



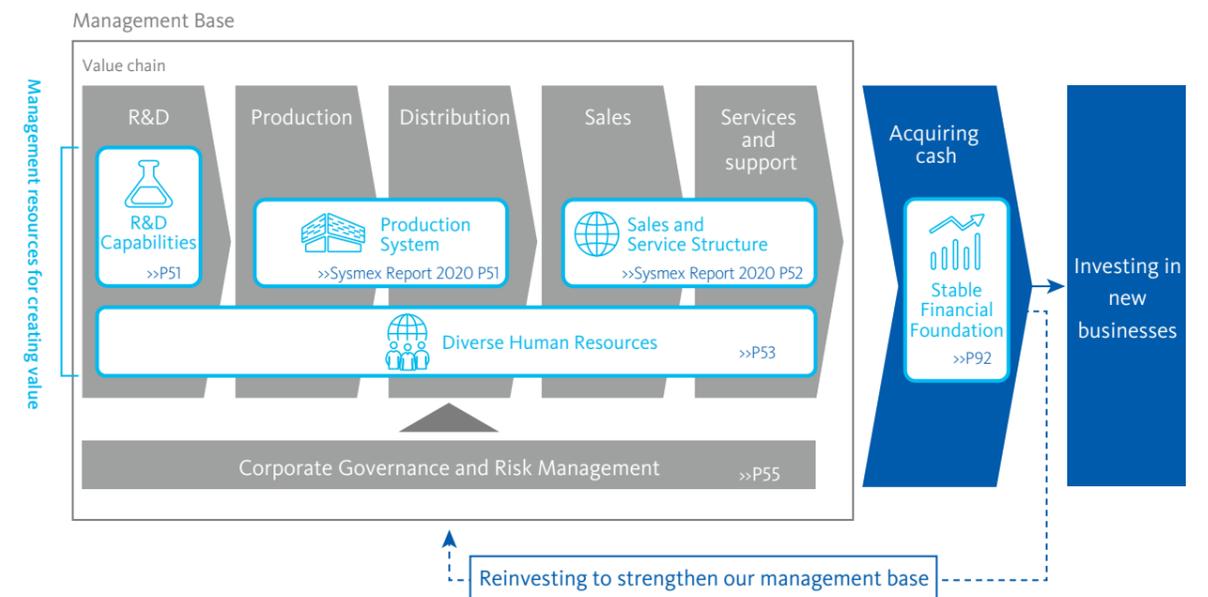
Management Base to Support Sustainable Growth

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

Sysmex has built up a robust management base while leveraging our *In Vitro* Diagnostics (IVD) business at its core. We intend to achieve further growth in our existing businesses 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. We will also strengthen corporate governance and strive to reduce business risks as we forge a more resilient corporate structure.



Management Resources

Since our establishment, Sysmex has invested in R&D and M&A in the process of generating unique technologies and new products and services. In addition to reinforcing our management base and expanding our business portfolio in line with globalization, we have worked to achieve business model innovation and to acquire the management resources necessary to support future growth.



Stable Financial Foundation

We established a highly profitable business model involving the provision of reagents and service and support in addition to testing instruments. Leveraging this stable business model, we have invested proactively to bolster competitiveness in existing businesses, in new businesses to support our medium- to long-term growth, and in human resources and manufacturing.

>>P92

■ Financial Capital (Cumulative free cash flow over three years)



■ Rating (Rating and Investment Information, Inc.)



R&D Capabilities

We have established global R&D locations, with Technopark (Japan) as the hub. In addition to proprietary technologies, through M&A we have acquired three technology platforms (for cells, proteins, and genes). As our fields of business have expanded, we have built relationships with universities, medical and research institutions, pharmaceutical companies, and other external institutions to conduct joint R&D. Our aim is to develop testing and diagnostic technologies with high clinical value and commercialize them as quickly as possible. >>P51

■ R&D Facilities



Technologies and expertise related to instruments, reagents, and IT

Three technology platforms (for cells, proteins, and genes)

Networks with outside institutions



Production Structure

To remain cost competitive on a global scale while maintaining high quality, we have used information and communication technologies to build an efficient structure for manufacturing instruments in Japan. At the same time, we produce reagents on a global scale. We have factories at 14 locations in 10 countries, ensuring a stable provision of reagents to customers around the world. In recent years, we have enhanced our structure for manufacturing bio-reagents.

>>Sysmex Report 2020 P51

Instrument production bases

7 locations

Reagent production bases

Chemical:

8 locations

(hematology, urinalysis)

Biological:

6 locations

(hemostasis, immunochemistry, etc.)

(End of fiscal 2020)



Global Sales and Service Structure

Since our establishment, we have built sales structures tailored to individual regions, creating trust-based relationships with customers. Taking advantage of our brand strength, as holding the No. 1 share of the hematology market, we are steadily expanding that market. At the same time, we strive to ascertain customers' needs, which are the wellspring of new products and services. In addition, we are leveraging alliances with major global companies to reinforce our sales and service structure and expand our product portfolio. >>Sysmex Report 2020 P52

■ Sales and Service Bases (Number of affiliated companies)

40 locations

End of fiscal 2010

61 locations

End of fiscal 2020

Sales and service network

Covering more than 190 countries and regions

Brand strength, holding

No. 1 share of the hematology market



Diverse Human Resources

We have acquired diverse human resources through business globalization and M&A activities. The synergistic results of our affiliates' varied values, experiences and capabilities have led to innovation and the creation of new value.

Furthermore, we focus on providing an amenable working environment for employees. To address this, we are promoting teleworking and introducing flexible working systems, have expanded leave systems, and offer childrearing and nursing care support. >>P53

■ Percentage of Employees Overseas (Group)

54.2%

End of fiscal 2014

59.8%

End of fiscal 2020

■ Percentage of Female Managers (Group) (Employees at director level or above)

11.6%

End of fiscal 2014

16.2%

End of fiscal 2020

Diverse, specialized human resources (Machinery, software, biology, chemistry, etc.)

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 IT. 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 P53

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 raw materials. 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 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 P24

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 and services for Caresphere that will increase the efficiency and quality of testing.

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 throughput 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) Development of paper containers for reagents (hematology) <p>Biological reagents (Hemostasis, immunochemistry, life science)</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 (2018) 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

>>Initiatives to Reduce the Environmental Burden of Business Activities P43 *1 ■ Value provided to customers (such as medical institutions) ■ Value provided to society



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.

Working to Create New Value

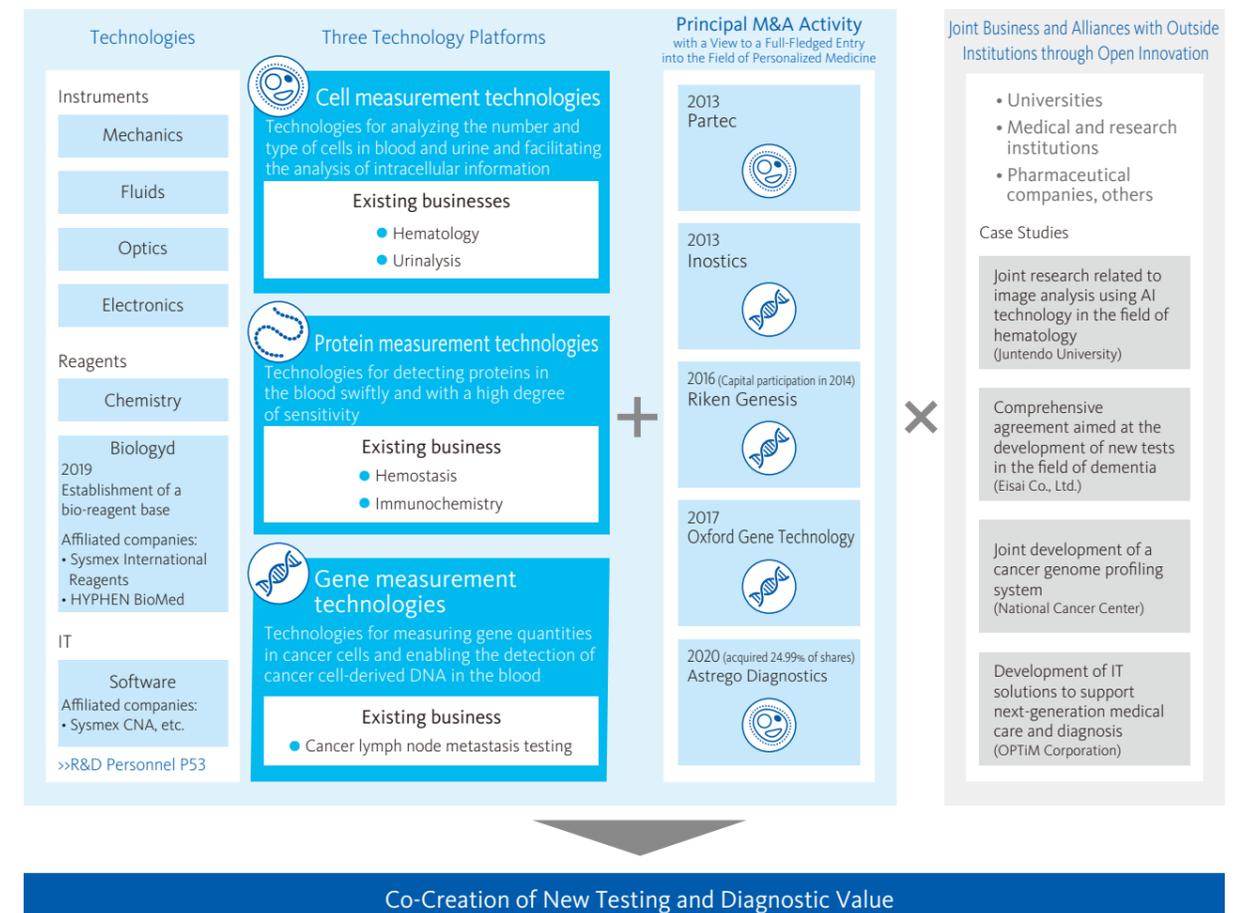
Sysmex has three technology platforms, for measuring cells, proteins, and genes. In our cell measurement platform, we are developing technologies to analyze the number and type of cells in blood and urine and analyze intracellular information. In our protein measurement platform, we are developing technologies for the swift and highly sensitive detection of proteins in the blood. Our gene measurement platform

includes technologies for detecting cancer-cell-derived DNA in the blood. During the COVID-19 pandemic, we utilized these technology platforms to develop and commercialize new diagnostic technologies from the start of the pandemic.

>>Initiatives Targeting COVID-19 P27

In addition, we utilize M&A and alliances to promote technology development and commercialization as quickly as possible in the rapidly changing environment of the healthcare field. By combining newly acquired technologies with those cultivated in existing businesses, we aim to strengthen our platforms and create new value that only Sysmex can provide. Furthermore, we aim to bring products to the market in a timely manner by utilizing open innovation and combining technologies and knowledge from outside such as universities, medical institutions, research organizations and pharmaceutical companies with our existing management resources.

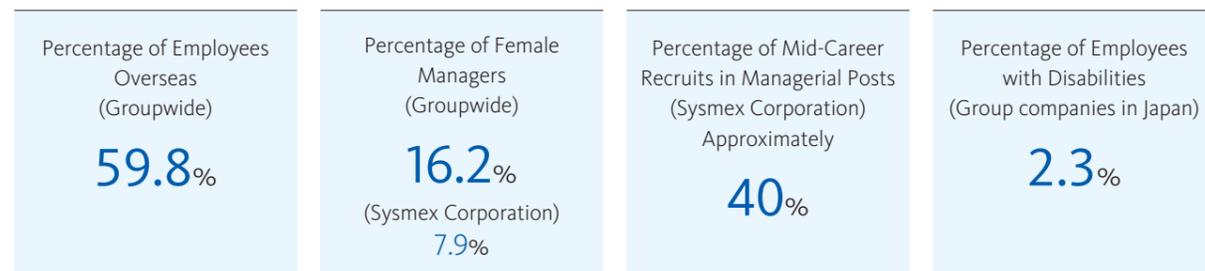
■ Sysmex's Technologies for Creating New Value



Diverse Human Resources Supporting Sustainable Growth

Systemx is home to people who are motivated to help solve social issues through business. Employees with a strong conviction and wide-ranging backgrounds are a key management resource supporting our sustainable growth and represent one of Systemx's strengths.

■ Main KPIs Demonstrating Systemx's Diversity (As of the End of Fiscal 2020)



Management and Human Resource Management That Respects Regional Characteristics

Systemx derives more than 80% of sales from regions outside Japan. To support our business in more than 190 countries and regions around the world, rather than Japan-centric personnel we require human resources are familiar with markets in various regions. Seconded Japanese employees accounts for less than 1% of total head counts in overseas businesses. 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.

Diversity and Inclusion Initiatives

Many people have come to Systemx because they empathize with the feelings expressed in the Systemx Way. As of the end of fiscal 2020, around 40% of the people in managerial posts at Systemx Corporation were mid-career hires. By leveraging their backgrounds in different organizations and approaching their work with new values and perspectives, they are helping to improve Systemx's competitiveness.

With R&D personnel, our major strength lies in the fact that we have people with diverse and highly specialized knowledge that enables us to develop instruments, reagents, and IT in-house for our different technology platforms: cells, proteins and genes.

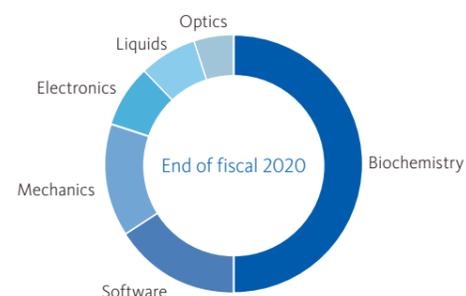
In addition, by creating a workplace where people with various sorts of physical, intellectual, and psychological disabilities can work in keeping with their characteristics, we aim to foster an environment in which everyone, regardless of disability, can work and grow together enthusiastically and with peace of mind. Since its establishment in 2017, Systemx

Harmony, a special subsidiary*, has expanded the types of operations it undertakes and has grown in size. Today, the company has 23 employees. Systemx Harmony assigns its employees to work based on their individual abilities, and it ensures close communication between employees and their supervisors through regular interviews. Consequently, the company has maintained a zero turnover as of March 2021.

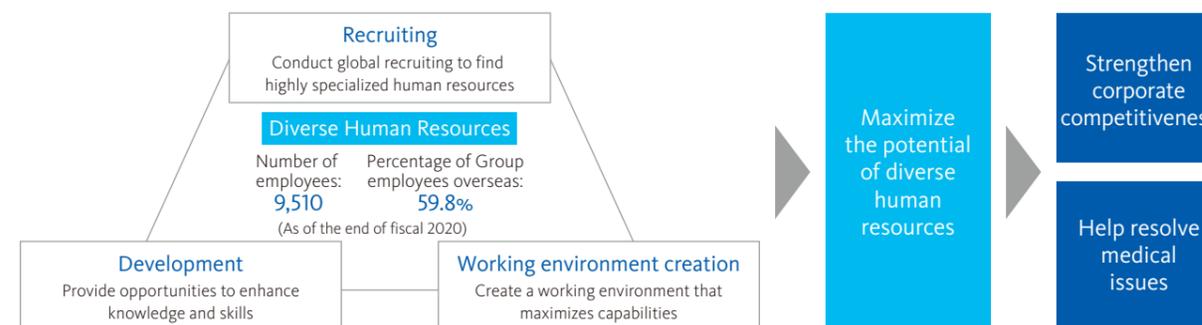
The percentage of female managers across the Systemx Group is only 16%. We need to improve this figure. We do not intend to raise this number hastily, however. Instead, we will gradually increase the number of female managers by building a comfortable work environment and expanding training programs for skill development. Specifically in Japan, where the percentage of female managers is lower than in other regions, we formulated the Action Plan under the Act on the Promotion of Women's Active Participation, which is based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace. We have set 15% as our target rate of female managers at Systemx Corporation by fiscal 2024. We also aim to reduce annual working hours to less than 1,950 hours.

>>Percentage of Female Managers P26

■ Breakdown of Specializations among R&D Personnel



■ HR Initiatives to Bolster Corporate Competitiveness



Introduction of a New Personnel System to Drive Sustainable Growth

In April 2020, Systemx departed from the performance-based personnel system that ranked employees' competence in order to start introducing a job-based personnel system to people in managerial posts in Japan. This system determines employees' ranks based on their roles and what their jobs entail. We plan to provide an environment that allows diverse human resources to pursue successful careers among our efforts to maintain considerable growth potential as a company, while retaining our focus on talent development for long-term employment.

We will also implement a grade policy, evaluation system, and human resource development for all key positions in the Group according to our Group-wide HR policy, thereby establishing consistent personnel management applied to all Group companies across the globe. In addition, we will switch to a more externally competitive pay system in order to hire and develop talented human resources capable of successfully working anywhere in the world, which will enable us to achieve sustained business growth.

Promoting Human Resource Development

Systemx is implementing a variety of measures in individual regions. For example we are fostering a sense of unity and developing the next generation of human resources, based on a Groupwide global human resource development system.

Systemx America offers a training program called Systemx University that teaches leadership skills, as well as other business and specialized skills. In 2020, the system was improved and the program was enhanced, resulting in higher participation rates and improved competency and skills among participants. Systemx America



won the 2021 BEST Award organized by the Association of Talent Development (ATD) in the United States.

Making Work More Comfortable under the New Normal

In addition to flex-time, which was adopted as part of our efforts to create a comfortable working environment, Systemx Corporation launched a "smart work" system that enables employees to choose their working hours, along with where and how they work, in fiscal 2021. Under this system, employees are allowed to work the hours of their choosing between five in the morning and ten at night. They can work at home or a satellite office if that suits their work or individual lifestyles.

LGBTQ Initiatives

In fiscal 2020, Systemx Corporation established a partnership registration system, under which partners in same-sex relationships are recognized as spouses. We are working to create a safe working environment for LGBTQ people by providing information to deepen understanding of sexual minorities.

In 2021, Systemx Group companies incorporated rainbow flags into the profile images of their official social networking accounts (for a limited time) to show their support for LGBTQ people.



Changed official social network profile images to show support for LGBTQ

Please see our Sustainability Data Book for more information on provision of a comfortable working environment, promoting diversity and developing human resources.