



Strategies for Achieving Sustainable Growth

As the healthcare market continues to grow, we aim to help extend healthy lifespans through efforts to resolve medical issues in various regions, as well as achieving further growth.



Management Plan

Based on the “Sysmex Way,” the corporate philosophy of the Sysmex Group, we have formulated long-term management goals and a mid-term management plan to achieve sustainable growth. The plan establishes important matters to be addressed in order to reach positioning targets based on our long-term vision. We are undertaking initiatives to this end amid a rapidly changing market environment.

Group Corporate Philosophy

Systemex Way

Long-Term Management Goals (2025)

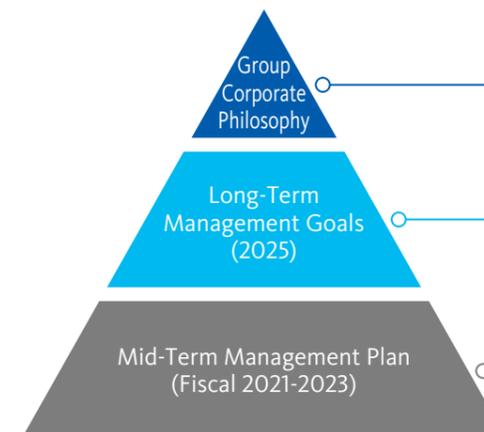
Long-Term Vision

“A Unique & Advanced Healthcare Testing Company”

Positioning

1. Creating innovative diagnostic value as a global top-five company in IVD
2. A leading company in personalized diagnostics for optimizing medical treatment
3. A solution provider contributing to the advancement of primary care diagnostics
4. An attractive company providing value and instilling confidence
5. One Sysmex carrying out high-speed management

»For details on the long-term management goals, please refer to page 33 of *Systemex Report 2018*.



New Mid-Term Management Plan (Fiscal 2021 to Fiscal 2023)

1. Accelerate the introduction of new products aimed at improving growth and profitability while promoting emerging market strategies.
2. Achieve high growth through proactive investment in key fields (hemostasis, immunochemistry, and life science).
3. Introduce new business to achieve dynamic growth.
4. Promote digitalization in the Group and achieve DX to create customer value.
5. Enrich the talent portfolio, which contributes to strategy execution, and create an attractive organizational climate that leverages diverse talent.
6. Formulate a vision and roll out measures to reinforce and implement sustainability management.

»New Mid-Term Management Plan P35

Looking Back on the Previous Mid-Term Management Plan

(Fiscal 2019 to Fiscal 2021)

Despite the impact of the COVID-19 pandemic, we steadily generated results as issues materialized. In addition, we made progress on a variety of initiatives to reinforce our management base and structure.

Two Consecutive Years of Sales Growth amid a Challenging Operating Environment

The COVID-19 pandemic broke out in the fourth quarter of fiscal 2019, the first year of our previous mid-term management plan. The resulting lockdowns and other restrictions on movement in countries around the world caused general testing demand to fall. Affected by this situation, Sysmex experienced a decline in sales, particularly in its mainstay hematology field. As a result, net sales were ¥301.9 billion in fiscal 2019 and ¥305.0 billion in fiscal 2020 (up 1.0% year on year). Although the figures were up for two consecutive years, we fell short of our expectations. Furthermore, sales of highly profitable reagents declined, so operating profit decreased for two years in a row. This deterioration in profitability caused ROE to fall,

prompting the need to continue improving capital efficiency.

Addressing our important priorities, we launched new products in the hematology and hemostasis fields, commercialized the cancer gene testing business in the life science field, and made steady progress on the development of tests related to COVID-19. We also worked to strengthen our management base through business process reforms, such as making the quality management system more efficient and promoting digitalization.

However, certain issues remain to be addressed, such as speeding up new product development, boosting productivity, and creating a structure for obtaining early-stage regulatory approval. In addition, new issues emerged with respect to responding to the new normal. We will need to continue addressing these issues under our new mid-term management plan.

■ Important Priorities under the Previous Mid-Term Management Plan



■ Key Results under the Previous Mid-Term Management Plan

	(First year of the plan)		(Second year of the plan)	Growth rate (vs. Fiscal 2018)
	Fiscal 2018	Fiscal 2019	Fiscal 2020	
Financial Targets				
Net sales	293.5	301.9	305.0	3.9%
IVD business	283.1	290.6	291.2	2.9%
Life science business	10.3	11.2	13.0	25.7%
Operating profit	61.2	55.2	51.7	(15.5)%
Profit attributable to owners of the parent	41.2	34.8	33.1	(19.6)%
Profit attributable to owners of the parent (yen)	197.60	167.10	158.65	—
Return on equity (ROE) (%)	16.3	12.9	11.3	—
Non-Financial Targets¹				
Hematology market share (%)	53.8	54.7	56.3	—
Percentage of sales in emerging markets (%)	39.5	39.7	40.0	—
CSR survey response rate (%)	84	85	89	—
Engagement score (%)	—	—	66% ²	—
Training time per employee (hours) ³	28.9	27.7	34.0	—
Female managers ratio (%)	15.2	15.5	16.2	—
Environmental consideration (instruments)				
Reduction of CO ₂ emissions ⁴	Cut 10%	Cut 2%	Cut 8%	—
Reduction of water consumption ⁴	Cut 2%	Cut 4%	Cut 6%	—

¹ Results against non-financial targets set under the previous mid-term management plan ² Excluding EMEA
³ Target: Sysmex Corporation on a non-consolidated basis ⁴ Base year: Fiscal 2016

■ Main Initiatives under the Previous Mid-Term Management Plan

Important Priorities toward Sustainable Growth

① Reinforce strong growth in the IVD Business

We optimized processes from product development to regulatory applications. As a result, we launched flagship models in the hematology and hemostasis fields, expanding our product portfolio.

● Hematology

- Launched new flagship models
- Launched new compact models

● Hemostasis

- Launched new flagship models and immunochemistry modules
- Reestablished global alliances



Multiparameter automated hematology analyzer



Fully automated blood coagulation analyzer

● Immunochemistry

- Developed and launched COVID-19-related reagents
- Developed and launched region-specific reagents (China)

● Urinalysis

- By reestablishing alliances, launched a urine chemistry analyzer (North America)

② Accelerate commercialization of the Life Science Business

We made steady progress on expanding this business. We began accepting orders for cancer gene testing and received regulatory approval in China for a system to test for cancer lymph node metastasis. We will continue with initiatives to improve profitability.

- Obtained insurance coverage and launched a test system for cancer gene profiling
- Received insurance coverage and launched an RAS gene mutation testing kit
- Expanded the businesses of Oxford Gene Technology and Sysmex Inostics



RAS gene mutation testing kit

③ Enhance quality and quality assurance systems

④ Strengthen the regulatory affairs functions and clinical development capabilities that underpin our business

Aiming for the early-stage provision of high-quality products, we made our quality management system (QMS) more efficient and stepped up clinical developments using overseas R&D bases.

- Responded to the European In Vitro Diagnostic Regulation (IVDR)
- For quality assessment, strengthened supplier shipping and acceptance inspections
- Created a specialized organization dedicated to clinical development to shorten clinical evaluations

Scope of QMS (■ indicates functions that have been strengthened.)



⑤ Restructure business processes through digitalization

⑥ Innovate human resource management

We promoted the digitalization of internal processes and completed the standard design of global business processes. We also developed and launched Caresphere, a network solution tool to help customers achieve better efficiency. In addition, to make our HR policies globally consistent, we introduced a job-based human resource system for managers.

- Completed the globally standard design of our backbone system and began construction
- Began operating individual systems (HR management, design information, management of pharmaceutical affairs documents, purchasing, and travel expenses)
- Launched Caresphere, a new network solution to support laboratory operations and quality control
- Completed the formulation of a global HR policy
- Introduced a job-based HR system for managers
- Promoted work style reform, such as introducing remote working

Positioning in the Market

Sysmex provides products and services to customers around the world. In the IVD field, we are ranked eighth in sales globally. Due to COVID-19, growth in the IVD market is estimated to have been in the mid-single digits in fiscal 2020. Companies' market positions changed somewhat due to an increase in COVID-19-related testing. Most top companies in this sector are based in Europe and the United States; Sysmex is the only one headquartered in Asia.

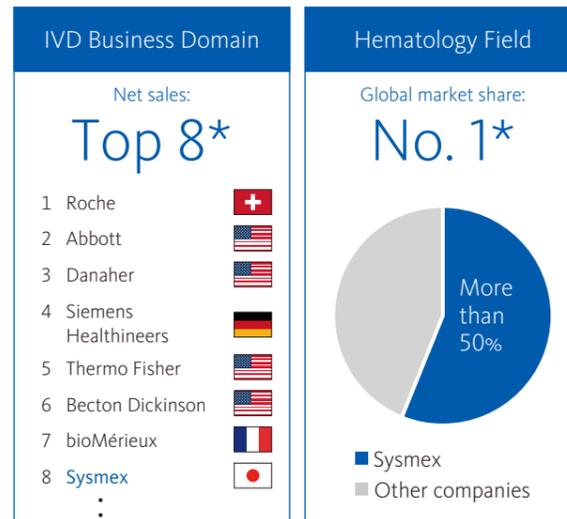
Notably, we have a leading share of more than 50% of the global market in the hematology field. We are expanding our sales regions and portfolios in the hemostasis and urinalysis fields by collaborating with alliance partners. As a result, we have acquired a high share of the global market.

Meanwhile, we are building a robust installed instrument base in the immunochemistry field, where we are developing our business, mainly in Asia. Going forward, we plan to expand our lineup by developing proprietary reagent parameters and obtaining regulatory approval as we work to expand our sales further.

We are also moving to launch new products in new business domains, such as FCM, life science and primary care.

Competitive Status with Other Companies

In addition to competing with European and US companies, the competitive landscape is changing as companies from emerging markets and other industries enter our field of business. However, developing business in the IVD domain means



* Sysmex's estimates based on information disclosed for 2020

overcoming high barriers to entry, such as obtaining regulatory approval in various countries. Sysmex has created a global regulatory structure with the expertise to respond accurately to regulatory frameworks in different countries. As a result, we are able to deliver the products we develop to customers smoothly and swiftly.

We will continue to provide high-value-added products and services that exceed customer expectations. As a result, we aim to firmly establish the Sysmex brand, enabling us to further enhance our market share.

■ Market Scale and Sysmex's Business Domains

Testing Field	Market Scale* (\$ million)	Market Growth Rate* (2021-2023)	Sysmex's Sales Composition (Fiscal 2020)	Principal Peer Companies
IVD market	70,000	—	—	
Hematology	3,600	4%	59.0%	Danaher, Siemens Healthineers, Abbott, Mindray
Hemostasis	2,700	4%	17.8%	Instrumentation Laboratory, Stago
Urinalysis	1,150	4%	7.2%	Danaher
Of which, sediment urinalysis	(500)	(5%)		
Immunochemistry	19,200	6%	5.1%	Roche, Abbott, Siemens Healthineers
Clinical FCM	—	—	0.5%	Becton Dickinson, Danaher
Others (Genes, etc.)	—	—	10.4%	

*Sysmex has compiled data on market scale and growth rates based on publicly disclosed information. Exchange rates are used for the year for which research was conducted, so simple comparisons with market scales presented in previous years are not possible.

The COVID-19 Pandemic

The COVID-19 pandemic caused testing demand to dip temporarily, but we believe the healthcare market will continue to demonstrate robust growth going forward. In developed countries that focused on curtailment of the crisis, we anticipate increased investment and expect to see increasingly diverse treatment and testing. In emerging markets and developing countries, testing is expected to grow more prevalent, with more people undergoing testing. With COVID-19 vaccines being rolled out and drugs to treat the disease being developed, we expect its impact on society to gradually decline. Even so, we anticipate an ongoing call for the development of more precise and simpler testing technologies and enhanced testing systems.

The Need to Resolve Increasingly Diverse Medical Issues

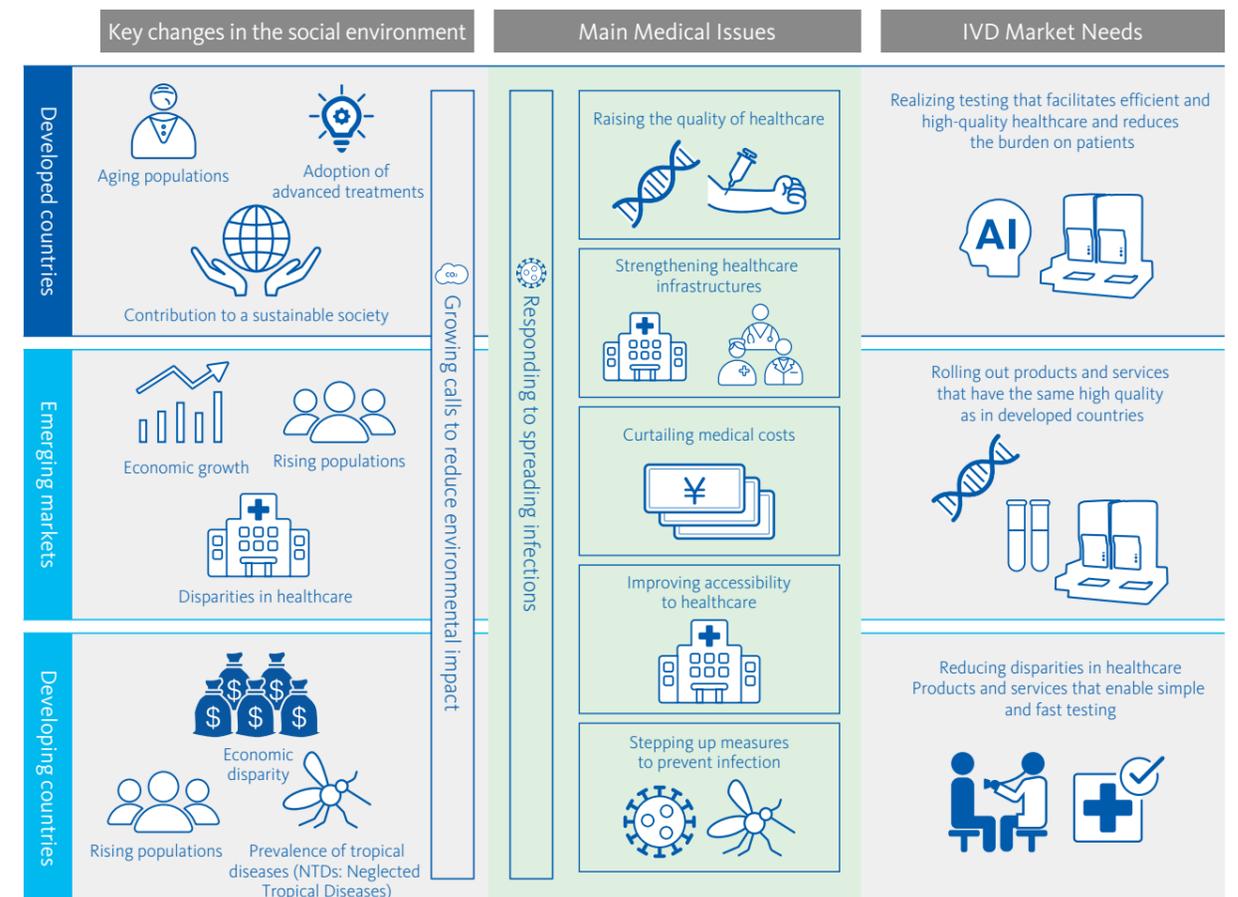
In IVD markets in developed countries, progress is being made on the practical realization of innovative technologies, such as

liquid biopsy and cancer gene testing. Against this backdrop, in addition to an increased quality of healthcare, society is calling for early detection and appropriate diagnosis and treatment to help hold down medical costs and improve healthcare efficiency.

In emerging markets and developing countries, the status of economic growth differs, but the need to build and enhance healthcare infrastructures is a common issue. In these markets, testing needs are growing along with those in developed countries. At the same time, we also face calls to provide products and services that are suited for those regions and that fit local budgets.

International calls for a sustainable society are leading to an increasing emphasis on companies meeting their social responsibilities by achieving the targets outlined in the 17 SDGs. To enhance global health, particularly given our role as a healthcare company, we are being called upon to contribute toward the achievement of Goal 3, to "ensure healthy lives and promote well-being for all at all ages." Expectations are also growing with respect to our contribution to the resolution of social issues, such as by launching environmentally friendly products.

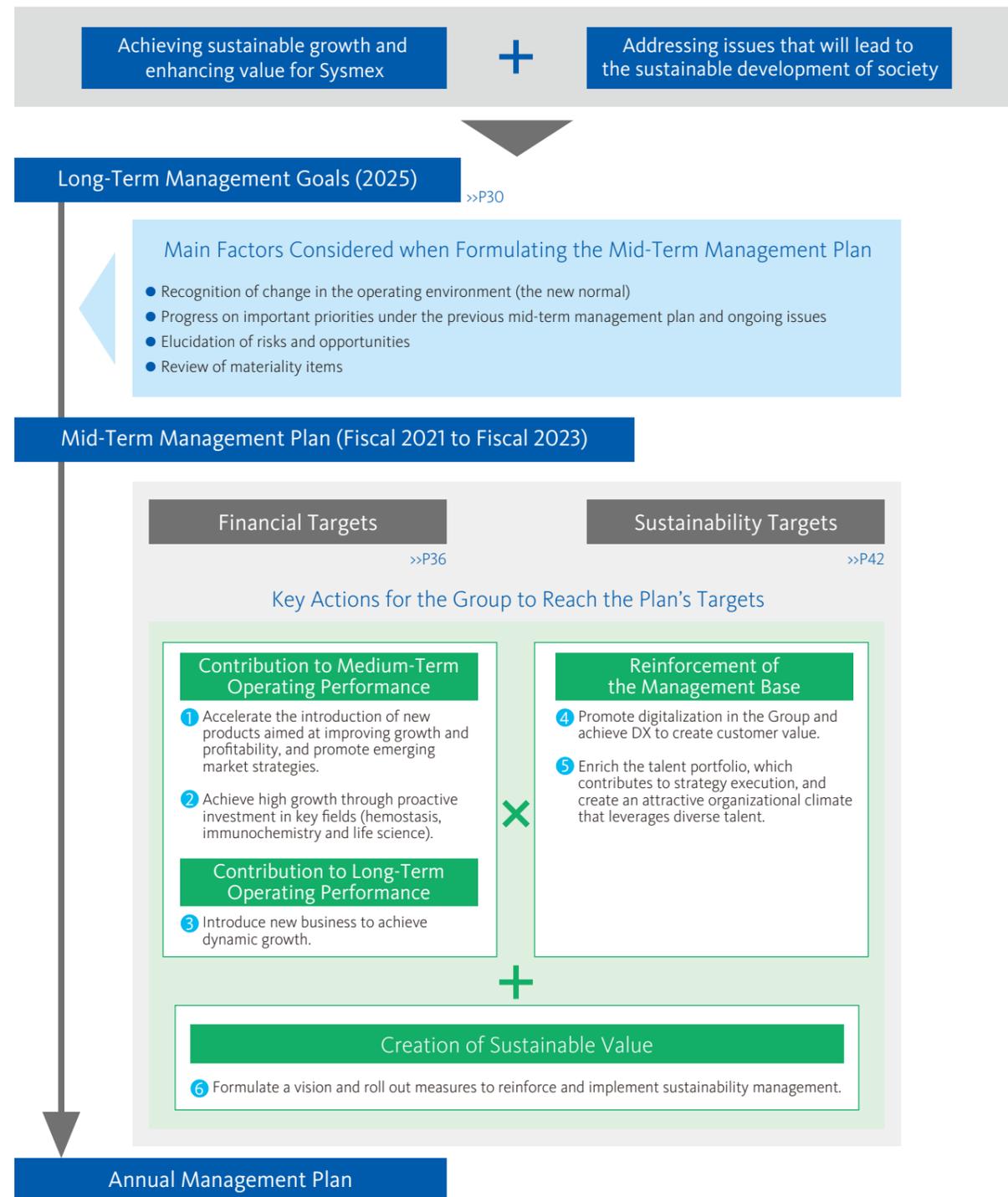
■ Changing medical issues and market needs in line with shifts in the social environment



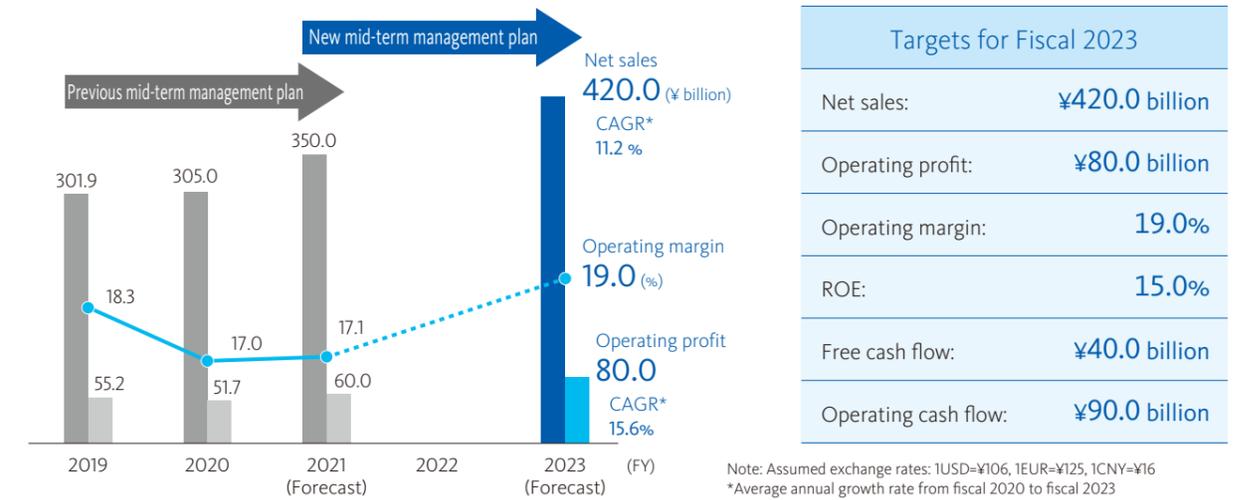
New Mid-Term Management Plan (Fiscal 2021 to Fiscal 2023)

We have formulated a new mid-term management plan for the Group, ending in fiscal 2023. The plan aims to reinforce a management base that supports sustainable growth for the Group. To reach positioning targets based on long-term management goals, the plan sets forth key actions for the next three years and specific measures to be executed. As a result, we aim to achieve sustainable growth and enhance corporate value for Sysmex. At the same time, we aim to resolve issues that will lead to the sustainable development of society.

Framework for Determining Key Actions for the Group



Financial Targets



Sales Targets for Fiscal 2023 (by Business)

	Fiscal 2020 (Actual)	Fiscal 2021	Fiscal 2023	CAGR*(%)
Hematology	180.0	197.0	220.0	6.9
FCM	1.4	3.0	7.0	68.9
Urinalysis	21.8	30.0	36.0	18.1
Hemostasis	54.3	58.0	67.0	7.2
Immunochemistry	15.4	20.0	30.0	24.7
Clinical chemistry	2.7	3.0	3.5	7.7
Life science	13.0	18.0	30.0	32.1
Others	15.3	16.0	16.5	—
Diagnostics business	304.2	345.0	410.0	10.4
Medical robotics business	0.7	5.0	10.0	134.5

Note: Assumed exchange rates: 1USD=¥106, 1EUR=¥125, 1CNY=¥16

*Average annual growth rate from fiscal 2020 to fiscal 2023

Sales Targets for Fiscal 2023 (by Destination)

	Fiscal 2020 (Actual)	Fiscal 2021	Fiscal 2023	CAGR*(%)
Japan	48.7	59.5	76.5	16.2
Americas	65.8	79.5	95.5	13.2
EMEA	82.1	88.0	100.0	6.8
China	83.8	94.0	112.0	10.1
Asia Pacific	24.4	29.0	36.0	13.8

Note: Assumed exchange rates: 1USD=¥106, 1EUR=¥125, 1CNY=¥16

*Average annual growth rate from fiscal 2020 to fiscal 2023

Group Key Actions

- 1 Accelerate the introduction of new products aimed at improving growth and profitability, and promote emerging market strategies.

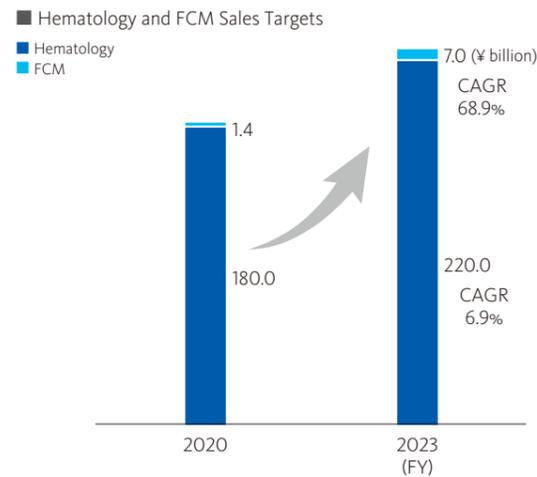
We aim to improve growth and profitability by accelerating the global rollout of the new hematology products we launched in fiscal 2020. In addition, we will work to introduce products suited to the needs of emerging markets, which are characterized by rising populations, economic growth and significant expectations toward increases in healthcare quality. We will also contribute to improved accessibility to healthcare and enhancement of the healthcare infrastructure. In fiscal 2019, we began direct sales and service in India, which we are positioning as a key market. By moving forward with business planning, product development, and market launches, we are working to increase our share in emerging markets.

In North America, we are promoting clinical flow cytometry testing. By combining this testing with hematology, we aim to create tests that offer even higher levels of clinical value and provide high-value-added testing that enables early diagnosis, the selection of appropriate treatment methods, and the monitoring of treatment efficacy.

At the same time, we aim to lower the cost of sales ratio and utilize IT to make services more efficient. As a result, we aim to continue improving profitability.

Focuses of Initiatives

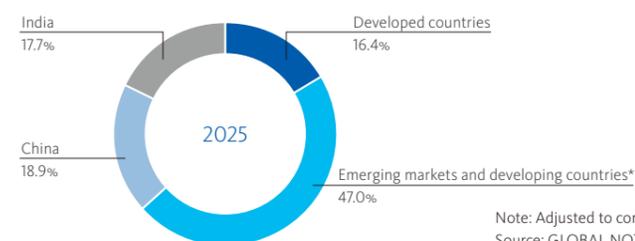
- In the hematology field, increase sales through a global rollout of high-end models.
- Launch new products for low-end markets and increase sales through direct sales in India.
- Work to create new clinical value through collaboration with clinical flow cytometry, such as the selection of optimal treatment methods and the monitoring of treatment effects.
- Promote a hematology-plus strategy aimed at further innovations in such areas as operational value and clinical value.
- Develop products that foster better accessibility to healthcare in emerging markets and help curtail medical costs.



Hematology and FCM Testing Portfolio



Demographics of the Global Population



Note: Adjusted to correspond to Sysmex's performance categories
Source: GLOBAL NOTE (calculated from UN statistics) *Excludes China and India

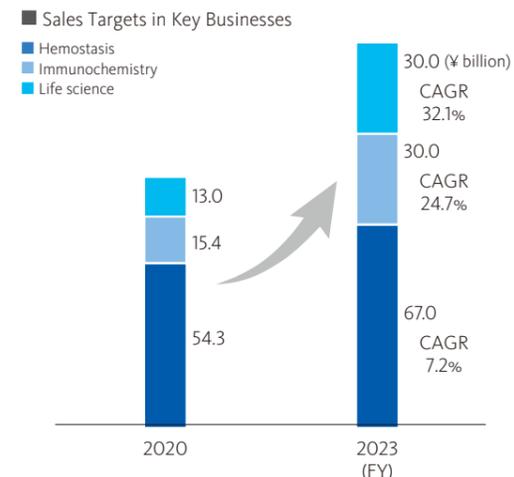
- 2 Achieve high growth through proactive investment in key fields (hemostasis, immunochemistry, and life science)

We have defined hemostasis, immunochemistry and life science as key businesses, where we will work to enhance the business portfolio by prioritizing the allocation of management resources. We will use the earnings obtained from our mainstay field of hematology to accelerate the global rollout of new products in the hemostasis field, expand reagent parameters in the immunochemistry field, and develop new testing parameters in the life science field. Through such investments, we aim to meet the target outlined in our mid-term management plan of having non-hematology sales account for 48% of the total by the plan's final year.

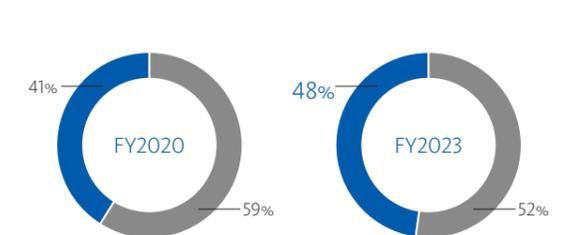
With the aim of putting the technologies we currently possess into practical use at an early stage, we will collaborate with development partners, hospitals, and other stakeholders at the early stages of product development. We will promote agile development to accelerate our efforts to create new value.

Focuses of Initiatives

- Hemostasis field:
 - Increase market share by accelerating the global rollout of new products.
- Immunochemistry field:
 - In China and other parts of Asia, increase the installed instrument base and the number of reagent parameters.
 - Promote the commercialization of testing for Alzheimer's disease.
- Life science field
 - Expand the market in China for systems to test for cancer lymph node metastasis.
 - Increase sales of cancer gene testing.
- Promote agile development with the aim of boosting product development speed and verifying customer needs.



Composition of Sales



To achieve sustainable growth, we will increase the rate of growth and profitability of existing businesses and enhance our portfolio.

Hiroshi Kanda

Member of the Managing Board and Senior Executive Officer | Managing Director
Business Strategy Development

Under the previous mid-term management plan, we worked on reinforcing strong growth in the IVD business, along with engineering reforms. Leveraging these results in the hematology field, we engaged in efforts to further increase testing efficiency and create diagnostic value. Furthermore, in addition to developed countries, we worked to expand our business by stepping up initiatives in emerging markets, where medical economies are expected to grow. Meanwhile, to boost the percentage of sales from non-hematology areas, we identified key businesses outside hematology. Under the current mid-term management plan, we will prioritize the allocation of resources to these areas. Through these efforts, we aim to resolve medical issues and achieve further sustainable growth for Sysmex.



3 Introduce new business to achieve dynamic growth

To achieve further growth, we will cultivate new businesses outside our conventional IVD domain. Specifically, by increasing our market share for the robotic assisted surgery system we launched in Japan in fiscal 2020, we plan to steadily cultivate the medical robotics business. At the same time, we will pursue efforts to obtain regulatory approval overseas, with a view toward a future overseas rollout.

By leveraging the technologies and expertise it has cultivated in the IVD domain, Sysmex will create new businesses in domains at the forefront of diagnostics and treatment, such as regenerative medicine and genomic medicine. We will promote open innovation with a view to implementing innovative digital technologies in society and medicine. In this way, we will work to create new businesses that make use of healthcare data.

Focuses of Initiatives

Medical robotics business:

- Accelerate market introduction by increasing the number of surgical instructors.
- Increase the number of applicable medical departments by enhancing robotic forceps and peripheral software.
- Prepare for regulatory application and market introduction in Europe, the United States, and China.

>>Robotic Assisted Surgery System P91

Cultivation of new business domains:

- Step up initiatives targeting regenerative medicine and genomic medicine.
- Consider initiatives for utilizing healthcare data through open innovation outside the Company.

■ Sales from the Medical Robotics Business



■ Key Initiatives in the Medical Robotics Business



- Achieve domestic market penetration with the robotic assisted surgery system
- Work to receive regulatory approval overseas



We will leverage our strengths and expertise in existing businesses and create new businesses unique to Sysmex.

Kaoru Asano

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

To date, Sysmex has taken advantage of open innovation to create new business domains, continuing to acquire technologies, and develop products. Under this mid-term management plan, we are working steadily toward the practical application of the technologies we have acquired and the commercialization of new products and services. Under the previous mid-term management plan, we commenced sales in Japan in the medical robotics business. By fostering synergies with existing businesses, we will create value unique to Sysmex and expand our business. In addition, we will consider ways to utilize various medical data related to testing and surgery with the aim of cultivating businesses through dynamic growth rather than through the extension of existing businesses.



4 Promote digitalization in the Group and achieve DX to create customer value

In digitizing our internal business processes, which we have been working on since 2018, we aim to optimize and improve efficiency across the Group and across functions. To achieve this, we will renew our backbone systems, expand the scope of digitalization to the entire value chain, and build a global digital infrastructure.

Regarding digitalization for our customers, we will promote initiatives to create new solutions by providing new added value through the expansion of applications for Caresphere, the network solution we introduced in 2018.

Focuses of Initiatives

- Set up a specialized organization to promote DX, and strengthen internal and external functions for promoting digitalization.
- Accelerate the digitalization of internal business processes to optimize and improve the efficiency of the entire Group.
- Increase value creation for customers by expanding Caresphere's applications.

■ Scope of Digital Transformation (DX)



We will promote the value that digitalization delivers by integrating DX for both internal use and customers.

Kenji Tachibana

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

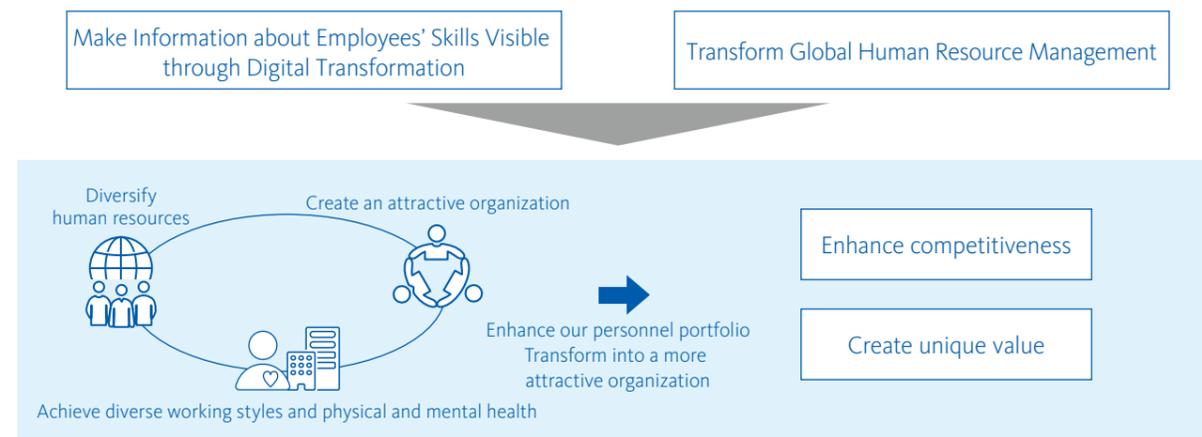
The Group has been developing and enhancing its internal IT systems and IT solutions for customers since the late 1990s, but in this highly uncertain environment, we believe that DX initiatives that bring new value both internally and externally are essential and need to evolve over time. Within the company, we are working on DX to enhance the creativity and productivity of people rather than simply renewing conventional IT systems. For our customers, we are expanding the application of Caresphere, which was developed and introduced in 2018 as a new network solution, and we are working on DX that will continue to provide new value to our customers. In addition, we will work to integrate information between internal DX and DX for customers, and promote the value provided to both.



5 Enrich the talent portfolio, which contributes to strategy execution, and create an attractive organizational climate that leverages diverse talent

We will strengthen our efforts to recruit and develop next-generation leaders and highly specialized human resources who will support our sustainable growth. For example, by leveraging our digital infrastructure to make information about employees' skills visible globally, we can improve the quality of human resource management and strengthen corporate competitiveness. We aim to further transform our workplace and organizational culture, making them attractive places to leverage diverse human resources. To this end, we will strive to diversify our human resources and increase the ratio of female managers on a global basis. In addition, by implementing measures based on the Sysmex Declaration of a Healthy Company, we aim to create an environment where employees can work with peace of mind in good physical and mental health, make the most of their skills, and become more engaged.

■ Main Initiatives under the Mid-Term Management Plan



Focuses of Initiatives

- Strengthen human resource management by establishing a job-based human resource system and expanding its application to the general workforce.
- Expand opportunities to acquire highly specialized human resources through the realization of diverse work styles.
- Provide educational opportunities and expand content for all generations.
- Promote diversity, inclusion, and health management.

We will focus on developing human resources, the source of our competitiveness, and on creating an organizational culture that fosters innovation.

Kensuke Iizuka
Senior Executive Officer
Deputy in charge of Corporate Management
Executive Vice President of Corporate Business Planning Div., Corporate Executive Office

Sysmex has introduced a variety of human resource measures in line with the expansion of its business scale and globalization. To achieve further growth, we will continue to actively promote initiatives that are in line with changes in society. In particular, we will expand our job-based human resource system to all employees and promote diversity and inclusion on a global scale to create a diverse and attractive organization. In addition, by enabling employees to choose a work style that suits their life stage and values, we will endeavor to improve their physical and mental health and engagement and realize One Sysmex, which will contribute to richer communication and innovation.



6 Formulate a vision and roll out measures to reinforce and implement sustainability management

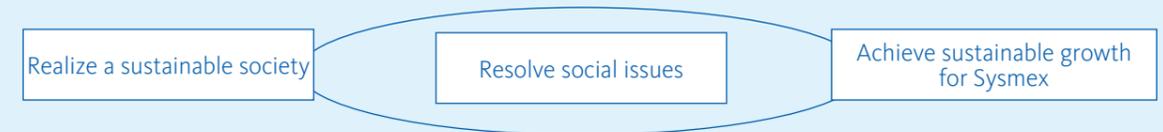
We will strengthen our sustainability management to realize a sustainable society and achieve sustainable growth for Sysmex. We will deepen our understanding of society's expectations through dialogue with stakeholders, and reflect this understanding in our management. In addition, we will work to formulate new management goals and realize Sysmex's unique sustainability management so that all stakeholders, from executives to employees, can understand our corporate mission and become aware of, and practice contributing to, solving social issues through our business activities.

>>Materiality P10

Focuses of Initiatives

- Formulate a vision to reinforce sustainability management.
- Create new long-term management goals based on our vision for sustainability management.
- Engage in activities to reach sustainability targets.

We will strive to earn the trust of our diverse stakeholders and enhance our corporate value by implementing Group-wide measures based on our priority initiatives (materiality items) and sustainability targets.



■ Main Sustainability Targets

>>For details, see the Sustainability Data Book, P4 >>Non-Financial Targets and Results under the Previous Mid-Term Management Plan P31, 81

	Main KPIs	Fiscal 2020 Results	Targets (Fiscal 2023)
Resolution of medical issues through innovation	Hematology market share	56.3%	*4
	Number of cancer genomes analyzed ²	1,600	*4
Improvement in accessibility to healthcare	Sales in emerging markets	¥122 billion	*4
Pursuit of quality and trust	Number of recalls	4	*4
Strengthening of supply chain management	CSR survey response rate (primary raw material suppliers)	89%	90%
	Engagement score	66%* ¹	75%
Provision of a comfortable working environment	Turnover ratio ^{2,3}	2.7%	*4
	Female managers ratio	16.2%	17.0%
Development of human resources	Training time per employee ³	24.5 hours	40.0 hours
	Total annual working hours ²	2,030 hours	1,950 hours
Promotion of health and occupational safety	Lost-time injury frequency rate ^{2,3}	0.78	0.58
	Lost workday rate ^{2,3}	0.05	0.02
Environmental consideration through product lifecycle	Reduction of CO ₂ emissions (instruments)	Cut 8%	Cut 20%
	Reduction of water consumption (instruments)	Cut 6%	Cut 10%
Reduction in environmental burdens through activities at business offices	Reduction of CO ₂ emissions (business activities)	Cut 35%	Cut 40%
	Reduction of water consumption (business activities)	Cut 7%	Cut 5%
Compliance	Number of internal reports	12	*4
	Number of unethical incidents	5	*4
Risk management	Number of information security trainees ²	2,720	*4

1. Excluding EMEA 2. Target: Group companies in Japan 3. Change in tabulation method from the aggregation of non-financial targets
4. Not target-value established, but set as a monitoring index

Initiatives Targeting a Reduction in Environmental Burden through Activities at Business Offices

With the sustainability of the global environment becoming an urgent issue, as a company with global operations Sysmex recognizes that reducing the environmental burden of its business activities is one of its most important tasks.

Climate change is expected to have a significant impact on the healthcare market. For example, concerns exist about an increase in the number of heatstroke patients due to rising temperatures, the expansion of tropical diseases such as malaria and dengue fever, and the increase in respiratory diseases due to air pollution. If such changes become a reality, they could lead to increased medical costs and pressure on healthcare infrastructures. Delays in addressing the issue of climate change will affect the healthcare system; as a member of society, we need to take action.

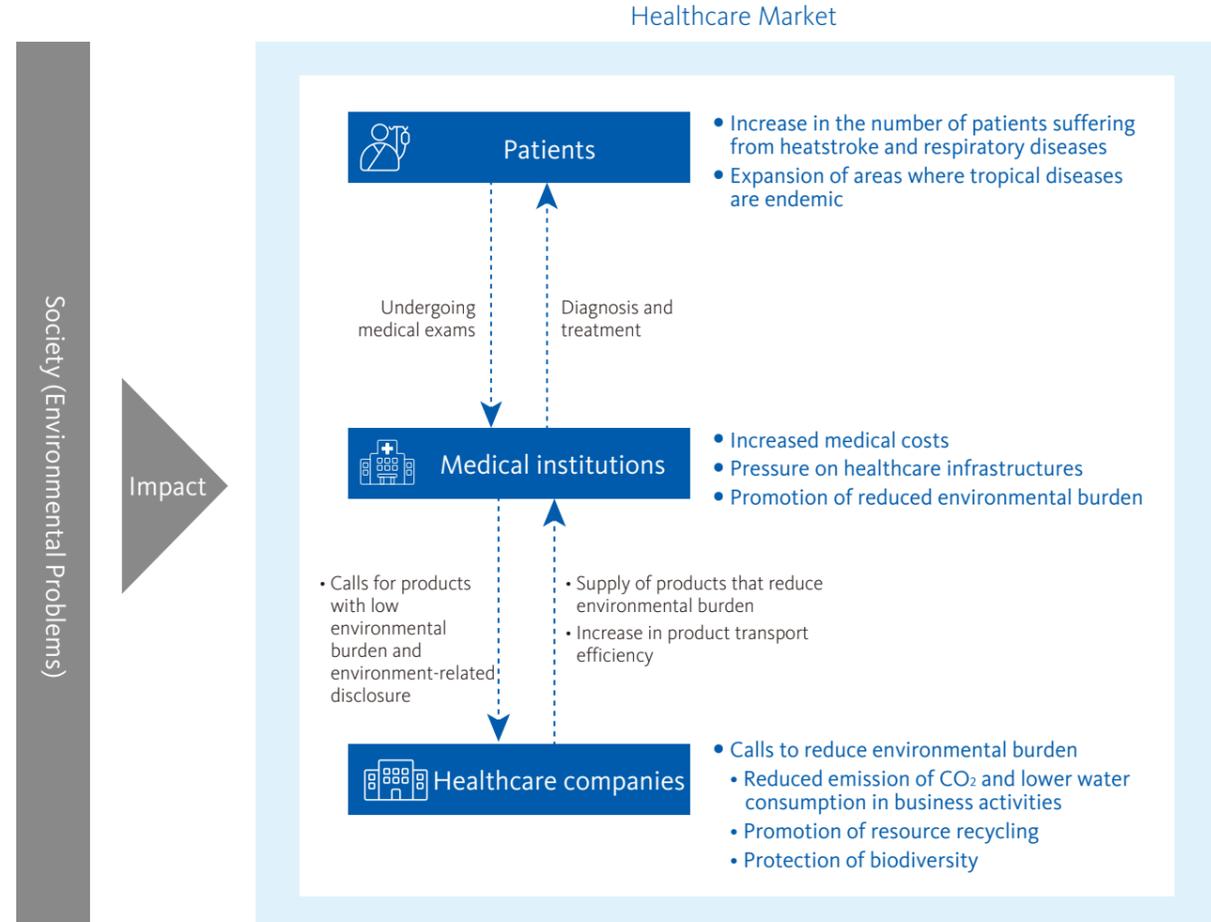
In addition to climate change, environmental issues are also involved in Sysmex's overall business activities, such as reducing water consumption, promoting resource recycling, and preserving biodiversity.

To this end, we have formulated the Sysmex Eco-Vision 2025 as a long-term guideline for environmental management. We have identified "environmental consideration" as a materiality item, and are promoting measures such as reducing CO2 emissions and water consumption throughout the product life cycle and promoting environmentally friendly green procurement. In addition, we are promoting TCFD (Task Force on Climate-Related Financial Disclosures). In addition, we are disclosing information in response to TCFD recommendations.

It is our social responsibility as a company to promote such measures. At the same time, we create a competitive advantage in the market by undertaking unique initiatives. To help extend healthy lifespans for people around the world, we will continue to take on the challenge of reducing our environmental burden from a medium- to long-term perspective.

[»Sustainability Data Book > Environmental Management P40 \(Including disclosure based on TCFD\)](#)

■ Burden of Environmental Problems on the Healthcare Market

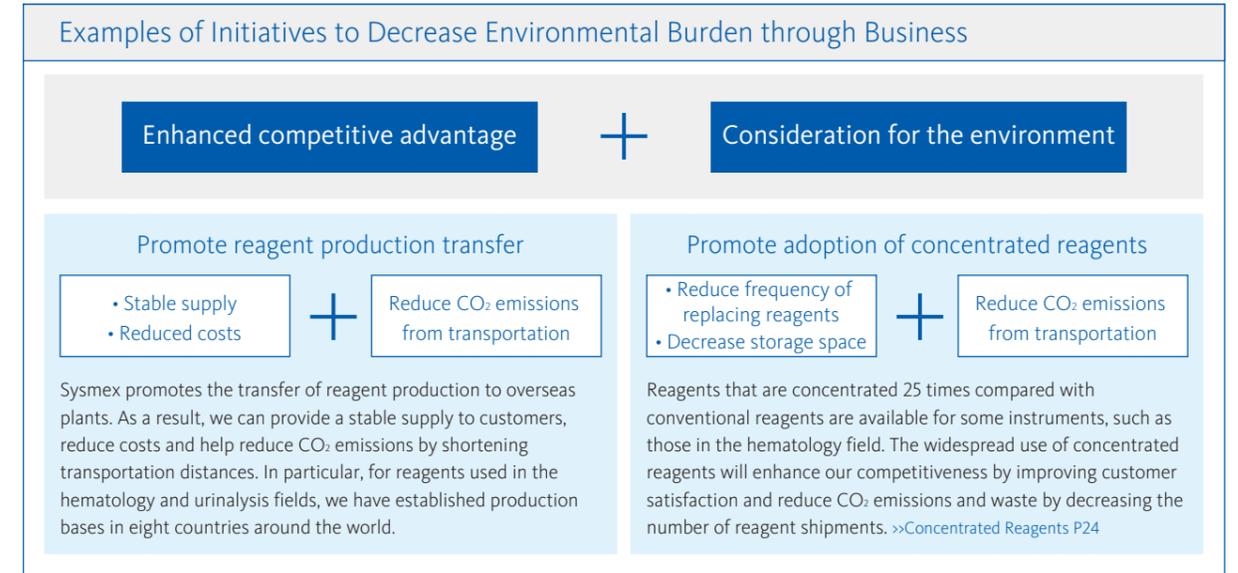
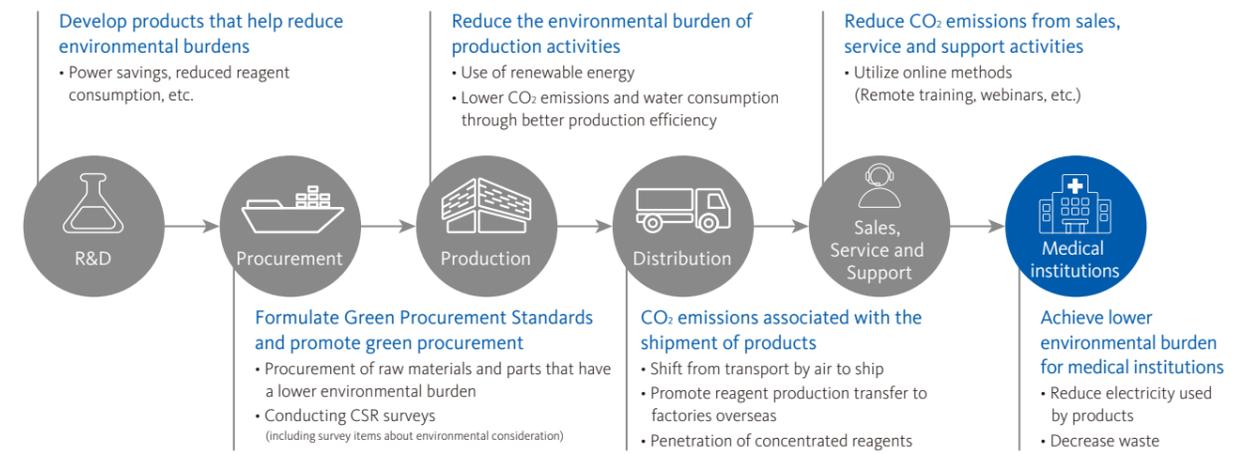


■ Long-Term Environmental Objectives (Fiscal 2025)

(Base year: Fiscal 2016)

Reducing CO ₂ emissions	Reducing water consumption	Promoting resource circulation	Protecting biodiversity
When using instruments By 15% In business activities By 50% When shipping By 15%	When using instruments By 15% In business activities By 15%	Increase in the recycling rate in business activities 93% or higher	Expand our portfolio line using alternatives to animal-derived substances

■ Key Initiatives



Financial Policy

We will increase the value we provide to our stakeholders and enhance our corporate value in a sustainable manner.

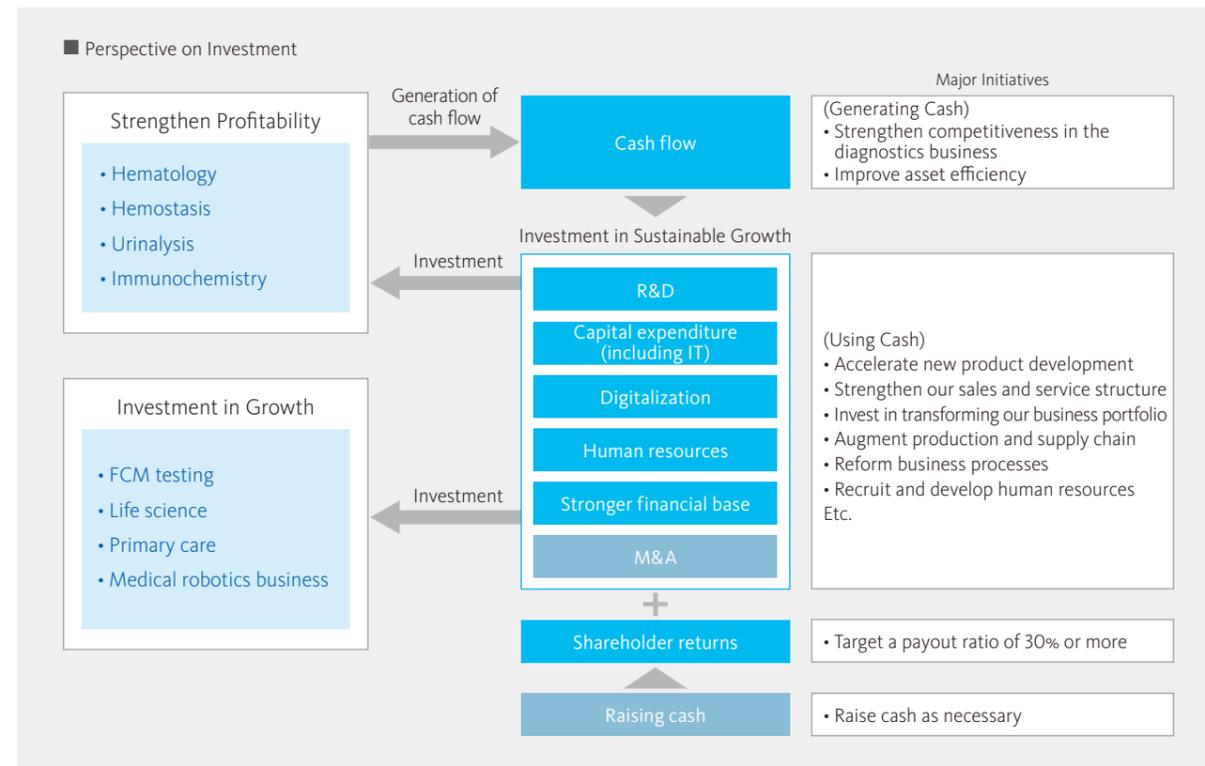
Financial Policy to Enhance Corporate Value

To sustainably increase its corporate value, Sysmex must adapt to changes in the environment and promote reform with a sense of speed.

Our business represents a recurring-revenue business model. Even after customers buy our instruments, we continue to provide reagents and service and support. Using the stable cash flow this business generates, we are strengthening our management base by investing in R&D, facilities, sales and service structure, human resources, and digitalization. We are also actively investing in the development of new businesses to achieve sustainable growth.

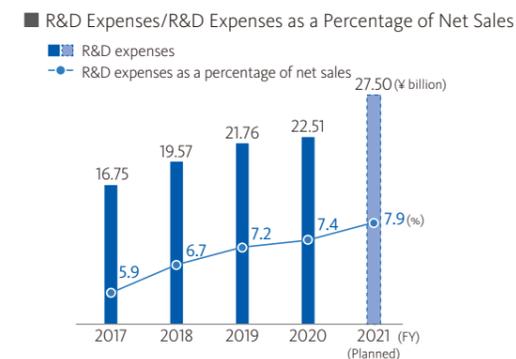
On the profitability front, although ROE exceeds our cost of capital, it has declined over the past few years due to the deterioration of cost ratios due to the lengthening of product life cycles and investment in new businesses.

Reinforcing our IVD business was a priority theme under the previous mid-term management plan. In line with this theme, we launched new products in the hematology and hemostasis fields, reconfigured alliances in North America in the urinalysis field, and increased the number of installed immunochemistry instruments in Asia. In these ways we steadily prepared the ground to boost profitability. Under our new mid-term management plan, we will raise profitability by accelerating these initiatives.



R&D Expenses

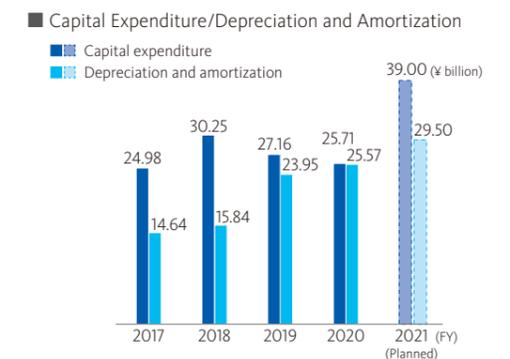
We believe investing in R&D is essential in order for us to help resolve medical issues by developing products and services that offer new added value. We are actively creating new value by accelerating the development of new products in the diagnostics market and making upfront investments to cultivate drivers of long-term growth. We will also strengthen our system to deliver new value to patients as soon as possible by promptly promoting the global regulatory registration of new products. We anticipate R&D expenses of around ¥90.0 billion over the three years of the new mid-term management plan. (For reference, these expenses came to approximately ¥64.0 billion in fiscal 2018–2020.)



Capital Expenditure, Depreciation and Amortization

To strengthen the foundation of the Group's sustainable growth, Sysmex has identified key businesses and is prioritizing capital expenditure. We are expanding our reagent factories to enhance the stable supply of reagents to our customers, strengthening our corporate structure by digitalization of our business processes, and improving our working environment to make it easier for our employees to work.

Depreciation and amortization related to investments in digitalization, which we started to address under the previous mid-term management plan, will increase from fiscal 2021, but we expect to reduce costs by improving the efficiency of business processes.



Returns to Shareholders

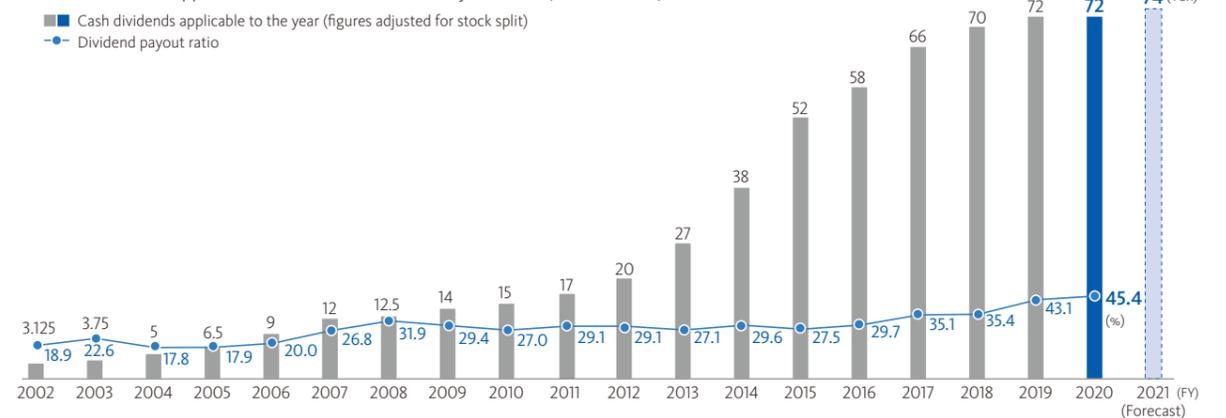
Sysmex aims to ensure a balance between proactive investment to sustain growth and the return of profits to shareholders as profitability improves. We also have been striving to continuously increase dividends, aiming for a payout ratio of 30% or more.

In fiscal 2020, the dividend was unchanged from the

previous year's level because profit fell due to the COVID-19 pandemic. However, for fiscal 2021 we plan to raise the annual dividend by ¥2 on the back of an anticipated increase in profit accompanying the recovery and growth of business performance.

We will continue to position the return of profits to our shareholders as a topmost priority, promoting a dividend policy that focuses on continued stable dividends.

Cash Dividends Applicable to the Year / Dividend Payout Ratio (Consolidated)



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