

May 12, 2021
Sysmex Corporation

Sysmex Announces New Group Mid-Term Management Plan

Harnessing Groupwide Capabilities and Promoting Corporate Reforms
with a View to Sustainable Growth

Sysmex Corporation (HQ: Kobe, Japan; Chairman and CEO: Hisashi Ietsugu) has formulated a new Group mid-term management plan, concluding in the fiscal year ending March 31, 2024, with the aim of sustaining robust growth for the Group and supporting this growth by reinforcing the management base.

To reach positioning targets based on the long-term vision, this plan sets out important matters to be addressed over the next three years and promotes specific measures for doing so.

Looking at the global healthcare market, in developed countries efforts are underway to raise the efficiency of healthcare as populations age. Meanwhile, in emerging markets economic development is prompting an increase in demand for healthcare and the need for healthcare quality and service enhancement. Furthermore, the rapid application of artificial intelligence (AI), information communication technology (ICT) and other leading-edge technologies to the healthcare field are expected to sustain future growth. The global COVID-19 pandemic has also prompted considerations about healthcare systems and the potential for major changes in the healthcare environment itself. As a result, further opportunities for growth is anticipated.

In line with its aim of being a Unique & Advanced Healthcare Testing Company, Sysmex has put in place a global sales and service network. We have also expanded our product lineup, centering on the domain of *in vitro* diagnostics (IVD),¹ and provided advanced services and support making use of the Internet of Things (IoT). We have achieved sustainable growth by providing unique solutions and expanding business domains in these ways.

Under this Group mid-term management plan, in order to achieve the positioning targets based on the long-term vision targeting 2025 (formulated in 2018), we have defined hemostasis, immunochemistry and life science as key fields in addition to the hematology field, which is the Group's largest source of earnings. We will prioritize the allocation of management resources to these fields to enhance R&D efforts, create new value and expand our product lineup. We will also seek to achieve dynamic growth through the creation and ongoing cultivation of new businesses, centering on surgery support robots. To this end, in April 2021 we reorganized from a business development structure based on business units to a function-based structure. We believe this new structure will enhance the Group's implementation capabilities.

To promote business process reform globally in the interest of creating new value and enhancing the corporate structure, we will continue with efforts under the previous mid-term management plan involving next-generation core systems and renovate our digital basis. In addition to increasing groupwide productivity, we will seek to achieve a digital transformation (DX) to create new solutions for customers.

Sysmex sees the realization of a sustainable society as a management priority. On a groupwide basis, we are pursuing priority issues (materiality), such as the resolution of medical issues through products and services, environmental consideration and the realization of an attractive workplace. In addition to instilling confidence among diverse stakeholders, we aim to achieve sustainability management.

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.

The “Sysmex Way,” the corporate philosophy for the Sysmex Group, defines the Group’s mission as “shaping the advancement of healthcare.” Based on this philosophy, through the steady implementation of this Group mid-term management plan, we aim to achieve its long-term vision and positioning, continuing to contribute to the advancement and development of healthcare.

1. Long-term management goals (announced May 9, 2018)
 - (1) Long-term vision toward 2025
A “Unique & Advanced Healthcare Testing Company”
 - (2) Positioning
 - 1) Creating innovative diagnostic value as a global top-five company in IVD
We aim to become a global top-five company in IVD by expanding our share of the IVD market, which continues to grow globally, achieving ongoing growth in our core businesses (hematology, urinalysis, hemostasis and immunochemistry) by creating new diagnostic value.
 - 2) A leading company in personalized diagnostics for optimizing medical treatment
Through the fusion of our measurement platforms for genes, cells and proteins and new technologies and knowledge acquired through open innovation, we will create new testing and diagnostic value that provides important keys to the selection of treatment methods, and advance the global realization of personalized medicine.
 - 3) A solution provider contributing to the advancement of primary care diagnostics
By leveraging the diagnostic technologies and IT we have cultivated in the IVD domain, we will provide doctors, nurses, laboratory technologists and other healthcare professionals the solutions they need for early diagnoses at locations near patients, thereby enhancing access to healthcare.
 - 4) An attractive company providing value and instilling confidence
Through a distinctive business model, creative technologies, dynamic human resources and sound and advanced corporate management, we aim to remain a company that provides social value and is supported by diverse stakeholders.
 - 5) One Sysmex carrying out high-speed management
By providing attractive workplaces where diverse human resources can exercise their talents, we will make use of sophisticated teamwork throughout the Group to achieve efficient and high-speed management.

2. Group mid-term management plan

(1) Mid-term goals (consolidated)

	Year ending March 31, 2022	Year ending March 31, 2024	CAGR*
Net sales	¥350.0 billion	¥420.0 billion	11.2%
Operating profit	¥60.0 billion	¥80.0 billion	15.6%
Operating margin	17.1%	19.0%	—
ROE	12.5%	15.0%	—
Operating cash flow	¥59.0 billion	¥90.0 billion	—
Free cash flow	¥20.0 billion	¥40.0 billion	—

(2) Sales goals by business

	Year ending March 31, 2022	Year ending March 31, 2024	CAGR*
Hematology	¥197.0 billion	¥220.0 billion	6.9%
FCM	¥3.0 billion	¥7.0 billion	68.9%
Urinalysis	¥30.0 billion	¥36.0 billion	18.1%
Hemostasis	¥58.0 billion	¥67.0 billion	7.2%
Immunochemistry	¥20.0 billion	¥30.0 billion	24.7%
Clinical chemistry	¥3.0 billion	¥3.5 billion	7.7%
Life science	¥18.0 billion	¥30.0 billion	32.1%
Others	¥16.0 billion	¥16.5 billion	—
Diagnostics business	¥345.0 billion	¥410.0 billion	10.4%
Medical robotics business	¥5.0 billion	¥10.0 billion	134.5%
Total	¥350.0 billion	¥420.0 billion	11.2%

(3) Sales goals by destination

	Year ending March 31, 2022	Year ending March 31, 2024	CAGR*
Japan	¥59.5 billion	¥76.5 billion	16.2%
Americas	¥79.5 billion	¥95.5 billion	13.2%
EMEA	¥88.0 billion	¥100.0 billion	6.8%
China	¥94.0 billion	¥112.0 billion	10.1%
Asia Pacific	¥29.0 billion	¥36.0 billion	13.8%

Note: Assumed exchange rates during the period of the mid-term management plan

USD	EUR	CNY
¥106	¥125	¥16.0

*Compound annual growth rate from year ended March 31, 2021 to year ending March 31, 2024

3. Initiatives to reach positioning targets

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

In the hematology field, we will accelerate the introduction of the XR Series and XQ Series of automated hematology analyzers. In addition, we aim to provide new added value to help achieve confirmed diagnoses and determine appropriate treatment methods at an early stage. To achieve these aims, we will utilize AI for image analysis, link systems and integrate data. We will also launch products to meet market needs and reinforce our sales system to achieve high levels of global growth.

We will strategically form a network of key opinion leaders (KOLs) and enhance collaboration to continuously create new clinical value in each business field and across fields. To accelerate the launch of new products, we will transform the entire value chain related to product development, lower the cost of sales ratio, bolster earnings from services, increase process efficiency of all business activities, and aim to increase profitability.

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

We define hemostasis, immunochemistry and life science as key fields, where we anticipate high levels of growth going forward. We will prioritize the allocation of management resources to these key fields, enhancing product lineups and reinforcing sales and service structures. Through these efforts, we aim to achieve high levels of growth and improve profitability significantly. As necessary, we will engage in strategic alliances and effective M&A, promoting the transformation to a robust business structure.

Furthermore, we will address social issues by developing products related to COVID-19, continue with companywide R&D, and aim to provide new value.

- (3) Introduce new business to achieve dynamic growth

In Japan, we will steadily expand our business in the surgical field with the hinotori™ Surgical Robot System. We will also promote an overseas rollout. We will promote R&D centered on the data business, leveraging testing data and clinical information. At the same time, we will engage in open innovation to achieve early-stage commercialization and acquire core technologies in an effort to create new businesses.

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

To promote globally a business process restructuring in the aim of reinforcing its corporate structure and creating new value, Sysmex is putting in place a next-generation core system and renovating its digital basis.

We aim to realize DX to enhance the Caresphere™ application we have already begun providing, transform customer support and create new solutions for customers.

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

We will firmly promote our globally consistent job-based human resource management system to help achieve sustainable growth by recruiting and cultivating next-generation leaders who will support sustainable growth and sophisticated human resources. We will implement health and productivity management measures to support employees' physical and mental health, aiming to provide a workplace where all employees can realize their full potential.

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

We will roll out groupwide measures based on our priorities for achieving sustainable growth (materiality)—such as resolving medical issues, enhancing quality, strengthening our environmental consideration and reinforcing governance—and our sustainability targets. As a result, we aim to earn trust from diverse stakeholders and enhance corporate value.

Terminology

- 1 *In vitro* diagnostics (IVD):

In general, IVD refers to the testing of blood, urine and other samples to determine physical condition. Here, IVD refers to the domain of laboratory testing in which IVD is performed.

Information contained in the press release is current as of the date of the announcement but may be subject to change without prior notice.

Forward-Looking Statements

This material contains forward-looking statements about Sysmex Corporation and its group companies (the Sysmex Group). These forward-looking statements are based on the current judgments and assumptions of the Sysmex Group in light of the information currently available to it. Uncertainties inherent in such judgments and assumptions, the future course of our business operations, and changes in the operating environment both in Japan and overseas may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position either expressed or implied within these forward-looking statements.