We attribute this result to the early promotion of women in management positions. In Japan region, we have seen an increase in the number of female managers, owing to the implementation of revised personnel systems that have provided more diverse career options. As a result, since fiscal 2022 we have maintained a female managers ratio of 10% in Japan, surpassing the Japanese manufacturing industry average of 8%. Furthermore, the ratio of women among the Group's next-generation management increased 1.9 percentage points year on year. This increase is attributable to the promotion of women in management positions, primarily overseas. In addition to management ratios, we will continue to monitor diversity indices and gender pay ratios among our executive team, as part of our efforts to promote a diverse workplace and foster the integration of diversity, equity, and inclusion. We will also work on creating a work environment that is conducive to various workstyles.
		Female next generation managers ratio	Percentage of women in the manager position	—	—			—	—	—	32.1%	34.0%	
		Female associates, employees ratio	Female associates, employees ratio	—	—			—	—	—	41.8%	41.5%	
		Percentage of mid-career recruitment in managerial and professional positions*2	Percentage of mid-career recruitment employees in managerial and professional positions	—	—			—	—	—	41.7%	39.8%	
		Male/female percentage among recruits (new graduates and mid-career)*2	Female ratio in new graduates recruitment, mid-career recruitment	—	—			—	—	—	Newly graduated: 35.9% Mid-career: 27.0%	Newly graduated: 45.2% Mid-career: 25.8%	
		Percentage of women and non-Japanese nationals in management*2	Ratio of women in the managements, ratio of foreigners in the managements	—	—			—	—	—	Women: 8.3% Non-Japanese: 16.7%	Women: 8.3% Non-Japanese: 16.7%	
		Percentage of women in management	Ratio of women in management of group companies including the head office	—	—			—	—	—	9.4%	13.5%	
		Salary inequality in managerial and professional positions (total compensation)*2	Gender ratio in average total compensation value (managerial and professional positions)	—	—			—	—	—	93.1%	94.0%	
		Salary inequality general employees (total compensation)*2	Gender ratio in average total compensation value (general employees)	—	—			—	—	—	80.1%	82.1%	
		Percentage of employees with disabilities*3	Percentage of employees with physical, intellectual, or mental disabilities	2.35% or higher	2.65% or higher			2.30%	2.30%	2.31%	2.31%	2.38%	Although the number of employees with disabilities increased (mainly at Sysmex Harmony Co., Ltd., a special subsidiary of Sysmex), the percentage of employees with disabilities remained rose slightly in fiscal 2023 in line with the increase in total employees resulting from our business expansion. We will continue to create and identify tasks suitable for persons with disabilities and consolidate such tasks to provide more employment opportunities to those with disabilities. We will also remain committed to creating roles and a working environment that enable all employees with disabilities to use their unique traits as strengths.

*1 The shaded KPIs were added in April 2023. The items whose targets are displayed as "—" are monitoring items for which no targets are set.
*2 Target: Sysmex Corporation on a non-consolidated basis
*3 Target: Sysmex Group in Japan

Materiality		KPI*1		Target				Results					Progress and Future Initiatives
				Fiscal 2023	Fiscal 2025	Fiscal 2033 (Eco-Vision)		Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	
Creating an attractive workplace	Development of human resources	Training time per employee	Average training time per employee for training provided by HR and each division (including online training)	40.0 hours	40.0 hours			—	24.5 hours	31.4 hours	30.0 hours	24.4 hours	The average number of training hours per employee across the Group amounted to 24.4 hours in fiscal 2023, representing a year-on-year decrease and falling short of our target. This was mainly due to an increase in the number of Group companies included in the calculation, resulting in differences in the implementation of training at overseas locations and variations in data aggregation processes. We recognize this as a significant challenge going forward. On the other hand, in Japan, the average number of training hours per employee was significantly higher than the Group average, at approximately 50 hours. While increasing opportunities for employee development, we have also made progress in leveraging online content and internalizing training programs across the Group, thereby keeping costs from escalating excessively. We met our target for value-added productivity (Group), improving by 6.6% year on year. Key factors included appropriately controlling the rate of increase in headcount in relation to growth in sales and operating profit, actively investing in human capital and digital transformation (DX), and the impact of yen depreciation. Investment in human resource training (Group) increased 3% year on year, ¥369 million. We expanded onboarding initiatives for young employees and individual programs for succession planning. Additionally, we resumed global training programs that were temporarily suspended due to the COVID-19 pandemic. The rate of participation in training (Group) remained high, at 97%. Notably, we achieved high attendance rates for compliance training based on the revised Global Compliance Code we implemented in 2023, as well as programs related to security trade control.
		Value-added productivity (non-consolidated)*2	Value added per time	—	—			—	—	—	¥13,230	¥14,760	
		Value-added productivity (Group)	Value added per capita	¥19.38 million	¥22.50 million			—	—	—	¥18.74 million	¥19.97 million	
		Human resources development investment (non-consolidated)*2	Total investment in human resources development and training	¥234 million	¥252 million			—	—	—	¥266 million	¥241 million	
		Human resources development investment (Group)	Total investment in human resources development and training	—	—			—	—	—	¥356 million	¥369 million	
		Participation rate in training (non-consolidated)*2	Total number of associates who took training each year divided by total number of employees	90% or higher	90% or higher			—	—	—	100%	100%	
		Participation rate in training (Group)	Total number of associates who took training each year divided by total number of employees	—	—			—	—	—	100%	97%	
		Success plan effectiveness Rate*2	Rate of transfer to key positions	—	—			—	—	—	100%	100%	
		Succession coverage Rate*2	Percentage of key positions that have a successor candidate	—	—			—	—	—	218.9%	311.0%	
		Total annual working hours*3	Total annual hours worked per regular employee	2,000 hours	1,980 hours	—		—	2,030 hours	2,045 hours	2,022 hours	2,017 hours	In fiscal 2023, annual working hours decreased by 5 hours year on year, but we fell short of our target. In Sysmex Corporation, efforts to achieve innovations in technology and transform the business structure, along with proactive recruitment, have alleviated the shortage of personnel. By implementing value-added productivity indicators, we have adopted a more efficient way of working, leading to a decrease in overtime hours. Additionally, an increase in the number of paid leave days taken has resulted in 10 hours less compared to the previous fiscal year. We will continue to reduce working hours by optimizing assignment through enhanced recruitment efforts and actively conducting training and awareness-raising activities for employees in cooperation with the labor union
	Promotion of health and occupational safety	Percentage of days of paid leave taken*3	Percentage of days of annual paid leave taken per regular employee	70% or higher	75% or higher			—	61.3%	62.4%	66.5%	74.6%	In fiscal 2023, the percentage of days of paid leaves taken rose 8 percentage points from the previous fiscal year. To increase use of paid leave, we set recommended dates for paid leave, shared paid leave days actually taken by each employee with their department heads, and actively encouraged employees to take paid leave. Furthermore, we introduced a welfare program that subsidizes the cost of travel, leisure, and culture school use when employees take at least five consecutive days of paid leave. Going forward, we will continue to set a target percentage of days of paid leave taken. To increase the percentage, we will improve productivity as well as raise employees' awareness of the benefits of taking paid leave.
		Lost-term injuries frequency rate*3	Number of employee death or injuries resulting from work-related accidents per million hours actually worked	Less than 0.5	Less than 0.5			—	0.78	0.91	0.81	0.78	The lost-time injury frequency rate for fiscal 2023 decreased by 0.03 percentage points, but fell short of our target. The lost work days rate rose by 0.018 percentage points, also coming in below our target. There were six work-related accidents, including injuries in factories (eight accidents in the previous fiscal year). As a measure to reduce work-related accidents, employment health advisors gave employees guidance about how to prevent injuries. We will continue to bolster and enhance our workplace safety and health management system under the leadership of the Central Health and Safety Committee, which supervises our Group companies in Japan. In the event of a work-related accident, the Health and Safety Committee of the business site involved will investigate the causes, take necessary actions, and share the causes and actions within the Group to prevent its recurrence.
		Lost work days rate*3	Number of days absent from work due to work-related injuries per 1,000 hours actually worked	Less than 0.05	Less than 0.05			—	0.05	0.04	0.05	0.07	

*1 The shaded KPIs were added in April 2023. The items whose targets are displayed as "—" are monitoring items for which no targets are set.
*2 Target: Sysmex Corporation on a non-consolidated basis
*3 Target: Sysmex Group in Japan

Consolidated Statement of Financial Position

Sysmex Corporation and Its Subsidiaries
As of March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Assets			
Current assets			
Cash and cash equivalents	¥ 75,507	¥ 69,460	$ 500,046
Trade and other receivables	157,067	126,319	1,040,179
Inventories	79,123	73,310	523,993
Other short-term financial assets	1,310	875	8,675
Income taxes receivable	934	600	6,185
Other current assets	29,515	24,924	195,464
Total current assets	343,459	295,491	2,274,563
Non-current assets			
Property, plant and equipment	116,693	102,106	772,801
Goodwill	17,221	16,842	114,046
Intangible assets	86,786	73,530	574,742
Investments accounted for using the equity method	472	92	3,126
Trade and other receivables	21,435	17,895	141,954
Other long-term financial assets	14,034	9,777	92,940
Asset for retirement benefits	458	614	3,033
Other non-current assets	4,339	3,842	28,735
Deferred tax assets	14,018	10,880	92,834
Total non-current assets	275,461	235,583	1,824,245
Total assets	¥618,920	¥531,074	$4,098,808
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	¥ 33,602	¥ 31,678	$ 222,530
Lease liabilities	8,659	7,149	57,344
Other short-term financial liabilities	1,028	3,537	6,808
Income taxes payable	12,476	14,662	82,623
Provisions	1,159	1,123	7,675
Contract liabilities	16,591	14,469	109,874
Accrued expenses	21,643	18,772	143,331
Accrued bonuses	12,611	11,360	83,517
Other current liabilities	10,311	8,348	68,285
Total current liabilities	118,084	111,102	782,013
Non-current liabilities			
Long-term loans payable	28,600		189,404
Lease liabilities	18,080	15,442	119,735
Other long-term financial liabilities	76	305	503
Liability for retirement benefits	2,239	1,959	14,828
Provisions	674	398	4,464
Other non-current liabilities	10,350	7,059	68,543
Deferred tax liabilities	7,917	6,450	52,430
Total non-current liabilities	67,938	31,615	449,921
Total liabilities	186,023	142,718	1,231,940
Equity			
Equity attributable to owners of the parent			
Capital stock	14,729	14,282	97,543
Capital surplus	20,830	20,580	137,947
Retained earnings	365,985	334,192	2,423,742
Treasury stock	(12,315)	(314)	(81,556)
Other components of equity	42,814	18,925	283,536
Total equity attributable to owners of the parent	432,045	387,665	2,861,225
Non-controlling interests	851	690	5,636
Total equity	432,897	388,356	2,866,868
Total liabilities and equity	¥618,920	¥531,074	$4,098,808

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151 to $1, the approximate rate of exchange at March 31, 2024.

Consolidated Statement of Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Net sales	¥461,510	¥410,502	$3,056,358
Cost of sales	219,013	194,419	1,450,417
Gross profit	242,497	216,082	1,605,940
Selling, general and administrative expenses	133,798	112,371	886,079
Research and development expenses	31,402	31,060	207,960
Impairment losses	2,210	2,368	14,636
Other operating income	4,203	4,103	27,834
Other operating expenses	905	705	5,993
Operating profit	78,382	73,679	519,086
Financial income	937	863	6,205
Financial expenses	2,386	1,566	15,801
Share of loss on equity method	(2,849)	(2,923)	(18,868)
Foreign exchange gain (loss)	516	(1,339)	3,417
Profit before tax	74,600	68,713	494,040
Income tax expenses	24,826	22,988	164,411
Profit	¥ 49,774	¥ 45,725	$ 329,629
Profit attributable to			
Owners of the parent	¥ 49,639	¥ 45,784	$ 328,735
Non-controlling interests	135	(59)	894
Profit	¥ 49,774	¥ 45,725	$ 329,629

	Yen		U.S. Dollars
Earnings per share			
Basic	¥ 79.27	¥ 72.94	$ 0.52
Diluted	79.24	72.91	0.52

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151 to $1, the approximate rate of exchange at March 31, 2024.

Consolidated Statement of Comprehensive Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Profit	¥49,774	¥45,725	$329,629
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Net gain on financial assets measured at fair value through other comprehensive income	250	484	1,656
Remeasurements of defined benefit plans	(181)	(774)	(1,199)
Total	69	(289)	457
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	23,526	10,117	155,801
Share of other comprehensive income of investments accounted for using the equity method	27	12	179
Total	23,553	10,130	155,980
Total other comprehensive income	23,623	9,841	156,444
Comprehensive income	¥73,397	¥55,566	$486,073
Comprehensive income attributable to			
Owners of the parent	¥73,262	¥55,625	$485,179
Non-controlling interests	135	(59)	894
Comprehensive income	¥73,397	¥55,566	$486,073

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151 to $1, the approximate rate of exchange at March 31, 2024.

Consolidated Statement of Changes in Equity

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2024

	Millions of Yen							
	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of March 31, 2022	¥14,112	¥20,483	¥305,710	¥ (312)	¥ 8,309	¥348,303	¥750	¥349,053
Profit	—	—	45,784	—	—	45,784	(59)	45,725
Other comprehensive income (loss)	—	—	—	—	9,841	9,841	(0)	9,841
Comprehensive income (loss)	—	—	45,784	—	9,841	55,625	(59)	55,566
Exercise of warrants	170	97	—	—	—	267	—	267
Cash dividends	—	—	(16,528)	—	—	(16,528)	—	(16,528)
Purchase of treasury stock	—	—	—	(1)	—	(1)	—	(1)
Transfer to retained earnings	—	—	(774)	—	774	—	—	—
Total transactions with the owners	170	97	(17,302)	(1)	774	(16,263)	—	(16,263)
As of March 31, 2023	**14,282**	**20,580**	**334,192**	**(314)**	**18,925**	**387,665**	**690**	**388,356**
Profit	**—**	**—**	**49,639**	**—**	**—**	**49,639**	**135**	**49,774**
Other comprehensive income (loss)	**—**	**—**	**—**	**—**	**23,623**	**23,623**	**0**	**23,623**
Comprehensive income (loss)	**—**	**—**	**49,639**	**—**	**23,623**	**73,262**	**135**	**73,397**
Exercise of warrants	**447**	**255**	**—**	**—**	**—**	**703**	**—**	**703**
Cash dividends	**—**	**—**	**(17,579)**	**—**	**—**	**(17,579)**	**—**	**(17,579)**
Purchase of treasury stock	**—**	**—**	**—**	**(12,001)**	**—**	**(12,001)**	**—**	**(12,001)**
Transfer to retained earnings	**—**	**—**	**(266)**	**—**	**266**	**—**	**—**	**—**
Changes from business combination	**—**	**—**	**—**	**—**	**—**	**—**	**87**	**87**
Changes due to acquisition of control of a subsidiary	**—**	**(5)**	**—**	**—**	**—**	**(5)**	**(62)**	**(67)**
Changes due to loss of control of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**(0)**	**(0)**
Total transactions with the owners	**447**	**250**	**(17,845)**	**(12,001)**	**266**	**(28,882)**	**25**	**(28,857)**
As of March 31, 2024	**¥14,729**	**¥20,830**	**¥365,985**	**¥(12,315)**	**¥42,814**	**¥432,045**	**¥851**	**¥432,897**

	Thousands of U.S. Dollars							
	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of March 31, 2023	**$94,583**	**$136,291**	**$2,213,192**	**$(2,079)**	**$125,331**	**$2,567,318**	**$4,570**	**$2,571,894**
Profit	**—**	**—**	**328,735**	**—**	**—**	**328,735**	**894**	**329,629**
Other comprehensive income (loss)	**—**	**—**	**—**	**—**	**156,444**	**156,444**	**0**	**156,444**
Comprehensive income (loss)	**—**	**—**	**328,735**	**—**	**156,444**	**485,179**	**894**	**486,073**
Exercise of warrants	**2,960**	**1,689**	**—**	**—**	**—**	**4,656**	**—**	**4,656**
Cash dividends	**—**	**—**	**(116,417)**	**—**	**—**	**(116,417)**	**—**	**(116,417)**
Purchase of treasury stock	**—**	**—**	**—**	**(79,477)**	**—**	**(79,477)**	**—**	**(79,477)**
Transfer to retained earnings	**—**	**—**	**(1,762)**	**—**	**1,762**	**—**	**—**	**—**
Changes from business combination	**—**	**—**	**—**	**—**	**—**	**—**	**576**	**576**
Changes due to acquisition of control of a subsidiary	**—**	**(33)**	**—**	**—**	**—**	**(33)**	**(411)**	**(411)**
Changes due to loss of control of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**(0)**	**(0)**
Total transactions with the owners	**2,960**	**1,656**	**(118,179)**	**(79,477)**	**1,762**	**(191,272)**	**166**	**(191,106)**
As of March 31, 2024	**$97,543**	**$137,947**	**$2,423,742**	**$(81,556)**	**$283,536**	**$2,861,225**	**$5,636**	**$2,866,868**

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151 to $1, the approximate rate of exchange at March 31, 2024.

Consolidated Statement of Cash Flows

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	**2024**
Operating activities			
Profit before tax	**¥ 74,600**	¥ 68,713	**$ 494,040**
Depreciation and amortization	**35,888**	31,807	**237,669**
Impairment loss	**2,210**	2,368	**14,636**
Interest and dividend income	**(863)**	(704)	**(5,715)**
Interest expenses	**1,571**	1,133	**10,404**
Share of loss on equity method	**2,849**	2,923	**18,868**
Loss on disposal of property, plant and equipment	**381**	265	**2,523**
Increase in trade receivables	**(21,987)**	(2,980)	**(145,609)**
Decrease (increase) in advance payments	**474**	(983)	**3,139**
Increase in inventories	**(1,676)**	(10,558)	**(11,099)**
Increase (decrease) in trade payables	**1,274**	(13)	**8,437**
Increase (decrease) in accounts payable – other	**118**	(713)	**781**
Increase in contract liabilities	**201**	1,450	**1,331**
Increase in accrued expenses	**1,483**	747	**9,821**
Decrease/increase in consumption taxes receivable/payable	**1,157**	766	**7,662**
Increase in accrued bonuses	**749**	125	**4,960**
Other – net	**(4,769)**	(920)	**(31,583)**
Subtotal	**93,665**	93,425	**620,298**
Interest and dividend received	**598**	676	**3,960**
Interest paid	**(1,383)**	(985)	**(9,159)**
Income taxes paid	**(28,974)**	(24,281)	**(191,881)**
Net cash provided by operating activities	**63,905**	68,835	**423,212**
Investing activities			
Purchase of property, plant and equipment	**(25,610)**	(17,485)	**(169,603)**
Proceeds from sales of property, plant and equipment	**527**	337	**3,490**
Purchase of intangible assets	**(24,581)**	(25,020)	**(162,788)**
Increase in long-term prepaid expenses	**(841)**	(646)	**(5,570)**
Purchase of investments in equity instruments	**(4,026)**	(5,189)	**(26,662)**
Acquisitions of subsidiaries or other businesses	**(574)**	(2,984)	**(3,801)**
Payments into time deposits	**(1,460)**	(711)	**(9,669)**
Proceeds from withdrawal of time deposits	**1,260**	811	**8,344**
Other – net	**337**	(863)	**2,232**
Net cash used in investing activities	**(54,970)**	(51,751)	**(364,040)**
Financing activities			
Proceeds from long-term loans payable	**29,000**		**192,053**
Exercise of warrants	**703**	267	**4,656**
Purchase of treasury shares	**(12,001)**	(1)	**(79,477)**
Dividends paid	**(17,579)**	(16,528)	**(116,417)**
Repayment of lease liabilities	**(9,068)**	(7,959)	**(60,053)**
Other – net	**(67)**	(11)	**(444)**
Net cash used in financing activities	**(9,013)**	(24,234)	**(59,689)**
Foreign currency translation adjustments on cash and cash equivalents	**6,125**	2,858	**40,563**
Net (decrease) increase in cash and cash equivalents	**6,047**	(4,291)	**40,046**
Cash and cash equivalents, beginning of year	**69,460**	73,752	**460,000**
Cash and cash equivalents, end of year	**¥ 75,507**	¥ 69,460	**$ 500,046**

Note: The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151 to $1, the approximate rate of exchange at March 31, 2024.

Sysmex's Businesses

Diagnostics Business

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

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

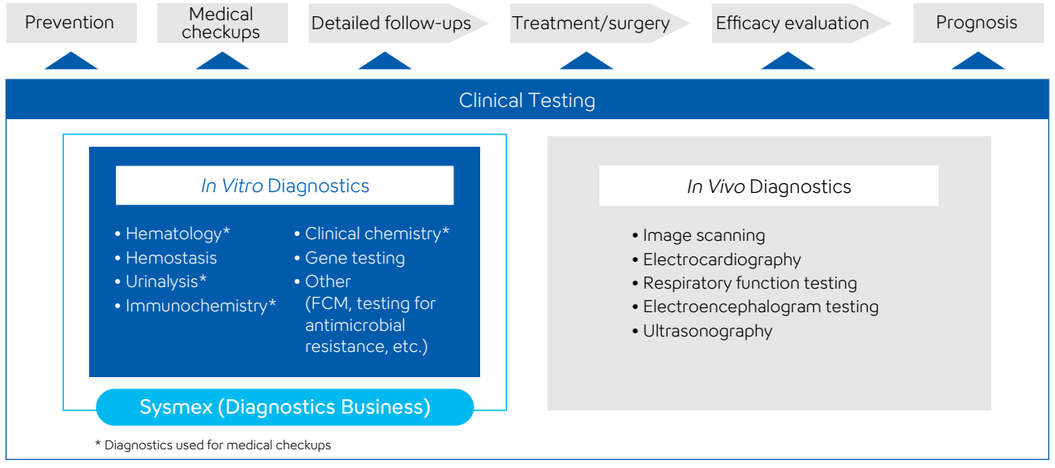
In IVD, within Sysmex's main business fields of hematology, urinalysis, and immunochemistry, testing is conducted to check a patient's physical condition. They are used for a wide range of other purposes, such as disease prevention and early-stage detection through medical checkups, and in treating diseases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

Medical Robotics Business

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

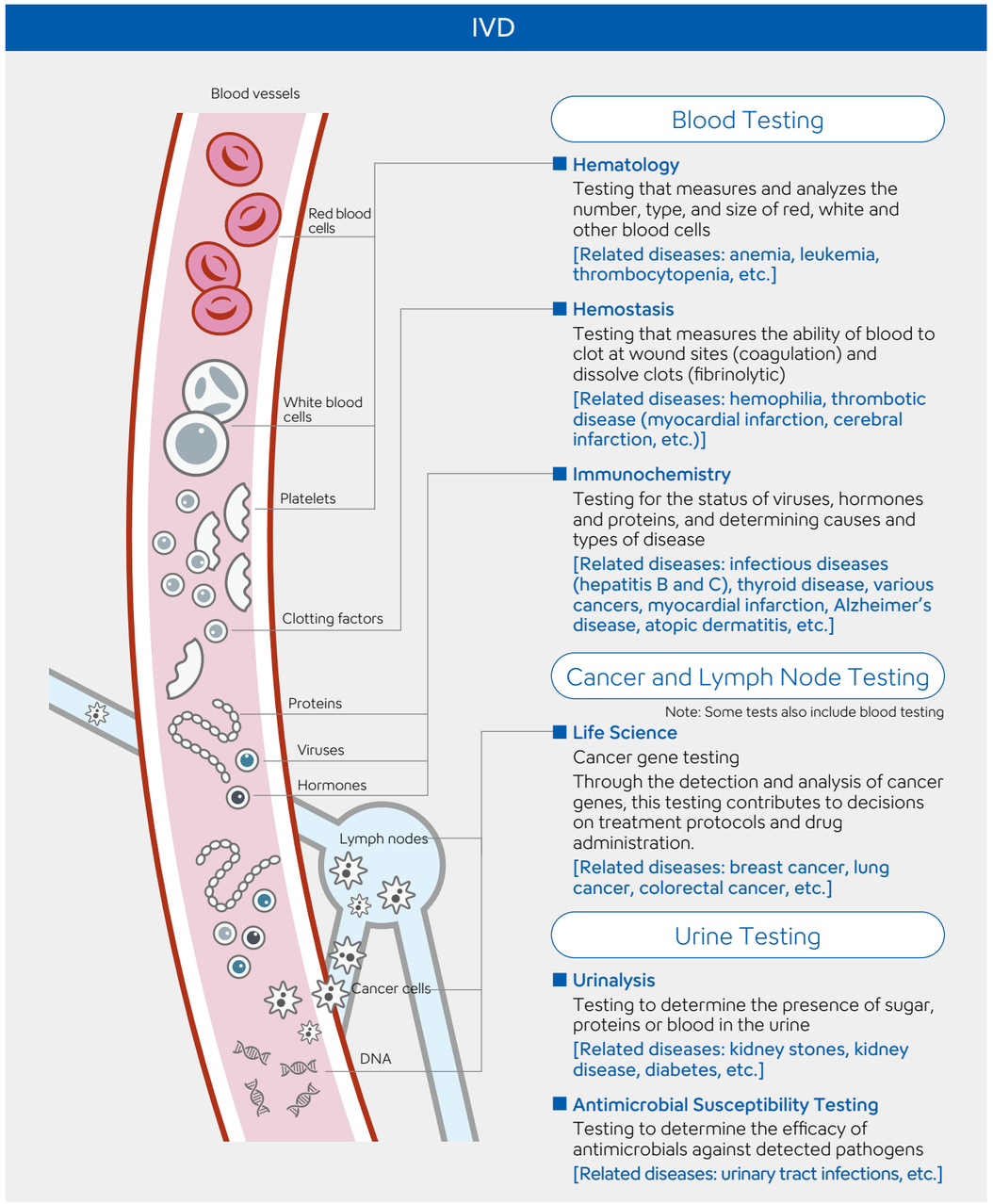
Under these circumstances, Medicaroid Corporation, a joint venture between Sysmex and Kawasaki Heavy Industries, Ltd., developed the first made-in-Japan robotic-assisted surgery system. As the global general distributor for this product, Sysmex began its launch in Japan in 2020. In addition to accelerating the launch of this product, we obtained regulatory approval in Singapore in 2023 and are now preparing for a global rollout, including in European and U.S. markets.

■ Diagnostics Business Domain

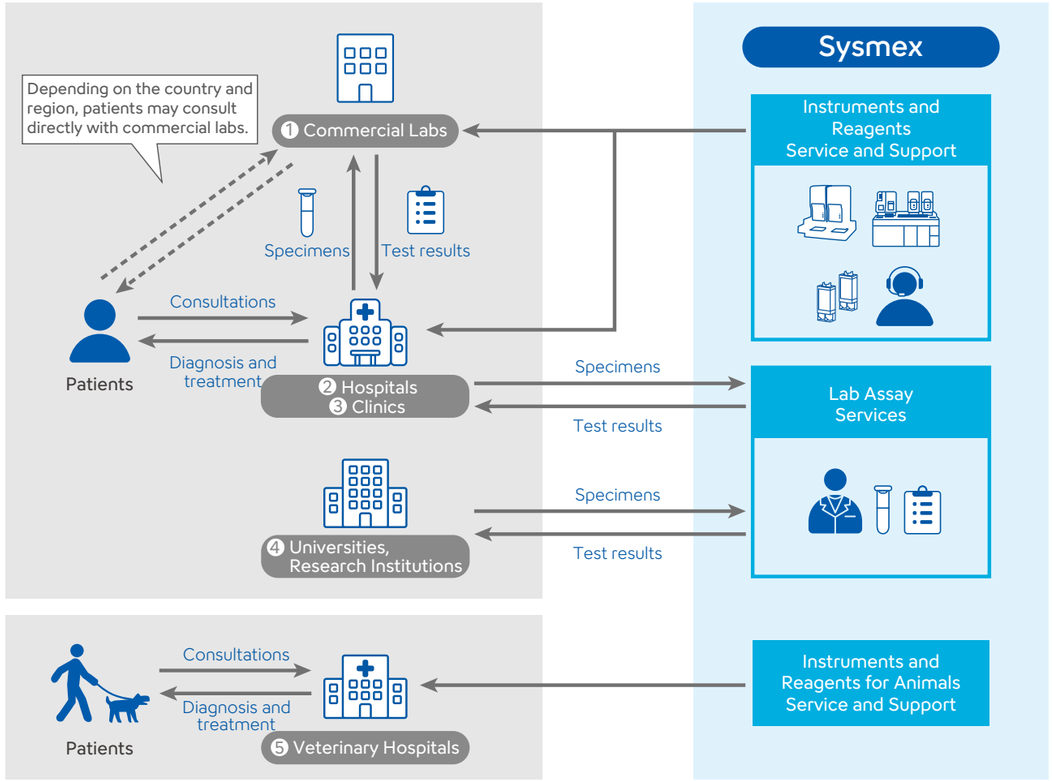


* Diagnostics used for medical checkups

What can be determined from samples (blood, urine, and cancer tissue)



Sysmex's Products in Use



1 Commercial Labs

Commercial labs conduct testing for small-scale medical institutions that do not have their own analyzers, as well as handling specialized tests. Large-scale labs, which handle tens of thousands of samples each day, use high-productivity transport systems.

2 Hospitals

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

3 Clinics

Clinics typically use products that are compact and simple.

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

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

5 Veterinary hospitals

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

Primary Products and Services

Diagnostics Business

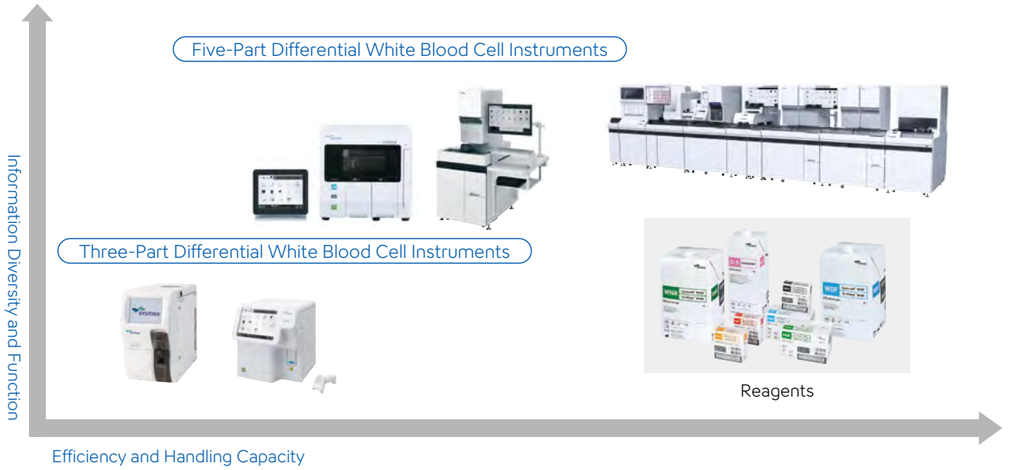
Hematology

For small- and medium-sized institutions, Sysmex offers three-part white blood cell differential models, used for determining basic parameters, as well as five-part white blood cell differential models, used to deliver a high degree of clinical significance and require numerous reagents. In addition, we offer a wide-ranging lineup, including transport systems that can be used for rapid, high-volume testing in large-scale labs. In Japan in 2021, we launched a new five-part white blood cell differential flag-ship model, as well as a compact model providing three-part white blood cell differentiation.

In 2022, we launched sample transportation system modules equipped with the world's first automated measurement function for quality control materials. Beginning with the launch of these products in the EMEA and Asia Pacific regions in 2023, going forward we plan to roll out these models globally.

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

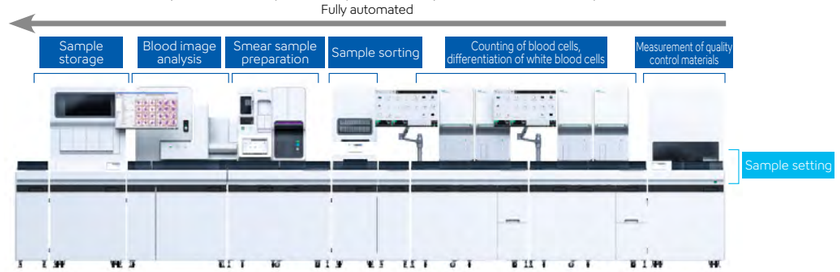
■ Product Lineup of Multiparameter Automated Hematology Analyzers



Flagship Model Boosts Efficiency in Laboratory Operations

In 1990, Sysmex developed the world's first fully automated hematology system, which automated everything from the counting of blood cells and the differentiation of white blood cells to smear preparation. This automation not only helped reduce labor costs but also helped reduce the risk of infection during sample handling and prevention of sample mix-ups. The flagship model we launched in 2021 improved processing capacity by 10% compared to the previous model, enhanced the ability to detect abnormal cells, and reduced power consumption by 40% (at maximum output of the transport system). Additionally, by combining peripheral devices based on the "touch-free concept," the system automates tasks such as device startup, quality control, and sample storage and retrieval, significantly minimizing manual work and further enhancing the efficiency of laboratory testing operations.

Analyzer and Sample Transportation System Product Lineup



Note: This is an example of equipment layout.

Flow Cytometry (FCM)

We are developing products that utilize the flow cytometry method. Areas of business include clinical FCM (clinical testing to perform detailed analysis in diagnosing leukemia, malignant lymphoma and HIV/AIDS), industry FCM (used in the quality control of food and other industrial applications) and research FCM (analyzing the function of cultured cells and other research applications). In 2020, we launched a product (for research) in North America, the world's largest market for FCM testing. In 2022, we received the EU's *In Vitro* Diagnostic Medical Device Regulation (IVDR) certification and began our market launch in Europe. We launched products in Japan in 2023 and in China in 2024.



Flow cytometer

Urinalysis

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



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



Reagents

Hemostasis

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

Sysmex provides high-performance and user-friendly instruments, and is actively developing clinically valuable products in collaboration with Siemens Healthineers and Group company HYPHEN BioMed. In April 2024, we commenced direct sales in this field in Europe and the United States.



Automated blood coagulation analyzer



Reagents

Immunochemistry

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

In addition to reagents to test for infectious disease and tumor markers, we are developing proprietary markers to test for measuring progression of hepatic fibrosis and atopic dermatitis. In 2023, we launched a reagent in Japan to test for Alzheimer's disease, which we are now rolling out in Europe and the United States. We are also working to develop new testing parameters.

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



Automated immunoassay system



Reagents

Cancer Gene Testing



Cancer Lymph Node Metastasis Testing System

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

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

Caresphere Network Solution

Our ICT solution is designed for healthcare professionals, including doctors and clinical laboratory technicians. It utilizes IoT and the cloud to establish a platform for the real-time linking and analysis of a variety of information managed using testing instruments and clinical laboratory information systems. This platform provides support for increasing the operational efficiency of professionals involved in testing and healthcare. Furthermore, through our services and support we enhance customer satisfaction by managing instrument maintenance and providing remote assistance.

Antimicrobial Susceptibility Testing

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



Analyzer



Single use sample cartridge

Rapid antimicrobial susceptibility testing system

Medical Robotics Business

Robotic-Assisted Surgery System

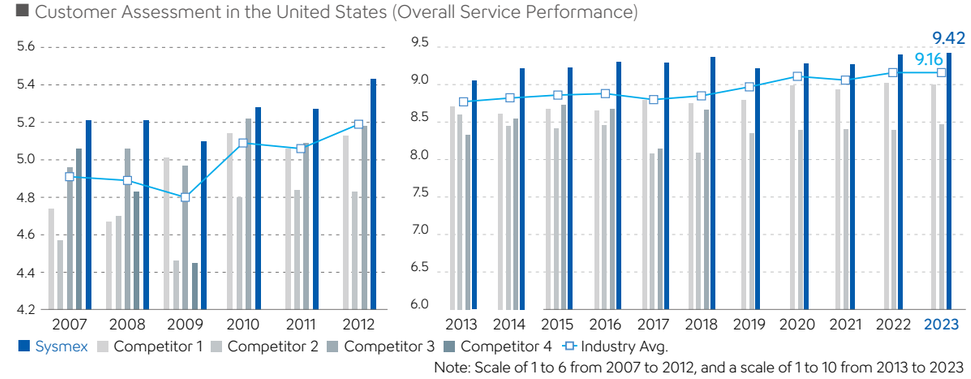
Compact enough to fit in standard Japanese operating rooms, this system is equipped with user-friendly robot arms and a high-definition 3D videoscope. Furthermore, the system has been designed to be network compatible, to support more accurate treatment by medical workers.



Robotic-assisted surgery system

Products, Service and Support That Enhance Customer Satisfaction

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



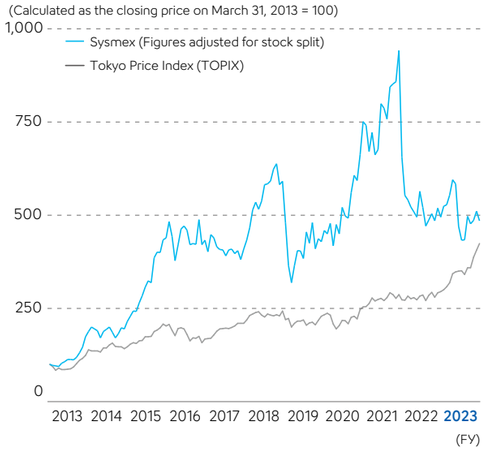
Note: Scale of 1 to 6 from 2007 to 2012, and a scale of 1 to 10 from 2013 to 2023
Source: IMV ServiceTrak 2020 Hematology

Terminology

Antimicrobial resistance	This phenomenon occurs when living organisms develop a resistance to a drug, whose efficacy is decreased or neutralized as a result. Bacteria that have developed microbial resistance are known as antimicrobial-resistant bacteria.
Antimicrobial susceptibility test	A test to determine the efficacy of various antimicrobial drugs against pathogenic bacteria detected in a sample.
Bio-diagnostic reagents	These reagents are made from proteins and substances derived from living organisms. Bio-diagnostic reagents are more difficult to produce than chemical reagents in terms of raw material variability and quality stability.
Blood smear sample	Prepared for microscopy of blood cell morphology by placing a drop of blood on a glass slide, and then drying and staining it.
Cancer genome profiling	Analysis of information about genes significant to cancer diagnostics by looking at mutations, amplifications, and fusion of multiple genes in cancer tissue.
Commercial lab	A company that specializes in testing operations, performing IVD on behalf of medical institutions, research institutes, and other facilities.
Concentrated reagents	More concentrated than conventional reagents, these reagents are automatically diluted and adjusted by the testing system.
EMEA	Europe, the Middle East, and Africa
FCM (Flow Cytometry)	Method involving the flow dispersion of minute particles and the use of laser light to optically analyze minute flows.
Genomic medicine	Medicine that allows the prevention of disease or the effective treatment of individual patients by analyzing their genetic information.
Hematology	The field of *in vitro* diagnostics that determines whether precise testing is necessary, by analyzing the number, type, and size of red, white, and other blood cells.
in vitro diagnostics (IVD)	In general, IVD refers to the testing of blood, urine and other samples to determine physical condition. IVD may also refer to the domain of laboratory testing in which IVD is performed.
Knockdown production method	A production method in which the principal parts are exported from Japan for local assembly into finished products.
Laboratory developed test (LDT)	A test performed in the clinical laboratories of medical institutions, commercial labs, and other facilities based on their own quality control regulations.
Liquid biopsy	This is a general name for technology using blood or body fluid samples for diagnosis and the prediction of treatment impacts, rather than through the conventional practice of tissue biopsy, in which diagnosis is performed on diseased tissue that has been collected. Liquid biopsy is less invasive than tissue biopsy, but more highly sensitive detection technologies are required.
Manufacturing and marketing approval (regulatory approval)	In Japan, the manufacturing and marketing of medical devices and reagents requires approval from the Ministry of Health, Labour and Welfare. Such approval necessitates confirmation of a product's function and safety. Other countries have their own regulatory procedures: approval from the Food and Drug Administration in the United States, obtaining the CE Mark in Europe (which indicates compliance with the *In Vitro* Diagnostic Medical Device Directive (IVDD) and the *In Vitro* Diagnostic Medical Device Regulation (IVDR)), and in China, approval from the National Medical Products Administration (NMPA).
Network systems	An online support service that connects the Sysmex Customer Support Center and customers' instruments via an Internet connection to provide real-time external quality control and scientific information, and to monitor instrument conditions.
OSNA method	An abbreviation of One-Step Nucleic Acid Amplification method, developed by Sysmex, which enables detection of lymph node metastasis.
Panel testing	A test that allows multiple markers to be measured at once. Particularly in genomic medicine, cancer panels are used to analyze the mutation, proliferation, and fusion of multiple genes having diagnostic significance.
Personalized medicine	Different from the conventional practice of providing selected predetermined or uniform treatment for a given disease, personalized medicine aims to select treatment methods optimized to individual patient characteristics, based on genetic and other data.
Polymerase chain reaction (PCR)	A gene amplification technology for copying small quantities of DNA to produce larger quantities.
Precision management	A management method used to guarantee the values measured by customers' testing equipment and to confirm that a customer's equipment is functioning correctly. External quality control is a method under which the same specimens (such as artificially produced blood) are distributed to multiple clinical laboratories, and the measurement results obtained are analyzed using statistical methods, thereby allowing the precision of individual laboratories' measurement results to be evaluated. The results are provided as feedback to these laboratories, helping to increase the quality of testing.
Primary care	The initial care provided at clinics or other locations when a patient first falls ill.
Reagent	A pharmaceutical product for medical use in laboratory testing, also called an *in vitro* diagnostic product. It is not used directly on the human body, but on samples of blood or other bodily fluids.
Reticulocytes	Immature red blood cells that have just been produced in the bone marrow. Help measure how well the bone marrow is making new red blood cells, and are used to diagnose anemia and other conditions.
Self-medication	Taking responsibility for your own health and examine and treat minor physical ailments on your own.
Specimen	Material necessary for testing. May include blood, cerebrospinal fluid, pus, punctured fluid, urine and feces.
Technology platforms	Sysmex's three technology areas (cell measurement, protein measurement, and gene measurement) and the measurement platforms that use them.
Transport system	A system that links multiple analyzers, allowing testing to be automated. In addition to making testing operations more efficient, automation helps reduce the risk of infection when samples are handled manually, and prevents mishandling.
Urinary tract infections	The urinary tract runs between the kidneys and the urethral outlet. Inflammations due to the incursion of bacteria into the urinary tract are known as urinary tract infections. Such infections can lead to cystitis and pyelonephritis (inflammation of the kidneys).
Urine sediment testing	Testing performed to analyze formed elements in the urine, including blood and other cells. Urine chemistry testing, on the other hand, is conducted by using a test paper to analyze for the presence of sugar, protein, or blood cells in urine.

Stock Information (As of the End of Fiscal 2023)

■ Stock Price Range



■ Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousands)	Percentage of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,453	12.2
Custody Bank of Japan, Ltd. (Trust Account)	12,048	5.8
The Kobe Yamabuki Foundation	12,000	5.7
Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	11,830	5.7
Nakatani Kosan, Ltd.	10,519	5.0
Kazuko Ietsugu	6,094	2.9
Taeko Wada	6,094	2.9
Rusoru, Ltd.	4,750	2.3
SSBTC CLIENT OMNIBUS ACCOUNT	4,301	2.1
Tadako Nakatani	4,012	1.9

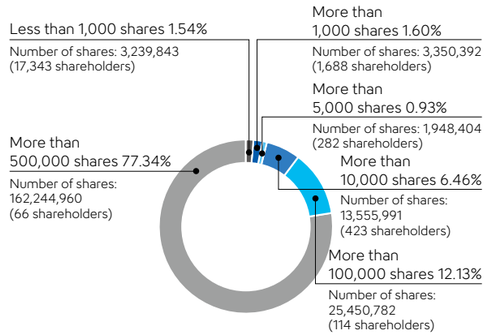
Note: Percentage of shareholding excludes treasury stock (447,600 shares).

■ Stock Price Movements

Fiscal years	High (Yen)	Low (Yen)	Closing price (Yen)	Volatility (%)
2013*	7,180	3,130	3,290	37.5
2014	6,880	3,070	6,670	27.6
2015	8,640	5,430	7,040	39.2
2016	8,170	6,010	6,750	29.9
2017	9,730	6,080	9,640	24.7
2018	11,110	4,810	6,690	38.7
2019	8,420	5,814	7,846	38.4
2020	13,310	7,024	11,925	27.8
2021	15,725	7,970	8,923	41.6
2022	9,815	7,380	8,643	41.0
2023*	10,440	2,637	2,662	29.8

Note: Volatility refers to the annualized standard deviation based on daily closing prices.
* Stock splits conducted on April 1, 2014 (1:2) and April 1, 2024 (1:3). (actually, the end of March)

■ Distribution of Shares by Number of Shares Held



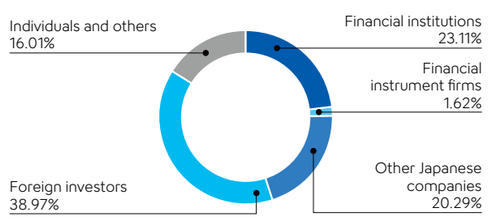
■ Total Shareholder Return (TSR*) (Annualized Rate)

(%)

Investment period	Past 1 year	Past 3 years		Past 5 years		Past 10 years	
	Cumulative/ Annual rate	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Sysmex	-7.5	-32.8	-12.4	20.0	3.7	145.2	9.4
TOPIX	41.3	52.5	15.1	96.2	14.4	188.6	11.2
TOPIX (Electrical equipment)	36.9	44.2	13.0	139.8	19.1	262.9	13.8

* TSR: Total shareholder return, including capital gains and dividends
- Prepared by Sysmex based on data from Nikkei NEEDSFinancial QUEST
- Base date of March 31, 2024
- TSR calculated on the assumption that dividends are reinvested in shares

■ Composition of Shareholders



Corporate Information (As of the End of Fiscal 2023)

Sysmex Corporation

Established	February 20, 1968
Head Office	1-5-1, Wakinohama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan
Inquiries	IR Department: TEL: +81-78-265-0500
Website	https://www.sysmex.co.jp/en/
Number of Employees	11,012 (consolidated basis) (including part-time employees and others)
Fiscal Year	April 1–March 31
Shareholders' Meeting	June
Number of Shares Authorized	1,796,064,000 shares (Total number of shares after stock split effective April 1, 2024)
Number of Shares Issued	629,371,116 shares (Total number of shares after stock split effective April 1, 2024)
Paid-in Capital	¥14,729.8 million
Stock Listings	Tokyo Stock Exchange, Prime Market
Ticker Code	6869
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Independent Auditor	Deloitte Touche Tohmatsu LLC
Rating	AA- (Rating and Investment Information, Inc. (R&I))
Major Indexes	Dow Jones Sustainability World Index Dow Jones Sustainability Asia Pacific Index FTSE4Good Index Series FTSE Blossom Japan Index FTSE Blossom Japan Sector Relative Index Morningstar Japan ex-REIT Gender Diversity Tilt Index MSCI ESG Leaders Indexes MSCI SRI Indexes MSCI Japan ESG Select Leaders Index MSCI Japan Empowering Women Index (WIN) S&P/JPX Carbon Efficient Index ISS ESG "Prime" Status Ethibel Excellence Ethibel Pioneer Ethibel Sustainability Index (ESI) Euronext Vigeo Eiris World 120 Index iSTOXX MUTB Japan Platinum Career 150 Index

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA
FTSE4Good
FTSE Blossom Japan
FTSE Blossom Japan Sector Relative Index
MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2024
2024 MSCI ESG Leaders Indexes Constituent
2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
S&P/JPX Carbon Efficient Index
STOXX Indices by Qontigo Member 2023/2024 Platinum Career Index

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