



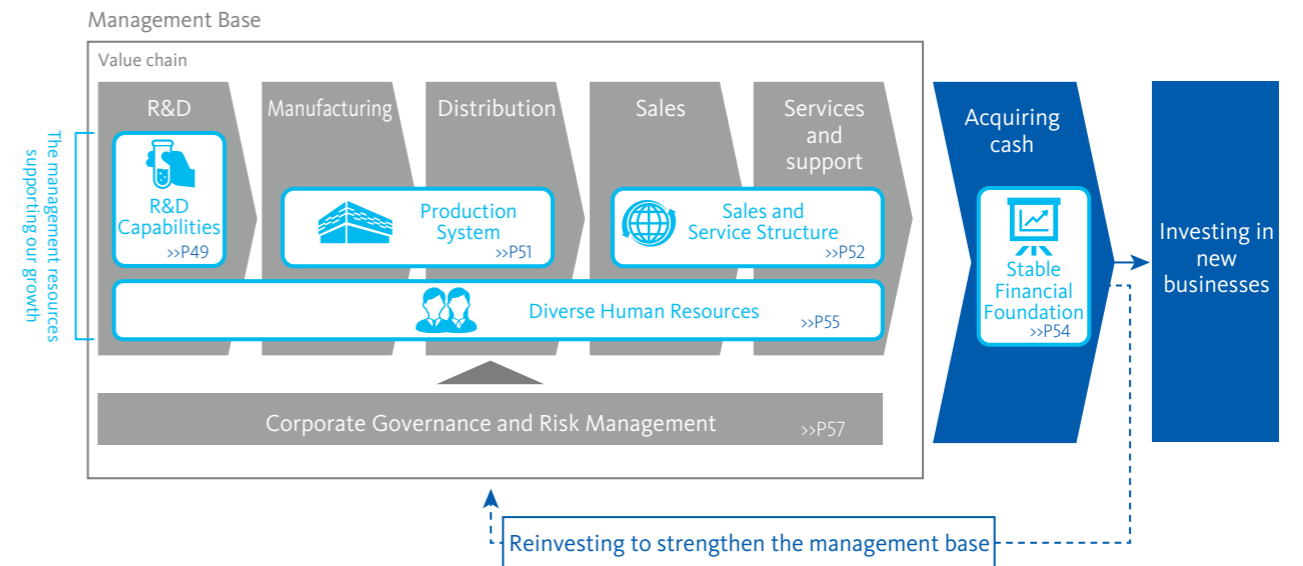
Management Base to Support Sustainable Growth

We aim to grow further by making use of the management resources we have cultivated to date. At the same time, we will reinforce our management base in the interest of enhancing management quality.



Management Base

Symex has built up a robust management base while leveraging our IVD business at its core. We intend to achieve further growth in our IVD business by using the management resources we have acquired. We will also invest in new businesses to establish drivers of future growth and reinforce our management base. Furthermore, we will strengthen corporate governance and strive to reduce business risk as we forge a more resilient corporate structure.



R&D Capabilities to Create High-Value-Added Testing and Diagnostic Technologies

Through the technological expertise and technology platforms we have cultivated since establishment, as well as our R&D centers around the world, we will become more competitive in our existing businesses and create new testing and diagnostic technologies.

Instrument, Reagent and IT Technologies to Provide High-Value-Added Products and Services

Since its establishment, Sysmex has acquired technologies related to instruments, reagents and software. By fusing these technologies, we work to ensure the provision of testing data that is accurate—a critical consideration in testing. These technologies also allow us to make improvements in response to customers' needs and to quickly determine the source of problems when errors occur. In addition to the creation of new testing and diagnostic technologies, one of Sysmex's fortes is the provision of high-value-added products and services that offer enhanced usability as well as reduced environmental impact. >>R&D Personnel P55

To raise testing productivity on the instrument front, we are increasing analyzer processing capacity, providing transport systems to enable the handling of more samples and

making instruments more compact.

We provide two types of reagents: chemical reagents and biological reagents, which are produced from biologically derived substances. Chemical reagents are used mainly in hematology and urinalysis. The concentrated reagents we have developed in the hematology field are gaining traction, mainly in developed countries, where they have earned high marks from customers and are helping to increase our market share. To strengthen our R&D and production capabilities for biological reagents, we established a bio-reagent base in April 2019. In the immunochemistry field and the life science business, we are developing new testing parameters to further enhance the quality of healthcare. >>Concentrated Reagents P46

On the IT front, we have been quick to promote the use of networks in medical settings, developing our SNCS network in 1999. More recently, we began providing the Caresphere network solution in 2018. We are also developing new applications

Major R&D Initiatives and Value Provided

	Major Initiatives	Value Provided to Stakeholders ¹
Instruments	<ul style="list-style-type: none"> Development of transport systems Higher processing capacity Greater compactness Environmental friendliness throughout the product life cycle 	<ul style="list-style-type: none"> Higher laboratory productivity leading to more efficient management Reduced patient wait times Effective use of laboratory space Curtailed medical expenses through more efficient testing Reduced environmental burden (Decreases in electricity consumption, waste and CO₂ emitted during distribution, etc.)
Reagents	<p>Chemical reagents (Hematology, urinalysis)</p> <ul style="list-style-type: none"> Development of new testing parameters Development of concentrated reagents (hematology field) Development of paper containers for reagents (hematology field) <p>Biological reagents (Hemostasis, immunochemistry, life science business)</p> <ul style="list-style-type: none"> Establishment of bio-reagent base (2019) Development of new testing parameters Creation of synergy within Group companies (HYPHEN BioMed, Oxford Gene Technology (OGT), etc.) 	<ul style="list-style-type: none"> Enhancing the quality of healthcare through the creation of new testing parameters Decreasing reagent changing frequency and reducing storage space due to the use of concentrated reagents Reduced environmental impact (Reduced CO₂ emissions during transport, contribution to shift away from plastic, etc.) Employment creation at various reagent factories
IT	<ul style="list-style-type: none"> Started offering the SNCS network service (1999) Provision of Caresphere network solution utilizing AI technologies and ICT Moving to online external quality control Introduction of virtual training (Sysmex America) 	<ul style="list-style-type: none"> Ensuring the stability of testing data Configuration of systems to prevent the interruption of testing (Breakdown prevention, swift recovery, etc.) More efficient laboratory operation (reduced travel time for product training, etc.) Reducing CO₂ emissions due to travel

>>Environmental Consideration in Our Business Activities P45

¹ Value provided to customers (such as medical institutions) ■ Value provided to society



and services for Caresphere that will increase the efficiency and quality of testing. >>Service and Support Structure That Utilizes ICT P53

Our R&D facilities center on Technopark (Kobe), our hub for R&D, and include facilities in Europe, the United States, China and other countries. Having bases globally enables us to work more closely with external institutions in each region, access new technologies more quickly and provide support for clinical trials.

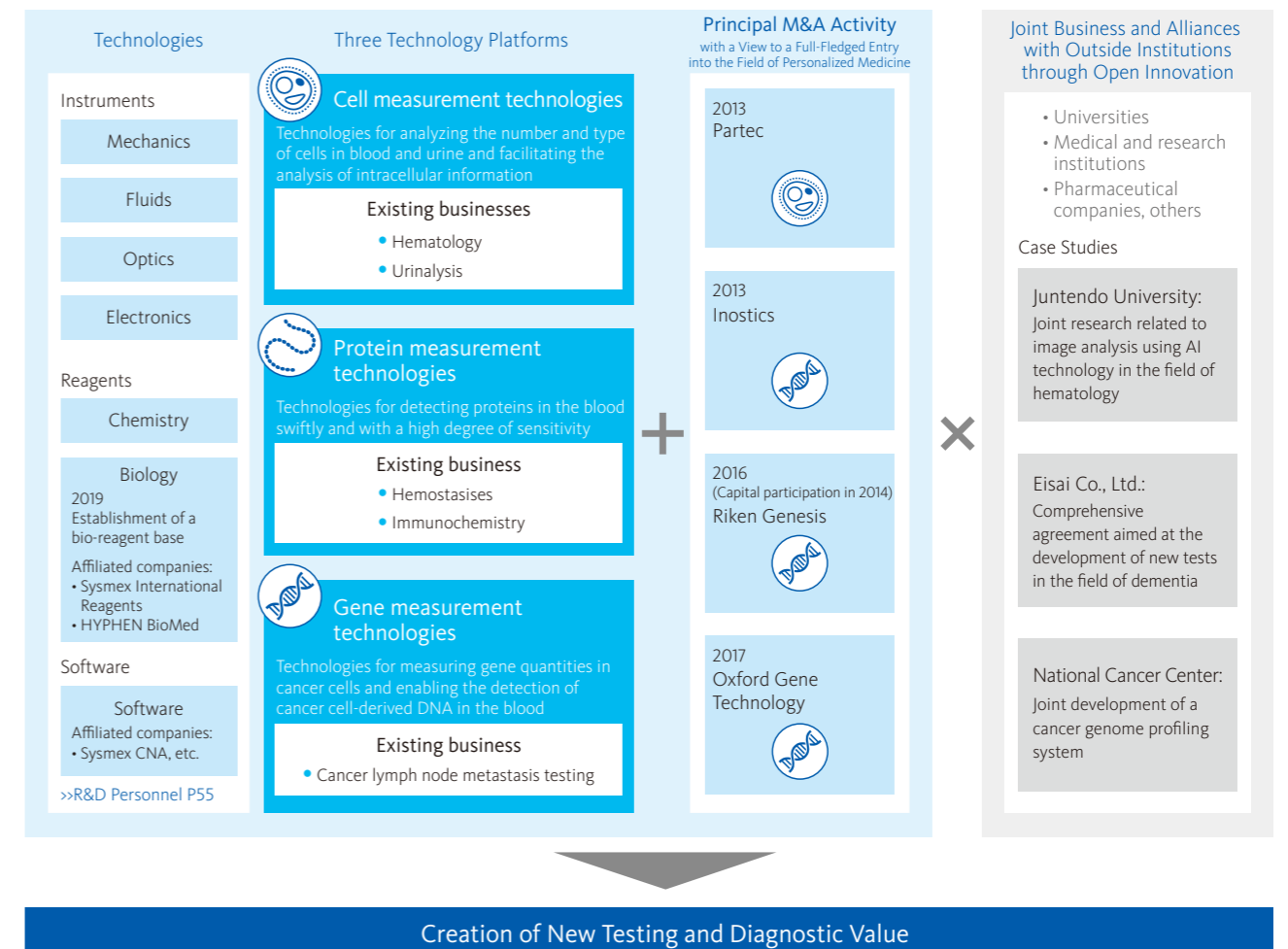
Technology Platforms for Creating New Value

One of Sysmex's R&D strengths lies in its three technology platforms, for measuring cells, proteins and genes. In our cell measurement platform, we are developing technologies to analyze the number and type of cells in blood and urine and analyze intracellular information. In our protein measurement platform, we are developing technologies for the swift and

highly sensitive detection of proteins in the blood. Our gene measurement platform includes technologies for measuring the quantities of genes in cancer cells and detecting cancer-cell-derived DNA in the blood.

With the environment that surrounds the healthcare domain changing rapidly, we have been employing M&A and open innovation to develop technologies quickly and commercialize them. M&A enables us to reinforce our platforms. By combining newly acquired technologies with the technological capabilities we have cultivated through our existing businesses, we aim to create value distinctive to Sysmex. Through open innovation, we strive to integrate external technologies and knowledge from universities, medical institutions, research institutions and pharmaceutical companies with Sysmex's management resources. As a result, we aim to create new value swiftly and launch new products into the market in a timely manner.

■ Sysmex's Technologies for Creating New Value



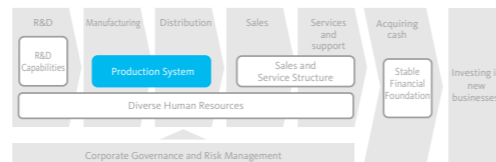
Management Resources Production System Capable of Achieving High Quality and Stable Supply

High quality and a stable supply are essential aspects of our products, which support healthcare activities. Sysmex exercises thorough quality control and has a global production system to deliver products in a timely manner.

An Instrument Production System Capable of Achieving High Quality

Medical settings require accurate test results, so analyzers must be top-quality. For this reason, we have situated our factories in the Kobe area, which is also our hub for R&D and marketing. From here, we strengthen cooperation within the Company and manufacture small lots of highly varied, high-quality products.

Winning out in global price competition requires increased production efficiency. We are building a framework to support manufacturing staff by introducing leading-edge production technologies utilizing ICT.



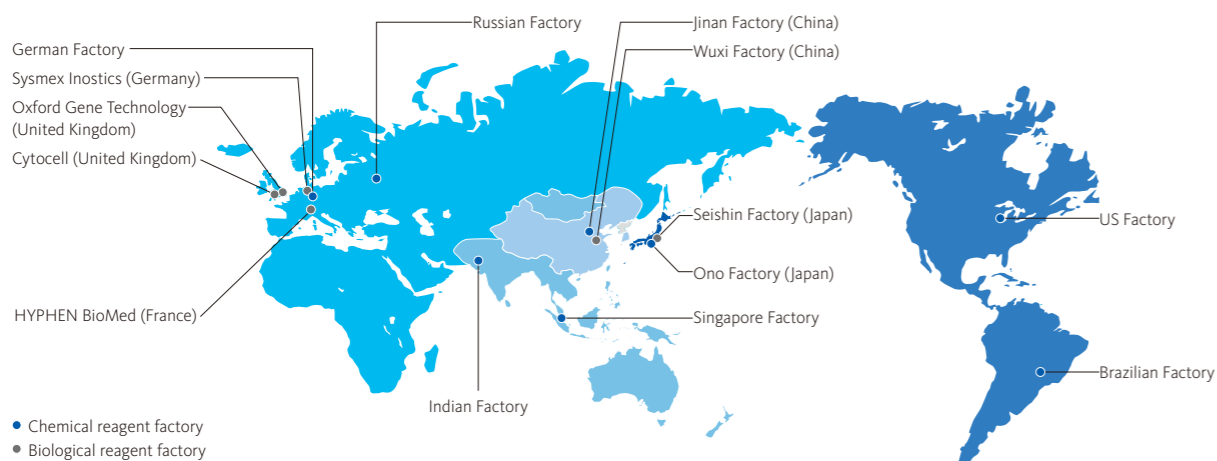
A Structure for the Stable Supply of Reagents

To perform tests, medical institutions require a stable supply of the reagents they use on an everyday basis. Sysmex is configuring production systems to ensure a stable supply of reagents to customers around the world.

We provide a stable supply of chemical reagents, which are used mainly in the hematology and urinalysis fields, from eight locations around the world. We have set up our system so that individual factories can supply each other as needed in the event of disaster.

In 2019, we established a bio-diagnostic reagent base to produce the biological reagents used in the immunochemistry and life science fields. We aim to provide a steady stream of high-quality, high-value-added products through an integrated structure from the development of reagent substances to their production and distribution.

Global Reagent Supply Structure



Major Production Initiatives and Value Provided

	Major Initiatives	Value Provided to Stakeholders ¹
Instrument Production	<ul style="list-style-type: none"> An efficient production system that utilizes ICT Start of knockdown production in China with measures giving preferential treatment to items manufactured in the country Conformance to international standards and obtaining various types of qualification (quality, environment) 	<ul style="list-style-type: none"> High-quality instruments providing accurate testing data Environmental consideration (such as using solar power reduce electricity consumption)
Reagent Production	<ul style="list-style-type: none"> Building a global production system Starting operation of a bio-diagnostic reagent base (internalize production of substances, develop alternatives to animal-derived substances) Consideration for the environment across the product life cycle (such as reducing packaging materials) Conformance to international standards and obtaining various types of qualification (quality, environment) 	<ul style="list-style-type: none"> Building a framework to prevent testing from being interrupted Environmental consideration (reducing waste, helping to conserve biodiversity by using alternatives to animal-derived substances in reagents, etc.)

¹ ■ Value provided to customers (such as medical institutions) ■ Value provided to society

Management Resources Sales and Service Structure to Realize Global Growth

Through our global sales and service network and by leveraging the strength in branding afforded by our No. 1 share of the hematology market (a testament to the trust we have earned with customers), we are working to capture an even greater market share.

Sales and Service Network Covering More Than 190 Countries and Regions

The main reason for our global growth has been our ability to anticipate the needs of the times and quickly build business bases in individual regions. We began developing our business globally soon after our founding, and we now have affiliated companies in more than 40 countries.

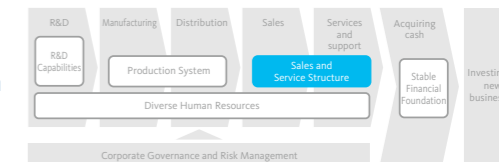
Notably, the direct sales and service structure we have built puts us on the front line and enables us to better ascertain customers' needs for new products and services. In recent years, we have established a local subsidiary in Egypt and revised our sales structures in India and Brazil. We are also expanding our sales network in response to regional characteristics by forming alliances with major global companies and collaborating with distributors to expand our sales network.

>>Global Business Development P39

We make use of these structures to provide high-value-added products and services and offer scientific information to help increase the level of healthcare in emerging markets and developing countries. Attesting to the customer trust such activities have earned us, in fiscal 2006 we gained the No. 1 share of the global market in hematology, our mainstay field of business. We have continued to build the Sysmex brand since then, leading to ongoing increases in market share. >>Customer Assessment P53

Administration and Sales Management Attuned to Regional Characteristics

Sysmex divides its sales regions into five areas for management purposes. Rather than dispatching managers from Japan, we encourage local management, placing in charge people who



are familiar with those regions. This approach facilitates swift decision-making that is appropriate for local market conditions and is one reason for the rapid growth of our overseas business.

In individual regions, we also strive to manage our business in a way that respects the cultures and values of individual countries and regions. Building systems that are tailored to regional characteristics and creating friendly working environments helps to ensure high levels of performance and serves as a driving force for global business expansion.



Members of regional headquarters management

Responding to Increasingly Stringent Regulatory Systems

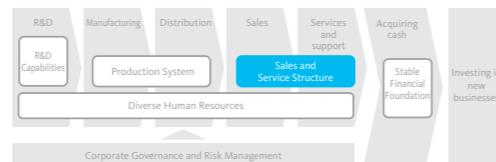
In recent years, regulatory structures have been growing stringent in developed countries, and emerging markets have been introducing their own systems. Accordingly, the ability to navigate these systems is becoming increasingly essential to competing in these markets.

Sysmex tailors its sales activities to respond as necessary to individual countries' regulatory systems, conducting business in more than 190 countries and regions. To launch new products in a timely manner we are reinforcing our regulatory affairs and clinical development functions. We achieve business diversification and strengthen our response to regulatory trends by enhancing our structures for product evaluation on a global basis and recruiting and cultivating specialized human resources.

Major Initiatives and Value Provided in Sales and Service

	Major Initiatives	Value Provided to Stakeholders ¹
Sales and Service Structure	<ul style="list-style-type: none"> Developing direct sales by establishing local subsidiaries Developing indirect sales by entering into agreements with distributors Training sales and service personnel Proposing solutions to address the issues customers face 	<ul style="list-style-type: none"> Enhancing productivity to address problems laboratories face Curtailing medical costs through higher laboratory productivity Creating employment in various countries
Responding to Regulatory Systems	<ul style="list-style-type: none"> Hiring regulatory professionals in individual countries, putting into place and enhancing the Regulatory Affairs Department Swift response to changing regulatory systems Support for regulatory registration in countries where we conduct sales indirectly 	<ul style="list-style-type: none"> Higher quality of healthcare due to the introduction of Sysmex products Enhanced patient quality of life through the application of new test parameters

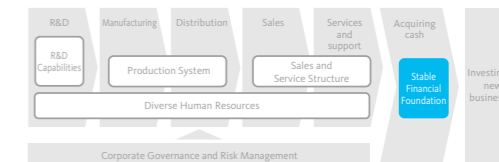
¹ ■ Value provided to customers (such as medical institutions) ■ Value provided to society



Management Resources

Stable Financial Foundation

Sysmex has built a highly profitable business model in its existing IVD business. The stable profits we generate enables us to invest proactively with a view to medium- to long-term growth.



Service and Support Structure That Utilizes ICT

In healthcare settings, diagnosis is largely based on results, so delivering test results that are accurate and preventing instrument malfunctions that result in downtime are of paramount importance. To achieve these aims, rather than repairing instruments when they break down, we have created systems to prevent their malfunction and respond swiftly in the event of a breakdown.

We launched Sysmex Network Communication Systems (SNCS), a network system, in 1999. By linking customers' instruments and Sysmex's customer support center over a network, this system facilitated the analysis of instrument operational logs for quality control of testing data and the prevention of breakdowns.

The quality control expertise we have cultivated in this way should provide a significant competitive advantage going forward as we commercialize new testing and diagnostic technologies to make a full-fledged entry into primary care and realizing personalized medicine.

Services and Support Tailored to Regional Characteristics

Sysmex tailors its service and support to the characteristics of individual regions. For example, we have introduced virtual training in the United States, where medical institutions are spread across a large area. Customers can undergo training

in real time via a network, without having to visit Sysmex's training center in person. The ability to receive training in real time and at their own levels of experience and proficiency has proven to be a great time saver for customers in remote locations. In the United States, we also provide a service using tablet-based tools, and in China we offer a service linked to WeChat. We also train sales and support staff thoroughly, underpinning our ability to provide high-quality services through both direct and indirect sales channels.

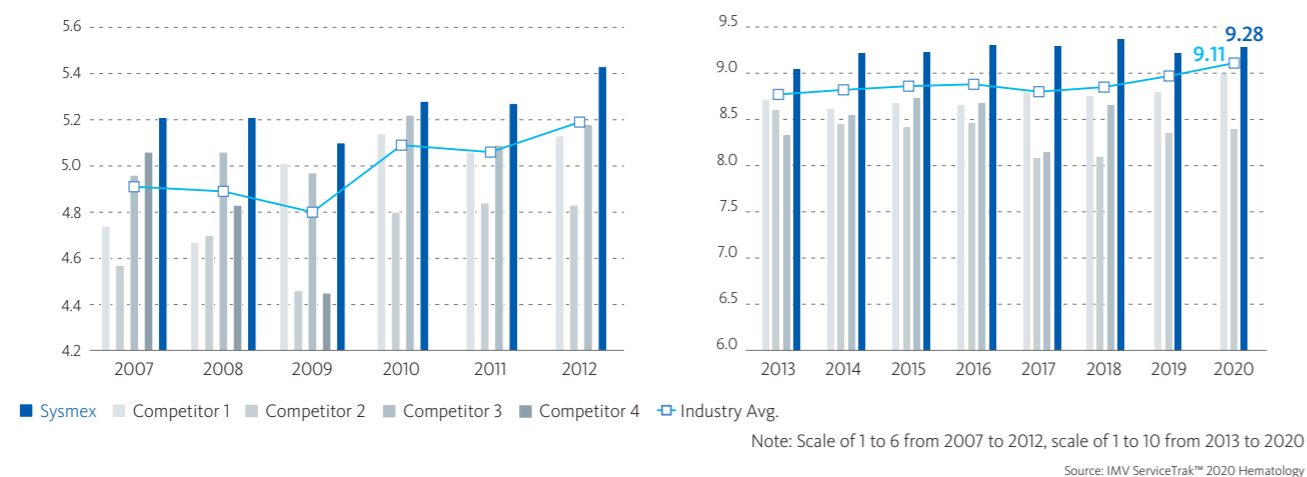
Due to service innovation initiatives such as these, Sysmex's products and service and support activities receive high marks in customer satisfaction surveys.



Case Study: The introduction of virtual training helped to reduce the amount of time required to travel for scientific support at the time of instrument delivery by 13 hours.

Customer Assessment in the United States (Overall Service Performance)

Sysmex earns highest customer satisfaction rating for the past 14 years



A Business Model for Achieving Steady Profitability

Testing demand is relatively unaffected by global circumstances and economic trends, resulting in stable profitability in our business.

Our existing IVD business represents a recurring-revenue business model. Even after customers buy our instruments, we continue to provide reagents and service and support. Reagents are needed each time an analyzer is used to measure a patient's blood or other samples. Service and support are essential to ensuring customers can continue to use our

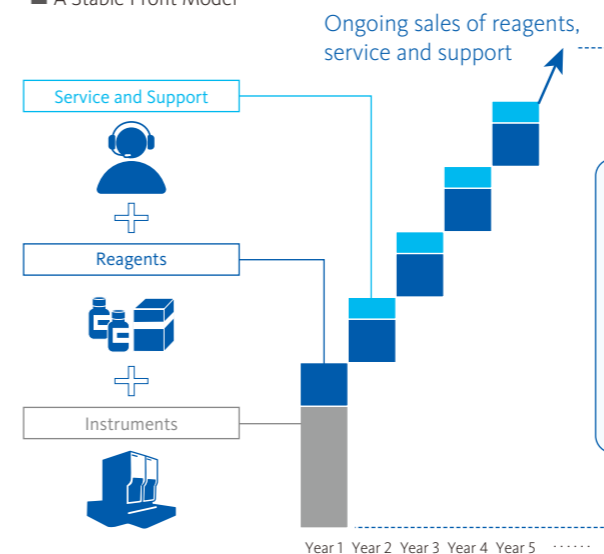
instruments with confidence.

The level of customer satisfaction for our products and services is high, so in addition to sales to new customers we often receive ongoing business from existing ones. This high repeatability is one reason we maintain high profitability.

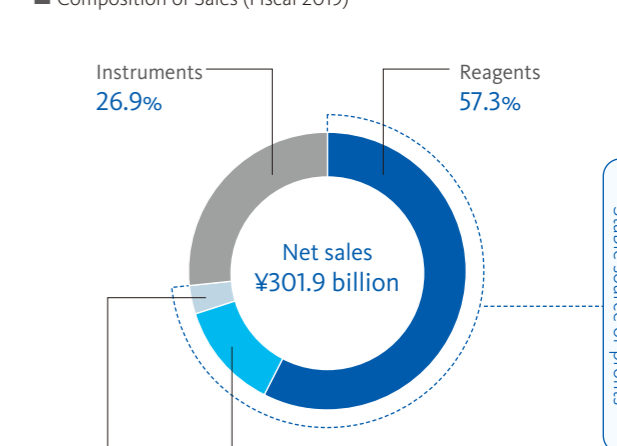
>>Customer Assessment P53

In fiscal 2019, reagents and, sales and services accounted for 73.1% of net sales. Reasons for this growth include the fact that our business comprises a rising share of large-scale institutions that use large quantities of reagents. Also, we are expanding our portfolio of products with high clinical significance.

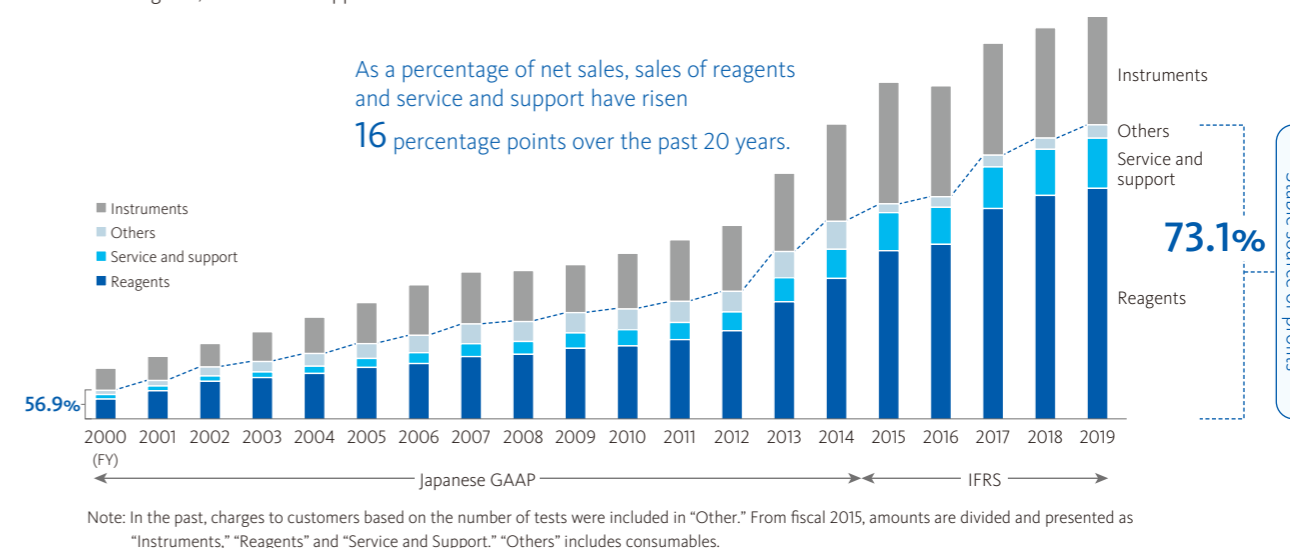
A Stable Profit Model



Composition of Sales (Fiscal 2019)



Sales of Reagents, Service and Support



Diverse Human Resources Supporting Sustainable Growth

Sysmex attracts people who are motivated by the desire to help resolve medical problems. Employees with a strong conviction and wide-ranging backgrounds are a key management resource supporting our sustainable growth and represent one of Sysmex's strengths.

Employees helping to resolve medical issues

The "Sysmex Way," the corporate philosophy for the Sysmex Group, defines the Group's mission as "shaping the advancement of healthcare." In keeping with this philosophy, our employees are committed to resolving medical issues on a global stage. Particularly among the millennial generation, in recent years employees have demonstrated an increasing desire to contribute to society through their work. At present, more than 9,000 employees throughout the Sysmex Group are putting the "Sysmex Way" into practice in order to extend healthy lifespans. The results of our global Corporate Culture Survey suggest that employees are highly motivated toward their work; in one indicator of social engagement, around 80% of employees responded "Yes" to the statement "I am proud to be a member of Sysmex."

Diverse Group Employees Creating a Competitive Advantage

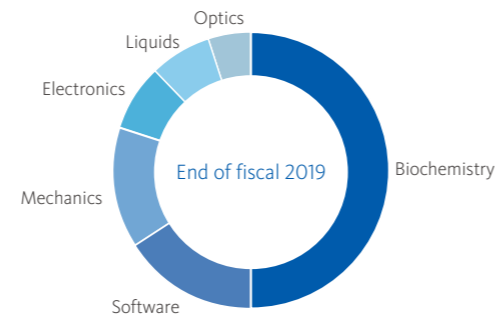
The diverse people who work at Sysmex are one of our management resources driving sustainable growth. For example, our R&D staff hail from diverse backgrounds, enabling us to develop instruments, reagents and software across different technology platforms (cell, protein and gene). Also, our global human resources are a major strength, supporting our business development across more than 190 countries and regions.

Notably, our overseas business is driven by seconded Japanese employees in fewer than 1% of cases. Rather, we concentrate on establishing local subsidiaries and hiring locally. Instead of directing business from corporate headquarters, we hire and delegate business to people who are familiar with

their local markets, enabling us to roll out measures swiftly and appropriately.

>>Administration and Sales Management Attuned to Regional Characteristics P52

■ Breakdown of Specializations among R&D Personnel

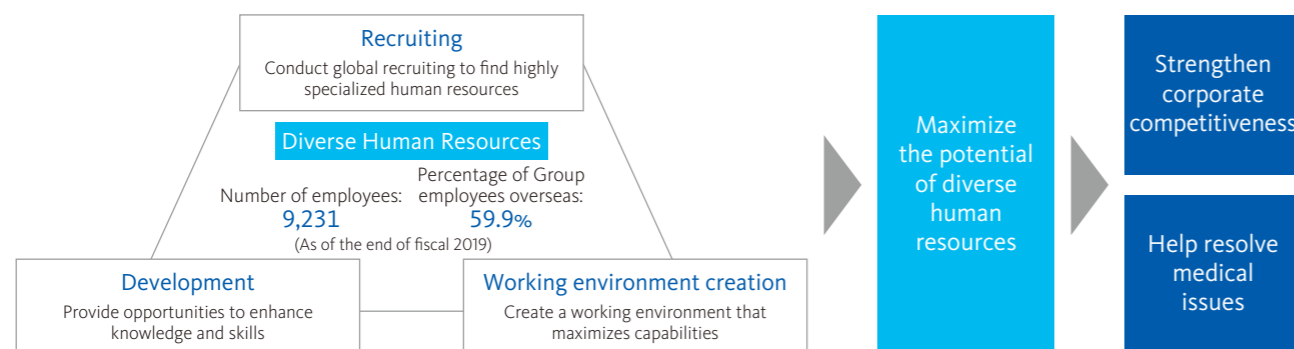


Various Initiatives for Enhancing Diversity

Sysmex strives to be a company where employees from diverse backgrounds can contribute. We embrace diversity and inclusion, and we plan to make further improvements under this theme.

Goal 5 of the SDGs calls for us to "Achieve gender equality and empower all women and girls." To encourage the employment of women, we have set a higher percentage of female managers in the Group as one of our non-financial targets. In fiscal 2019, the figure rose by 0.3 percentage point year on year, to 15.5%. In Japan, where the percentage of female managers is lower than in other regions, we have created an environment that strives to foster work-life balance for both women and men, such as by setting up a work-at-home system and an in-house daycare center. As a result, the percentage of female managers at Sysmex Corporation has risen by 2.1 percentage

■ HR Initiatives to Bolster Corporate Competitiveness



points since fiscal 2013, to 7.8%. Furthermore, women make up 21.5% of next-generation managers, up 12.8 percentage points from fiscal 2013, indicating that we are making steady progress.

>>Percentage of female managers / Percentage of next-generation female managers P30

>>Sustainability Data Book >Promotion of diversity P30

Providing Employees with Opportunities for Growth and Cultivating Next-Generation Managers

Sysmex is proactive about human resource training, as it believes in the importance of providing employees with growth opportunities.

In addition to on-the-job training and business skill development in individual regions and divisions, we are working to cultivate people as next-generation managers at an early stage. To this end, we introduced the Sysmex Academy in 2009. The CEO and other members of the management team serve directly as lecturers, passing on the corporate DNA of our founder and communicating the mindset managers require. The academy also provides programs to build necessary management skills and hone interpersonal skills. The academy has trained numerous management personnel in the 10 fiscal years since it began. Many members of the Managing Board and executive offers are graduates of the academy, and are now taking charge of Sysmex's management.

As part these initiatives, we have set employee training hours as one of the non-financial targets we monitor. We plan

to enhance these activities going forward.

>>Sustainability Data Book >Development of human resources P32

Creating a Comfortable Working Environment

To help employees perform at their best, we provide a comfortable working environment and make health maintenance a top priority. We have introduced systems to support an appropriate work-life balance that are tailored to the needs and characteristics of each region and we encourage proactive health management. In April 2020, we formulated the "Sysmex Declaration of a Healthy Company." This declaration marks an acceleration of our efforts to provide an attractive workplace by promoting health and safety activities, enhancing health, and ensuring balance.

We have earned external accolades and awards for these efforts in various regions. For example, Sysmex America has been selected for the "Companies That Care Honor Roll" for 11 consecutive years for its excellence in promoting work-life balance and a comfortable working environment.

When COVID-19 infections began to spread, we put top priority on employee safety. We responded swiftly by proactively setting up a teleworking environment.

Building this sort of working environment enables us to recruit and retain excellent human resources. At the same time, we are contributing to the third SDG, to "Ensure healthy lives and promote well-being at all ages."

>>Our Response to the COVID-19 Pandemic P19

>>Sustainability Data Book >Provision of a comfortable working environment P25

Introduction of a New Job-Based HR Management System to Foster the Development of Next-Generation Management Resources

Sysmex promotes the development and enhancement of specialized human resources that can help its business grow. Sysmex Corporation, which employs job rotation, is particularly sensitive to the need to develop specialized human resources from a medium- to long-term perspective. For this reason, and to facilitate the ability to respond rapidly to changes in society, in April 2020 we introduced a new HR management system to cultivate our personnel and drive sustainable growth.

Key changes include a shift away from a function-oriented HR system that grades individual capabilities to a job-based system, where evaluations are tied to roles and job content. By setting compensation at levels that make us competitive with other organizations, we aim to attract leaders who can shine on a global stage, as well as highly specialized human resources. Through planned successor training and independent employee career development, we aim to enhance employee engagement.

As a first stage, we plan to target managers in Japan, helping them to broaden their targeted regions and horizons on a global scale. By making our HR management system globally consistent, we aim to reinforce our basis for developing diverse human resources through a single platform.