



Sysmex Report 2021

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Fiscal 2020 (April 1, 2020 to March 31, 2021)



Sysmex Corporation

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Lighting the way **with diagnostics**



Lighting the way with diagnostics

Sysmex enhances diagnostic value with innovative testing, to bring greater trust and confidence to healthcare.

Sysmex operates in the domain of healthcare testing, which involves examining blood, urine, and other samples. We provide customers with a variety of products and services in more than 190 countries and regions. We will undertake new challenges in the field of diagnostics as the future of healthcare unfolds.



Enhancing Medical Institutions' Testing Systems

through the Development and Provision of a Diverse Product Portfolio

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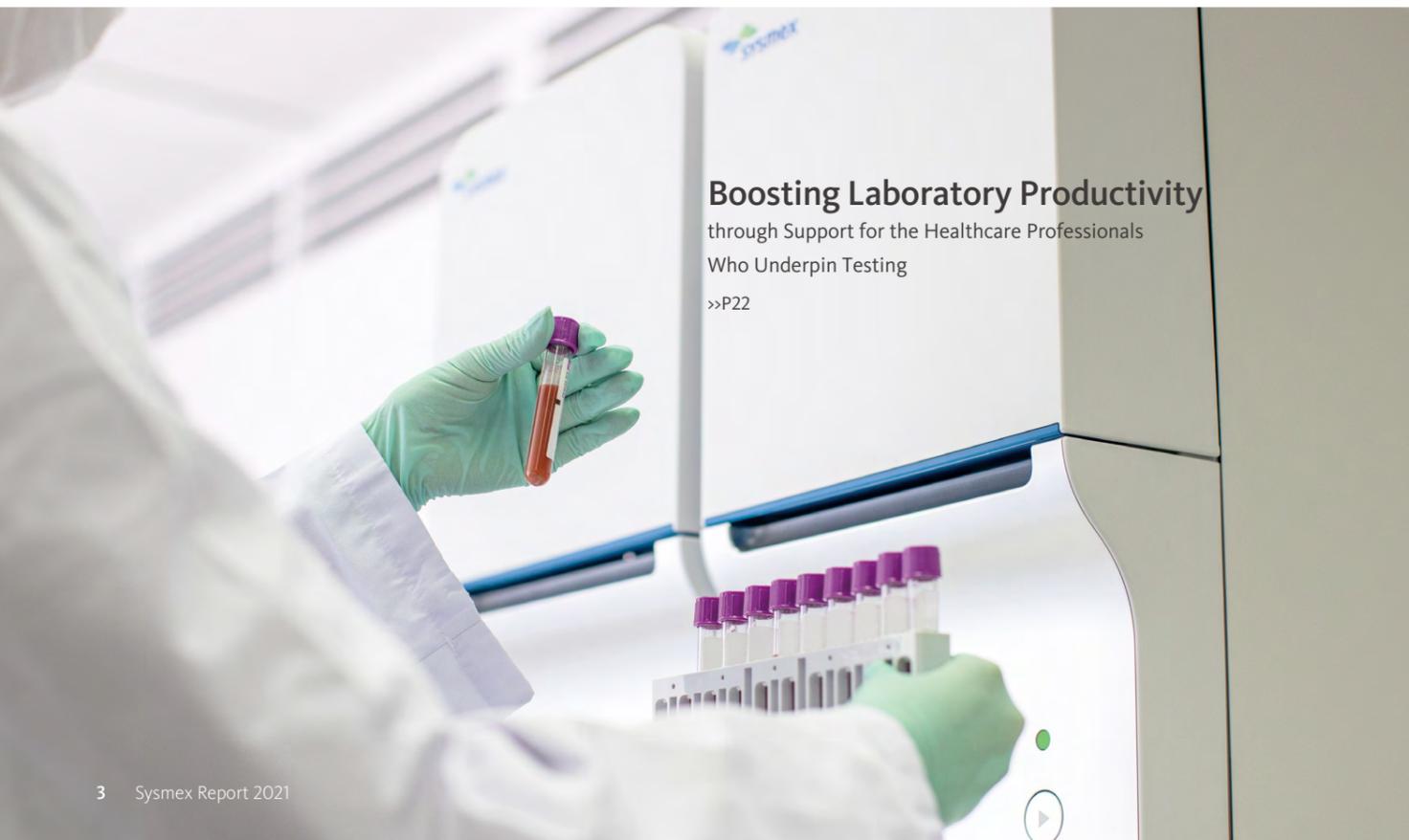
Helping to Determine Diagnoses and Treatment Methods

through the Development and Provision of Tests with High Diagnostic Value

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Lighting the way **with diagnostics**

We are working with stakeholders to resolve social issues.



Boosting Laboratory Productivity

through Support for the Healthcare Professionals Who Underpin Testing

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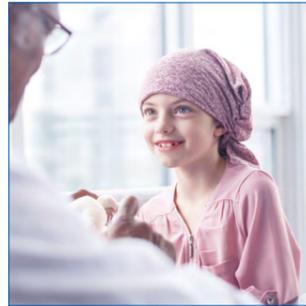
Reducing Environmental Impact for Medical Institutions

through Environmentally Considerate Product Development and Business Activities

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Introduction

Sysmex enhances diagnostic value with innovative testing, to bring greater trust and confidence to healthcare.

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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 more detailed information, please visit our website or see our Sustainability Data Book. In editing this publication, we referred to the IIRC's International Integrated Reporting Framework, as well as the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.

System of Disclosure

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. <ul style="list-style-type: none"> • 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.

Period Covered

The target period is fiscal 2020 (April 1, 2020 to March 31, 2021), but the report also covers some activities conducted after April 2021.

Accounting Standards

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 Japanese GAAP. Figures from fiscal 2015, are presented in accordance with IFRS.

Forward-Looking Statements

Statements in this report pertaining to Sysmex's future plans, strategies, 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.



Sustainability Data Book

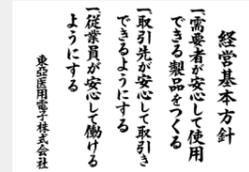
An Ideal Unchanged Since Our Founding

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.” These thoughts are carried forward in the “Sysmex Way,” the Sysmex Group’s current corporate philosophy.



Founder: Taro Nakatani

Founding philosophy, the “Three Aspects of Confidence”
Instilling confidence among business partners and employees defines the basis of our management.



- 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.

About Confidence

Mr. Nakatani noted that “There is no such thing as eternity in this world, and every flow must have its ebb. Companies are no exception to this rule.” He went on to share his thoughts on corporate management and confidence: “We will always strive to instill confidence. It is important to keep in mind that without this effort, the company cannot survive and proceed with its work.”



To ensure corporate sustainability in a constantly changing society, Mr. Nakatani believed it is essential that we ourselves continue to take on challenges. In that spirit, Mr. Nakatani visited the United States in 1960 in search of new business ideas. His attention was drawn to the field of medical electronic devices. When he returned to Japan, Mr. Nakatani began working with young researchers, conducting studies and engaging in development. In 1963, they succeeded in the commercialization of Japan’s first automated hematology analyzer, the CC-1001.

Corporate Philosophy for the Sysmex Group

In 2007, we formulated the “Sysmex Way,” the corporate philosophy for the Sysmex Group, carrying forward and expanding the perspective of our founding philosophy. Our current corporate philosophy consists of three parts: Mission, which defines our social *raison d’être* and states how we hope to contribute to society; Value, which describes the values and management style that we must abide by; and Mind, which expresses the mindset that every employee within the Sysmex Group must observe. Our Core Behaviors encompass the customers, business partners and employers expressed in the “Three Aspects of Confidence.” In addition, they declare our objective of instilling confidence in other stakeholders: our shareholders and society.

Sysmex Way

Mission

Shaping the advancement of healthcare.

Value

We continue to create unique and innovative values, while building trust and confidence.

Mind

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

Our Core Behaviors

To our Customers

We deliver reassurance to our customers, through unmatched quality, advanced technologies, superior support, and actions that consistently reflect the viewpoint of our customers. We constantly look out for our customers’ true needs, and seek to generate new solutions to satisfy those needs.

To our Employees

We honor diversity, respect the individuality of each employee, and provide them with a workplace where they can realize their full potential. We value the spirit of independence and challenge, provide employees with opportunities for self-fulfillment and growth, and reward them for their accomplishments.

To our Business Partners

We deliver commitment to our client companies through broad-ranging partnerships. We strive to be a company that can grow in step with our trade partners, through respect and mutual trust.

To our Shareholders

Our shareholders can rest assured that we will continue to improve the soundness and transparency of our management policies, while promoting information disclosure and close communications. We commit ourselves to a consistent yet innovative style of management, in order to achieve sustainable growth and increased shareholder value.

To Society

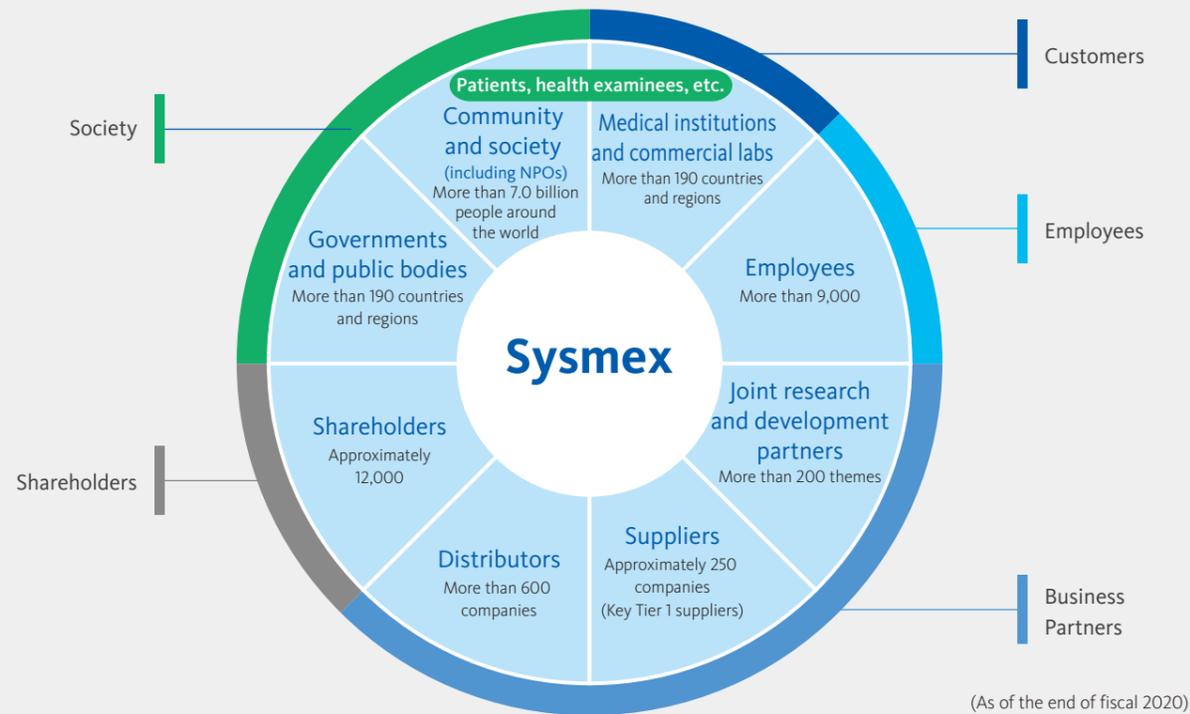
We carry out our business in strict compliance with laws and regulations, as well as in adherence to high ethical standards. As a responsible member of society, we play an active role in resolving environmental issues and other problems that impact our society today.

Systemex's Stakeholders

Systemex works alongside its business partners and employees to provide products and services to medical institutions and other customers in an effort to resolve medical issues. As our business expands, our stakeholders have grown more diverse. Nevertheless, our fundamental management philosophy of instilling confidence among our stakeholders has remained unchanged. To this end, we promote proactive dialogue and strive to co-create value.

Major Stakeholders

Stakeholders described outside the circle are categorized according to our Core Behaviors. >>P8



Main Dialogue with Stakeholders

See page 83 for details.

Stakeholders	Main Dialogue with Stakeholders
Customers Medical institutions and commercial labs	<ul style="list-style-type: none"> • Communication through sales, service and support activities • Collection of the voice of the customer (VOC) • Holding of scientific seminars (online)
Employees Systemex Group employees	<ul style="list-style-type: none"> • Corporate culture surveys and dialogue based on their results • Configuration of a global internal reporting system • Council meetings between labor and management
Business Partners Joint research and development partners Suppliers Distributors	<ul style="list-style-type: none"> • Communication through open innovation and alliances • Communication based on procurement policies • Holding of meetings with distributors
Shareholders Shareholders and investors	<ul style="list-style-type: none"> • Proactive disclosure and dialogue • Holding of various briefings
Society Governments and public bodies Community and society (including NPOs)	<ul style="list-style-type: none"> • Collaboration and dialogue with government agencies and international organizations • Participation in local communities

Materiality

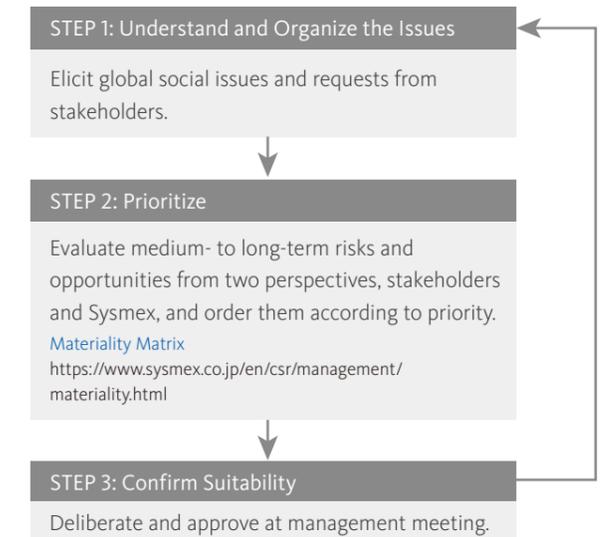
Systemex creates value on society through collaborative relationships with a variety of stakeholders. Based on our relationships with stakeholders, we have identified issues that we prioritize (materiality) from a medium- to long-term perspective, and we aim to realize a sustainable society and achieve sustainable growth for Systemex.

Identifying Materiality Items

Materiality items are priorities with a view to realizing a sustainable society and achieving sustainable growth for Systemex. We have identified these items by taking into account the needs and expectations elicited through stakeholder engagement and Systemex's internal and external operating environments. We incorporate and promote specific targets and KPIs in our mid-term management plan. In fiscal 2021, we revisited our KPIs alongside our new mid-term management plan and set the reviewed KPIs as our new sustainability targets.

>>For details on materiality items, see the Sustainability Data Book >Materiality and Sustainability Targets P3

The Process of Identifying our Materiality



Materiality Items Supporting Sustainable Growth

Materiality	Targets	SDG Targets
Resolution of medical issues through products and services	<ul style="list-style-type: none"> • Resolution of medical issues through innovation • Improvement in accessibility to healthcare 	
Responsible provision of products and services	<ul style="list-style-type: none"> • Pursuit of quality and trust • Strengthening of supply chain management 	
Realization of an attractive workplace	<ul style="list-style-type: none"> • Provision of a comfortable working environment • Promotion of diversity and inclusion • Development of human resources • Promotion of health and occupational safety 	
Environmental consideration	<ul style="list-style-type: none"> • Environmental consideration through product lifecycles • Reduction in environmental burdens through activities at business offices 	
Reinforcement of governance	<ul style="list-style-type: none"> • Corporate governance • Compliance • Risk management 	
+		
Sustainable growth	<ul style="list-style-type: none"> • Sales growth • Increased operating profit • Generation of free cash flow 	

>>Main Sustainability Targets P42

We foster innovation to resolve medical issues.



To Our Stakeholders

By co-creating new value with our stakeholders, we strive to contribute to the development of healthcare and the healthy lives of people.

Since the novel coronavirus disease (COVID-19) broke out in late 2019, mutant strains have continued to emerge, and it is unclear when the pandemic will abate. Amid this ongoing crisis, many people are doing their utmost to protect and maintain the essential Health Services and Systems. I offer my heartfelt thanks to all of you who are working on the front lines of this pandemic.

Healthcare markets face a variety of medical issues in addition to the COVID-19 pandemic. For example, developed countries are focused on curtailing healthcare expenses amid the accelerating trend toward fewer children and aging societies. Meanwhile, emerging markets are putting healthcare infrastructures in place. Developing countries are working to enhance access to medical care. In addition, technological innovation is driving dynamic changes through new testing and treatment methods.

Sysmex seeks to resolve medical issues by providing high-value-added products and services and fostering innovation. We will also continue to contribute toward extending healthy lifespans by “Shaping the advancement of healthcare,” our mission as identified in the “Sysmex Way.”

Hisashi Ietsugu
Chairman and CEO

Q1 Looking back, how would you rate fiscal 2020?

COVID-19 led to a decline in reagent sales in the hematology, urinalysis and immuno-chemistry fields, particularly in the first half. Meanwhile, other factors boosted revenue: in the hemostasis field demand increased for monitoring indicators of increasingly severe COVID-19 infections, and instrument sales rose in EMEA, China and Japan. Lockdowns and other restrictions on movement in various countries hampered conventional activities, but we responded flexibly to the changing environment by conducting sales and marketing activities online. Under our business model, we continue to generate recurring revenue from the sale of reagents and services once instruments have been sold, so the increased number of installed base in fiscal 2020 will continue to contribute to future growth. Fiscal 2020 was a difficult year, with COVID-19 leading to all manner of restrictions, but I offer my sincere thanks to the medical professionals and to our employees who fought on the front lines of the pandemic.

We made steady progress on the important priorities established under our previous mid-term management plan. We launched new products in the hematology and hemostasis fields, and we renewed agreements with alliance partners, thereby expanding our direct sales and service area and reinforcing collaborative relationships.

We expanded operations in the life science field by introducing a system to test for breast cancer lymph node metastasis into the Chinese market. In addition, we launched a robotic-assisted surgery system. In these ways, we strengthened our competitive advantage and made clear progress in bolstering our business portfolio. Going forward, we will work to obtain regulatory approvals at an early stage in various countries, as well as expanding our sales and service structure in an effort to rapidly provide new value to customers.

We faced issues in our efforts to develop tests for COVID-19; getting the tests to the launch stage took time. I think the reason we were unable to get up to speed quickly enough was because COVID-19 testing comes in the form of antigen/antibody tests as well as PCR tests, so involves both our IVD and Life science businesses. Under our new mid-term management plan, we will seek to bolster effectiveness by integrating the strategy formulation/promotion and R&D functions of both businesses. We will revamp the organizational structure so we can move ahead more quickly.

In fiscal 2020, profit inevitably declined due to COVID-19. In response, we have stopped increasing annual dividends—a practice we had continued for 18 consecutive fiscal years. Instead, we have kept dividends at the same level as in the previous fiscal year.

Although it was unfortunate that we had to disrupt this trend, in fiscal 2021 we expect to again pay out higher dividends, based on an upturn in operating performance.

[»Looking Back on the Previous Mid-Term Management Plan P31](#)
[»Management's Discussion and Analysis P69](#)

Q2 In the post-COVID world, what sort of changes do you see for the healthcare market, and the IVD market in particular?

I think COVID-19 marked a major turning point for the healthcare industry. For example, enhancing access to medical services has long been an issue in emerging markets and developing countries. COVID-19 made it apparent that even developed countries do not necessarily have sufficient healthcare infrastructure in place themselves. Individual countries are having to rethink their initiatives for enhancing their healthcare infrastructures. Primary care markets may also be expanded to prevent the over-concentration of medical care. With COVID-19 infections increasing, the U.S. Food and Drug Administration (FDA) approved home testing kits for COVID-19. This is one example of how testing locations may become more dispersed, moving toward clinics and pharmacies. In response, Sysmex will need to refocus its efforts. To date, we have excelled in products for large-scale hospitals and commercial labs. Going forward, we will focus on products that are more compact and easy to operate.

At the same time, issues that were emerging before the COVID-19 pandemic still remain to be resolved. The populations of developed countries and China are aging, underscoring the need for medical treatment and testing for related diseases. In addition, we believe demand will shift toward more sophisticated medical care and testing, as artificial intelligence, big data, robotics and various other technological innovations are applied to the field of medicine, leading to more high-value-added products and services. Gaining regulatory approval and insurance coverage for these new sorts of tests will take time and money. We need to build structures that will promote speed and efficiency.

[»A Changing Market Environment P34](#)



Q3

What do you see as important issues with respect to Sysmex's sustainable future growth?

Continuing to enhance customer satisfaction is our important mission. That said, the factors that determine customer satisfaction are changing; the market environment is evolving as a result of technological innovation and regulatory changes. We need to maintain a constant effort to stay abreast of these developments. As well as products and services, supply chains themselves may change substantially. Even if we deliver high-quality products, the market could reject them if, for example, too much carbon dioxide is emitted across the supply chain prior to the products arriving at their destination. Such realities could hinder Sysmex's sustainable growth. If we are unable to match this paradigm shift, we could be left behind.

We have grown by successfully anticipating and responding to the changes of the times: the automation of testing, the globalization of business, and the shift toward information technologies as Internet adoption has increased. To sustain this consistent growth, rather than relying on the successes of the past we must constantly remain vigilant to current trends and respond swiftly to changes. To do so, it is extremely important to cultivate diversity by recruiting and training people equipped with a new sense of awareness and experience. By creating an environment where people with different characteristics—including generations, genders and nationalities—can make the most of their capabilities, we will prevent opinions within the Company from becoming lopsided. These efforts will also help us grow. Rather than focusing on correcting our weaknesses, I want us to cultivate a new corporate culture that recognizes and makes the most of individuals' distinctive characteristics.

[»Diverse Human Resources Supporting Sustainable Growth P53](#)

Q4

What were the aims behind introducing the new mid-term management plan?

We formulated the new mid-term management plan to guide us over a three-year period toward the long-term management goals (2025) we formulated in 2018. To achieve sustainable growth, under the new mid-term management plan we will expand our scale of business further by continuing to move forward with the themes set forth under the previous mid-term management plan, such as launching new products in the hematology and hemostasis fields. By developing technologies diagnose Alzheimer's disease by liquid biopsy, and capturing market demand for our robotic-assisted surgical system, we will cultivate new businesses that propel us beyond the limits of organic growth. Furthermore, we aim to reinforce management quality through digital transformation and expansion of our HR portfolio. Profitability may dip temporarily as we absorb costs related to global regulatory registration of new products and investment in digital transformation. We are convinced, however, that such investment is necessary from the standpoint of medium- to long-term

growth. We expect the results of this investment to start becoming apparent in the final year of our new mid-term management plan. For that year, we are targeting an operating margin of 19% and aim for ROE to increase to 15%.

Another major theme of the current mid-term management plan is the formulation of new long-term management goals post-2025 to factor in the changes that are underway in our operating environment. To grow our business and address the issues society faces, we will consider such matters thoroughly and swiftly as we pursue sustainability management with a character that is distinctively Sysmex.

[»New Mid-Term Management Plan P35](#)

Q5

What closing message would you like to leave with stakeholders?

In addition to growing its business, Sysmex has a mission to resolve medical issues by fostering innovation. However, we cannot achieve such goals on our own. We need to co-create new value with our stakeholders.

We will continue to contribute toward realizing a sustainable society and enhancing corporate value. We would like to ask our stakeholders for their continued support and understanding of our endeavors.

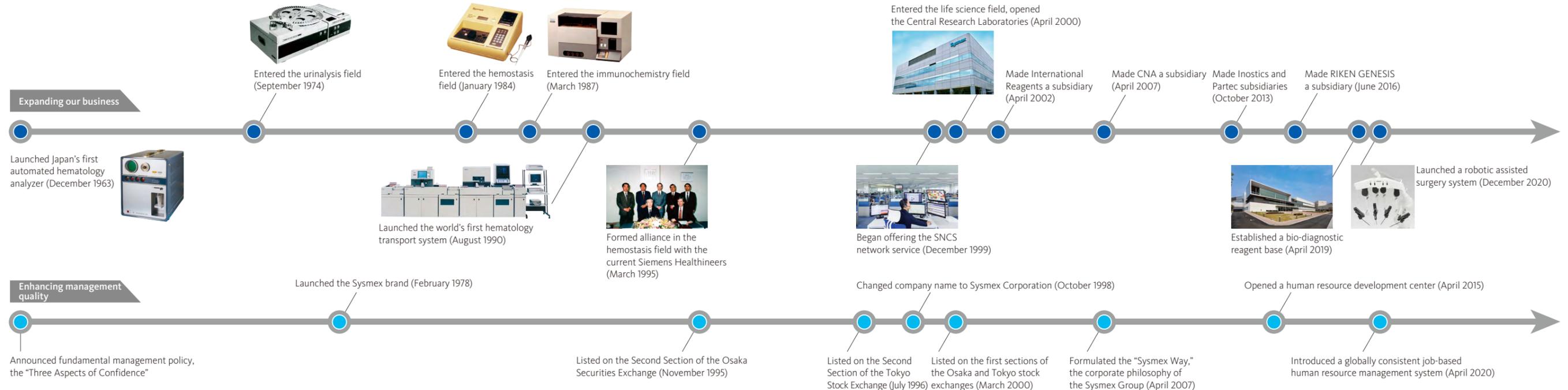
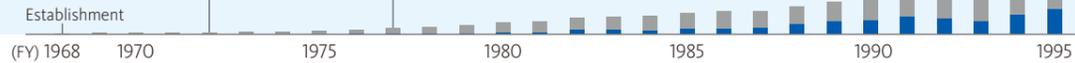


Systemx's History

Since the time of its founding, Systemx has grown by anticipating future needs, expanding its business model in the domain of *in vitro* diagnostics and developing its business globally. Going forward, we will work to accelerate sustainable growth by quickly ascertaining changes in the Business environment and developing our business.

Systemx's Initiatives

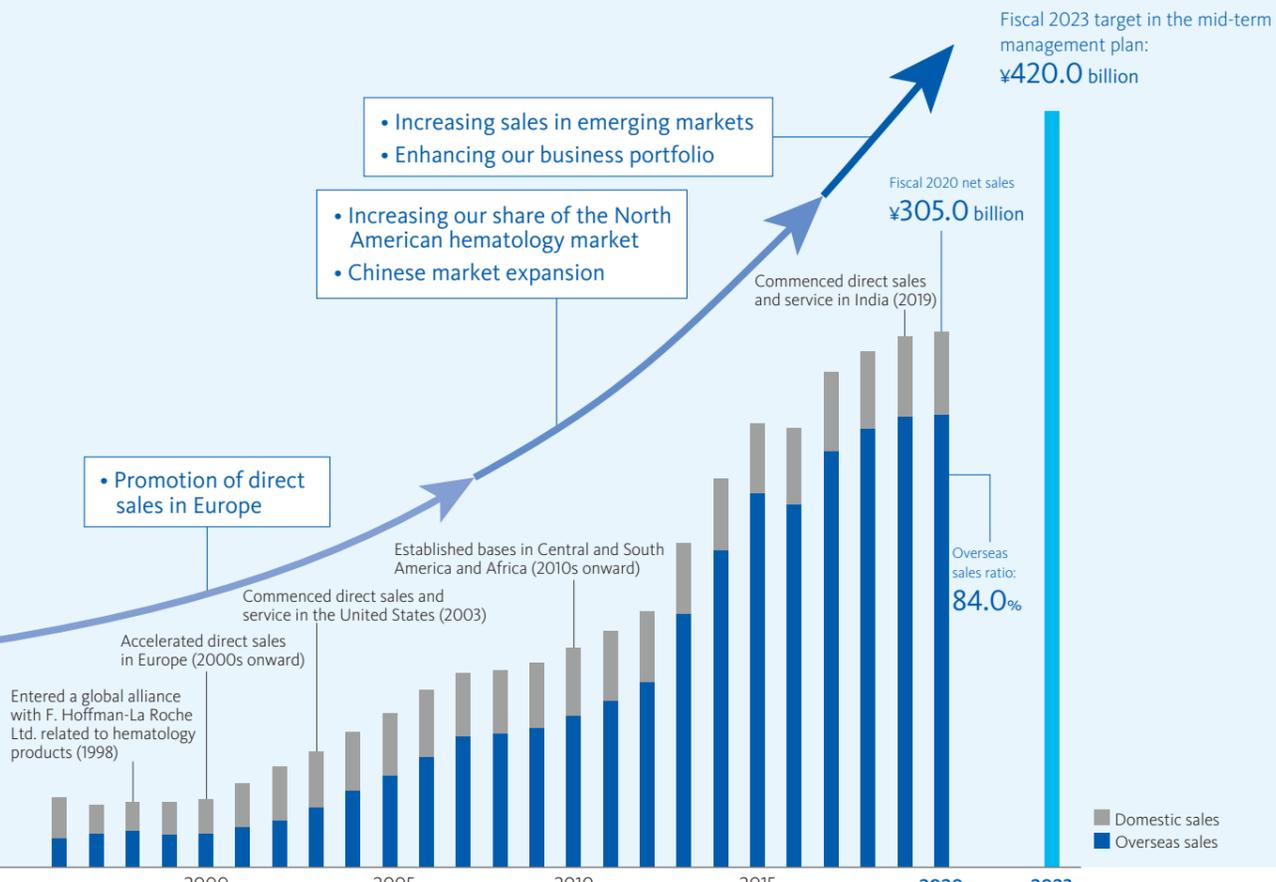
Accelerating overseas business development



Historical Context and Needs in Diagnostic Testing



Social Changes



- Increasing sales in emerging markets
- Enhancing our business portfolio
- Increasing our share of the North American hematology market
- Chinese market expansion

- Building a business foundation
- Moving toward the top share of the Japanese hematology market

- Promotion of direct sales in Europe

INTRODUCTION

OUR VALUE

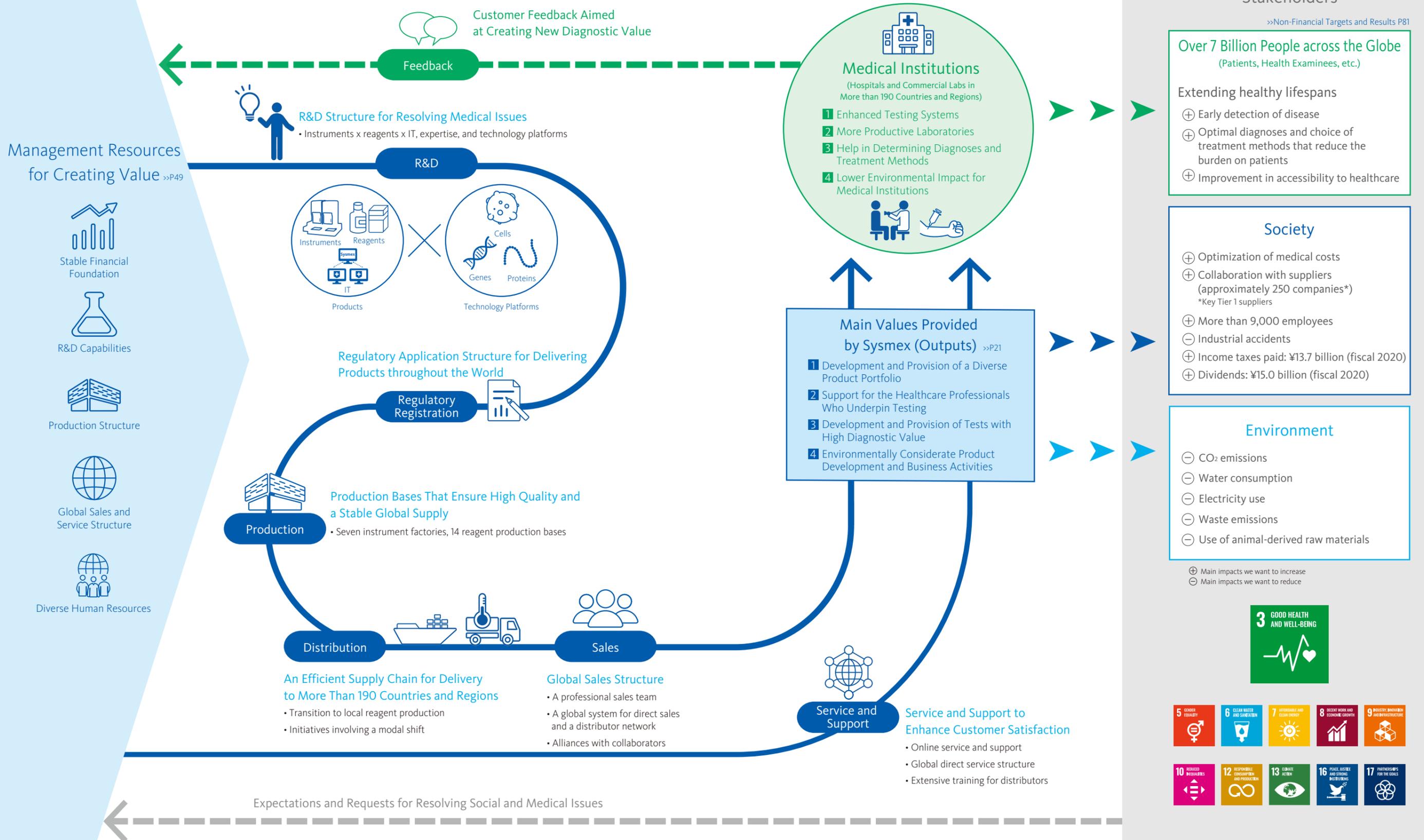
OUR BUSINESS & STRATEGY

OUR PLATFORM

OUR PERFORMANCE AND COMPANY INFORMATION

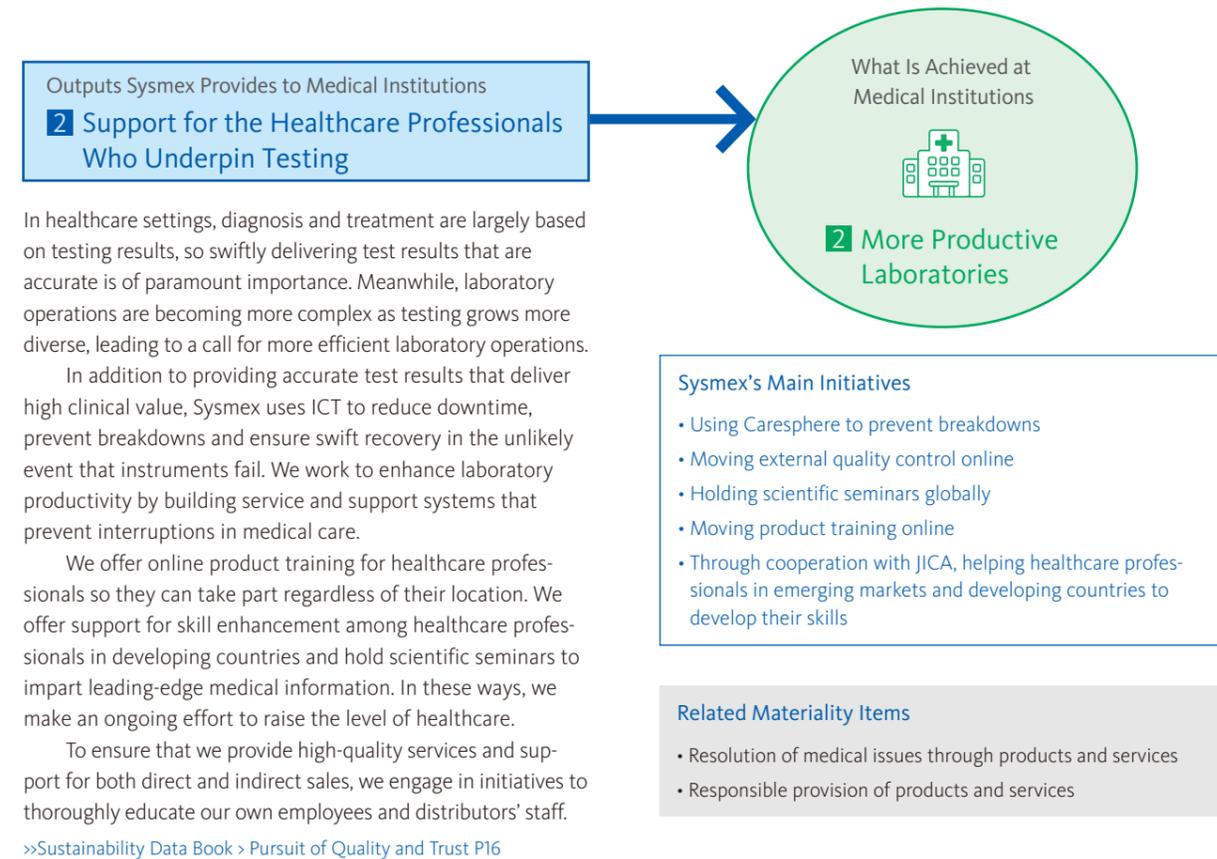
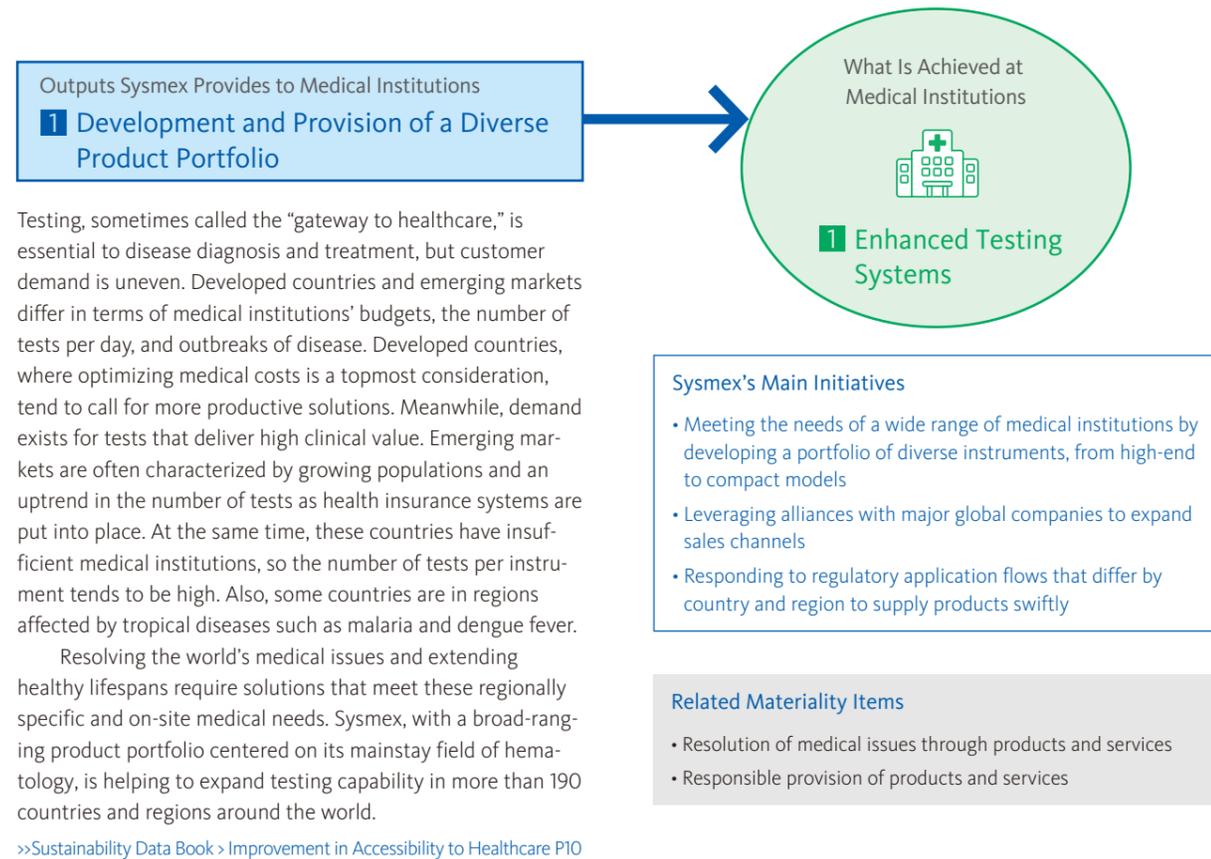
Sysmex's Value Creation

Our business centers on *in vitro* diagnostics (IVD), based on our mission of "Shaping the Advancement of Healthcare." This mission is expressed in the "Sysmex Way," the corporate philosophy of the Sysmex Group. By leveraging our unique management resources, we provide high-value-added products and services, aiming to help extend healthy lifespans and optimize medical costs.



Working with Medical Institutions to Resolve Social Issues

By providing high-value-added instruments, reagents and services, primarily in the IVD domain, Sysmex works with medical institutions (such as hospital laboratories and commercial labs) to help extend the healthy lifespans of the world's 7 billion or more people, optimize medical costs and reduce environmental impact.



Developing new products that feature customer usability and enhanced functionality with the aim of expanding our portfolio in emerging markets

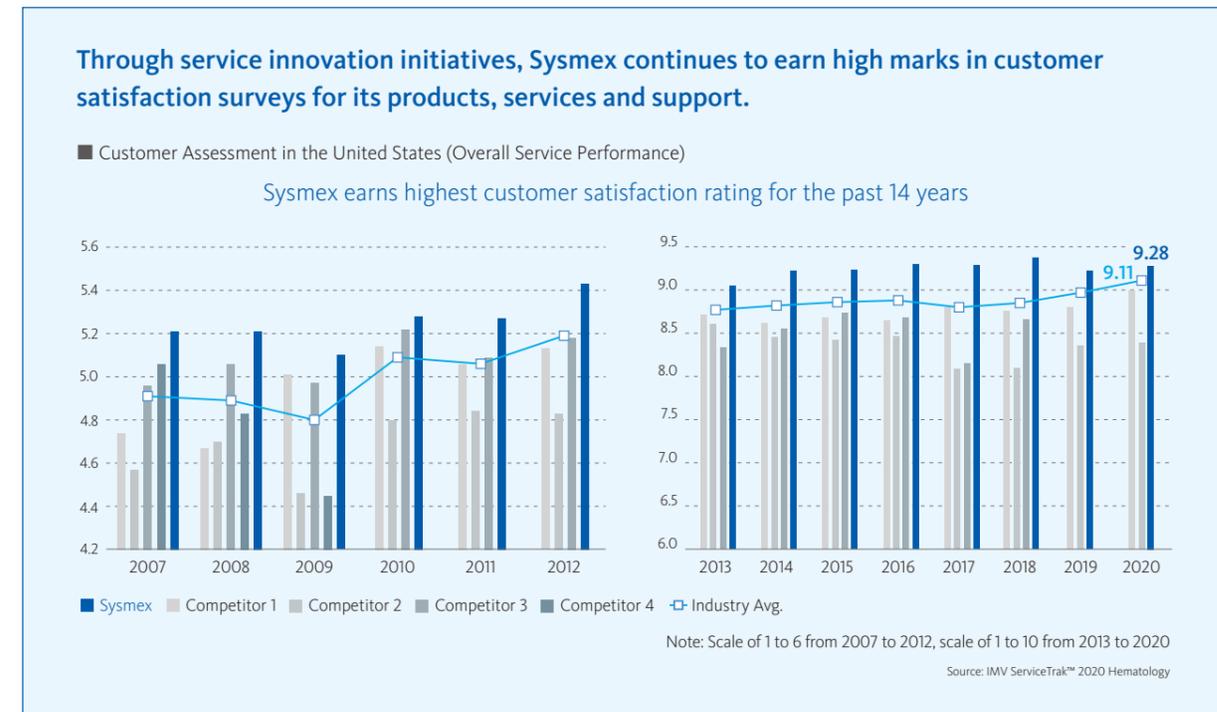
Tomohiro Kuroiwa
Director, Hardware Technology Group, System Engineering Division

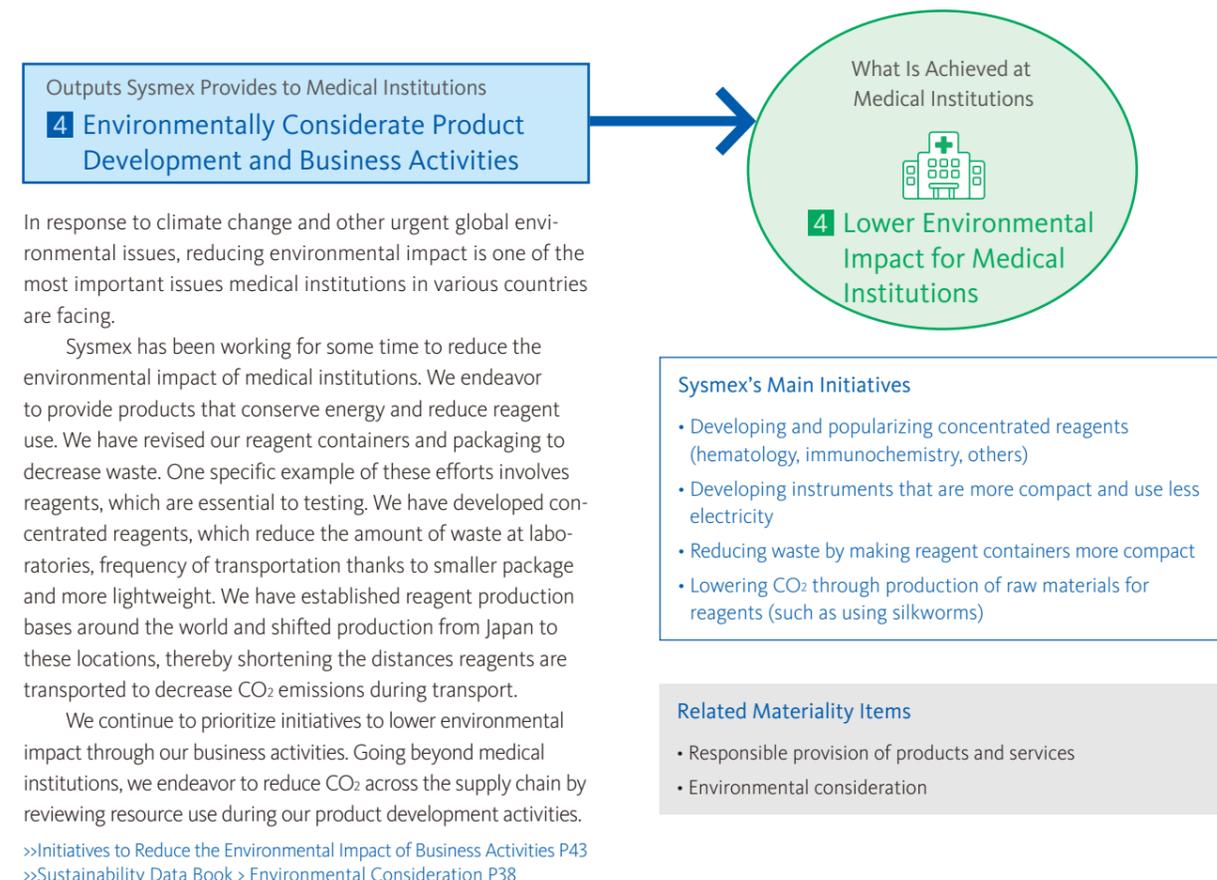
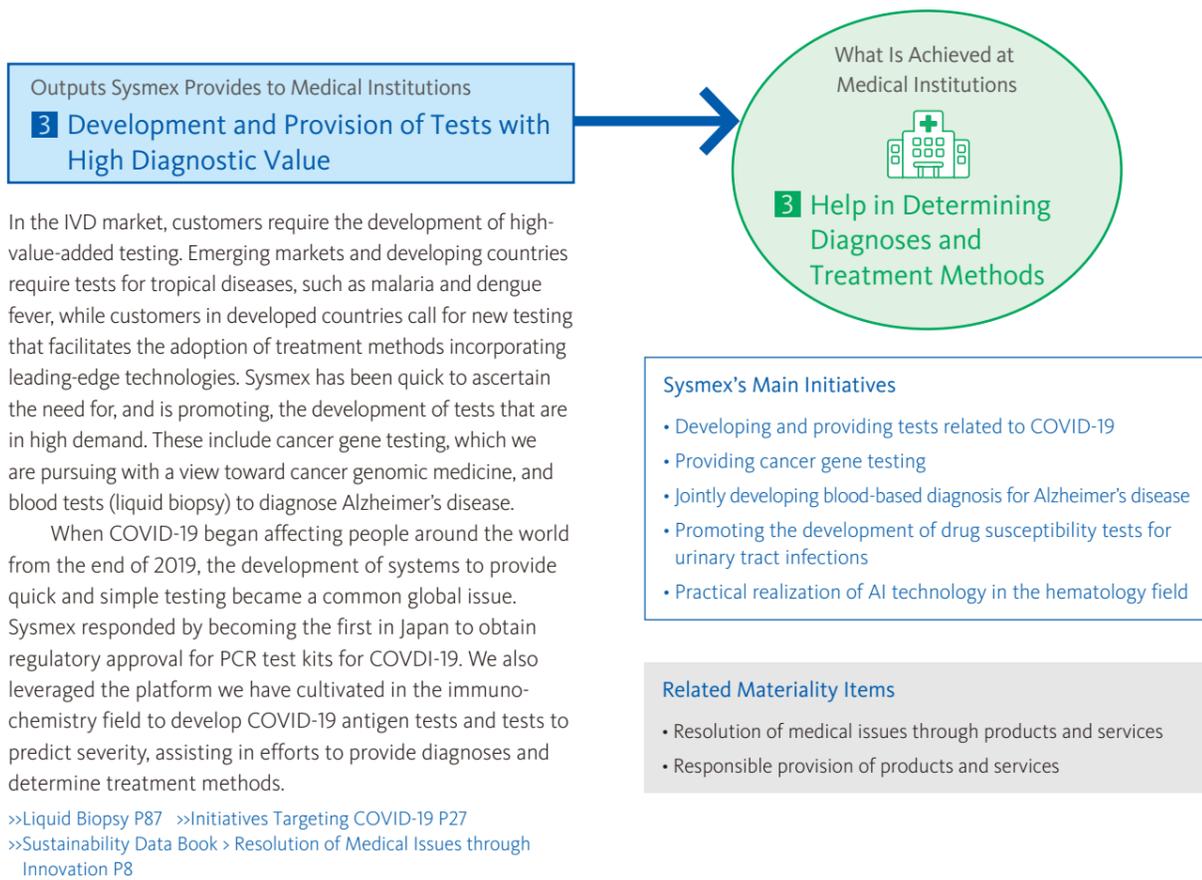
The multiparameter automated hematology analyzer that we recently developed (a three-part white blood cell differential model) is designed mainly for emerging markets. We developed this analyzer to offer even better functionality than current models.

The utilization rate of three-part white blood cell differential models tends to be high, as they target small hospital and clinics, as well as mountainous regions and islands where access is difficult. As part of the development process, we sought input from customers in emerging markets. We learned that some medical institutions in these markets faced unique problems, such as being unable to quickly repair instruments that failed due to difficulties in transporting service personnel and parts. To enable customers to use our products with confidence, we incorporated measurement technologies allowing minute samples, shorter measurement times, and other features of high-end instruments. We also worked to develop instruments that offered better usability in terms of durability and serviceability.

The project team centered on young developers, so we called on pockets of expertise within the Company and cultivated teamwork. This was a valuable experience that should lead to sustainable growth for Sysmex.

I look forward to continuing to develop products that meet customer needs so we can help enhance and promote testing systems in emerging markets and around the world, while providing new value through testing.





Developing a SARS-CoV-2 antigen detection reagent amid the COVID-19 pandemic

Noriko Oka
Manager, Business Incubation Division



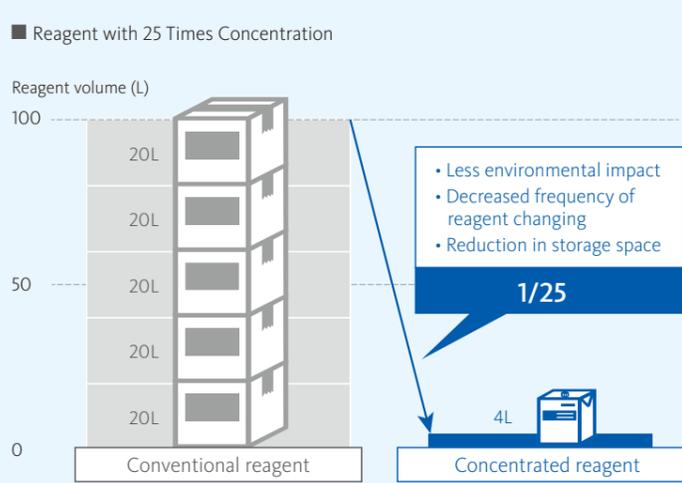
Given the urgency of the matter, on this development project our foremost objective was to bring a solution to the market as quickly as possible. To do so, we did our best to draw on the expertise of related departments in setting product specifications, deciding how to pursue development and responding to assumed risks.

As we were working in the middle of a pandemic, situation was changing moment by moment. This meant that regulatory applications were affected by sudden additions to product requirements. Despite having to respond to such unexpected changes, we were able to coordinate with the Regulatory Affairs Department to select the best strategies. Consequently, we succeeded in obtaining early-stage regulatory approval. Our activities also served to foster interaction that went beyond departmental boundaries, including the sharing of personnel and expertise. I thought this interaction was very meaningful, and I wholeheartedly look forward to taking part in product development in the future.

On the technology front, we used the technology cultivated to date to simultaneously develop a sample extraction fluid for test samples containing the deactivated virus. This reduced the risk of infection when transporting samples and handling them at laboratories. It also provided an environment in which healthcare professionals could conduct testing safely, earning us strong positive feedback from our customers.

With this product, I keenly felt the weight of responsibility for providing test results directly to medical decision. At the same time, the entire Company pulled together on this project, which made it feel very worthwhile. Drawing on this experience, I will communicate more closely with related departments, and look forward to taking up the challenge of developing products that provide value to our customers.

By developing and providing concentrated reagents, we reduce CO₂ emissions, save resources, decrease waste and conserve oil resources. This also enhances usability.



■ Reagent with 25 Times Concentration

Reagent volume (L)

100
50
0

20L
20L
20L
20L
20L

Conventional reagent

4L

Concentrated reagent

1/25

- Less environmental impact
- Decreased frequency of reagent changing
- Reduction in storage space

Some instruments in the hematology and immunochemistry fields make use of reagents that are concentrated to 25 times the level of conventional reagents.

In addition to curtailing CO₂ emissions as outlined above, concentrated reagents are more compact, so they require less material for containers and packaging, saving resources, and laboratories accordingly generate less waste. We have also transitioned from conventional polyethylene packaging to paper cartons to conserve oil resources.

Using concentrated reagents means that reagents need to be changed less frequently. This saves storage space and contributes substantially to usability in other ways.

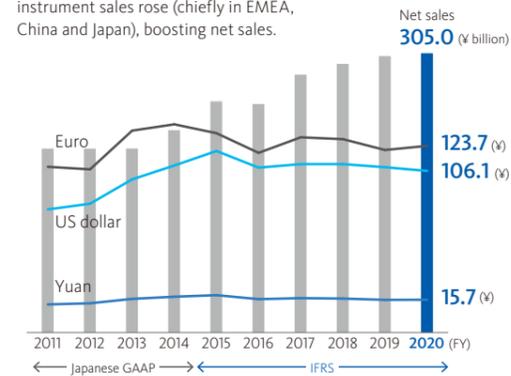
Performance Highlights (As of the end of fiscal 2020)

Net Sales

¥305.0 billion

(Up 1.0% year on year)

Despite the impact of COVID-19 on reagent sales, instrument sales rose (chiefly in EMEA, China and Japan), boosting net sales.



Operating Profit/Operating Margin

¥51.7 billion 17.0%

(Down 6.3% year on year) (Down 1.3 percentage points year on year)

SG&A expenses declined year on year, while gross profit fell as a result of lower reagent sales, causing operating profit to fall.

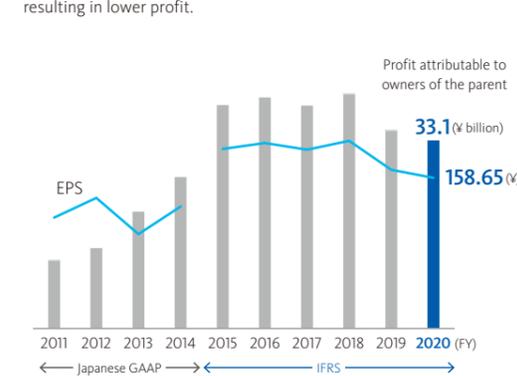


Profit Attributable to Owners of the Parent/ Basic Earnings per Share (EPS)

¥33.1 billion ¥158.65

(Down 5.0% year on year) (Down 5.0% year on year)

Foreign exchange loss declined, but operating profit also fell, resulting in lower profit.

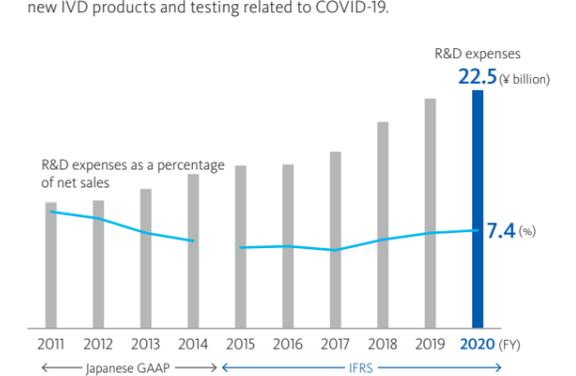


R&D Expenses/ R&D Expenses as a Percentage of Net Sales

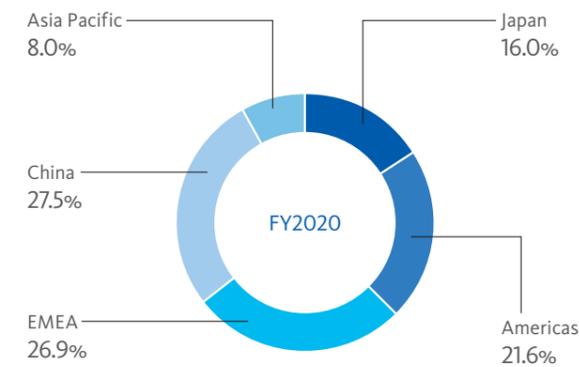
¥22.5 billion 7.4%

(Up 3.5% year on year) (Up 0.2 percentage point year on year)

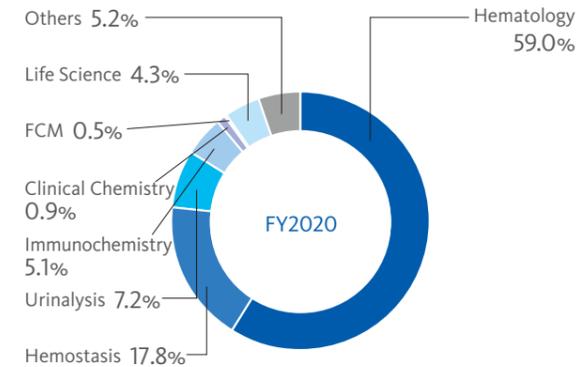
These expenses rose as we continued to invest in new IVD products and testing related to COVID-19.



Net Sales by Destination



Sales by Business



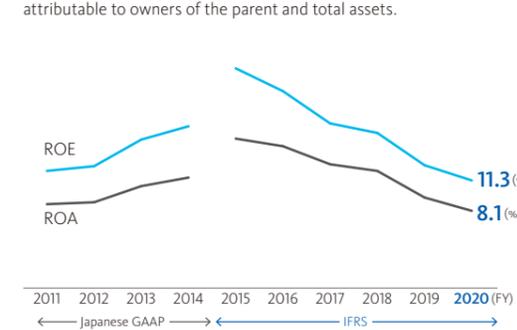
ROE/ROA

11.3% 8.1%

(Down 1.6 percentage points year on year)

(Down 1.4 percentage points year on year)

These returns fell as a result of lower profit and increases in equity attributable to owners of the parent and total assets.



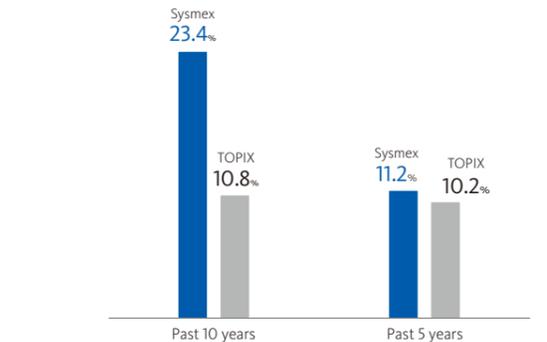
Total Shareholder Return (TSR) (Annualized Rate)

23.4% 11.2%

(Past 10 years)

(Past 5 years)

We have outperformed TOPIX due to stable dividends and long-term increases in our share price.

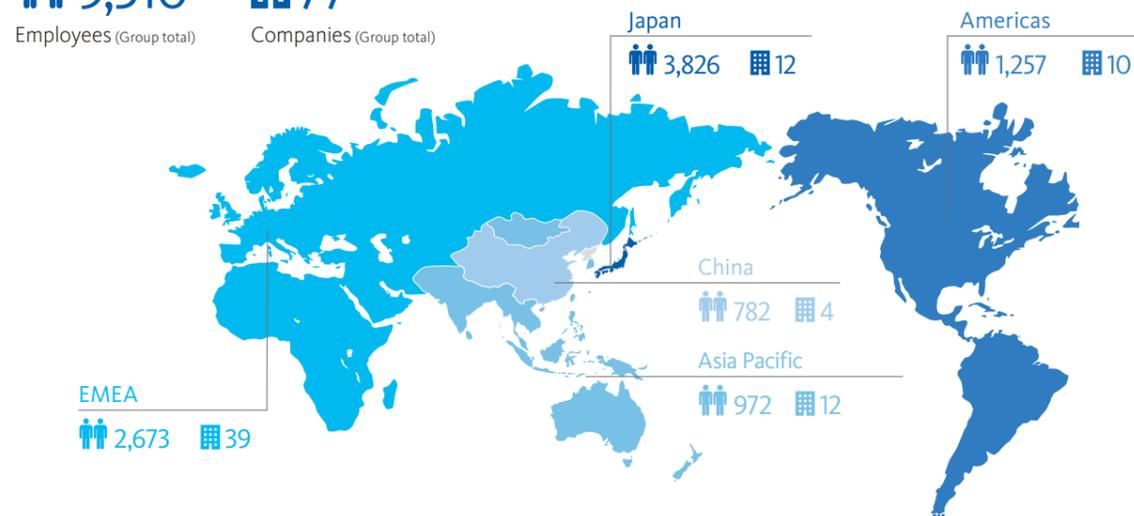


Non-Financial Performance

Global Business Development

9,510 Employees (Group total)

77 Companies (Group total)

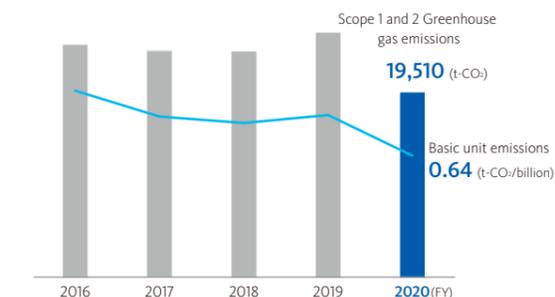


Scope 1¹ and 2² Greenhouse Gas Emissions/ Basic Unit Emissions

19,510 t-CO₂ 0.64 t-CO₂/billion

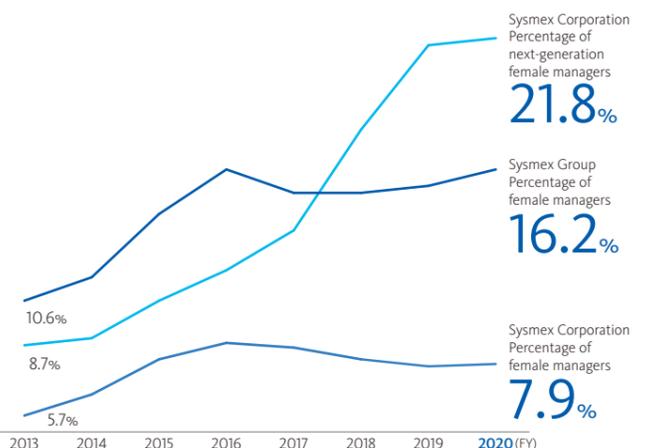
(Down 24% year on year) (Down 25% year on year)

Emissions were down as we used less electricity due to the introduction of remote working, as well as to a change in our CO₂ emission factor.



1. Scope 1: Greenhouse gases emitted directly by Company facilities, factories and company vehicles
2. Scope 2: Greenhouse gases emitted indirectly by the Company due to energy use

Percentage of Female Managers/ Percentage of Next-Generation Female Managers



Initiatives Targeting COVID-19

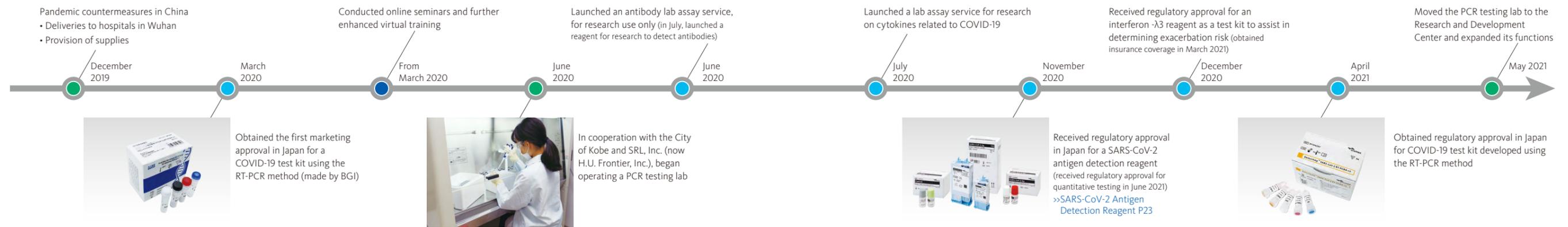
To address the COVID-19 pandemic, we worked to develop new reagents and services in the aim of helping people return to their everyday lives with peace of mind as quickly as possible.

Sysmex will continue with initiatives targeting COVID-19. Through testing, we will work to prevent infections from increasing. We will also provide support for medical settings and work to ensure that patients receive appropriate medical care.

>>A Changing Market Environment P34 >>Risk Management P59 >>Impact of the COVID-19 Pandemic P70

Sysmex's Initiatives Amid COVID-19 pandemic

● Developing and providing new products and services ● Responding to the "new normal" ● Contributing to local communities and society



● Developing and Providing New Products and Services

Developments and Initiatives Aimed at Reinforcing Our PCR Testing System

As a company that supports testing and healthcare, Sysmex puts every effort into enhancing our testing systems. In the early stages of the pandemic, in March 2020, we were the first in Japan to obtain regulatory approval for a COVID-19 test kit (RT-PCR method), which we quickly provided to medical institutions. We swiftly introduced products aimed at reducing medical professionals' infection risk during PCR testing, while boosting testing efficiency. For example, we provided a SARS-CoV-2 deactivation reagent, RNA extraction kit, and sterilized cotton swabs (special swabs for collecting saliva) to streamline the work of virus deactivation and achieve a testing flow that made use of regular transport routes.

Thereafter, when resource and reagent shortages emerged in Japan, we responded to PCR testing delays by developing a testing kit using an all-domestic production system. We obtained regulatory approval in Japan in April 2021. This reagent uses an automated PCR testing robot system we developed in collaboration with Kawasaki Heavy Industries, Ltd. and Mediaroid Corporation, and is being used at airports and other facilities.

Creating and Providing New Diagnostic Technologies

In addition to PCR testing, as the COVID-19 pandemic intensified around the world demand rose for a wide range of other testing methods—for diagnosis to treatment and recovery. Sysmex leveraged its fully automated immunochemistry platform for operation in Asia, particularly in Japan and China, to develop new reagents. As a result, in addition to an antigen detection reagent and an antibody measurement reagent for research, we generated products and services to contribute to research, diagnosis and treatment. For example, we launched a lab assay service for research on cytokines believed to be related to increases in severity.

Sysmex would be unable to create these new diagnostic technologies all on its own. Collaboration with medical facilities is essential to the process of using patients as subjects and analyzing and evaluating clinical data. We collaborate and conduct R&D on a regular basis with medical and research institutions, companies, and other stakeholders. For SARS-CoV-2, we conducted joint research with the National Center for Global Health and Medicine to create new diagnostic reagents to help in assessing the exacerbation risk among patients who have tested positive for COVID-19. This sort of teamwork with partners both within and outside the Sysmex Group enables us to promote R&D aimed at producing highly valuable tests.



Fully automated immunochemistry system

● Responding to the New Normal

Developing Online Services for Users

Sysmex uses networks to provide quality control and operational support for instruments, as well as to promote virtual training for customers. To prevent an increase in infections while imparting the most up-to-date information to customers amid the pandemic, we stepped up our online initiatives. For example, we began holding online versions of activities previously conducted in-person, such as product introduction events and scientific information seminars. In addition to raising awareness of Sysmex's products and services in a safe environment, we are creating new networks to foster bilateral communication.



3D booth in an online exhibition (Germany)
Activity Case Studies
• Webinar to impart scientific information related to Sysmex products and COVID-19 (individual regions)
• Online user training (United States, Russia)

● Contributing to Communities and Society

Opening a PCR Testing Lab through Government–Industry Collaboration

To strengthen the system for PCR testing in Kobe, in June 2020 we collaborated with the City of Kobe and SRL, Inc. (now H.U. Frontier, Inc.) to form Japan's first industry–government alliance to open a PCR testing lab. As of May 2021, the lab had conducted more than 20,000 tests. To further increase the number of PCR tests and expand the lab's functions, in May 2021 we relocated the lab to our Research and Development Center in Kobe. The lab uses an automated PCR testing robot system to handle around 1,500 tests per day (five times the previous number). This system also helps reduce infection risk to the people conducting the tests. We intend to continue contributing to the local community through enhanced testing systems for COVID-19.



Making our own sanitizing liquid (Brazil)
Activity Case Studies
• Donating non-contact thermometers (Ghana)
• Providing light meals for medical professionals (United States, South Korea)
• Providing protective clothing and masks to medical institutions (China and other locations)

Promoting Global Corporate Citizenship Activities by Employees

Sysmex Group companies around the world are leveraging their knowledge, technologies and facilities to address the social issues of COVID-19. In addition to providing support for medical professionals, we are using facilities at reagent factories to produce and provide sterilizing liquid, and employees in regions around the world are taking part in corporate citizenship and volunteer activities.

Initiatives Targeting COVID-19

We have updated progress reports and releases covering Sysmex's initiatives. See our website for details. <https://www.sysmex.co.jp/en/COVID19.html>



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)

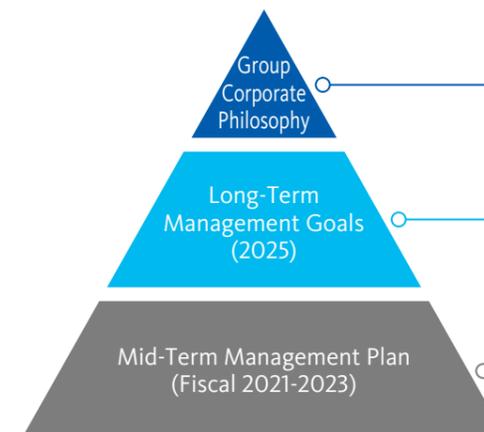
Long-Term Vision

“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.

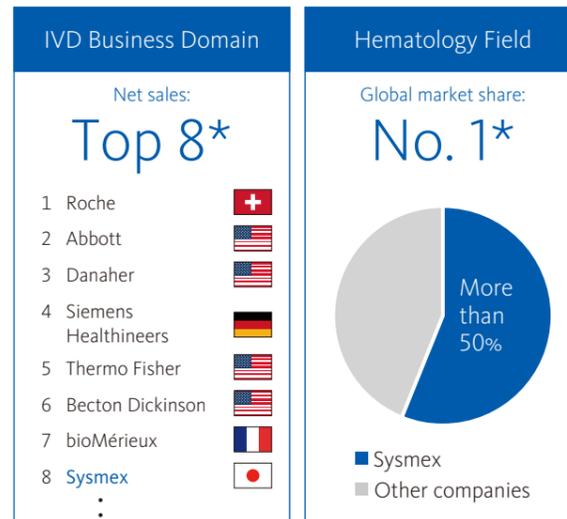
Notably, we have a leading share of more than 50% of the global market in the hematology field. We are expanding our sales regions and portfolios in the hemostasis and urinalysis fields by collaborating with alliance partners. As a result, we have acquired a high share of the global market.

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

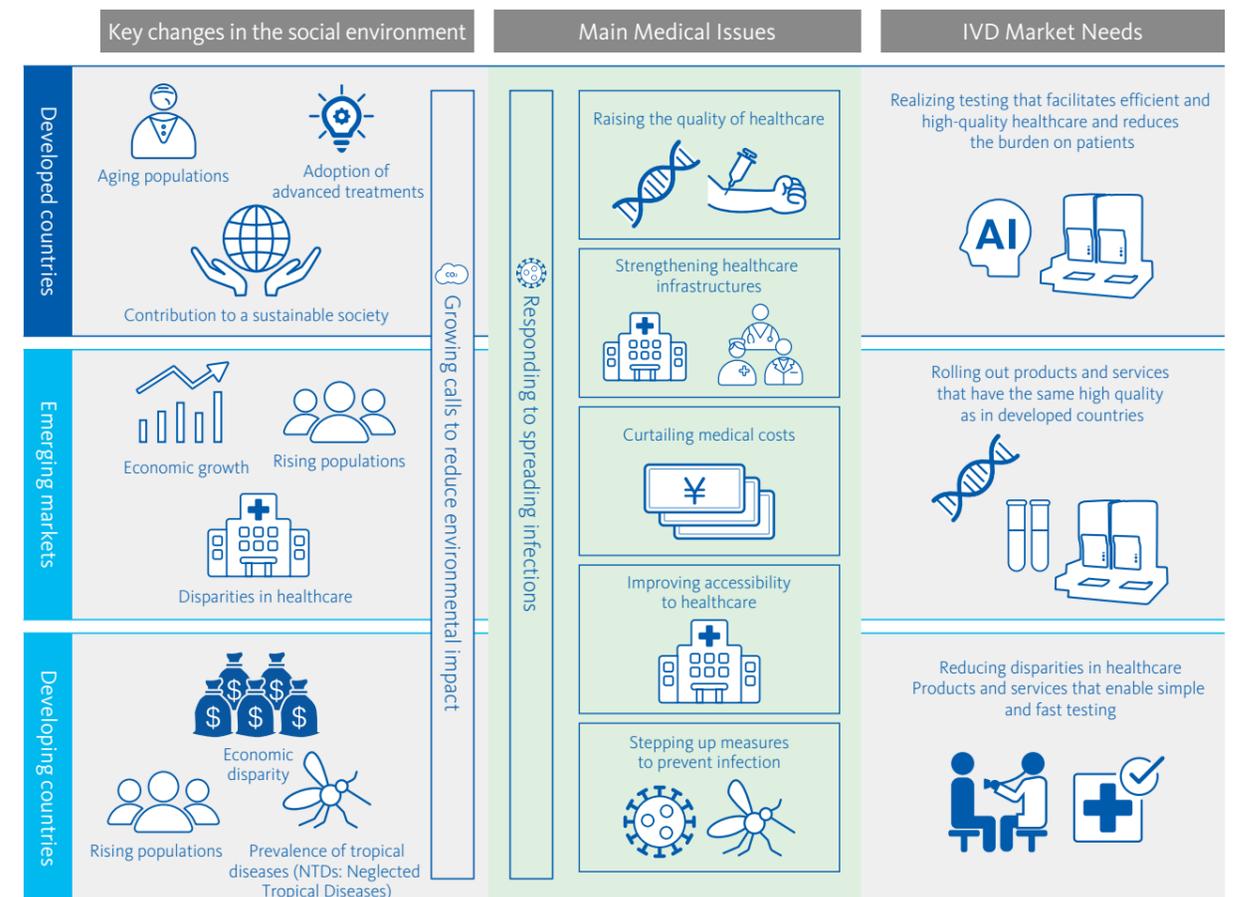
In IVD markets in developed countries, progress is being made on the practical realization of innovative technologies, such as

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.

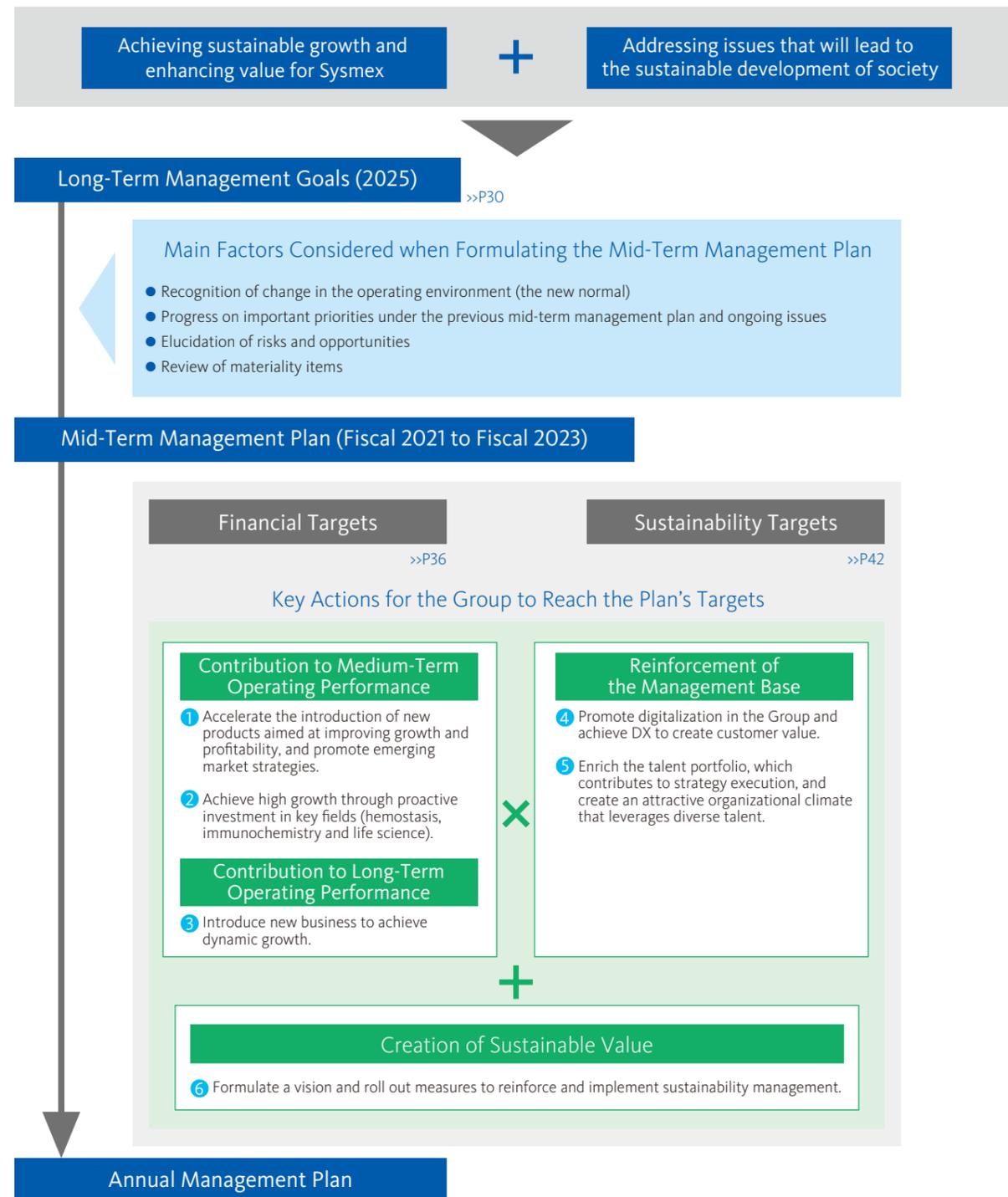
■ Changing medical issues and market needs in line with shifts in the social environment



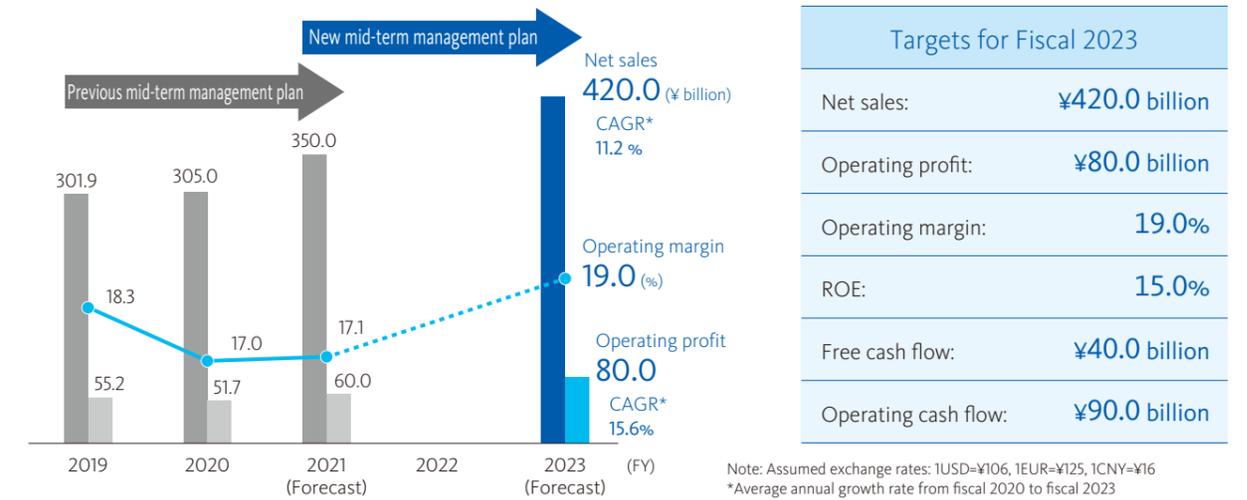
New Mid-Term Management Plan (Fiscal 2021 to Fiscal 2023)

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.

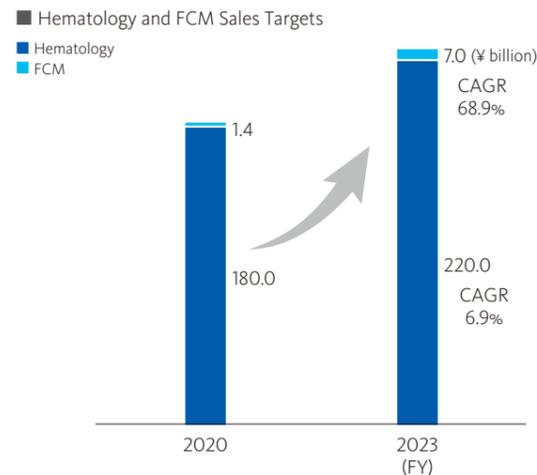
We aim to improve growth and profitability by accelerating the global rollout of the new hematology products we launched in fiscal 2020. In addition, we will work to introduce products suited to the needs of emerging markets, which are characterized by rising populations, economic growth and significant 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

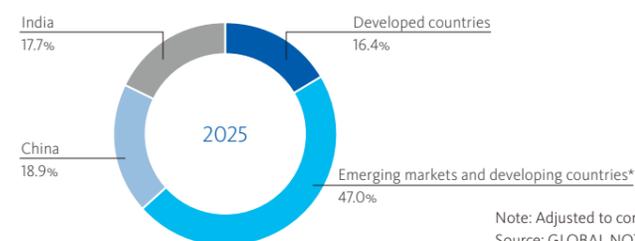
- In the hematology field, increase sales through a global rollout of high-end models.
- Launch new products for low-end markets and increase sales through direct sales in India.
- Work to create new clinical value through collaboration with clinical flow cytometry, such as the selection of optimal treatment 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

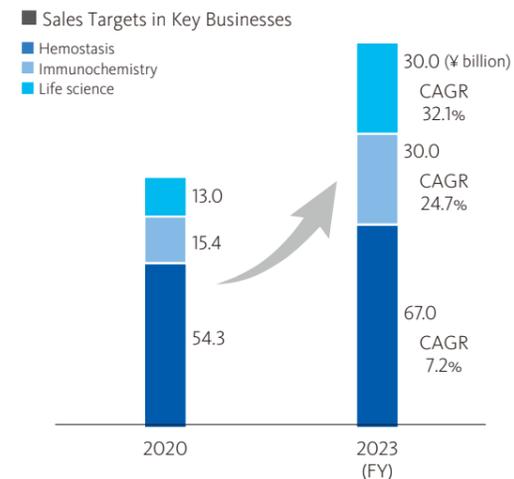
- 2 Achieve high growth through proactive investment in key fields (hemostasis, immunochemistry, and life science)

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.

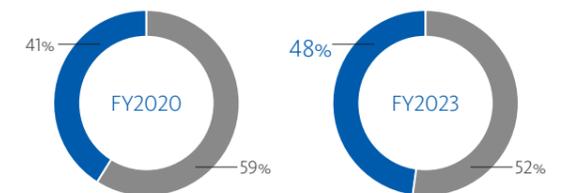
With the aim of putting the technologies we currently possess into practical use at an early stage, we will collaborate with development partners, hospitals, and other stakeholders at the early stages of product development. We will promote agile development to accelerate our efforts to create new value.

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

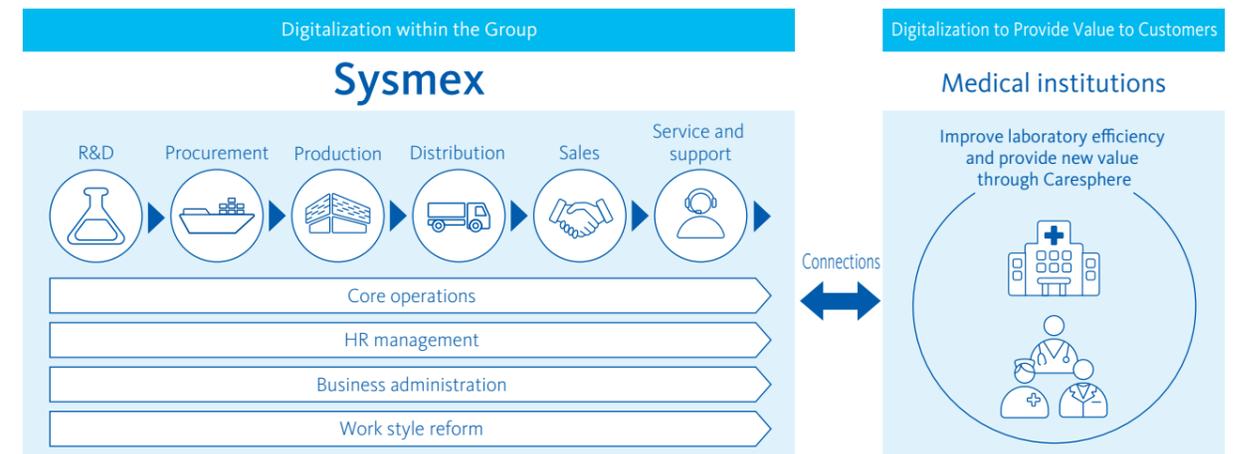
In digitizing our internal business processes, which we have been working on since 2018, we aim to optimize and improve efficiency across the Group and across functions. To achieve this, we will renew our backbone systems, expand the scope of digitalization to the entire value chain, and build a global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

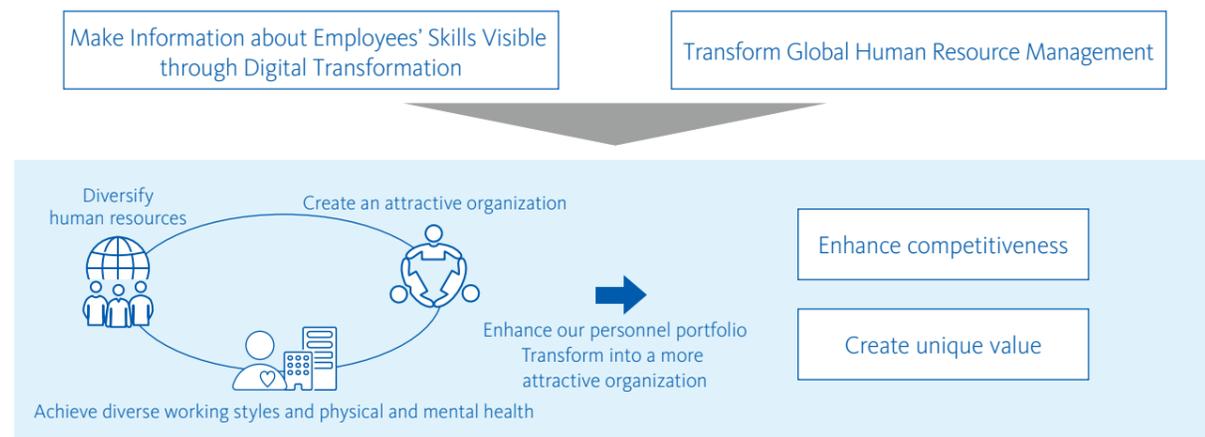
The Group has been developing and enhancing its internal IT systems and IT solutions for customers since the late 1990s, but in this highly uncertain environment, we believe that DX initiatives that bring new value both internally and externally are essential and need to evolve over time. Within the 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.

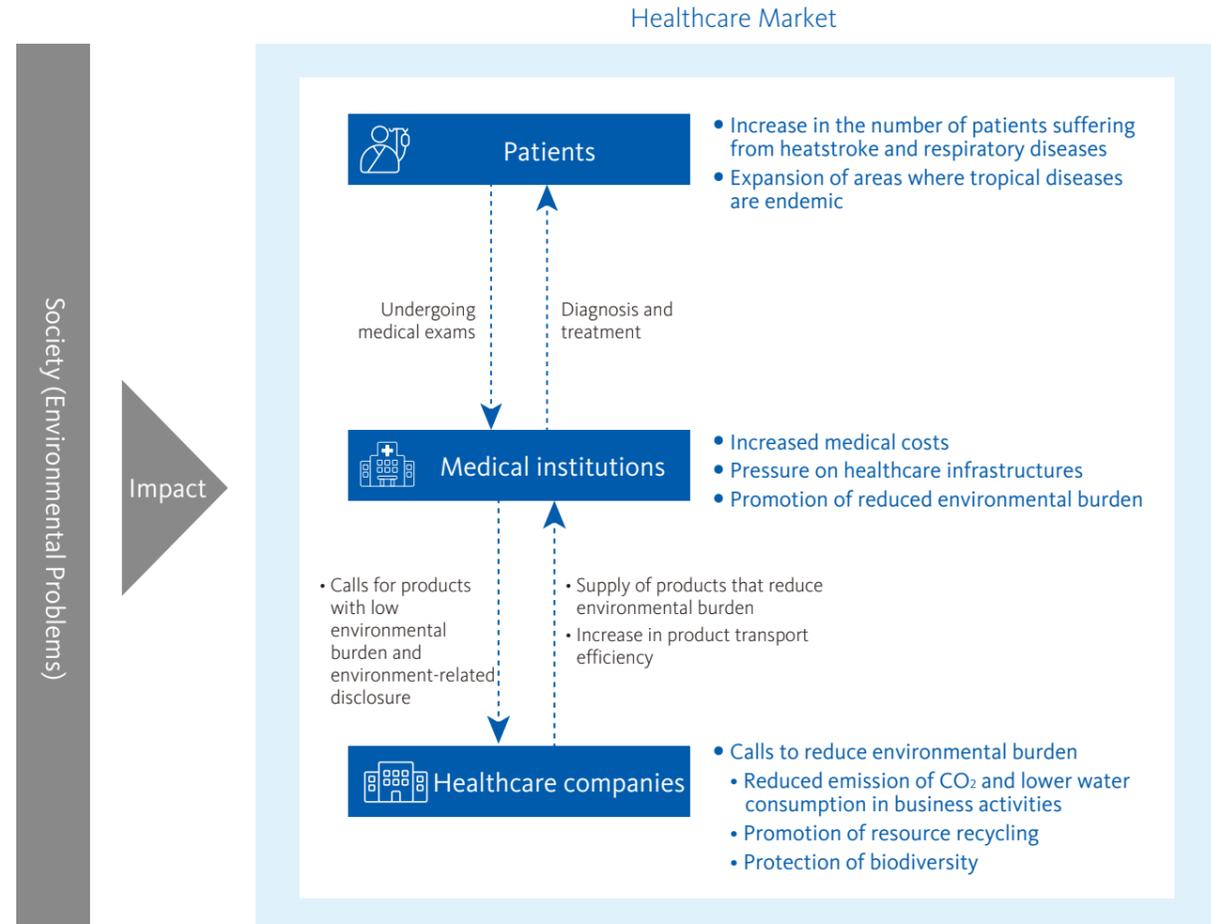
In addition to climate change, environmental issues are also involved in Sysmex's overall business activities, such as reducing water consumption, promoting resource recycling, and preserving biodiversity.

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

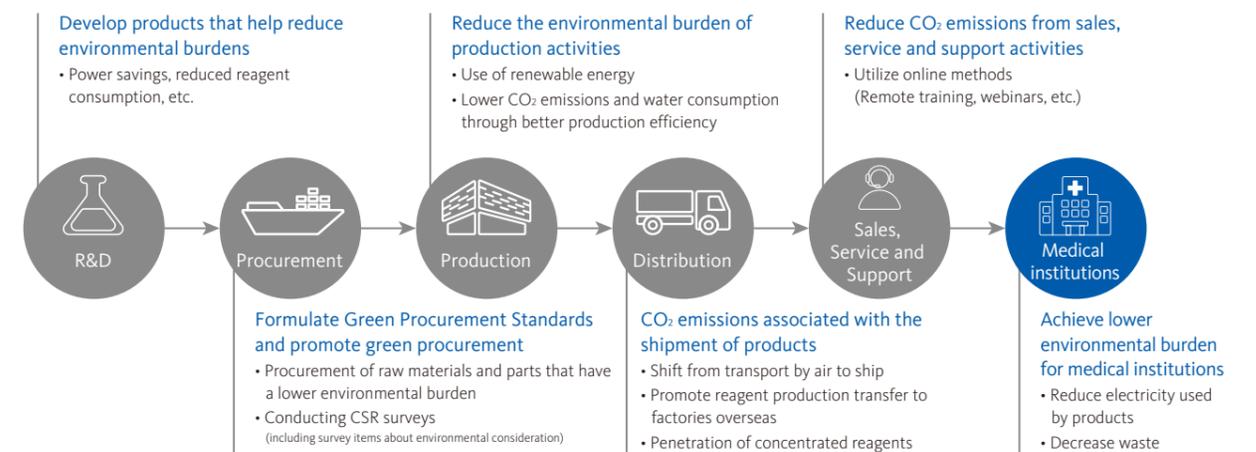


■ Long-Term Environmental Objectives (Fiscal 2025)

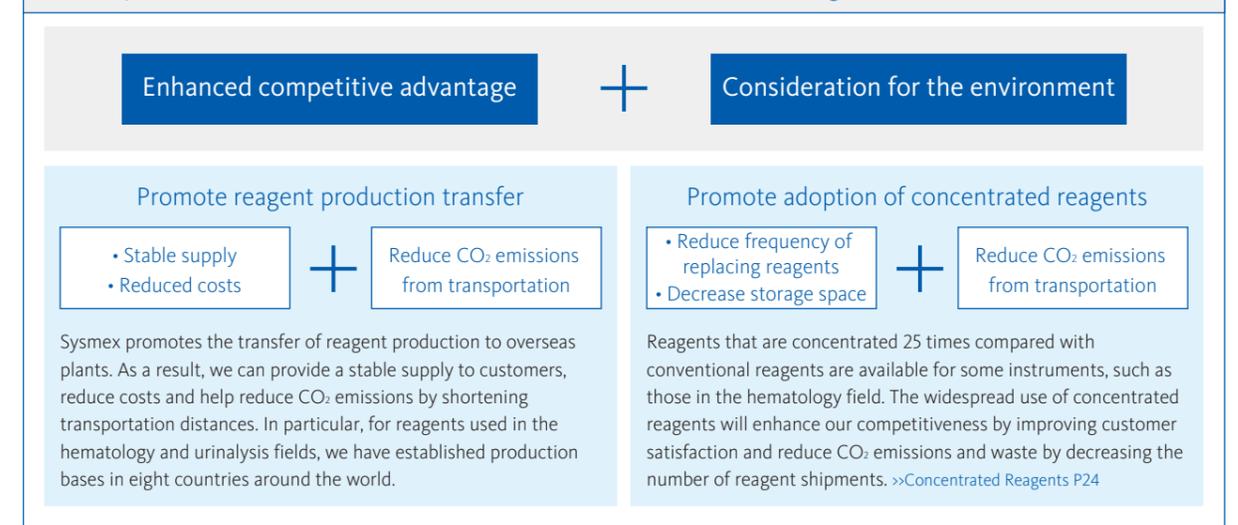
(Base year: Fiscal 2016)

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



Examples of Initiatives to Decrease Environmental Burden through Business



Financial Policy

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

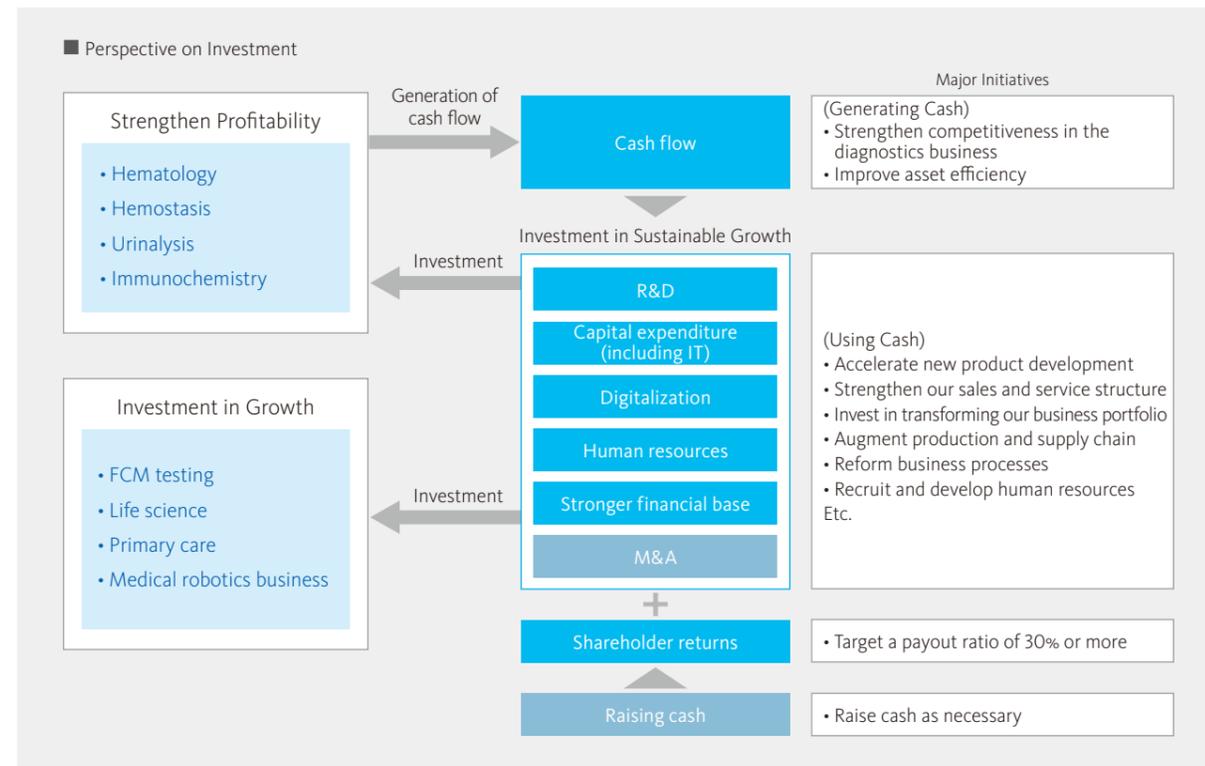
Financial Policy to Enhance Corporate Value

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.

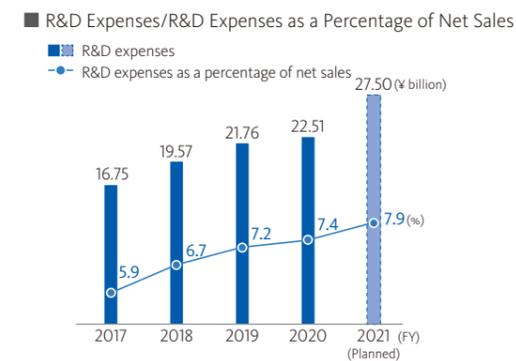
On the profitability front, although ROE exceeds our cost of capital, it has declined over the past few years due to the deterioration of cost ratios due to the lengthening of product life cycles and investment in new businesses.

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

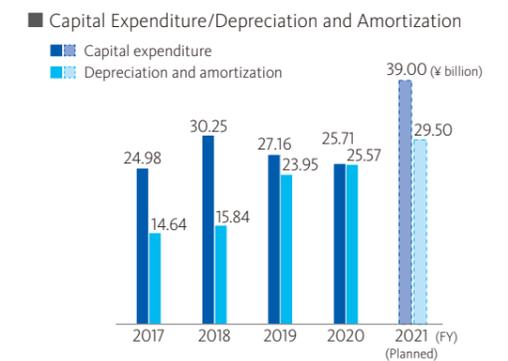
We believe investing in R&D is essential in order for us to help resolve medical issues by developing products and services that offer new added value. We are actively creating new value by accelerating the development of new products in the diagnostics market and making upfront investments to cultivate 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

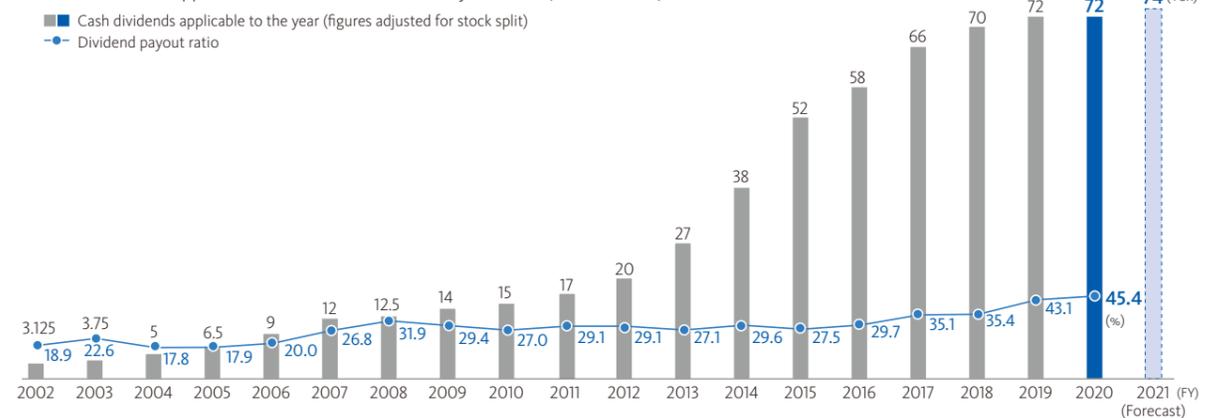
Sysmex aims to ensure a balance between proactive investment to sustain growth and the return of profits to shareholders as profitability improves. We also have been striving to continuously increase dividends, aiming for a payout ratio of 30% or more.

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.



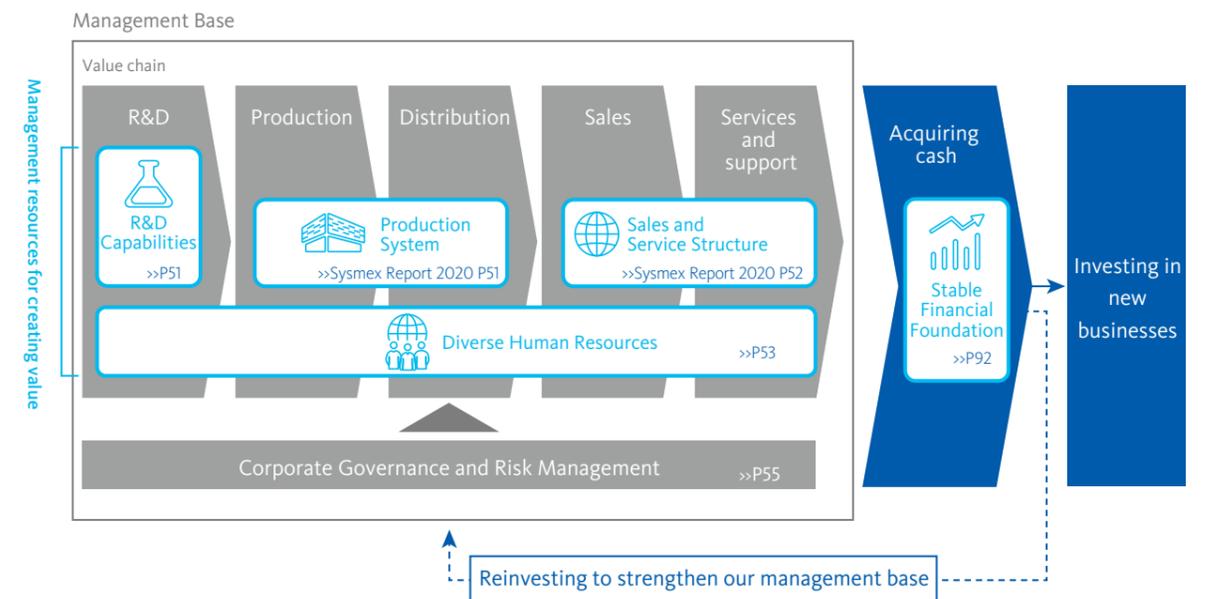
Management Base to Support Sustainable Growth

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

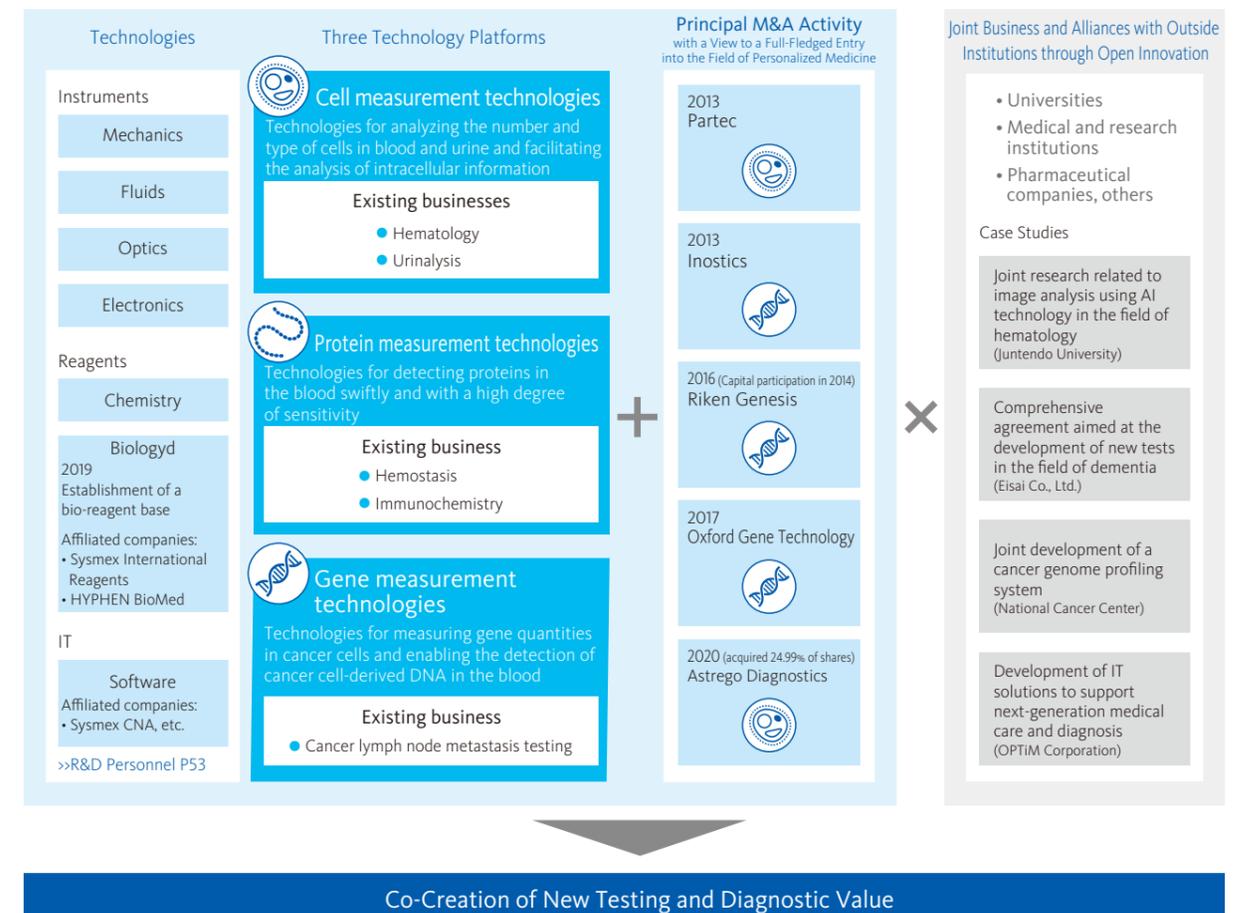
Sysmex has three technology platforms, for measuring cells, proteins, and genes. In our cell measurement platform, we are developing technologies to analyze the number and type of cells in blood and urine and analyze intracellular information. In our protein measurement platform, we are developing technologies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

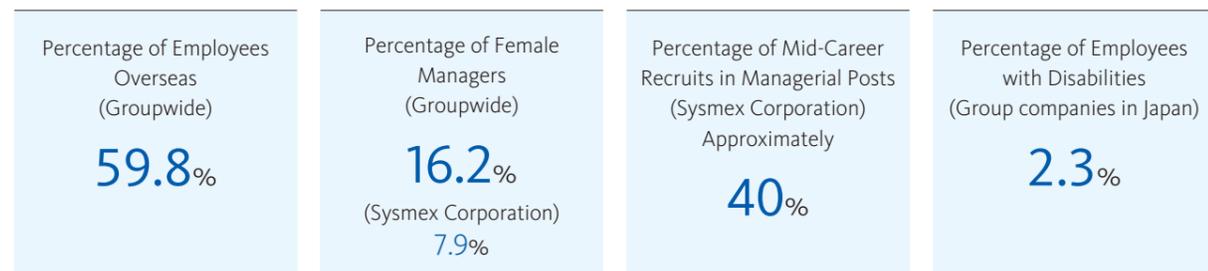
■ Sysmex's Technologies for Creating New Value



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.

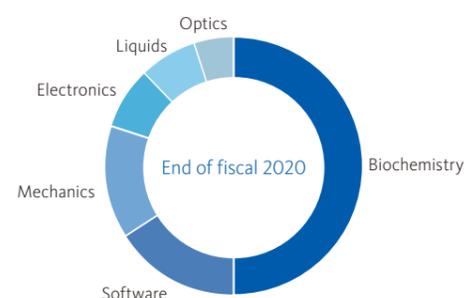
In addition, by creating a workplace where people with various sorts of physical, intellectual, and psychological disabilities can work in keeping with their characteristics, we aim to foster an environment in which everyone, regardless of disability, can work and grow together enthusiastically and with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

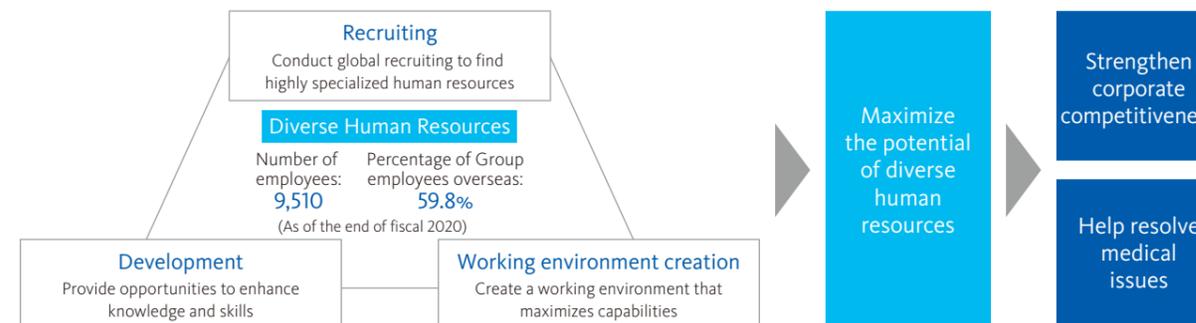
The percentage of female managers across the Systemx Group is only 16%. We need to improve this figure. We do not intend to raise this number hastily, however. Instead, we will gradually increase the number of female managers by building a comfortable work environment and expanding training programs 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.

Corporate Governance

By reinforcing corporate governance, we aim to enhance management soundness and transparency, and maximize corporate value throughout the Group.

Basic Policy on Corporate Governance

System recognizes that reinforcing corporate governance is an important management issue. Based on the "System Way," the corporate philosophy of the System Group, we are working to maximize the corporate value of the overall Group by enhancing management soundness and transparency and raising management speed and efficiency.

In our efforts to shore up corporate governance over the years, we have established an Audit and Supervisory Committee, enhanced the Managing Board's supervisory function through the introduction of outside members, and evaluated the Managing Board's effectiveness. We also established a Compliance Committee and an internal reporting system, augmented a Groupwide risk management function, and engaged in other initiatives to strengthen our base with a view to sustainable growth.

Management Organization

System has adopted an Audit and Supervisory Committee. Managing Board members who are also members of the Audit and Supervisory Committee have voting rights. This arrangement reinforces the Managing Board's audit and supervisory functions, as well as heightening management transparency and objectivity. 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. In addition, in fiscal 2020 we established an Internal Control Committee tasked with overall internal control and risk management to ensure sustainable growth and enhance corporate value over the medium to long term. This arrangement will promote the systematic preparation, operation, and monitoring of internal controls, while taking a bird's-eye view of the overall Group.

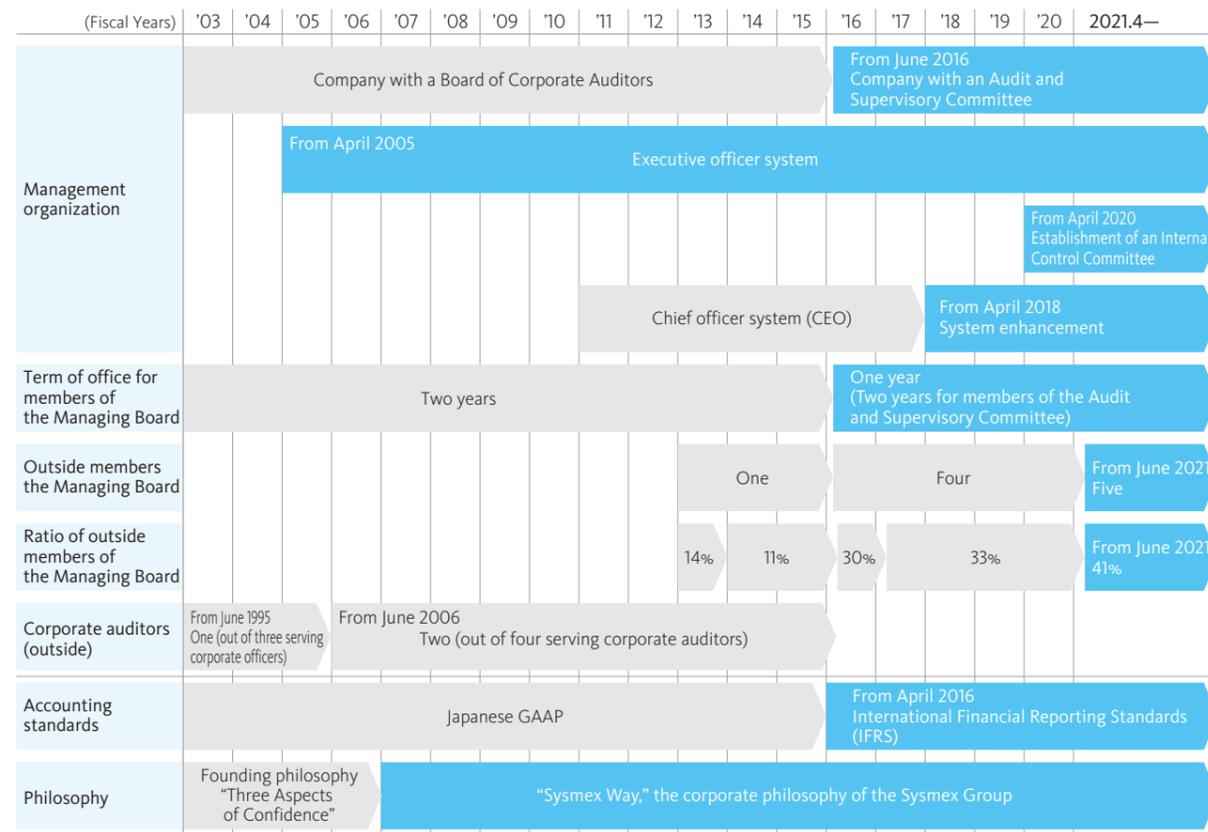
The Company currently has 12 members of the Managing Board (of whom five are outside members). Also, three board members are members of the Audit and Supervisory Committee. (Two members of the Audit and Supervisory Committee are outside members of the Managing Board.) The Company also has 16 executive officers (of whom five concurrently serve as members of the Managing Board).

Compliance with Japan's Corporate Governance Code

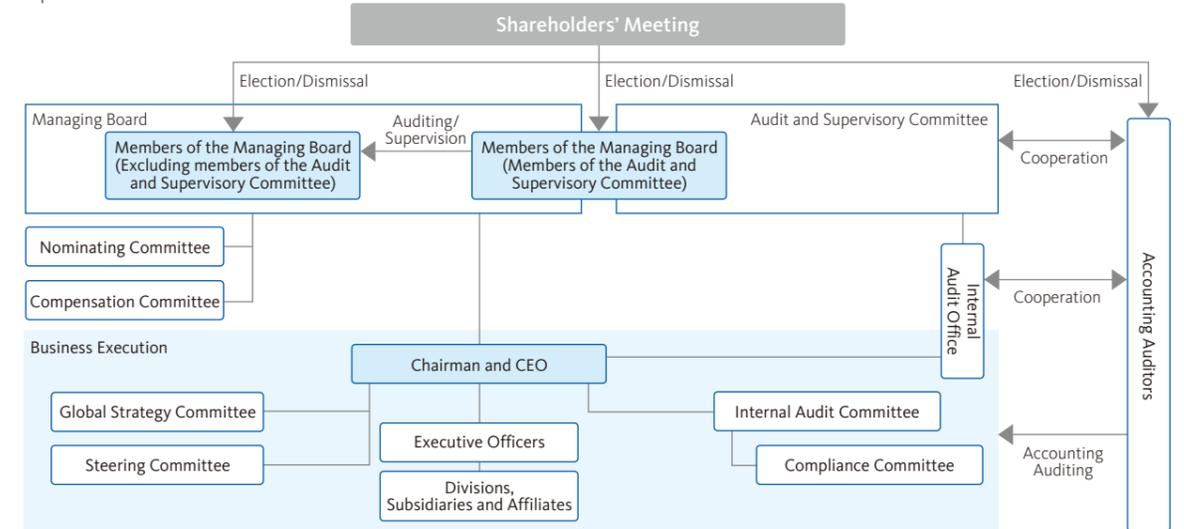
System complies with each of the principles of Japan's Corporate Governance Code, introduced by the Tokyo Stock Exchange. Please see our website for details.

[»Website »About System »Corporate Governance](#)

Advances in Corporate Governance



Corporate Governance Structure



Organization	Function and Content	Composition	Meetings Held in Fiscal 2020
Managing Board	Deliberating on important matters related to management	Members of the Managing Board	17
Nominating Committee	A Managing Board advisory body involved in executive appointments	Chairman and CEO, members of the Managing Board (2), outside member of the Managing Board (1)	2
Compensation Committee	A Managing Board advisory body involved with decisions on executive compensation	Chairman and CEO, members of the Managing Board (2), outside member of the Managing Board (1)	2
Audit and Supervisory Committee	Independent institution for auditing the execution of operations, mainly by members of the Managing Board	Members of the Audit and Supervisory Committee	20
Global Strategy Committee	Deliberating on and discuss medium- to long-term Group management directions, important strategies and issues	Chairman and CEO, senior executive officers, member of the Audit and Supervisory Committee* (1)	12
Steering Committee	Discuss, deliberate on and report on projects that are important from the perspective of making progress on the Group's fiscal yearly plan	Chairman and CEO*, executive officers, member of the Audit and Supervisory Committee (1)	16

* Participates as an observer

Members of Major Boards (As of June 25, 2021)

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%	— ¹	— ¹	—
	Iwane Matsui	100%	—	—	—
	Hiroshi Kanda	100%	—	—	—
	Tomokazu Yoshida	— ¹	—	—	—
	Yukitoshi Kamao	100%	—	—	100%
	Yukio Nakajima ²	100%	100%	100%	—
External	Junzo Yamamoto ²	100%	—	—	—
	Masayo Takahashi	100%	—	—	—
	Kazuo Ota	100%	—	—	—
	Hidekazu Fukumoto	— ¹	—	—	—
	Kazumasa Hashimoto	100%	—	—	100%
Michihide Iwasa	100%	100%	100%	100%	

Note: Attendance rates are for fiscal 2020. 1 Member from June 2021 2 Stepped down in June 2021

Effectiveness of the Managing Board

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

To enhance the functions of the Managing Board, the Company conducts a document-based 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. In fiscal 2020, the Board was evaluated highly on many items, indicating that it is functioning effectively and filling its role appropriately. Meanwhile, the Company recognizes the need to persevere in initiatives to further increase the Board's effectiveness. We will continue to regularly evaluate the Managing Board with the aim of maintaining and increasing its effectiveness and continuing to enhance our corporate value.

■ Overview of Evaluation of Effectiveness (Composition)

The scale of the Managing Board and ratio of independent outside members of the Managing Board are generally appropriate, both in nature and diversity.

(Operation)

The provision of information necessary to fully discuss the Managing Board's agenda is generally appropriate. To further improve effectiveness, the Company is continually working to improve the Managing Board's operation by providing advance explanations to outside members of the Managing Board, organizing points at issue, and providing related information necessary to understand the background. We hold opinion-exchange meetings attended solely by outside members of the Managing Board as we seek to promote understanding of key issues.

We also engage in other initiatives to invigorate deliberations. Nevertheless, room for improvement remains with respect to improving the timing when materials for deliberation are provided; initiatives are underway to provide these materials earlier.

(Status of Agenda and Deliberation)

The timing for addressing and deliberating the Managing Board's agenda is appropriate, and we strive to provide individual members of the Managing Board with an understanding of agenda items and information prior to meetings, as well as

to leverage their knowledge and experience to engage in deliberation. For matters of management importance, decision-making is appropriate, with outside members of the Managing Board interjecting objective and rational opinions.

■ Major Managing Board Agenda Items and Reporting Items (Fiscal 2020)

- 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)
- Formulation of Group mid-term management plan and fiscal year action plan
- Group operating performance; quarterly, semiannual, and annual results
- Matters related to promoting digitalization in the Group
- Alliance strategies for expanding business

Effectiveness of the Audit and Supervisory Committee

Members of the Audit and Supervisory Committee attend important meetings, such as meetings of the Managing Board; browse approval documents; audit subsidiaries, and conduct other activities to confirm the status of business execution by members of the Managing Board.

The Audit and Supervisory Committee also audits the working of the Company's internal control system. The committee works closely with the accounting auditors to confirm the accounting audit plans and results and internal controls related to financial reports, exchanging information and opinions.

Principal matters considered by the Audit and Supervisory Committee in fiscal 2020 included the appropriateness of audit policies and plans, preparation and state of operation of the internal control system, and methods and results of audits by the accounting auditors.

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 and 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. 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 are 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 Chairman, President, and 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, 2021, the Chairman, President, and CEO held 612,000 shares (139 times his fixed compensation), and other members of the Managing Board and executive officers (those who hold shares) held an average of 26,000 shares (16 times their fixed compensation).

[»Shares Held by Individual Directors P63](#)

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.

The Managing Board has delegated to the Chairman and CEO the task of determining individual compensation and specific details of compensation for members of the Managing Board (excluding members of the Audit and Supervisory Committee). 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).

Compliance

Based on the corporate philosophy of the Sysmex Group, the "Sysmex Way," 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.

[»Sustainability Data Book »Compliance P52](#)

■ Breakdown of Executive Compensation

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

	Fixed compensation: 27%	Performance-linked compensation: 44%	Non-monetary compensation: 29%
Standards for Payment	<ul style="list-style-type: none"> • Compensation for members of the Managing Board • Compensation for business execution <p>Position-specific factors (related to the scale and responsibility of members of the Managing Board, as well as the degree of their impact on Group management) are used to determine disbursements. Note: A certain portion is applied toward the purchase of Company stock.</p>	<p>Performance-linked compensation amounts are multiplied by a variable compensation factor within 3% of profit attributable to owners of the parent to determine the total amount of variable compensation, which is disbursed on an individual basis in accordance with success.</p>	<ul style="list-style-type: none"> • Compensation as a medium- to long-term incentive (Company shares purchased in specific monthly amounts through an officer shareholding association system) • Other share compensation (such as stock options) <p>Share purchase amounts or numbers of shares are based on position-specific factors (related to the scale and responsibility of members of the Managing Board, as well as the degree of their impact on Group management).</p>

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)

■ Skill Matrix for Members of the Managing Board (As of June 25, 2021)

	Name	Gender	Year	Initial appointment	Independent	Knowledge and experience							
						Corporate management	Global	Sales and Marketing	Technology, R&D	Production, SCM	ICT	Finance and accounting	Human resources
Internal	Hisashi Ietsugu	M	1949	1986		○		○				○	○
	Kaoru Asano	M	1958	2014		○			○				
	Kenji Tachibana	M	1957	2014		○	○	○	○	○			
	Iwane Matsui	M	1961	2019		○	○	○	○	○			
	Hiroshi Kanda	M	1957	2019		○	○	○	○				
	Tomokazu Yoshida	M	1964	2021					○				
	Yukitoshi Kamao	M	1956	2016							○		
External	Masayo Takahashi	F	1961	2016		○	○		○				
	Kazuo Ota	M	1955	2019	○	○	○				○	○	
	Hidekazu Fukumoto	M	1955	2021	○	○		○			○	○	
	Kazumasa Hashimoto	M	1953	2020	○	○		○			○		
	Michihide Iwasa	M	1956	2020	○	○			○				

Note: "Global" indicates experience at an overseas post.

■ Actual Executive Compensation (Fiscal 2020)

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)	822	222	363	236	7
Members of the Audit and Supervisory Committee (excluding outside members of the Managing Board)	24	24	—	—	1
Outside members of the Managing Board	28	28	—	—	6

■ Executives Receiving Total Compensation of ¥100 Million or More

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	119	51	223

Our Perspective on Operating Risks

Systemex 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 natural disasters and country-specific risks, we consider increasingly stringent healthcare restrictions in individual countries, the emergence of product quality issues, and information leaks to be important 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

In fiscal 2020, Systemex established an Internal Control Committee as a follow-up to the Risk Management Committee that has been in place since fiscal 2019. The Internal Control Committee is tasked with addressing strategic risks and promoting management activities spanning risk in general. The president and CEO chairs the Internal Control Committee, whose members include senior executive officers and members of the Audit and Supervisory Committee (excluding outside members of the Managing Board), with outside members of the Managing Board serving as observers.

This committee regularly evaluates risks in such categories as compliance (including fair dealing, corruption, and business ethics), human resources, occupational health and safety, the environment, and finance and accounting (including

taxation), and takes measures to counter risks the committee defines as having a significant impact on the Group's business. The committee also drafts plans for each fiscal year, with activity themes for each region and division, and reports regularly.

We have formulated a business continuity plan (BCP) to fulfill our social responsibility by providing a stable supply of products and services to medical institutions when disasters, cyber threats, or other risks materialize. To ensure that Systemex products continue to operate stably at medical institutions even when risks materialize, the BCP identifies important products to be given supply priority. We have augmented our regulations and manuals related to cyber threats and disaster response and have put in place a structure to ensure we can respond swiftly to any emergency.

The COVID-19 pandemic, which broke out in 2019, called for us to quickly ascertain the impact on our business activities

and respond accordingly. At the start of the pandemic we launched countermeasures to determine the status of the overall Group. We also took steps to ensure the safety of our employees, operations at our instrument and reagent factories around the world, and product development related to COVID-19 reagents. As a result, even in this crisis we were able to continue ensuring a stable supply of products, services and support to our customers. Meanwhile, we responded to new demands by developing and launching new products. We provide timely disclosure outside the Company in relation to the expected impact.

[»Sustainability Data Book » Risk Management Structure P58](#)

Principal Operating Risks

Risks	Major Content	Key Environmental Factors	Main Impacts if Risks Materialize	Principal Responses
The spread of infectious disease or emergence of other risks that could substantially affect business activities	<ul style="list-style-type: none"> The impact on operations of global pandemics such as COVID-19 and other unknown infectious diseases 	External	<ul style="list-style-type: none"> Halt of business operations due to enormous damage to Group facilities and infrastructure, or injuries to people Deterioration of operating performance and cash flow due to a halt in medical institutions' operations and decreasing testing demand Substantial downturn in productivity due to difficulty in continuing or maintaining human resources and the working environment 	<ul style="list-style-type: none"> We have configured a global risk management structure (such as reinforcing our BCP) aimed at reducing damage and facilitating an early recovery of business activities. We have built an infrastructure capable of responding flexibly to emergencies (such as by introducing remote working). We prevent infections from spreading by building testing structures involving the development and sale of reagents and opening of labs to provide assay services.
Disaster, severe accidents, or other occurrences that disrupt product supply	<ul style="list-style-type: none"> Damage to manufacturing facilities and the stoppage of production activities due to severe accidents, such as natural disasters and fires Obstacles to the procurement of substances if suppliers suspend operations 	External	Suspension of product supply leading to a decline in sales and an inability to fulfill our supply responsibilities, leading to a decline in corporate value	<ul style="list-style-type: none"> We have introduced seismically isolated structures at instrument factories, diversified our reagent production function globally, and created a system of mutual supply. We procure materials and parts from multiple companies and maintain stockpiles. We also conduct CSR surveys of our business partners.
Exchange rate fluctuations	<ul style="list-style-type: none"> Overseas business accounting for more than 80% of total Group sales Growth in sales in emerging markets leading to a higher proportion of sales taking place in non-key currencies 	External	Worsening of the Group's consolidated operating performance	<ul style="list-style-type: none"> Finance divisions and local subsidiaries minimize risks through forward exchange contracts. We have globally diversified our reagent production functions.
Increasingly stringent measures to curtail healthcare expenditure	<ul style="list-style-type: none"> Worsening market prices due to budget reductions by countries and medical institutions 	External	Longer replacement cycles and growing downward pressure on prices	<ul style="list-style-type: none"> We provide highly productive products and services that help make healthcare management more efficient.
Growing difficulty of obtaining regulatory approval due to increasingly stringent healthcare laws and restrictions, as well as the introduction of independent regulations	<ul style="list-style-type: none"> Delayed product launches due to longer approval periods 	External	Lowered ability to capture market opportunities and increasing cost of response	<ul style="list-style-type: none"> The regulatory affairs division and local subsidiaries remain abreast of new laws and regulations, and configure optimal systems.
Revisions to our business model due to changes in the market environment	<ul style="list-style-type: none"> Hematology field accounting for a high percentage of sales and profits 	Internal	Worsening of the Group's consolidated operating performance	<ul style="list-style-type: none"> We are expanding our business portfolio outside of hematology and into such fields as hemostasis and urinalysis. We are accelerating development by establishing drives of growth.
Emergence of quality problems related to products or services	<ul style="list-style-type: none"> Major impact on test results 	Internal	Increasing cost of response and decline in corporate creditworthiness and brand power	<ul style="list-style-type: none"> We comply with individual countries' laws and regulations, as well as international restrictions, and we have created structures for maintaining and enhancing quality. We have enhanced our operational and design quality, bolstered mass-production quality, and reinforced our systems for checking quality prior to market launch. We hold supplier presentations aimed at increasing the quality of the materials and parts we procure.
Information security risks	<ul style="list-style-type: none"> Impact on operations due to information leaks such as cyber threats and network breakdowns 	Internal	Halt of business activities and a decrease in corporate creditworthiness	<ul style="list-style-type: none"> We have alternative network routes and have implemented routine system administration procedures. We are implementing mechanisms for detecting unauthorized communications and isolating malware, monitoring 24 hours a day, setting up a Computer Security Incident Response Team (CSIRT), and thoroughly educating our employees.
M&A-related risks	<ul style="list-style-type: none"> Impact on strategies and operating performance if the results of M&A fall below expected levels 	Internal	Worsening of the Group's consolidated operating performance and review of business strategies	<ul style="list-style-type: none"> We conduct thorough prior audits, both of the market environment and from a financial perspective. We configure administrative structures for management and finance.
Compliance infringements	<ul style="list-style-type: none"> Compliance infractions of laws and regulations 	Internal	Halt of business activities and a decrease in corporate creditworthiness	<ul style="list-style-type: none"> We provide comprehensive employee education and have put in place a global internal reporting system.

Members of the Managing Board



Kaoru Asano

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

Hisashi Ietsugu

Chairman and CEO

Kenji Tachibana

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



Kazuo Ota

Member of the Managing Board (Outside)
Independent Director

Masayo Takahashi

Member of the Managing Board (Outside)

Hidekazu Fukumoto

Member of the Managing Board (Outside)
Independent Director



Hiroshi Kanda

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

Iwane Matsui

Member of the Managing Board and Senior Executive Officer
Managing Director
Global Marketing

Tomokazu Yoshida

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



Kazumasa Hashimoto

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

Yukitoshi Kamao

Member of the Managing Board
(Member of the Audit and Supervisory Committee)

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 25, 2021)

Hisashi Ietsugu (born 1949)

Chairman and CEO
Number of Company shares held: 612,800

- 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 (current)

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

Reasons for Appointing

Holding the positions of Chairman and CEO of the Company, 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.

Iwane Matsui (born 1961)

Member of the Managing Board and Senior Executive Officer
Managing Director
Global Marketing
Number of Company shares held: 2,100

- Apr. 1985 Joined the Company
- Jul. 2001 President of Sysmex Europe GmbH
- 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 (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 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.

Kaoru Asano (born 1958)

Member of the Managing Board and Senior Executive Officer
Senior Managing Director, CTO
R&D, Incubation and MR Business
Number of Company shares held: 52,700

- 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 (current)

(Important concurrent position)
President of Mediaroid Corporation

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 leveraging his experience and insight in new R&D 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: 32,500

- 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.

Tomokazu Yoshida (born 1964)

Member of the Managing Board and Senior Executive Officer
Managing Director
R&D, Incubation and MR Business
Number of Company shares held: 1,100

- 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 (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.

Masayo Takahashi (born 1961)

Member of the Managing Board (Outside)
Number of Company shares held: N/A

- Apr. 1992 Ph.D. of Medicine and Assistant professor of Ophthalmology, Kyoto University Hospital
- Apr. 2006 Team Leader, Laboratory for Retinal Regeneration Research, RIKEN Center for Developmental Biology, Japan (presently RIKEN Center for Biosystems Dynamics Research, Japan)
- Jun. 2016 Joined the Company, Member of the Managing Board (Outside) (current)
- Dec. 2017 Director of Research Center, Kobe City Eye Hospital (current)
- Aug. 2019 President of Vision Care Inc. (current)
- Aug. 2019 Senior Visiting Scientist, Laboratory for Retinal Regeneration Research, RIKEN Center for Biosystems Dynamics Research, Japan (current)
- Aug. 2020 President, VCGT Inc. (current)
- Mar. 2021 President, VCCT Inc. (current)

Reasons for Appointing

She was appointed to utilize her abundant experience and deep insight relating to advanced medical research, medical ethics and other fields as a clinician and researcher for management of the Company.

Yukitoshi Kamao (born 1956)

Member of the Managing Board (Member of the Audit and Supervisory Committee)
Number of Company shares held: 46,700

- Mar. 1978 Joined the Company
- Apr. 2013 Executive Officer, Executive Vice President of Business Administration
- Jun. 2016 Member of the Audit and Supervisory Committee (current)

Reasons for Appointing

He was appointed to utilize his experience and specialized expertise related to corporate management, which is necessary to increase the audit and supervisory functions.

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.

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. (current)
- Jun. 2019 Outside Corporate Auditor of THE ROYAL HOTEL, LIMITED (current)
- 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 as a corporate manager of a financial institution.

Hidekazu Fukumoto (born 1955)

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

- Apr. 1978 Joined The Sanwa Bank, Ltd. (presently MUFG Bank, Ltd.)
- May 2005 Executive Officer of UFJ Bank Ltd. (presently MUFG Bank, Ltd.)
- Jan. 2006 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (presently MUFG Bank, Ltd.)
- Apr. 2008 Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Jun. 2010 Managing Director and Chief Executive of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- May 2012 Senior Managing Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- May 2014 Deputy President Chief Executive of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- May 2016 Deputy President (Director) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Jun. 2017 Member of the Board of Directors, Deputy President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Apr. 2018 Member of the Board of Directors, Deputy President of MUFG Bank, Ltd.
- Jun. 2019 Advisor of MUFG Bank, Ltd. (current)
- Jun. 2019 President of SANSHIN Co., Ltd. (current)
- Jun. 2021 Joined the Company, Member of the Managing Board (Outside) (current)

Reasons for Appointing

He was appointed to utilize his knowledge on finance, financial accounting, risk management, as a corporate manager of a financial institution, as well as his abundant experience and deep insight in the business world.

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 Joined 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. (current)
- 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.

Conversation with Outside Members of the Managing Board



Kazuo Ota
Member of the Managing Board (Outside)
Independent Director

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

To achieve sustainable growth, we will work to further strengthen our management base and create value from the perspective of our stakeholders.

Q1 How would you rate Sysmex?

Hashimoto: When I first came across Sysmex through my previous job in the 1980s, it was still TOA MEDICAL ELECTRONICS CO., LTD. At that time, sales were less than ¥10.0 billion, but now the Group's sales have grown to ¥300.0 billion. This growth is a result of Sysmex's efforts to resolve the social issues of the times through healthcare. Frankly, I feel that the Group has grown while making a contribution to society. To achieve sustainable growth in the future, I believe it will be essential to adapt to changes in the environment and further develop other business fields in addition to our strength in the hematology field.

Ota: In addition to what Mr. Hashimoto said, my impression of Sysmex is that it is a group that has brought forward its founding principles and is expanding globally in a dynamic and flexible manner under the strong leadership of President Ietsugu. The vision and policies permeate the entire Group, which continues to take on challenges aggressively and boldly. That said, strengths and weaknesses are flip sides of the same coin, and I think we need to be careful that people who should be exercising leadership do not become followers instead.

Q2 What are your thoughts on the new mid-term management plan?

Ota: The role of the mid-term management plan is to present a growth strategy that can be imagined concretely based on our vision, and to share it across the Group. Sysmex still has a lot of potential for growth in terms of markets, technologies, and competition. The target numbers are aggressive and the plan is good, but I think ROIC should be used as a KPI in addition to sales and operating profit. I believe this will enable us to more clearly recognize the increase in corporate value and its economic value, and it will also be useful in making investment decisions.

Hashimoto: Like Mr. Ota, I think the plan is ambitious and very challenging, but we need to set specific metrics to achieve our financial goals. We also need to make people involved in each business field aware of the need to analyze factors and implement the PDCA cycle to achieve their goals. As part of the process of further expanding the Group's scale, for example, if a large investment appears beneficial to our growth the Group has various options, as long as the target financial indicators are met. We need to keep such cases in mind as we work to achieve the aims of our mid-term management plan, with all departments and employees communicating well with each other.

Ota: The organizational changes this April consolidated the business promotion system by function to facilitate internal collaboration and information sharing. I think this was a good idea. If information and awareness are shared throughout the Group, and if we can respond to changes in the environment in an agile manner, we can help to resolve issues quickly and contribute substantially to the growth of our business. It would be meaningless, though, to simply consolidate the strategic functions of the IVD and life science businesses formally, while the situation on the ground remained the same as before. I think the real goal of consolidating functions is to maintain a growth trajectory through the focused allocation of company-wide management resources and well-diversified product development strategies. As a result, the Company should be able to achieve robust growth in the life science business three or 10 years in the future.

Hashimoto: In formulating the mid-term management plan, the Group has taken on board the lessons learned from our delay in our initial response to COVID-19. Why was Sysmex, with its globalization and development capabilities, so slow to respond to the information it received, and unable to contribute quickly to resolving social issues? Reflecting on this question, I also thought it was a good thing that changes to the organizational structure aimed at improving executional capabilities were included.

Q3 Would you share your opinions about Sysmex's ESG initiatives?

Hashimoto: Gone are the days when it was acceptable for a company to simply put up a sign that it is engaged in ESG activities, even though its activities actually lacked substance. Sysmex has been actively involved in ESG initiatives. Going forward, we must now raise the bar on our activities and achieve these new targets, both for Sysmex Group companies and for its business partners. To do so, we need to deepen and manage specific discussions on how to develop relationships with stakeholders, how to raise the awareness of every employee, and where each business should make its purchases and sales.



Ota: I think Mr. Hashimoto is right, but as Sysmex is doing business in the healthcare field, conducting its business properly helps to resolve the world's healthcare issues. We also need to enhance governance by bringing in outside observers. It would be good to look more closely at case studies of companies that are advanced in this area, and then work to enhance our own system.

Hashimoto: I also believe that the governance system needs to be strengthened.

For example, when increasing human resource diversity, people tend to focus on numerical indicators, such as the ratio of men to women or the percentage of foreign nationals among executives and employees. It is important to acquire and develop human resources that are diverse in a true sense, not just as numbers. In this sense, Sysmex has launched a number of initiatives. I think these activities should be thoroughly implemented throughout the Group.

Ota: Sysmex already has three non-Japanese executive officers, and this year saw the appointment of its first female executive officer. We are making progress on rejuvenating and diversifying our management structure, with the addition of young people to the Managing Board, and I believe that it is important to move steadily forward in this direction. Promoting diversity within the management structure is one example of these efforts—one that I believe is quite meaningful.

Q4 What are your future aspirations as outside members of the Managing Board?

Ota: I hope to use my experience in overseas business and corporate planning to improve corporate value. Of course, as an outside member of the Managing Board I will continue to fulfill my original role of supervising management from the perspective of external and general shareholders.

Hashimoto: I recognize that it is particularly important to strengthen the governance system as our Group grows. Doing so will lead to the resolution of various issues and contribute to business performance. As a member of the Audit and Supervisory Committee, I will support the strengthening of governance and internal control systems so that the new organization and management structure can fulfill its mission.

Executive Officers (As of June 25, 2021)



Mamoru Kubota

Senior Executive Officer
Deputy in charge of Business
Strategy Development



Kensuke Iizuka

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



Takashi Ono

Senior Executive Officer
In charge of Manufacturing and SCM



Peng Zuo Hui

Executive Officer
President and CEO, Sysmex Shanghai Ltd.



Frank Buescher

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



Mitsuhsa Kanagawa

Executive Officer
Executive Vice President of
Business Strategy Development Div.



Alain Baverel

Executive Officer
CEO, Sysmex Europe GmbH



Reiko Watanabe

Executive Officer
Executive Vice President of
Medical Affairs Div.



Kaoru Watanabe

Executive Officer
Supervision of JEA
Executive Vice President of JEA
Region Div.



Takaaki Nagai

Executive Officer
Executive Vice President of
System Engineering Div.



Kinya Uchihashi

Executive Officer
Executive Vice President of
Reagent Production
President and CEO,
Sysmex International Reagents Co., Ltd.



Activity Report and Corporate Overview

Activity Report

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Operating Environment

Despite lower reagent sales due to COVID-19, net sales were up in fiscal 2020 thanks to higher instrument sales, chiefly in EMEA, China, and Japan. Except for hematology, which was affected substantially by COVID-19, sales were up in all fields. As a result, net sales rose ¥3.0 billion (up 1.0%) year on year, to ¥305.0 billion. Foreign exchange rates reduced net sales by ¥0.76 billion compared with the previous fiscal year.

Reagents have a lower cost of sales ratio than instruments. Accordingly, the cost of sales for the year increased as sales of reagents declined as a percentage of the total, while sales of products with a high cost of sales ratio increased. Cost of sales grew ¥8.5 billion (up 6.0%), to ¥150.7 billion. The cost of sales ratio was 49.4% (up 2.3 percentage points) year on year.

Selling, general and administrative (SG&A) expenses decreased ¥2.7 billion (down 3.2%) year on year, to ¥80.8 billion, the COVID-19 pandemic prompting restrictions on movement, thus hampering sales and marketing activities. SG&A expenses as a percentage of net sales were 26.5% (down 1.2 percentage points year on year).

R&D expenses increased by ¥0.7 billion (up 3.5%) year on year, to ¥22.5 billion, as the Group developed new products to enhance its product portfolio and promoted R&D centered on COVID-19-related testing. R&D expenses as a percentage of net sales came to 7.4% (up 0.2 percentage point year on year).

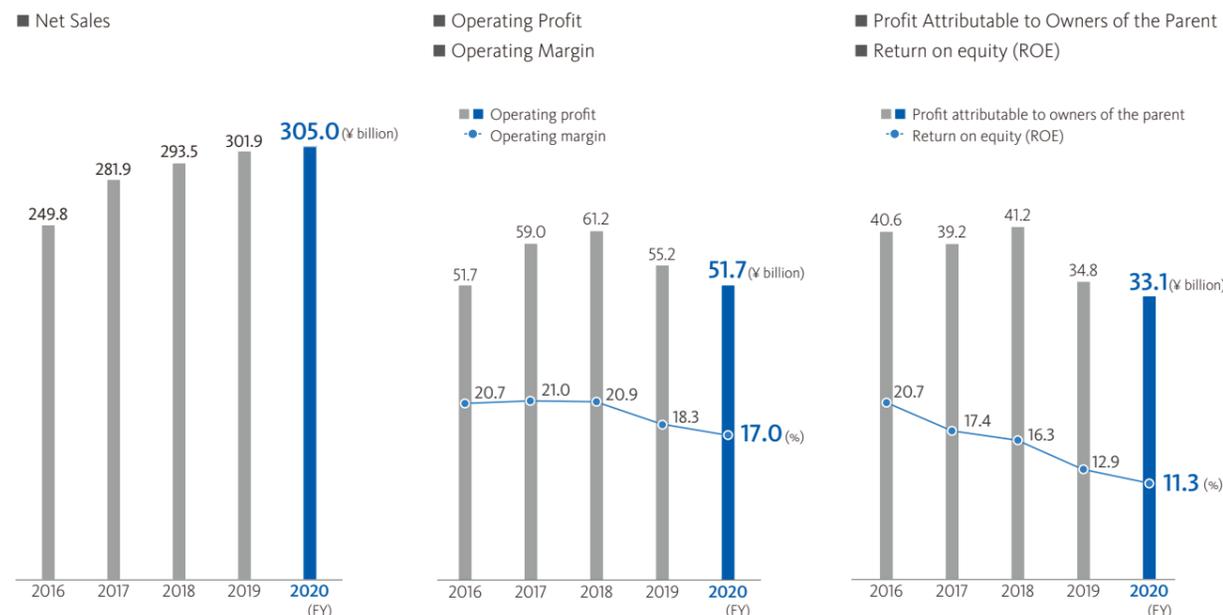
Although net sales were up and SG&A expenses decreased, operating profit fell ¥3.4 billion (down 6.3%) year on year, to ¥51.7 billion, due to the deterioration of the cost of sales ratio and higher R&D expenses. The operating margin was 17.0% (down 1.3 percentage points year on year). Exchange rates had a ¥0.04 billion positive impact on operating profit compared with the preceding fiscal year.

Profit before tax declined ¥1.4 billion (down 2.8%) year on year, to ¥48.0 billion. This decrease was the result of lower operating profit, although the foreign exchange loss was down by ¥2.7 billion year on year.

Profit attributable to owners of the parent fell ¥1.7 billion (down 5.0%) year on year, to ¥33.1 billion, due to a year-on-year rise in income tax expenses of ¥0.3 billion (up 2.1%) to ¥14.9 billion.

For details on the operating environment, please see the Message from the CEO on page 12

Exchange Rates (Yen)					
(FY)	2016	2017	2018	2019	2020
1USD	108.4	110.9	110.9	108.7	106.1
1EUR	118.8	129.7	128.4	120.8	123.7
1CNY	16.1	16.8	16.5	15.6	15.7



Impact of the COVID-19 Pandemic

The tests that Sysmex provides have a major role in the diagnosis and treatment of COVID-19. Demand was particularly high in each region for hemostasis testing, which is used to monitor indicators of increasingly severe COVID-19 infections. Accordingly, sales of instruments and reagents both rose in this field.

However, since the COVID-19 pandemic broke out at the end of 2019, testing other than for COVID-19 decreased as patients put off hospital visits. This ongoing impact on testing numbers led to lower reagent sales, chiefly in the hematology and urinalysis fields. As governments eased restrictions on movement, testing numbers began to recover, with the exception of some emerging markets.

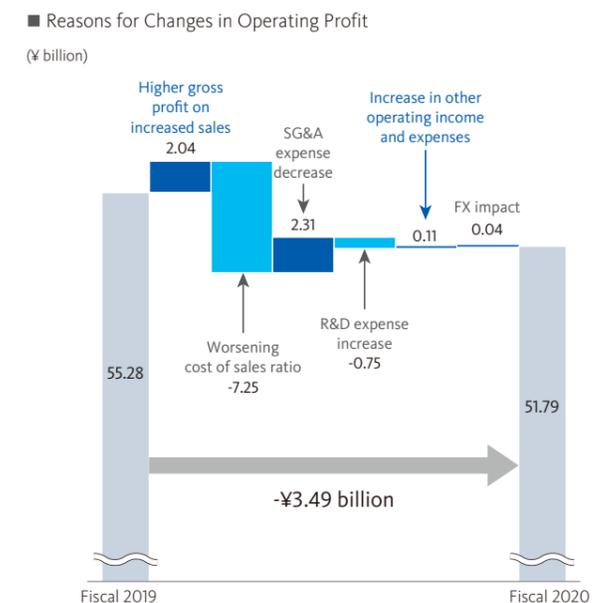
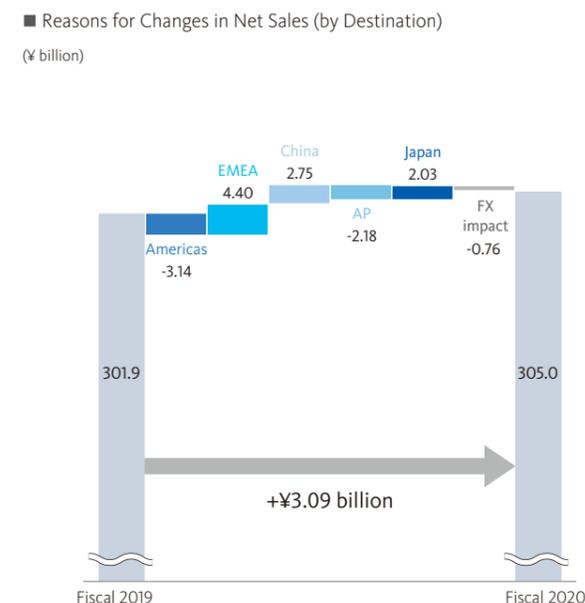
Looking forward, as the effects of COVID-19 linger, mainly in emerging markets, we believe a market recovery will take time. We will need to continue monitoring the situation, but as economic activity restarts in individual regions we believe overall testing demand will recover. We also anticipate a growing need to expand medical systems to further curtail infections over the medium to long term.

Operating Results versus Forecasts and the Outlook for Fiscal 2021

Sysmex's previous mid-term management plan, which was scheduled to end in fiscal 2021, targeted net sales of ¥380.0 billion and an operating profit of ¥78.0 billion. In fiscal 2020, the Group targeted net sales of ¥310.0 billion and an operating profit of ¥48.5 billion.

In fiscal 2020, net sales rose year on year, albeit remaining below our targets. Operating profit was down, due to a decline in the number of tests amid the COVID-19 pandemic, but met our targets.

In fiscal 2021, we expect COVID-19 to have less of an impact on performance than in the previous fiscal year, and we expect sales to essentially recover. Also, we are further enhancing our product portfolio and reinforcing our sales and service structure. As a result, we anticipate year-on-year increases in sales and profit. Specifically, we forecast net sales of ¥350.0 billion, an operating profit of ¥60.0 billion, profit before tax of ¥57.0 billion, and profit attributable to owners of the parent of ¥40.0 billion. This forecast assumes that the effects of the COVID-19 pandemic will abate and that economic activity will gradually resume. Our calculations assume full year exchange rates of ¥106 per U.S. dollar, ¥125 per euro and ¥16 per yuan. Our forecast is based on currently available information; actual results may differ for a variety of reasons.



Overview of Operating Performance by Destination

Americas

In the Americas, Sysmex obtained the No. 1 position in the hematology field by leveraging outstanding customer service, such as services and support that make use of online tools. In fiscal 2020, instrument sales in the urinalysis and hemostasis fields rose due to the new products we launched, but instrument and reagent sales both declined in the hematology field, primarily because of COVID-19. As a result, sales in the region amounted to ¥65.8 billion (down 7.2% year on year). (On a local currency basis, sales were down 4.9%.)

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. We are working to accelerate the launch of new products in the urinalysis field, as well as in our mainstay field of hematology. We are also leveraging an alliance with Siemens Healthineers to strengthen business in the hemostasis field. In fiscal 2020, reagent sales were down in the hematology field, mainly owing to the impact of COVID-19. However, demand increased in the hemostasis field, and large orders in Germany and the Middle East pushed up instrument sales. Accordingly, sales in this region totaled ¥82.1 billion (up 6.3% year on year). (On a local currency basis, sales were up 3.7%.)

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 supply instruments using a knockdown production method, applying a product

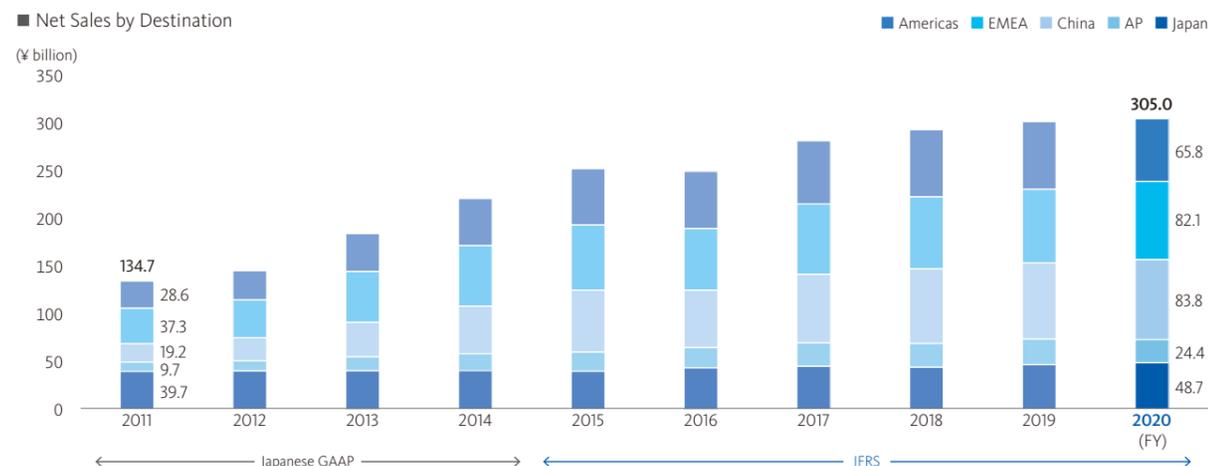
supply scheme to meet market characteristics. In fiscal 2020, reagent sales declined, mainly in the COVID-19-affected hematology field and the urinalysis field. However, instrument sales were up across all fields. In the hemostasis field, this was thanks to favorable new product sales. In hematology, we benefited from increased demand for testing for inflammation markers. As a result, regional sales were ¥83.8 billion (up 4.7% year on year). (On a local currency basis, sales were up 3.6%.)

Asia Pacific

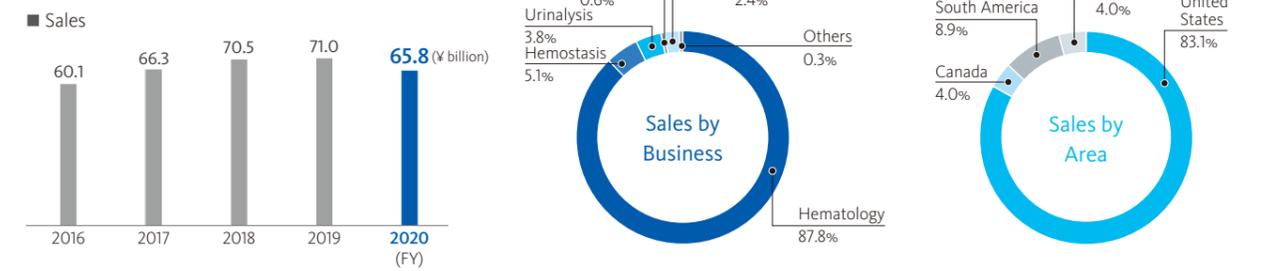
The Asia Pacific region has a large population, and the market is expected to expand going forward. This market is diverse, with economic levels, languages and healthcare systems differing by country. Nevertheless, we are reinforcing our position by providing solutions from a customer viewpoint and meeting local needs. In fiscal 2020, instrument sales rose as the result of winning a tender in India and new product sales to a large commercial lab in Australia. Reagent sales were up in the hemostasis field but down mainly in the hematology and urinalysis fields, due to the impact of COVID-19 and to the effects of dengue fever in the previous fiscal year. Consequently, sales in the region were ¥24.4 billion (down 9.2% year on year).

Japan

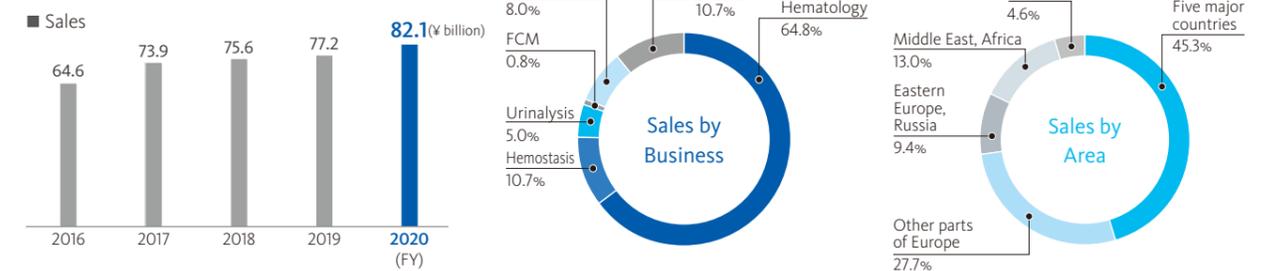
Aiming to establish an undisputed No. 1 position in the IVD market in Japan, Sysmex differentiates itself from competitors. We are also working to capture new markets by promoting developments in such areas as cancer genomic medicine and the medical robotics business. In fiscal 2020, instrument sales rose slightly as the result of higher sales in the hematology field to a large commercial lab and the launch of our robotic assisted surgery system. Reagent sales were down in the urinalysis and immunochemistry fields, owing to COVID-19. Conversely, the launch of COVID-19-related testing pushed up reagent sales in the hemostasis and life science fields. As a result, sales totaled ¥48.7 billion (up 4.3% year on year).



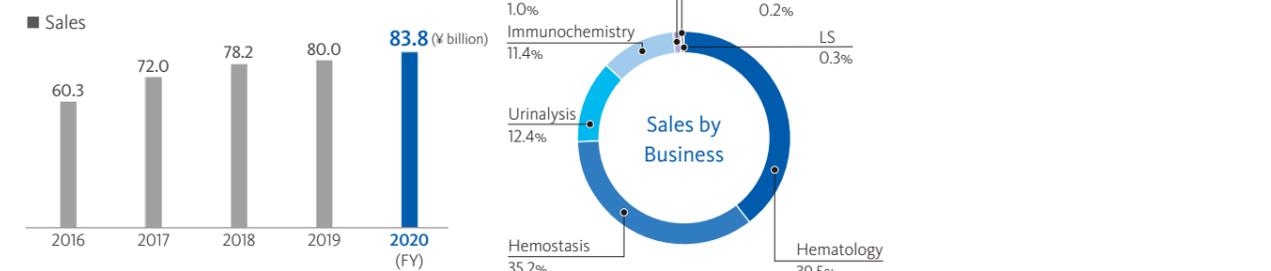
Americas



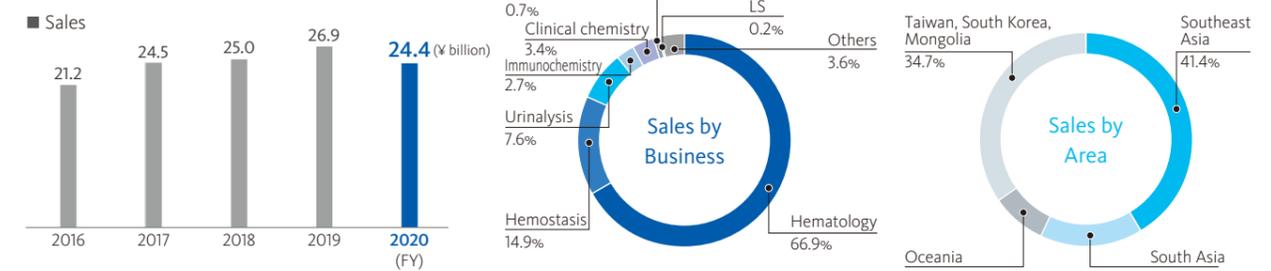
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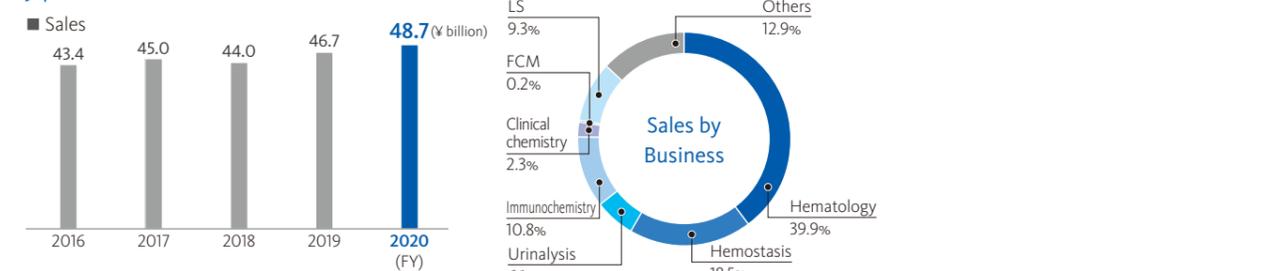
China



Asia Pacific



Japan



Fund Procurement and Liquidity Management

System 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.

System Corporation currently holds an issuer rating of AA- from Rating & Investment Information, Inc. (R&I), with the rating updated based on an annual review. To maintain and increase our rating going forward, we will take the balance between sales, profit, assets, liabilities, and capital into consideration.

For long-term capital requirements such as capital investment, the Company decides the funding method after considering the investment recovery period and risk. In the fiscal year ended March 31, 2020, the Company mainly funded its capital expenditure and R&D activities out of cash generated through operating activities.

Assets, Liabilities, and Equity

As of the end of fiscal 2020, total assets amounted to ¥427.4 billion, up ¥38.1 billion from one year earlier. As principal factors, trade and other receivables rose ¥14.9 billion, cash and cash equivalents increased ¥9.8 billion, and intangible assets rose ¥7.2 billion.

Meanwhile, total liabilities were up ¥7.8 billion from the previous fiscal year-end, to ¥118.8 billion. This rise was chiefly due to rises of ¥1.9 billion in other non-current liabilities, ¥1.7 billion in accrued expenses, ¥0.9 billion in other short-term financial liabilities, and ¥0.9 billion in accrued bonuses.

Total equity came to ¥308.6 billion, up ¥30.3 billion from the end of fiscal 2019. Among the principal reasons, retained earnings rose ¥18.1 billion, and other components of equity increased ¥10.6 billion. Equity attributable to owners of the parent to total assets rose 0.7 percentage point, from 71.3% to 72.0%.

Cash Flows

At the end of fiscal 2020, cash and cash equivalents amounted to ¥66.4 billion, up ¥9.8 billion from one year earlier.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥58.8 billion, up ¥5.6 billion from the preceding fiscal year. As principal factors, an increase in depreciation and amortization and a decrease in inventories, despite a decrease in income before income taxes and an increase in trade receivables.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥31.1 billion (up ¥5.2 billion). Among major factors, purchase of property, plant and equipment decreased, but purchase of intangible assets increased.

Cash Flows from Financing Activities

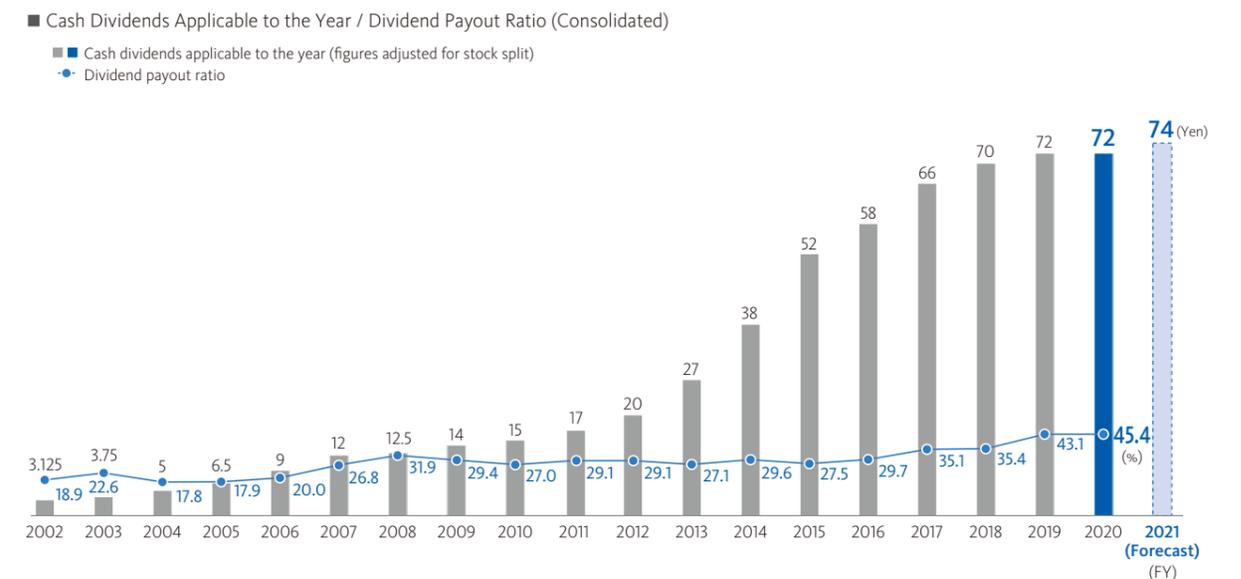
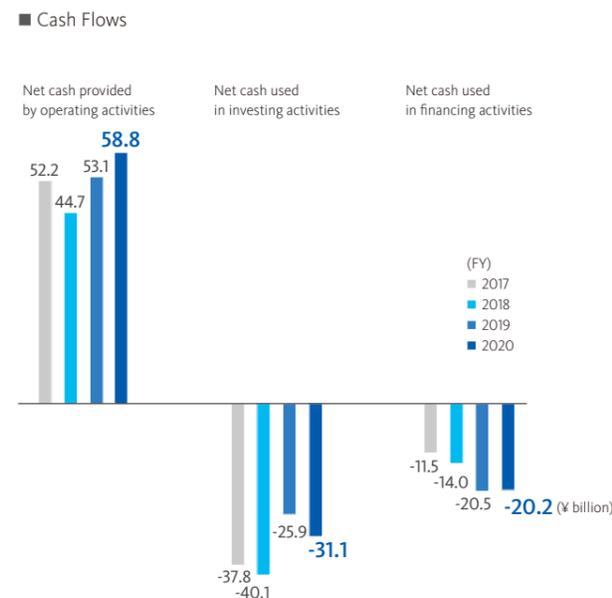
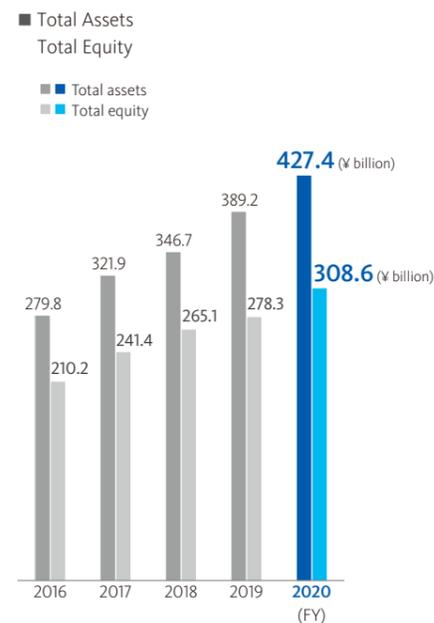
Net cash used in financing activities was ¥20.2 billion (down ¥0.3 billion). As main factors, the exercise of warrants provided ¥0.5 billion (up ¥0.2 billion). Dividends paid used ¥15.0 billion (the same level as in the previous fiscal year).

Returns to Shareholders

System 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, System 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 2020, we announced dividends for the year of ¥72 per share, which includes an interim dividend of ¥36. As a result, the dividend payout ratio came to 45.4%. Owing to a decline in profit due to the impact of COVID-19, we did not raise dividends in fiscal 2020. However, in fiscal 2021 we propose to raise dividends by ¥2 per share from the fiscal 2020 level, to ¥74.

Going forward, System will continue to effectively invest its internal reserves in the implementation of highly competitive product development and global business strategies, aiming to respond to anticipated changes in the business environment.



Note: Two-for-one stock splits conducted on November 11, 2005, April 1, 2011 and April 1, 2014.

Consolidated Financial Data (10 Years)

Japanese GAAP					(¥ billion)
Fiscal years	2011	2012	2013	2014	2015
For the year:					
Net sales	134.7	145.5	184.5	221.3	253.1
Operating income	19.2	21.8	32.8	44.4	56.9
Net income ¹	12.0	14.1	20.5	26.6	36.2
Capital expenditure ⁵	9.6	11.1	17.1	17.3	19.9
Depreciation	7.0	7.9	9.9	11.2	12.2
R&D expenses	11.9	12.1	13.2	14.6	17.7
Net cash provided by (used in) operating activities	17.0	25.8	36.5	38.6	39.5
Net cash provided by (used in) investing activities	(10.3)	(12.5)	(33.9)	(19.5)	(21.6)
Net cash provided by (used in) financing activities	(3.8)	(3.1)	(2.8)	(7.5)	(8.7)
At year-end:					
Total assets	142.2	173.0	210.7	247.9	267.6
Cash and cash equivalents, end of year	21.8	34.3	36.5	50.2	56.4
Total equity	102.5	119.1	146.2	169.5	188.0
Interest-bearing liabilities	1.0	0.7	1.9	0.7	1.3
Per share data:					
Equity (yen)	990.5	1,151.3	703.7 ³	812.3	899.5
Net income (basic) (yen)	116.8	137.5	99.4 ³	128.4	174.4
Net income (diluted) (yen)	116.6	137.0	99.1 ³	128.0	173.7
Cash dividends applicable to the year ² (yen)	17.00	20.00	27.00 ³	38.00	52.00
Dividend payout ratio (%)	29.1	29.1	27.1	29.6	29.8
Other data:					
Operating margin (%)	14.3	15.0	17.8	20.1	22.5
Overseas sales ratio (%)	70.5	72.4	78.2	81.7	84.3
Equity ratio (%)	71.6	68.7	69.2	68.0	69.9
Return on equity (ROE) (%)	12.3	12.8	15.6	17.0	20.4
Return on assets (ROA) ⁴ (%)	8.8	9.0	10.7	11.6	14.1
Number of employees (Including part-time and other employees)					
	5,147	5,594	6,211	6,742	7,446
Exchange rates:					
US dollars (yen)	79.1	83.1	100.2	109.9	120.1
Euros (yen)	109.0	107.2	134.4	138.8	132.6
Chinese Yuan (yen)	12.4	13.2	16.3	17.8	18.9

- Figures shown for fiscal 2015 is "net income attributable to owners of the parent."
- Dividend (actual) converted to post-split basis.
- Two-for-one stock split
- ROA = Net income attributable to owners of the parent/total assets (yearly average)×100

IFRS					(¥ billion)	
Fiscal years	2015	2016	2017	2018	2019	2020
For the year:						
Net sales	252.6	249.8	281.9	293.5	301.9	305.0
Operating profit	60.7	51.7	59.0	61.2	55.2	51.7
Profit attributable to owners of the parent	39.2	40.6	39.2	41.2	34.8	33.1
Capital expenditure ⁵	21.4	19.3	24.9	30.2	27.1	25.7
Depreciation and amortization	12.1	12.3	14.6	15.8	23.9	25.5
R&D expenses	15.4	15.5	16.7	19.5	21.7	22.5
Net cash provided by (used in) operating activities	41.7	32.8	52.2	44.7	53.1 ⁷	58.8
Net cash provided by (used in) investing activities	(23.8)	(19.4)	(37.8)	(40.1)	(25.9)	(31.1)
Net cash provided by (used in) financing activities	(8.7)	(10.8)	(11.5)	(14.0)	(20.5) ⁷	(20.2)
At year-end:						
Total assets	263.9	279.8	321.9	346.7	389.2 ⁷	427.4
Cash and cash equivalents, end of year	56.4	57.9	61.4	51.0	56.5	66.4
Total equity	182.8	210.2	241.4	265.1	278.3	308.6
Interest-bearing liabilities	1.3	1.1	0.9	0.8	23.1 ⁷	22.5
Per share data:						
Equity attributable to owners of the parent (yen)	879.32	1,005.86	1,154.57	1,267.07	1,329.78	1,473.22
Profit attributable to owners of the parent (basic) (yen)	189.08	195.31	188.29	197.60	167.10	158.65
Profit attributable to owners of the parent (diluted) (yen)	188.30	194.74	187.84	197.29	166.93	158.39
Cash dividends applicable to the year (yen)	52.00	58.00	66.00	70.00	72.00	72.00
Dividend payout ratio (%)	27.5	29.7	35.1	35.4	43.1	45.4
Other data:						
Operating margin (%)	24.0	20.7	21.0	20.9	18.3	17.0
Overseas sales ratio (%)	84.2	82.6	84.0	85.0	84.5	84.0
Equity ratio (%)	69.3	74.8	74.8	76.3	71.3	72.0
Return on equity (ROE) (%)	23.1	20.7	17.4	16.3	12.9	11.3
Return on assets (ROA) ⁶ (%)	15.7	14.9	13.0	12.3	9.5	8.1
Number of employees (Including part-time and other employees)						
	7,446	7,930	8,445	8,715	9,231	9,510
Exchange rates:						
US dollars (yen)	120.1	108.4	110.9	110.9	108.7	106.1
Euros (yen)	132.6	118.8	129.7	128.4	120.8	123.7
Chinese Yuan (yen)	18.9	16.1	16.8	16.5	15.6	15.7

- Including tangible and intangible items
- ROA = Profit attributable to owners of the parent/total assets (yearly average)×100
- Adopted IFRS 16 (from fiscal 2019)

Consolidated Statement of Financial Position

Sysmex Corporation and Its Subsidiaries
As of March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Assets			
Current assets			
Cash and cash equivalents	¥ 66,467	¥ 56,592	\$ 598,802
Trade and other receivables	100,641	85,650	906,676
Inventories	46,985	48,303	423,288
Other short-term financial assets	1,105	421	9,955
Income taxes receivable	909	546	8,189
Other current assets	14,723	14,191	132,640
Total current assets	230,833	205,704	2,079,577
Non-current assets			
Property, plant and equipment	96,140	96,839	866,126
Goodwill	12,433	11,271	112,009
Intangible assets	46,840	39,543	421,982
Investments accounted for using the equity method	1,093	2,945	9,847
Trade and other receivables	15,202	12,845	136,955
Other long-term financial assets	7,945	6,192	71,577
Asset for retirement benefits	923	897	8,315
Other non-current assets	9,337	5,810	84,117
Deferred tax assets	6,724	7,240	60,577
Total non-current assets	196,641	183,586	1,771,541
Total assets	¥427,475	¥389,291	\$3,851,126
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	¥ 34,159	¥ 33,917	\$ 307,739
Lease liabilities	5,783	5,701	52,099
Other short-term financial liabilities	1,529	552	13,775
Income taxes payable	6,563	5,673	59,126
Provisions	1,002	751	9,027
Contract liabilities	12,168	12,001	109,622
Accrued expenses	14,227	12,508	128,171
Accrued bonuses	8,508	7,591	76,649
Other current liabilities	5,964	5,448	53,730
Total current liabilities	89,907	84,145	809,973
Non-current liabilities			
Lease liabilities	16,178	16,935	145,748
Other long-term financial liabilities	108	269	973
Liability for retirement benefits	1,071	925	9,649
Provisions	265	255	2,387
Other non-current liabilities	4,060	2,061	36,577
Deferred tax liabilities	7,212	6,351	64,973
Total non-current liabilities	28,898	26,798	260,342
Total liabilities	118,806	110,944	1,070,324
Equity			
Equity attributable to owners of the parent			
Capital stock	13,229	12,877	119,180
Capital surplus	19,581	18,487	176,405
Retained earnings	279,477	261,321	2,517,811
Treasury stock	(307)	(306)	(2,766)
Other components of equity	(4,082)	(14,697)	(36,775)
Total equity attributable to owners of the parent	307,898	277,683	2,773,856
Non-controlling interests	771	663	6,946
Total equity	308,669	278,347	2,780,802
Total liabilities and equity	¥427,475	¥389,291	\$3,851,126

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 ¥111 to \$1, the approximate rate of exchange at March 31, 2021.

Consolidated Statement of Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Net sales	¥305,073	¥301,980	\$2,748,405
Cost of sales	150,770	142,173	1,358,288
Gross profit	154,302	159,807	1,390,108
Selling, general and administrative expenses	80,839	83,545	728,279
Research and development expenses	22,517	21,761	202,856
Other operating income	1,637	1,486	14,748
Other operating expenses	790	702	7,117
Operating profit	51,792	55,284	466,595
Financial income	420	595	3,784
Financial expenses	866	1,031	7,802
Share of loss on equity method	(3,083)	(2,398)	(27,775)
Foreign exchange loss	(230)	(3,017)	(2,072)
Profit before tax	48,033	49,433	432,730
Income tax expenses	14,930	14,619	134,505
Profit	¥ 33,103	¥ 34,813	\$ 298,225
Profit attributable to			
Owners of the parent	¥ 33,142	¥ 34,883	\$ 298,577
Non-controlling interests	(39)	(69)	(351)
Profit	¥ 33,103	¥ 34,813	\$ 298,225
Earnings per share			
Basic	¥158.65	¥167.10	\$1.43
Diluted	158.39	166.93	1.43

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 ¥111 to \$1, the approximate rate of exchange at March 31, 2021.

Consolidated Statement of Comprehensive Income

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2021

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
Profit	¥33,103	¥34,813	\$298,225
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss			
Net (loss) gain on financial assets measured at fair value through other comprehensive income	608	(588)	5,477
Remeasurements of defined benefit plans	11	21	99
Total	620	(567)	5,586
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	10,070	(6,882)	90,721
Share of other comprehensive income (loss) of investments accounted for using the equity method	(25)	(0)	(225)
Total	10,045	(6,883)	90,495
Total other comprehensive (loss) income	10,665	(7,450)	96,081
Comprehensive income	¥43,768	¥27,363	\$394,306
Comprehensive income attributable to			
Owners of the parent	¥43,807	¥27,433	\$394,658
Non-controlling interests	(39)	(69)	(351)
Comprehensive income	¥43,768	¥27,363	\$394,306

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 ¥111 to \$1, the approximate rate of exchange at March 31, 2021.

Consolidated Statement of Changes in Equity

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2021

	Millions of Yen							Non-controlling interests	Total equity
	Equity attributable to owners of the parent								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total			
As of April 1, 2019	¥12,654	¥17,876	¥241,445	¥(302)	¥(7,225)	¥264,448	¥733	¥265,182	
Profit	—	—	34,883	—	—	34,883	(69)	34,813	
Other comprehensive income (loss)	—	—	—	—	(7,450)	(7,450)	0	(7,450)	
Comprehensive income (loss)	—	—	34,883	—	(7,450)	27,433	(69)	27,363	
Exercise of warrants	223	125	—	—	—	348	—	348	
Stock-based compensation	—	485	—	—	—	485	—	485	
Cash dividends	—	—	(15,028)	—	—	(15,028)	—	(15,028)	
Purchase of treasury stock	—	—	—	(3)	—	(3)	—	(3)	
Disposal of treasury stock	—	—	—	—	—	—	—	—	
Transfer to retained earnings	—	—	21	—	(21)	—	—	—	
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	—	—	
Change in non-controlling interests due to capital increase of subsidiary	—	—	—	—	—	—	—	—	
Total transactions with the owners	223	610	(15,006)	(3)	(21)	(14,198)	—	(14,198)	
As of March 31, 2020	12,877	18,487	261,321	(306)	(14,697)	277,683	663	278,347	
Profit	—	—	33,142	—	—	33,142	(39)	33,103	
Other comprehensive income (loss)	—	—	—	—	10,665	10,665	(0)	10,665	
Comprehensive income (loss)	—	—	33,142	—	10,665	43,807	(39)	43,768	
Exercise of warrants	352	197	—	—	—	549	—	549	
Stock-based compensation	—	896	—	—	—	896	—	896	
Cash dividends	—	—	(15,037)	—	—	(15,037)	—	(15,037)	
Purchase of treasury stock	—	—	—	(1)	—	(1)	—	(1)	
Disposal of treasury stock	—	0	—	0	—	0	—	0	
Transfer to retained earnings	—	—	50	—	(50)	—	—	—	
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	49	49	
Change in non-controlling interests due to capital increase of subsidiary	—	—	—	—	—	—	98	98	
Total transactions with the owners	352	1,093	(14,987)	(1)	(50)	(13,593)	147	(13,446)	
As of March 31, 2021	¥13,229	¥19,581	¥279,477	¥(307)	¥(4,082)	¥307,898	¥771	¥308,669	

	Thousands of U.S. Dollars							Non-controlling interests	Total equity
	Equity attributable to owners of the parent								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total			
As of March 31, 2020	\$116,009	\$166,550	\$2,354,243	\$(2,757)	\$(132,405)	\$2,501,649	\$5,973	\$2,507,631	
Profit	—	—	298,577	—	—	298,577	(351)	298,225	
Other comprehensive income (loss)	—	—	—	—	96,081	96,081	(0)	96,081	
Comprehensive income (loss)	—	—	298,577	—	96,081	394,658	(351)	394,306	
Exercise of warrants	3,171	1,775	—	—	—	4,946	—	4,946	
Stock-based compensation	—	8,072	—	—	—	8,072	—	8,072	
Cash dividends	—	—	(135,468)	—	—	(135,468)	—	(135,468)	
Purchase of treasury stock	—	—	—	(9)	—	(9)	—	(9)	
Disposal of treasury stock	—	0	—	0	—	0	—	0	
Transfer to retained earnings	—	—	450	—	(450)	—	—	—	
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	441	441	
Change in non-controlling interests due to capital increase of subsidiary	—	—	—	—	—	—	883	883	
Total transactions with the owners	3,171	9,847	(135,018)	(9)	(450)	(122,459)	1,324	(121,135)	
As of March 31, 2021	\$119,180	\$176,405	\$2,517,811	\$(2,766)	\$(36,775)	\$2,773,856	\$6,946	\$2,780,802	

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 ¥111 to \$1, the approximate rate of exchange at March 31, 2021.

Consolidated Statement of Cash Flows

Sysmex Corporation and Its Subsidiaries
For the Year Ended March 31, 2020

	Millions of Yen		Thousands of U.S. Dollars
	2021	2020	2021
	Operating activities		
Profit before tax	¥ 48,033	¥ 49,433	\$ 432,730
Depreciation and amortization	25,575	23,955	230,405
Interest and dividend income	(277)	(343)	(2,495)
Interest expenses	767	911	6,910
Share of loss on equity method	3,083	2,398	27,775
(Increase) in trade receivables	(9,066)	(4,423)	(81,676)
Decrease (increase) in inventories	3,851	(9,807)	34,694
Increase (decrease) in trade payables	(834)	2,762	(7,514)
Increase in accrued expenses	1,055	2,212	9,505
Decrease/increase in consumption taxes receivable/payable	(56)	(1,134)	(505)
Decrease (increase) in asset for retirement benefits	(9)	50	(81)
Increase (decrease) in contract liabilities	(314)	3,292	(2,829)
Increase in accrued bonuses	625	102	5,631
Other – net	68	505	613
Subtotal	72,501	69,914	653,162
Interest and dividend received	232	280	2,090
Interest paid	(748)	(804)	(6,739)
Income taxes paid	(13,172)	(16,208)	(118,667)
Net cash provided by operating activities	58,813	53,182	529,847
Investing activities			
Purchase of property, plant and equipment	(9,930)	(13,629)	(89,459)
Proceeds from sales of property, plant and equipment	439	325	3,955
Purchase of intangible assets	(15,863)	(12,843)	(142,910)
Increase in long-term prepaid expenses	(4,050)	(2,487)	(36,486)
Purchase of investments in equity instruments	(623)	(4,554)	(5,613)
Acquisitions of subsidiaries or other businesses	(343)	—	(3,090)
Payments into time deposits	(2,058)	(231)	(18,541)
Refund of time deposits	1,438	7,327	12,955
Other – net	(139)	185	(1,252)
Net cash used in investing activities	(31,131)	(25,906)	(280,459)
Financing activities			
Exercise of warrants	549	348	4,946
Dividends paid	(15,037)	(15,028)	(135,468)
Repayment of lease liabilities	(5,911)	(5,913)	(53,252)
Other – net	145	(3)	1,306
Net cash used in financing activities	(20,253)	(20,597)	(182,459)
Foreign currency translation adjustments on cash and cash equivalents	2,447	(1,147)	22,045
Net (decrease) increase in cash and cash equivalents	9,875	5,530	88,964
Cash and cash equivalents, beginning of year	56,592	51,062	509,838
Cash and cash equivalents, end of year	¥ 66,467	¥ 56,592	\$ 598,802

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 ¥111 to \$1, the approximate rate of exchange at March 31, 2021.

Non-Financial Targets and Results

>>Main Sustainability Targets under the New Mid-Term Management Plan P42 >>Sustainability Data Book P4

Materiality	KPI	Target		Results							
		Fiscal 2021 (previous mid-term management plan)	Fiscal 2025 (Eco-Vision)	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Progress			
Resolution of Medical Issues through Products and Services	Resolution of medical issues through business activities	Hematology market share	Within the hematology field, consolidated sales as a percentage of the market for instruments, reagents and services	*3		52.7%	53.8%	54.7%	56.3%	Reagent sales increased in line with the expansion of the installed instrument base in each region, pushing up our share of the hematology market. We launched a new flagship model in fiscal 2020. In addition, to help resolve medical issues, in fiscal 2020 we began the full-scale provision of cancer gene panel testing, as well as developing and providing tests related to COVID-19. We recorded steady progress in the number of new patents and the number of scientific papers published. >>Working with Medical Institutions to Resolve Social Issues P21 >>Initiatives Targeting COVID-19 P27 >>Sustainability Data Book > Resolution of Medical Issues through Innovation P8	
		Number of patents	Total number of patents, utility model rights, and design rights held	*3		2,709	2,987	3,143	3,485		
		Number of new patents	Total number of applications filed for patents, utility model rights and design rights	*3		301	346	306	287		
		Number of scientific papers	Number of scientific papers presented by users of the Company's products	*3		155	166	176	332		
	Improvement in accessibility to medical services by means such as familiarizing products	Percentage of sales in emerging markets	Sales in emerging markets as a percentage of consolidated sales	*3		39.2%	39.5%	39.7%	40.0%		Sales in China and other emerging markets are growing; over the past 10 years, our sales in emerging markets have increased by approximately ¥90.0 billion. In addition, we are working with the WHO, JICA and other international institutions to help enhance the quality of healthcare. >>Working with Medical Institutions to Resolve Social Issues P21 >>Sustainability Data Book > Improvement in Accessibility to Healthcare P10
Responsible Provision of Products and Services	Assessment and management of the supply chain	CSR survey response rate	Percentage of primary raw materials suppliers that responded to CSR surveys (excluding direct suppliers of overseas affiliates)	*3	—	81%	84%	85%	89%	Sysmex interviews the management of its business partners in Japan and overseas and surveys their CSR activities. In addition to conducting a CSR survey of primary suppliers, we are reinforcing supply chain management by checking with 13 primary suppliers identified as high risk, regarding how they manage their secondary suppliers. Furthermore, to maintain and enhance the high quality of our products and services, we have established and maintain a system to ensure compliance with laws, regulations, and standards around the world. >>Sustainability Data Book >Strengthening of Supply Chain Management P21	
		Engagement score	Corporate culture survey results	75%		72%	—	—	66% (except EMEA)	Every two years, Sysmex conducts a Corporate Culture Survey aimed at enhancing employee satisfaction. This survey was not conducted in fiscal 2019, as we wished to check the status of our organization following the launch of the new HR system we introduced in April 2020 and the development of measures in line with its implementation. In the EMEA region, which typically scores highly, the level was down by 6% from the previous survey. This was partly because the survey has not yet been implemented in some areas due to COVID-19. Our turnover ratio remains low in comparison with the manufacturing industry average of around 9%, ⁴ indicating a high retention rate. To reduce the lost-time injury frequency rate, we are adopting such measures as stepping up danger and prediction training and bringing in outside instructors to conduct education and training. In fiscal 2020, the rate was 0.67, due to such factors as factory closures due to injuries. >>Sustainability Data Book >Provision of a Comfortable Working Environment P26, Health Enhancement and Occupational Safety P33	
Realization of an Attractive Workplace	Provision of a comfortable working environment	Turnover ratio ¹	Turnover percentage of regular employees, excluding people who have reached the mandatory retirement age	*3		3.2%	3.8%	3.1%	2.4%		
		Lost-time injuries frequency rate ¹	Number of employee deaths or injuries resulting from work-related accidents per million hours actually worked	Less than 0.35		0.35	0.89	0.86	0.67		
		Lost workday rate ¹	Number of days absent from work due to work-related injuries per 1,000 hours actually worked	Less than 0.05		0.05	0.06	0.08	0.06		
	Promotion of diversity	Female managers ratio	Percentage of women at director level or above	16.0%		15.2%	15.2%	15.5%	16.2%	The figure rose 0.7 percentage point year on year, due to efforts by Group companies to promote diverse working styles, advocate management styles and provide opportunities for employees to think about their careers. >>Sustainability Data Book > Promotion of Diversity and Inclusion P28	
	Development of human resources	Training time per Employee ¹	Average hours of training per employee provided by the Company (include online training hours)	25.0 hours		24.9 hours	28.9 hours	27.7 hours	34.0 hours	To expand our job-based personnel system, in fiscal 2020 we enhanced online training to strengthen individual skills and competencies. This is one of the ways in which we augment employee career development and encourage autonomous learning. During the year, average training time per employee amounted to 34.0 hours. >>Diverse Human Resources P53 >>Sustainability Data Book > Development of Human Resources P30	
Environmental Consideration (Base Year: Fiscal 2016)	Environmental consideration through the product lifecycle	Reduction of CO ₂ emissions (instruments) ²	Percentage reduction in CO ₂ emissions per instrument	Cut 10%	Cut 15%	Cut 12%	Cut 10%	Cut 2%	Cut 8%	The number of large instruments, which use a substantial amount of electricity, increased, but the CO ₂ emission factor fell by 8%. Water consumption decreased by 6% as the result of higher sales of products that use relatively little reagent. Going forward, we will continue working to reduce electricity and water use in the development and sale of new products. >>Sustainability Data Book > Environmental Consideration through the Product Lifecycle P43	
		Reduction of water consumption (instruments) ²	Percentage reduction in water volume per instrument	Cut 10%	Cut 15%	Cut 8%	Cut 2%	Cut 4%	Cut 6%		
		Reduction of CO ₂ emissions (shipping)	Percentage reduction in CO ₂ emissions during shipping and distribution per unit of parent-only sales	Cut 10%	Cut 15%	Cut 17%	Cut 1%	Cut 17%	Cut 25%		A shift from air to ship transport lowered this figure by 25%, outpacing our target of a 15% reduction by fiscal 2025. To reduce the environmental burden further, we will promote a modal shift toward rail transport, among other efforts. >>Sustainability Data Book > Environmental Consideration through the Product Lifecycle P43, 45
	Reduction in environmental burden through activities at business offices	Reduction of CO ₂ Emissions (business activities) ²	Percentage reduction in CO ₂ emissions during business activities per unit of consolidated sales	Cut 10%	Cut 50%	Cut 14%	Cut 17%	Cut 13%	Cut 35%		Energy consumption rose due to the operation of the bio-diagnostic reagent base opened in April 2019. However, we substantially curtailed this increase by introducing high-efficiency electrical and air conditioning systems. We are also promoting initiatives to lower CO ₂ emissions in individual regions, such as shifting toward the use of renewable energy in the United States. >>Sustainability Data Book > Reduction in Environmental Burden through Activities at Business Offices P47
		Reduction of water consumption (business activities)	Percentage reduction in water use during business activities per unit of consolidated sales	Cut 10%	Cut 15%	Cut 8%	Cut 7%	Cut 6%	Cut 7%		Water consumption at business offices has declined due to the introduction of remote working, among other factors. Going forward, we will endeavor to continue reducing water consumption through increased efficiency. >>Sustainability Data Book > Reduction in Environmental Burden through Activities at Business Offices P47, 48
		Recycle rate	Recycling volume divided by total waste volume	88% or higher	93% or higher	89%	76%	67%	78%		We improved our recycling rate, partly by reviewing waste recycling categories in the United States. We will continue to move forward with initiatives in individual regions. >>Sustainability Data Book > Reduction in Environmental Burden through Activities at Business Offices P47, 49
Enhanced Governance	Corporate governance	Number of internal reporting	Number of internal reports of incidents	*3		32	14	11	12	We promoted early-stage detection by setting up consultation and reporting lines capable of responding in individual countries' languages. We conducted inquiries for consultations and dealt with each of them appropriately. >>Sustainability Data Book > Respect for Human Rights P56	
	Compliance	Number of unethical incidents	In the event of violations of law or the Global Compliance Code, number of incidents involving disciplinary action	*3	—	—	9	7	5		

1 Target: Sysmex Corporation on a non-consolidated basis 2 Some figures have been revised from those previously disclosed 3 Set as a monitoring index; no target value has been set 4 Source: "Overview of Results of Fiscal 2018 Survey on Employment Trends" >>Materiality P10

Stakeholder Engagement

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.

Stakeholder Engagement



Main Dialogue Achievements (Fiscal 2020)

[»Sysmex's Principal Stakeholders P9](#)
 [»Non-Financial Targets and Results P81](#)
[»Sustainability Data Book > Communication with Stakeholders P61](#)

Customers	
<p>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.</p> <ul style="list-style-type: none"> 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 online scientific seminars <p> »Customer Assessment P22 »Sustainability Data Book > Responsible Provision of Products and Services P14 </p>	<p>Customer Support Center Customer center contacts (non-consolidated basis)</p> <p>Approx. 80,885 per year</p> <p>Number of VOC contacts (non-consolidated basis)</p> <p>Approx. 18,000 per year</p>
Employees	
<p>In its aim to achieve sustainable growth, Sysmex believes that diversity and inclusion are essential, as are efforts to create a workplace that is comfortable, appealing and conducive to work. We have set the score on our corporate culture survey, which indicates employee satisfaction, as one of our sustainability targets, and we are undertaking initiatives to achieve this target.</p> <ul style="list-style-type: none"> Conducted corporate culture surveys (dialogue in response to the level of employee satisfaction) Instilled the corporate philosophy of the Sysmex Group and introduced an internal award system Configured a global internal reporting system »Compliance P58 Held council meetings between labor and management <p> »Diverse Human Resources P53 »Sustainability Data Book > Realization of an Attractive Workplace P24 </p>	<p>Corporate culture survey score</p> <p>66%</p> <p>Note: not conducted in the EMEA region due to COVID-19</p>
Business Partners (Suppliers, Distributors, and Collaborative R&D Partners)	
<p>We maintain ongoing communication to foster an understanding among business partners of Sysmex's business directions and policies, as well as to build trust-based relationships. We pursue supply chain management with our suppliers in accordance with our procurement policies.</p> <ul style="list-style-type: none"> Communication through open innovation and alliances with R&D partners Conducting of CSR surveys of suppliers Holding meetings with sales distributors and visiting <p> »Sustainability Data Book > Strengthening of Supply Chain Management P21 </p>	<p>CSR survey results Response rate (primary suppliers of raw materials)</p> <p>89%</p>

Shareholders and Investors

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 dialogue with shareholders and investors, and to reflect this information in our management and IR activities. In fiscal 2020, IR activities were limited due to COVID-19, but we used online tools to maintain the same level of dialogue as in the past.

- 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
 - IR meetings: Management visited* the Americas, Europe and Tokyo and engaged in dialogues related to our long-term management goals, mid-term management plan, business model, R&D, shareholder returns, ESG, and other topics.
 - * Conducted online in fiscal 2020, due to COVID-19
 - Holding of IR events: To foster a deeper understanding of our management strategy and business activities, we conducted facility tours and tours of offices in Japan and overseas. In fiscal 2020, we held a product briefing on our robotic assisted surgery system. In addition, each year we hold a technology presentation, in which people in charge of R&D divisions provide explanations about R&D progress. (Simultaneous interpretation in English is provided at these events.)
- Dialogues with individual shareholders
 - Provided information through our shareholder newsletter and website
 - Hold business office tours (postponed in fiscal 2020 due to COVID-19)

Meetings with institutional investors and analysts
Approx. 500 per year

Objectives of Sysmex's IR Activities



Recent Major Awards Received for IR Activities

Institutional Investor	Ranked within the top three in all categories in Institutional Investor 2021 in the Japanese Medical Technologies and Services division, including "Best CEOs," "Best CFOs," "Best IR Professional," "Best IR Team," "Best IR Program" and "Best ESG." Accordingly, we were named a "Most Honored Company" in this sector.
WICI Japan	Nominated as one of the 10 finalists in the 7th WICI Japan Award for Excellence in Integrated Reporting (fiscal 2019)
IR Good Visual Award Steering Committee	7th IR Good Visual Award (fiscal 2019)

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 through activities aimed at meeting the needs of communities around the world, based on our Policy on Corporate Citizenship Activities and Philanthropy.

- Supported activities in various regions in relation to the spread of COVID-19
 - »Initiatives Targeting COVID-19 P27
- Collaborated with government agencies and international organizations
- Participated in industry groups
- Engaged in Group corporate citizenship programs, including the Sysmex Gives Back Challenge (such as employee blood donations) and Sysmex Gives Back Day (help to eradicate cancer, support for pediatric patients and orphans, etc.)

Employees participating in Group corporate citizenship programs
More than 2,800 per year

[»Sustainability Data Book > Corporate Citizenship Activities P36](#)

About IVD

IVD, which involves studying blood, urine, and other samples taken from the body, 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 treatment results, preventing illness from increasingly in severity, and for post-treatment monitoring. Healthcare without accurate test results is like walking through mist; 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 Sysmex's main businesses of hematology, urinalysis, and immunochemistry, fundamental testing is conducted to check a patient's physical condition during medical checkups for disease prevention and early-stage detection. They are also used for a wide range of other purposes, such as treating disease or managing prognoses. On the other hand, in such fields 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 illnesses.

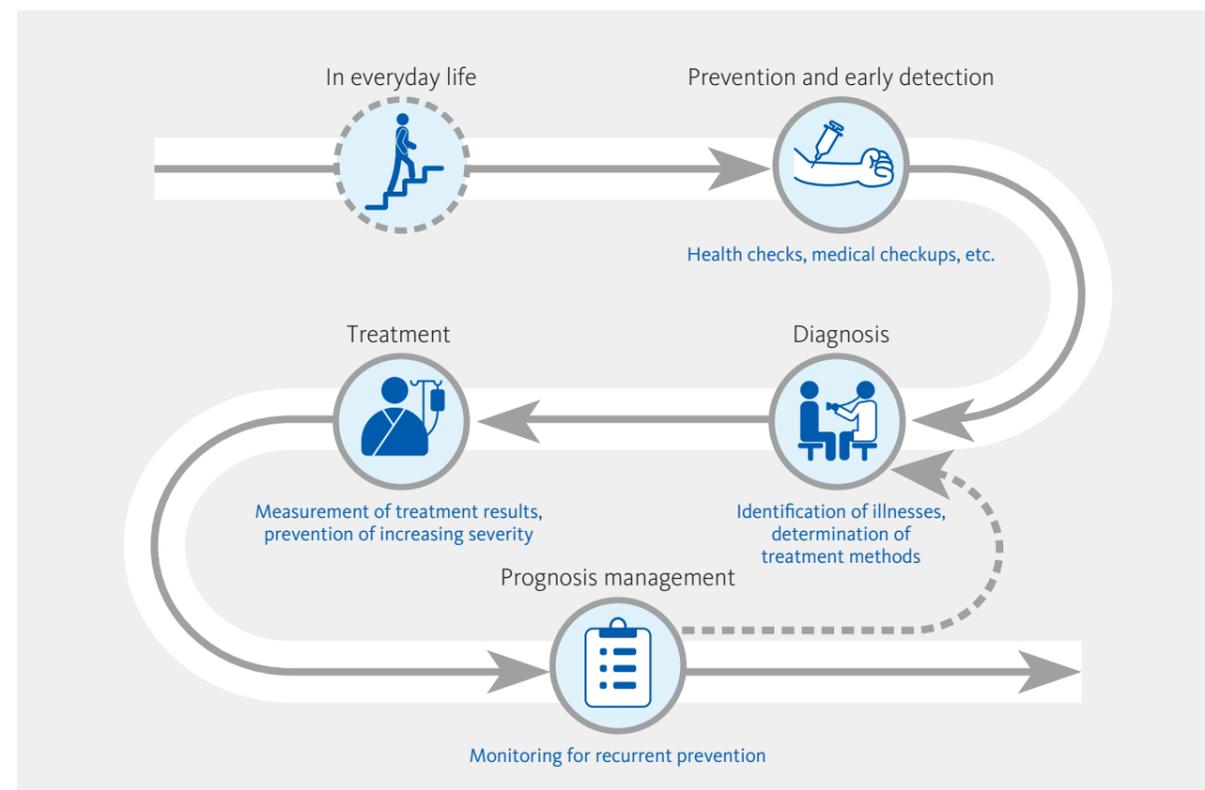
The Growing Importance of IVD in Healthcare

In recent years, technological innovation and its application to the field of healthcare have been leading to the practical realization of new treatment methods. For example, cancer genomic medicine—a type of personalized medicine that enables treatment tailored to an individual patient's constitution and disease—is coming to the fore. Realizing this type of medicine will require analysis based on the gene testing of cancer cells.

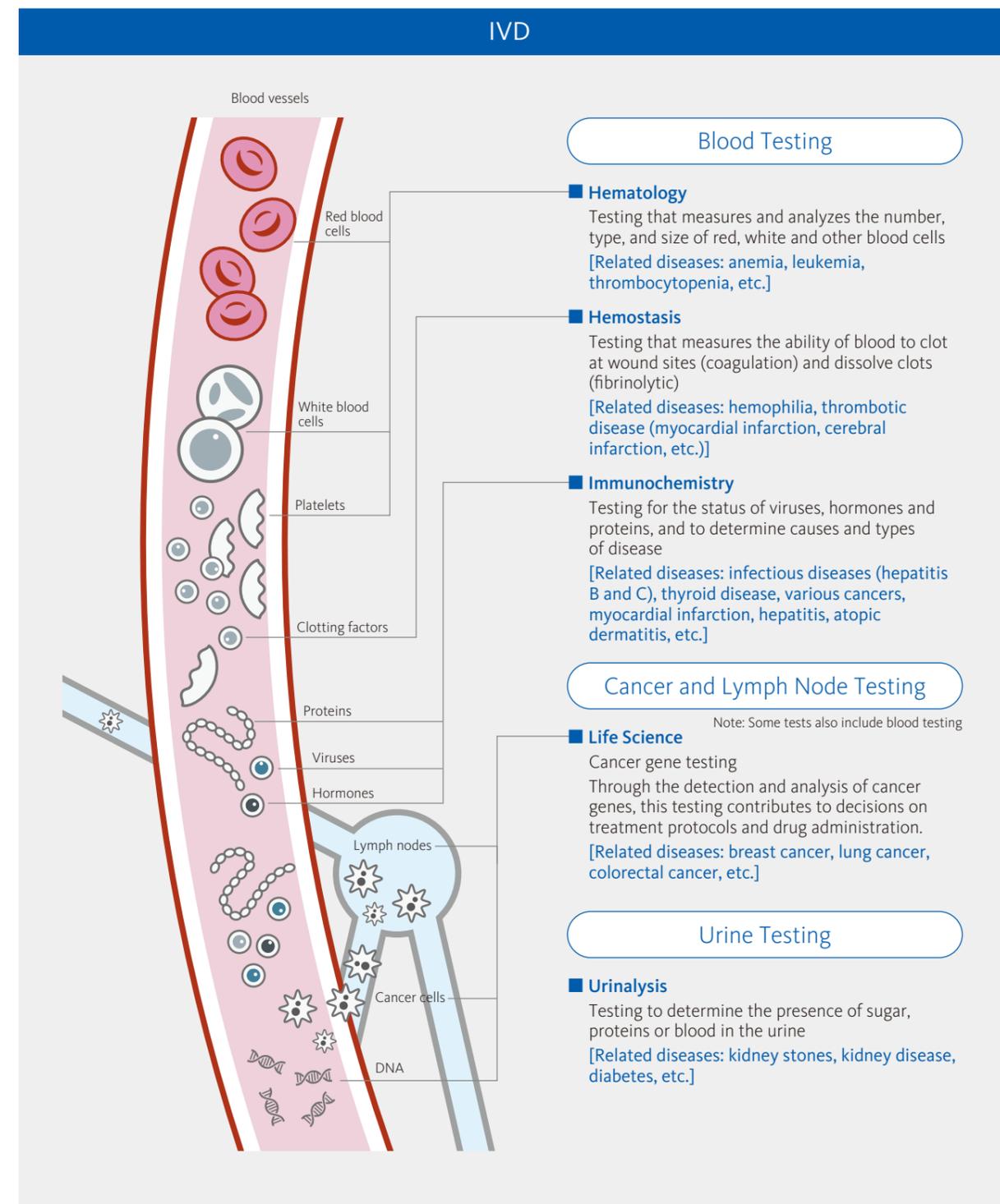
Sysmex is working to achieve this type of cancer genomic medicine and to make liquid biopsy a reality. Liquid biopsy involves testing a patient's blood and body fluids, which places less of a burden on the patient than a physical biopsy. As a result, we aim to help improve patients' quality of life and hold down healthcare expenses.

>>Realizing Personalized Medicine through Liquid Biopsy P87

Where IVD is used



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

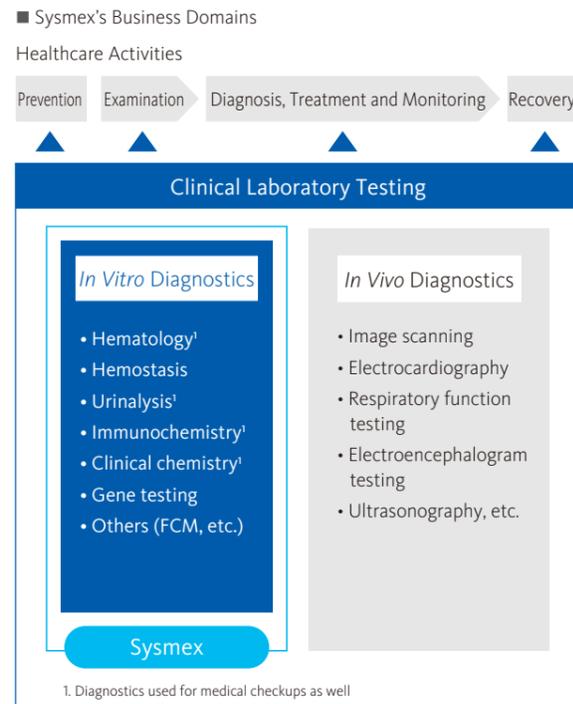


Main Business Domains

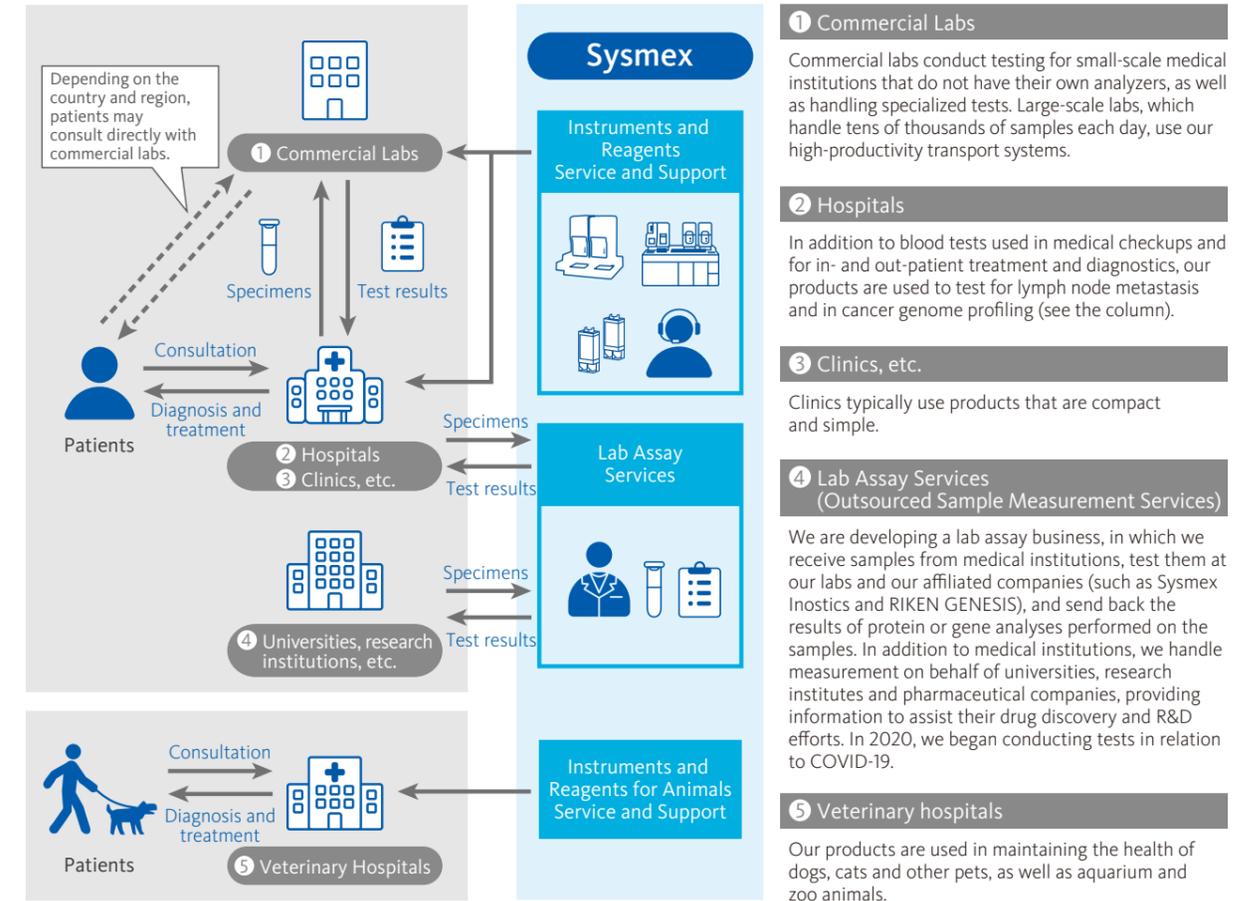
Clinical testing is essential to healthcare, where it is used in diagnosing and treating illness, measuring the results of drug administration and diagnosing health to aid prevention, among other applications. Clinical testing can be broadly divided into two categories: *in vitro* diagnostics (IVD) that involve the examination of blood, urine and other samples taken from the body, and *in vivo* diagnostics that involve direct examination using X-rays or electrocardiograms. Sysmex's primary business is in the IVD domain, where we provide medical institutions and other customers with instruments, reagents, and software on a global basis.

In response to technological innovation and its application to healthcare, personalized medicine has begun to gain traction in recent years. This type of medicine is aimed at conducting risk diagnosis and monitoring treatment results tailored to individual patients. In such areas, IVD is taking on an increasingly important role in healthcare.

>>Supporting Healthcare with *In Vitro* Diagnostics (IVD) P85



Sysmex's Products in Use



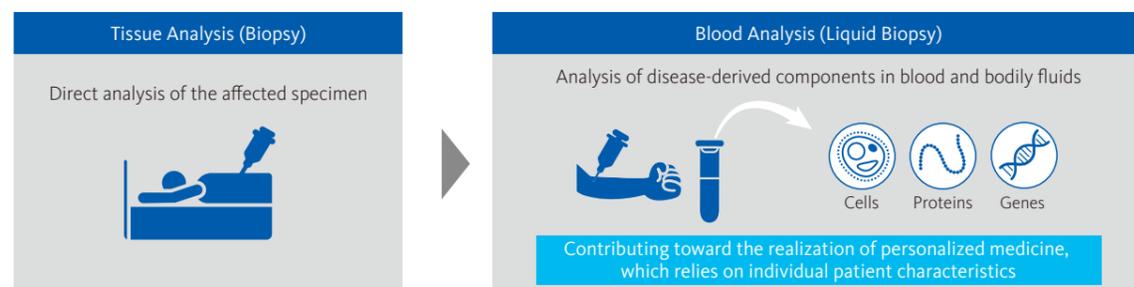
- Commercial Labs**
Commercial labs conduct testing for small-scale medical institutions that do not have their own analyzers, as well as handling specialized tests. Large-scale labs, which handle tens of thousands of samples each day, use our high-productivity transport systems.
- Hospitals**
In addition to blood tests used in medical checkups and for in- and out-patient treatment and diagnostics, our products are used to test for lymph node metastasis and in cancer genome profiling (see the column).
- Clinics, etc.**
Clinics typically use products that are compact and simple.
- Lab Assay Services (Outsourced Sample Measurement 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 Iagnostics and RIKEN GENESIS), and send back the results of protein or gene analyses performed on the samples. In addition to medical institutions, we handle measurement on behalf of universities, research institutes and pharmaceutical companies, providing information to assist their drug discovery and R&D efforts. In 2020, we began conducting tests in relation to COVID-19.
- Veterinary hospitals**
Our products are used in maintaining the health of dogs, cats and other pets, as well as aquarium and zoo animals.

Realizing Personalized Medicine through Liquid Biopsy

Liquid biopsy is a testing method that involves highly sensitive analysis to detect disease-affected areas present in minute quantities in blood and bodily fluids. Compared with conventional physical biopsy, which is carried out on samples taken from tumors or other tissue, liquid biopsy is in the spotlight for its potential for imposing less of a physical, emotional, and economic burden on patients. It also increases opportunities for testing and helps to determine drug administration and other treatment methods at an early stage.

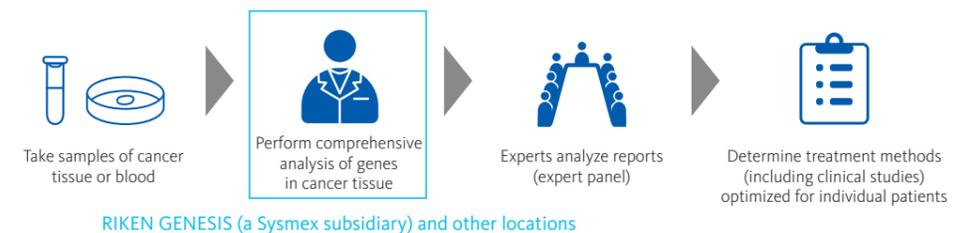
Examples of Initiatives

In 2016, Sysmex forged an operational alliance with Eisai Co., Ltd. aimed at realizing a diagnosis for Alzheimer's disease. By using blood tests to detect structural abnormalities in minute proteins, which are thought to impact disease state, we are conducting joint research aimed at early diagnosis and treatment.



Contributing to Cancer Genomic Medicine through a System for Use in Cancer Gene Profiling

This system, which targets patients for whom standard treatment has been concluded, provides a comprehensive analysis of genes that frequently mutate due to cancer. The information received from this system facilitates the determination of treatment methods based on gene mutations, the selection of anti-cancer drugs, and drug administration, allowing healthcare to be optimized for individual patients. In addition to introducing this system to medical institutions and providing support through lab assay services handled by RIKEN GENESIS, the Company is creating a flow of testing that can be conducted entirely in Japan, including the provision of detailed support. Furthermore, in 2020 we began providing an expert panel support system as part of our efforts to help implement a structure for the efficient realization of cancer genomic medicine.



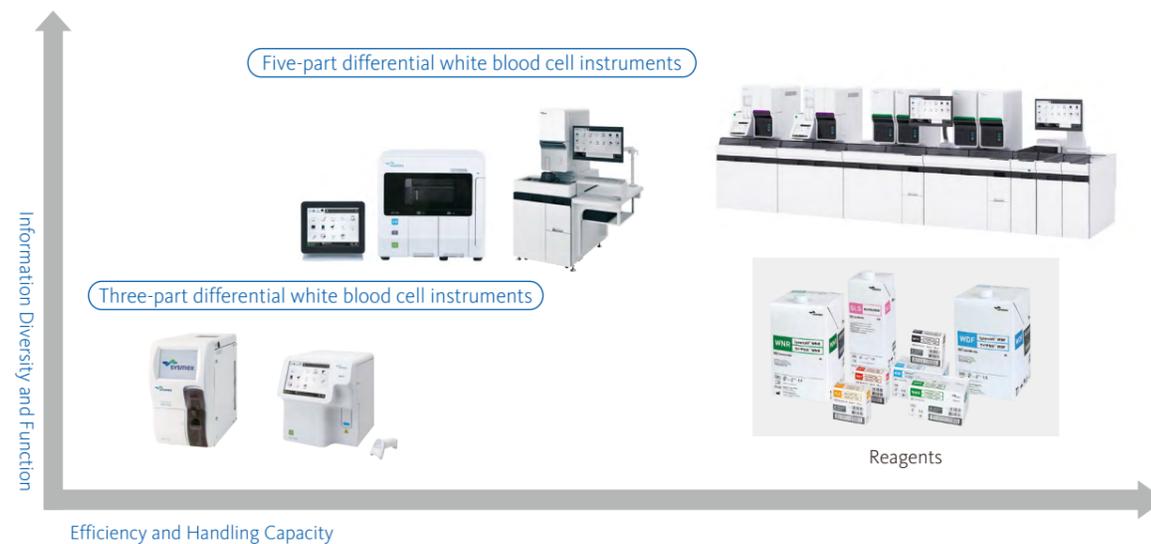
Hematology

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. Numerous reagents are used with these models to deliver a high degree of clinical significance. 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 2021, in Japan we launched a new five-part white blood cell

differential flagship model, as well as a compact model providing three-part white blood cell differentiation. Going forward, we plan to roll out these models globally.

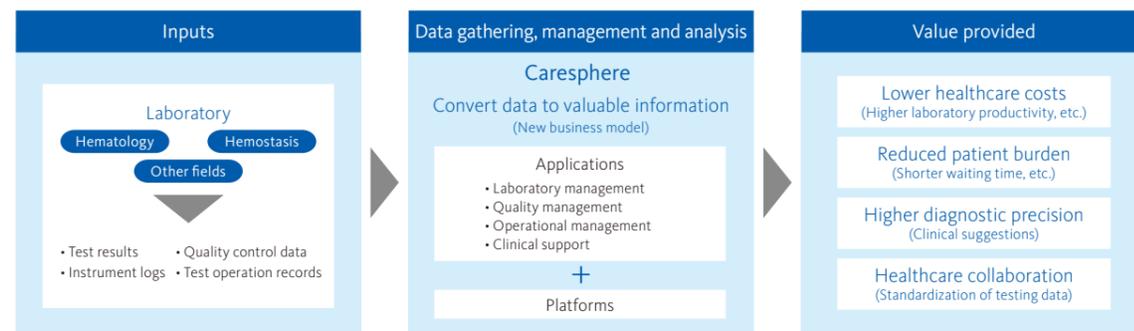
In 2018, we launched the first products to have received CLIA-waiver certification to clinics and other small-scale facilities in the United States. We are also rolling out products to help realize the early-stage detection and treatment of malaria. For example, in Europe in 2019, and in Japan in 2020,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

■ Multiparameter Automated Hematology Analyzers



Caresphere, a New Network Solution

Caresphere, which we began providing in 2018, manages centrally the various information obtained from diagnostic instruments and healthcare information systems, using IoT and the cloud to link and analyze data in real time on a platform that is safe and globally standard. The various applications and services of this platform provide information that augments operational efficiency and quality control at hospital laboratories and commercial labs, all with the aim of resolving customer issues and enhancing patient satisfaction. Currently, we provide applications that support more sophisticated operations at clinical laboratories, reduce the burden of operations related to ISO 15189, and support human resource development.



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 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.



Flow cytometer

Urinalysis

We developed the world's first urine formed sediment analysis system using the flow cytometry method. We are also adding to our portfolio of urinalysis 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, and we plan to further expand our market scale.



Fully automated system for the analysis of formed elements in urine
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 capacity to meet the needs of different-sized 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. In 2018, we launched a new product offering enhanced productivity, reliability and operability, and we are working toward a global roll-out. In addition to an alliance with Siemens Healthineers in the area of reagents, we work with Group company HYPHEN BioMed, SAS to develop products offering high clinical value.



Automated hemostasis analyzer



Reagents



Automated immunochemistry system



Reagents

Cancer Gene Profiling

We developed a system for use in cancer gene profiling in collaboration with the National Cancer Center. In 2019, this became the first such system to be covered under Japanese health insurance.

>>System for Use in Cancer Gene Profiling P88

Testing of Cancer Lymph Node Metastasis

We apply the OSNA method, which we developed, in products we provide to automatically and easily detect information to help in diagnosing lymph node metastasis, among other items. We launched products in this category in China in 2020.



Cancer Lymph Node Metastasis Testing System

Cytogenic Testing

Oxford Gene Technology (OGT), which became a Sysmex subsidiary in 2017, conducts business in the area of cytogenic testing, which involves testing cells for chromosomal and genetic abnormalities. We have launched a Flow FISH testing system (for research) that utilizes imaging FCM technology to automate FISH testing.

Other Lab Assays

We also offer assay services for research use to determine expression levels of breast cancer-related gene types, making use of BEAMing technology to detect to a high degree of sensitivity genes that are present in minute samples of blood. In Kobe, where our headquarters and major bases are located, Sysmex took the lead in working with the City of Kobe through an industry-government alliance to build a system for PCR testing amid the COVID-19 pandemic, with our employees also providing a lab assay service.

>>Initiatives Targeting COVID-19 P27
>>Lab Assay Services P88

Profit Model

A Business Model for Achieving Steady Profitability

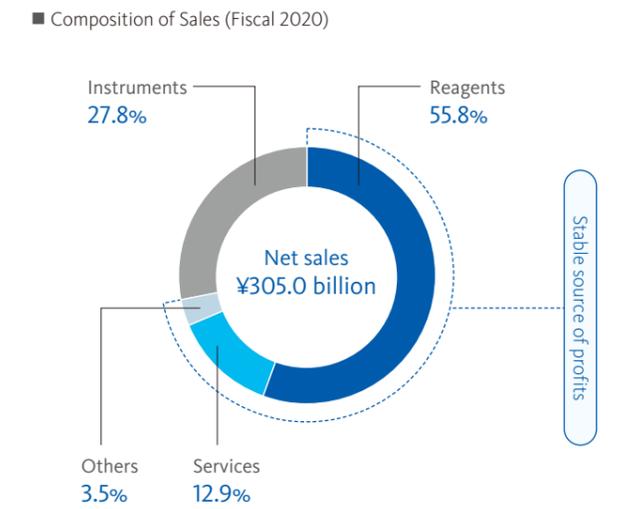
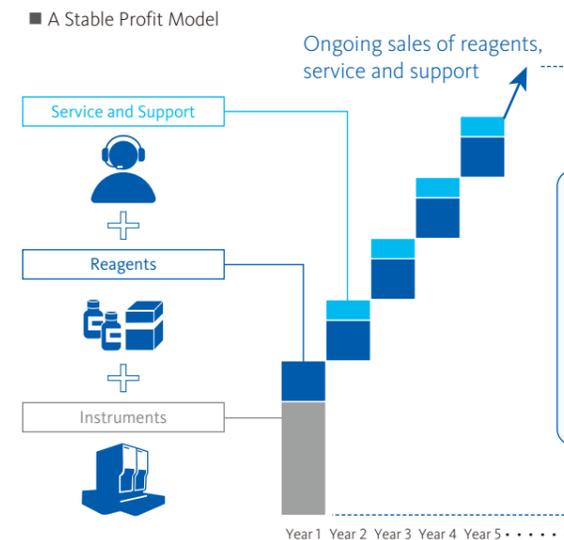
Demand for healthcare and testing is relatively unaffected by global circumstances and economic trends, so the IVD business delivers stable profitability.

Our main businesses—hematology and hemostasis—represent 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

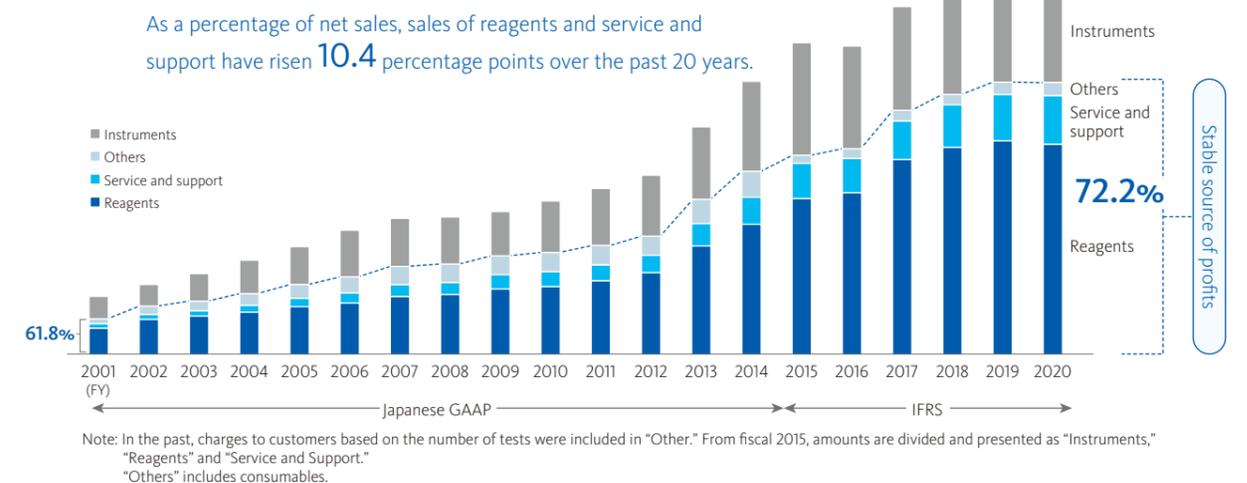
in addition to sales to new customers we frequently receive ongoing business from existing ones. This high repeatability is one reason we maintain high profitability.

>>Customer Assessment in the United States P22

In fiscal 2020, reagents and service and support accounted for 72.2% of net sales. Reasons for this high figure 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 reagent products with high clinical significance. Furthermore, we are leveraging the capital acquired through our highly profitable business model to invest proactively with a view to medium- to long-term growth.



Sales of Reagents, Service and Support



Robotic Assisted Surgery System

In recent years, it has become common to perform minimally invasive laparoscopic surgery to reduce the physical burden on patients. The global market for surgical robots is expected to grow from ¥550 billion yen in 2020 to approximately ¥1,150 billion by 2025.*

In August 2020, Mediaroid Corporation (a joint venture between Sysmex and Kawasaki Heavy Industries, Ltd.) received Japanese regulatory approval for the first made-in-Japan robotic assisted surgery system, followed by insurance coverage in September. As the global general distributor for this product, in December Sysmex began its launch, targeting the urology departments of medical institutions in Japan. Compact enough to fit in standard Japanese operating rooms, the 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 of medical workers.

In fiscal 2020, Sysmex focused on increasing the number of cases where the system is used in Japan, to heighten brand recognition and market penetration before its full-fledged introduction in fiscal 2021. Sysmex plans for a gradual rollout in overseas markets from fiscal 2023.

*Source: TechSci research Global Surgical Robots Market, Forecast and Opportunities, 2025

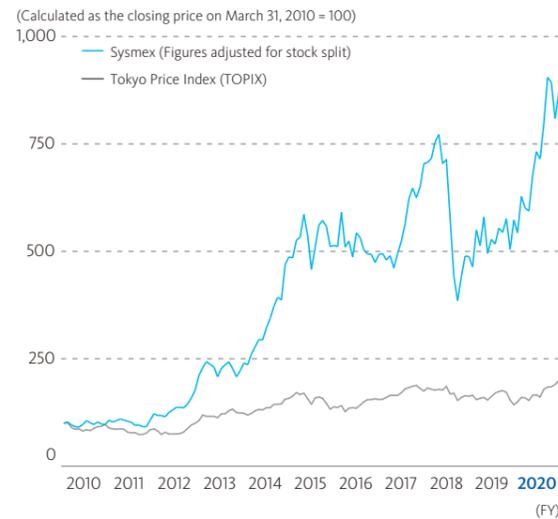


Robotic assisted surgery system

Antibody test	A test to measure for the presence of a protein (antibody) generated by the body's immune function, which endeavors to repel foreign exogenous matter that has entered the body. This test allows the checking of disease history, as well as current infection.
Antigen test	A test to measure for the presence of an antigen, virus, or other pathogen that has entered the body. By detecting virus-specific proteins, these tests confirm whether a virus is present in the body at the time of testing.
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.
Application	Corresponds to a test parameter in Sysmex's various technology platforms.
BEAMing technology	An acronym for "Bead, Emulsion, Amplification, and Magnetics," this gene analysis method combines digital PCR (ultrahigh-sensitivity PCR) and flow cytometry technologies for highly sensitive analysis of genetic mutations.
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.
Caresphere	Caresphere 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. It is a new network solution that provides support for increasing the operational efficiency of professionals involved in testing and healthcare, enhancing quality and raising patient satisfaction.
CE Mark	A mark signifying compliance with certain regulations and standards, such as the <i>In Vitro</i> Diagnostic Regulation (IVDR), required of products intended for sale in the European Economic Area.
Clinical FCM	Refers to FCM used in a clinical testing setting for analysis in such areas as hemophilia, lymphoma, HIV, and hematopoietic stem cells.
Commercial lab	A company that specializes in testing operations, performing IVD on behalf of medical institutions, research institutes, and other facilities.
Cytogenic testing	Cytogenetics refers to the study of chromosomes, particularly research related to illnesses arising due to chromosomal abnormalities. Research and testing typically involve the use of white blood cells, amniotic fluid, or tissues samples and karyotype testing using G-banding or the FISH method.
Cytokine	A general term for physiologically active substances that contribute to intercellular interaction, which can be determined by measuring proteins secreted by cells. As infection spreads, the inflammatory response increases. When inflammatory cytokines are discharged in large quantities, immune cells can trigger acute multiple organ failure. Results include respiratory failure, sepsis, coagulation disorders and other severe illnesses, such as interferon-λ3.
Drug susceptibility test	A test to determine the efficacy of various antimicrobial drugs against pathogenic bacteria detected in a sample.
EMA	Europe, the Middle East, and Africa
Expert panel	A multidisciplinary investigative commission that meets to medically interpret gene panel testing results. Convened at core hospitals for cancer genomic medicine, expert panels recommend treatment methods optimized for individual patients on the basis of abnormal gene information. Members of such panels include oncologists, genome researchers, counselors, etc.
Flow cytometry (FCM)	Method involving the flow dispersion of minute particles and the use of laser light to optically analyze minute flows.
Flow FISH testing	Whereas FISH testing requires evaluation of slides under a microscope, flow FISH testing uses an imaging flow cytometer to capture images, enabling automated analysis.
Fluorescence <i>in situ</i> hybridization (FISH) testing	Testing method using fluorescent material binding only specific genes to detect abnormalities within a chromosome.
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 <i>in vitro</i> diagnostics that determines whether precise testing is necessary by analyzing the number, type, and size of red, white, and other blood cells.

Imaging FCM	A proprietary Merck technology that combines FCM for processing large quantities of cells with the rapid capture of images of cell morphology, fluorescent imaging and automated digital image analysis.
<i>In vitro</i> 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.
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, and in China, approval from the National Medical Products Administration (NMPA).
OSNA method	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 gene 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 their quality of testing.
Primary care	The initial care provided at clinics or other locations when a patient first falls ill.
Quality of life (QOL)	Refers to the maintenance of human dignity and improved wellbeing.
RAS genes	One of the genes that is known to cause cancer when it mutates. As the likelihood is high that patients with RAS gene mutations will not benefit (prolongation of life, tumor reduction) from the administration of anti-EGFR drugs, companion diagnostics may be performed to treat the gene mutation first.
Reagent	A pharmaceutical product for medical use in laboratory testing, also called an <i>in vitro</i> diagnostic product. It is not used directly on the human body, but on samples of blood or other bodily fluids.
Specimen	Material necessary for testing. May include blood, cerebrospinal fluid, pus, punctured fluid, urine and feces.
Sysmex Network Communication Systems (SNCS)	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.
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.
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 Price Range



■ Stock Price Movements

Fiscal years	High (Yen)	Low (Yen)	Closing price (Yen)	Volatility (%)
2010	6,010	2,789	2,942	27.8
2011	3,340	2,387	3,340	23.6
2012	5,800	2,900	5,790	25.7
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

Note: Volatility refers to the annualized standard deviation based on the daily closing price.

■ Total Shareholder Return (TSR)¹⁾ (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	
Systemex	52.1	24.1	7.5	70.3	11.2	722.1	23.4	
TOPIX	42.1	22.1	6.9	62.3	10.2	179.4	10.8	
TOPIX (Electrical equipment)	68.6	48.4	14.1	134.3	18.6	226.4	12.6	

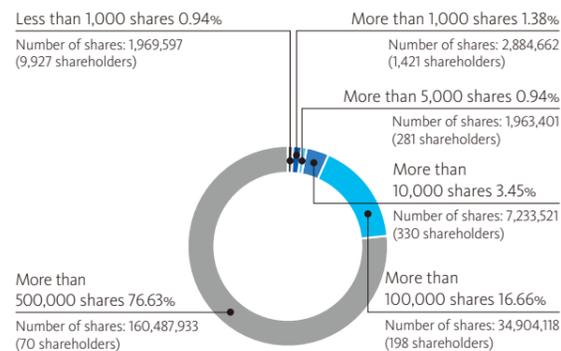
1. TSR: Total shareholder return, including capital gains and dividends
 • Prepared by Sysmex based on data from Nikkei NEEDS-Financial QUEST
 • Base date of March 31, 2021
 • TSR calculated on the assumption that dividends are reinvested in shares

■ Principal Shareholders (Top 10)

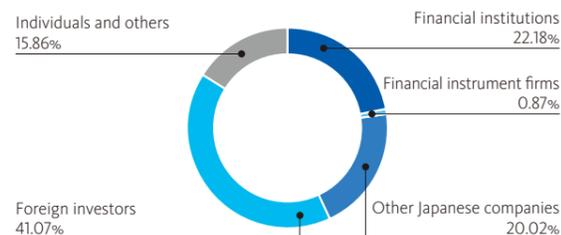
Shareholders	Number of shares held (Thousands)	Percentage of shareholding (%)
Custody Bank of Japan, Ltd. (Trust Account)	23,564	11.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,723	6.6
The Kobe Yamabuki Foundation	12,000	5.7
Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	11,830	5.7
Nakatani Kosan, Ltd.	10,457	5.0
Kazuko Ietsugu	6,124	2.9
Taeko Wada	6,124	2.9
Rusoru, Ltd.	4,750	2.3
Tadako Nakatani	4,012	1.9
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	3,219	1.5

Note: Percentage of shareholding excludes treasury stock (446,876 shares).

■ Distribution of Shares by Number of Shares Held



■ Composition of Shareholders



Systemex Corporation

Established	February 20, 1968
Head Office	1-5-1, Wakino-hama-Kaigandori, Chuo-ku, Kobe 651-0073, Japan
Inquiries	IR & Corporate Communication Department, TEL: +81-78-265-0500
Website	https://www.sysmex.co.jp/en/
Number of Employees	9,510 (consolidated basis) (including part-time employees and others)
Fiscal Year	April 1–March 31
Shareholders' Meeting	June
Number of Shares Authorized	598,688,000 shares
Number of Shares Issued	209,443,232 shares
Paid-in Capital	¥13,229.9 million
Stock Listings	Tokyo Stock Exchange, First Section
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 FTSE Blossom Japan 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 Ethibel Excellence Ethibel Pioneer Ethibel Sustainability Index (ESI) Euronext Vigeo Eiris World 120 Index Sompo Sustainability Index



»Sustainability Data Book > Evaluations and Results Related to Sustainability P62