

FY 2023-2025 Medium-Term Management Plan

March 22, 2023

**Yasunori Yamamoto, President & CEO
Shimadzu Corporation**

FY 2023-2025 Medium-Term Management Plan

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- Basic Policies and Strategies of the Past Three Medium-Term Management Plans
- Review of the Previous Mid-Term Management Plan
- New Mid-Term Net Sales Targets by Segment
- New Mid-Term Non-Financial KPI

1. Message from the President

Excellence in Science

"Create a Society Full of Empathy"

by Realizing Our Customers' Dreams, Our Dreams and Efforts Together

1. Strengthen governance and transform organizational culture.
2. While achieving business growth and employee development, we promote the transformation into a problem-solving oriented company with the spirit of "Best for Our Customers".
3. Listen to the voices of our global customers, anticipate their challenges, and establish a framework to solve them.
4. Develop products agilely with speed, establish a flexible manufacturing system, and aim for sustainable growth by delivering solutions reliably and holistically.
5. Work on **HR development** and **strategic investments**.

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2.The New Medium-Term Management Plan

-1 What We are Aiming for

- COVID-19 raised the awareness of the importance of Human Life & Well-Being.
- Due to the global Climate Change, the Well-Being of the Earth is now our common concern.



Corporate Philosophy: Contributing to Society through Science and Technology
Management Principle: Realizing Our Wishes for the Well-being of Mankind and the Earth
Shimadzu Group Sustainability Charter

2.The New Medium-Term Management Plan

-1 Social Value Provided

• AMI: Analytical & Measuring Instruments, MED: Medical Systems, IM: Industrial Machinery, AE: Aircraft Equipment

Domain where Social Values are Created	Keywords	Social Value Provided
<p>Healthcare Domain</p> <p>Life Science Field (AMI)</p> <p>Medtech Field (AMI), (MED)</p>	<p>Next-generation Drug Development</p> <p>Food Sustainability</p> <p>Genomics</p> <p>AI Hospital</p> <p>Healthcare as a Service</p>	<ul style="list-style-type: none"> ● Contributing to ‘Human Life & Well-being’ through AMI and imaging technologies <ul style="list-style-type: none"> ➢ Contributing to R&D and manufacturing innovation in drug discovery modalities ➢ Contributing to innovation in the food-tech market ➢ Contributing to a vibrant, healthy and long-lived society ➢ Contributing to infectious disease control
<p>GX (Green) Domain (AMI), (IM)</p>	<p>Bio-economy</p> <p>A Decarbonized Society</p> <p>Next-generation Energy</p>	<ul style="list-style-type: none"> ● Contributing to ‘Well-being of the Earth’ through AMI technology and IM <ul style="list-style-type: none"> ➢ Contributing to global warming countermeasures ➢ Contributing to the conservation of air, soil and water
<p>Material Domain (AMI), (IM)</p>	<p>Circular Economy</p> <p>Development of Advanced Materials</p> <p>Informatics</p>	<ul style="list-style-type: none"> ● Contributing to ‘material development and production innovation’ through measuring and analyzing technology and mass production equipment technology <ul style="list-style-type: none"> ➢ Contributing to the development and manufacture of innovative materials through automation and informatics
<p>Industry Domain (AMI), (IM), (AE)</p>	<p>Society 5.0</p> <p>Next-generation High Integration</p> <p>Quantum Science and Technology</p>	<ul style="list-style-type: none"> ● Contributing to ‘industrial development’ through precision machining and measuring technology <ul style="list-style-type: none"> ➢ Contribution to the semiconductor industry, the foundation of a digital society ➢ Contribution to logistics infrastructure

2.The New Medium-Term Management Plan

-1 Positioning

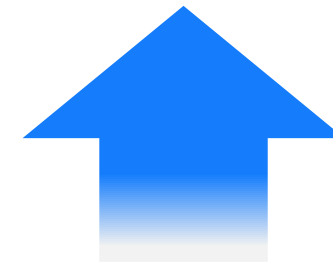
Business Expansion and Transformation into a Company That Provides Total Solutions Across Divisions



- Best for Our Customers - How to transform into the Customer-Centric Business Structure?

Provide the “DATA” needed by customers by

- ✓ Getting closer to customers
- ✓ Communicating by customers’ language



Deliver the “PRODUCTS” based on customer request

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-2 Basic Policy

Concept: Be an Innovative Company that solves social issues with global partners !
- Achieve Sustainable Growth by Technology Development & Social Implementation -

**FY2025
Performance
Targets**

Net Sales 550.0 Bn yen Operating Income 80.0 Bn yen
OPM 14.5% ROIC > 11.0% ROE > 12.5%

**5 Business
Strategies**

**Reinforce Key
Model Business**
- LC, MS, GC, Testing
Machine, and TMP -

**Strengthen
Med-Tech
Business**

**Expand Overseas
Business**
- Strengthen
North America -

**Reinforce & Expand
Recurring Business**

Develop & Create New / Future Business

**Strengthen
7 Management
Foundations**

Reinforce the Corporate Governance

**Accelerate R&D
Activities**

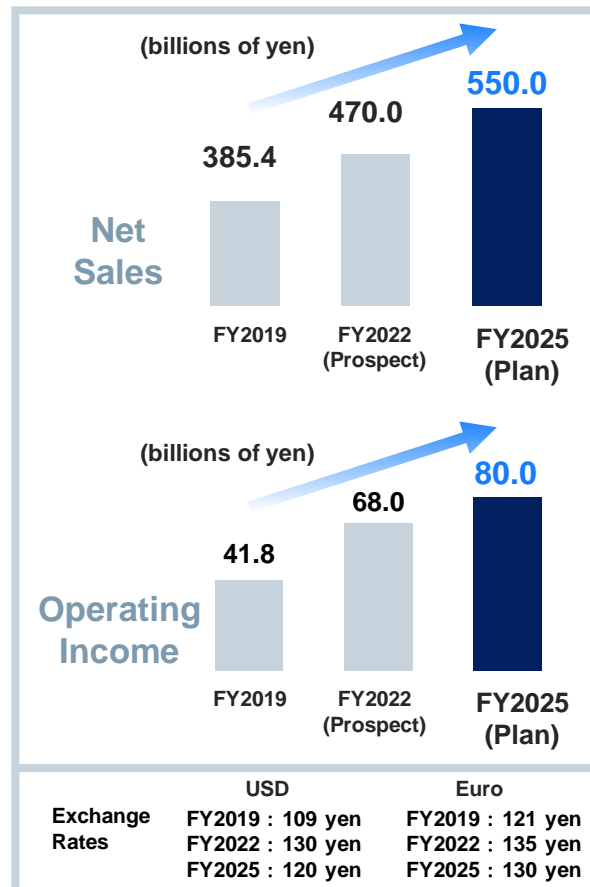
**Strategize International
Standardization /
Reinforce Regulatory
Response**

**Expand Global
Manufacturing
Capabilities**

**Propel DX
(Digital
Transformation)**

**Human Resource Strategy:
Realizing "Leadership & Diversity"**

**Financial Strategy:
Executing Strategic Investments**



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-3 5 Business Strategies

Liquid Chromatograph (LC) and Mass Spectrometer (MS)

- Providing one-of-a-kind Total Solutions -

Healthcare
Life Science
Field



- **Products: Providing one-of-a-kind solutions through Automation & AI.**
- **Application: Total solutions to penetrate Pharmaceuticals and Food-Tech.**
- **Mid-to-Long Term Strategy: Opening an R&D Center in North America.**

	LC	MS																
Technology Development	<ul style="list-style-type: none"> ● Expanding integrated models, developing new detectors ● Process Automation and AI ● Total Solutions for nucleic acids/biopharma R&D 	<ul style="list-style-type: none"> ● Higher sensitivity & higher resolution ● Software & Library development by application ● Total Solutions for Food-Tech and Pharmaceuticals 																
Social Implementation	<ul style="list-style-type: none"> ● Partnering with preprocessing equipment, columns, software manufacturers, etc. ● Strengthening the response to the FDA and Pharmacopoeia ● Opening an R&D Center in North America 																	
Net Sales LC and MS	<p>(BJPY)</p> <table border="1"> <tr> <th>Fiscal Year</th> <th>Net Sales (BJPY)</th> </tr> <tr> <td>FY2019 Actual *</td> <td>68.0</td> </tr> <tr> <td>FY2022 Prospect*</td> <td>80.0</td> </tr> <tr> <td>FY2025 Plan</td> <td>>100</td> </tr> </table>	Fiscal Year	Net Sales (BJPY)	FY2019 Actual *	68.0	FY2022 Prospect*	80.0	FY2025 Plan	>100	<p>(BJPY)</p> <table border="1"> <tr> <th>Fiscal Year</th> <th>Net Sales (BJPY)</th> </tr> <tr> <td>FY2019 Actual *</td> <td>43.0</td> </tr> <tr> <td>FY2022 Prospect*</td> <td>47.0</td> </tr> <tr> <td>FY2025 Plan</td> <td>>60</td> </tr> </table>	Fiscal Year	Net Sales (BJPY)	FY2019 Actual *	43.0	FY2022 Prospect*	47.0	FY2025 Plan	>60
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*FY2019 Actual, FY2022 Prospect converted by 1 USD 120 JPY, 1 Euro 130 JPY

-3 5 Business Strategies

- Total Solutions for the Pharmaceutical Market -

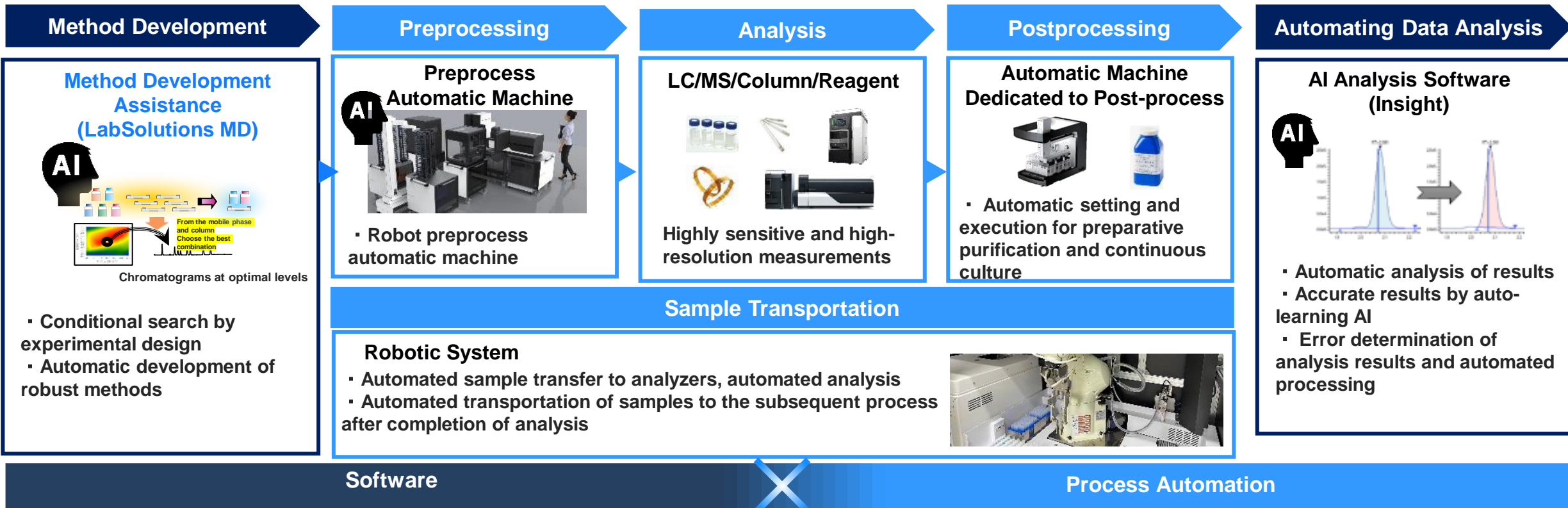
Healthcare

Life Science Field
Strengthening
Pharmaceutical



Realize automated & labor-saving operations by and from method development to AI analysis as Total Analysis Solutions.

● Total Analytical Solutions



Creating New Value through Equipment and Informatics

-3 5 Business Strategies

- Total Solutions for Food Tech -

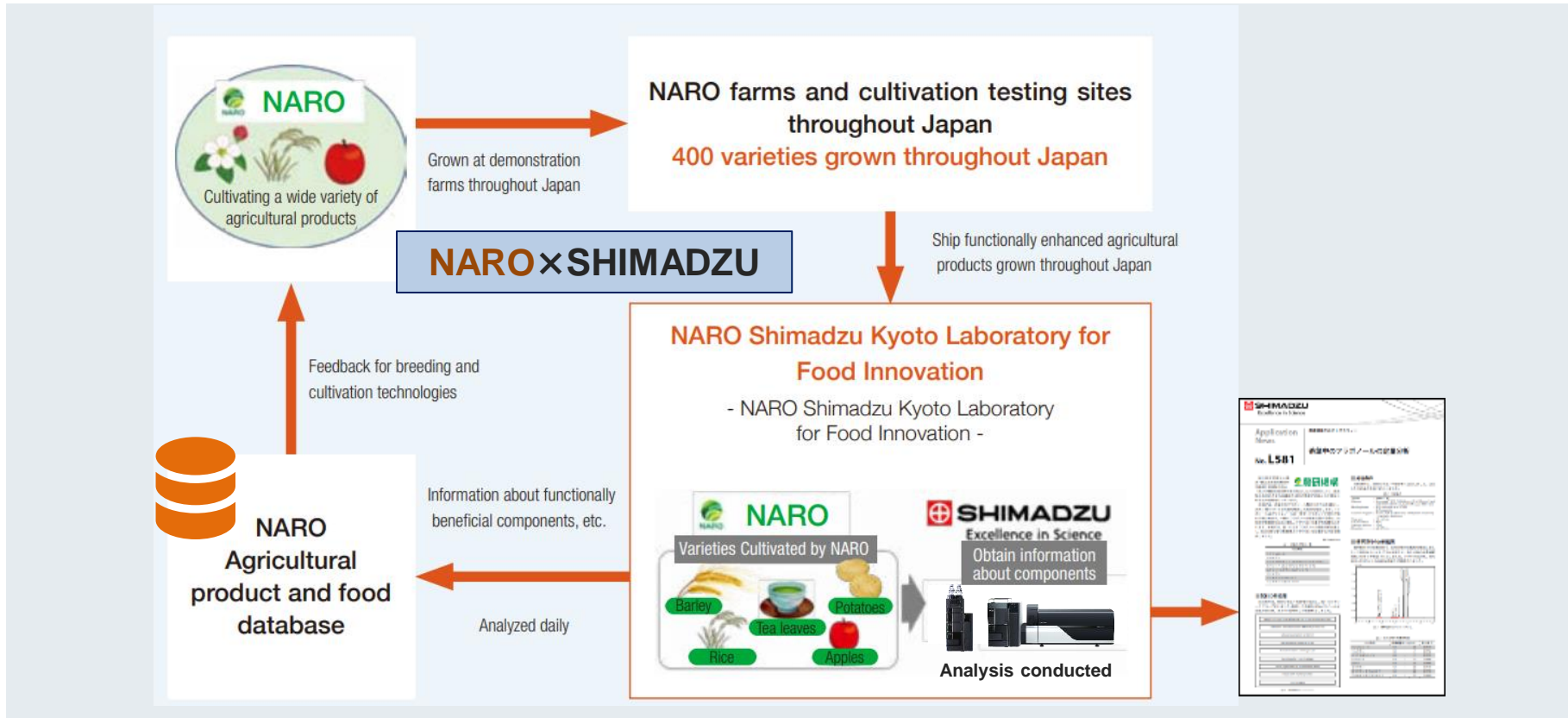
- Realizing a healthy and long-lived society through food based on scientific analysis of functional ingredients, etc. -

Healthcare

Life Science Field
Strengthening
Food Tech



Provide Total Solutions for food and beverage R&D by measuring personal health data and analyzing elements in food.



Global Expansion
Participate in projects to develop a library of ingredients in foods distributed worldwide (PTFI) in cooperation with NARO

PERIODIC TABLE OF FOOD INITIATIVE

Business expansion to ASEAN countries where the health food market is expanding



- Indonesia
- Thailand
- Vietnam
- Philippines
- Singapore

etc.

Support the development of health and longevity related beverages and foods with total solutions including analytical methods, equipment, software and reagents

-3 5 Business Strategies

Liquid Chromatograph (LC), Mass Spectrometer (MS) - Strengthening North America -

Healthcare

Life science field

Strengthening North America



● **Enhancement:**

Sales Force Improvement: Pharmaceutical sales, digital marketing enhancement

Strengthening Application Development: Strengthening Applications based on customer needs, Strengthening service response capabilities

● **Strengthen Foundation:** Establishing an R&D center to develop customer-oriented products from a mid-to-long term perspective. Opening a Pharmaceutical Development Center to understand customer needs and provide feedback for development



East Coast Pharmaceutical Development Center

- **Purpose:** Working with leading pharmaceutical upstream and academia to develop methods
- **Establishment:** Scheduled for FY2024

North American R&D Center

- **Purpose:**
 - Promote joint research and development with key customers with advanced LC and MS technologies
 - Development of products and applications for the areas of nucleic acids and gene therapies
 - Response to standardization and regulation
- **Establishment:** In 2023

West Coast Pharmaceutical Development Center

- **Objectives:** Work with pharmaceutical and biotechnology companies to develop methods
- **Establishment:** Scheduled for FY2023

-3 5 Business Strategies

GX (Green Transformation) - Providing Total Analytical Solutions -

**GX
(Green)**



- Providing total analytical solutions in the GX 4 fields and contributing to the realization of a carbon-neutral society
- Business expansion from both application and product strategies
- Strengthen relationships with NEDO in Japan and EPA and ISO overseas for standardization and regulatory compliance

GX 4 fields

GX, Environment and Energy

Bio-manufacturing

- Biochemicals
- Biofuels

New/Creating/Storing Energy

- Hydrogen/Ammonia
- Next-generation Batteries
- Renewable Energy

Environment and Regulations

- CO₂ Absorbing Concrete
- PFAS
- Microplastics
- Greenhouse Gases

Materials

Materials/Next-generation Mobility

- Development of New Materials (Lightweight Materials, etc.)

Short-term initiatives

Technology Development

- Standardization and regulation from the development stage
- Introduce new products at lab scale and scale up

Social Implementation

- Promoting new GX application development and overseas expansion
- Application development and global expansion at overseas sites
- Strengthening relationships with NEDO in Japan and EPA*, ISO and other standards accreditation bodies overseas

*EPA = U.S. Environmental Protection Agency

Mid-to-long term initiatives

Standardizing and offering globally



Providing total solutions, including sensors and consumables

Contributing to the GX Field

Made from CO₂ Bio-manufacturing



Gas Chromatograph Mass Spectrometer



Autonomous Lab

New/Creating/Storing Energy



Gas Chromatograph



Portable Gas Analyser

Environment and Regulations



Liquid Chromatograph Mass Spectrometer



Total Organic Carbon Analyzer

Materials/ Next-generation Mobility



Microfocus X-Ray CT System



Material Testing Machine

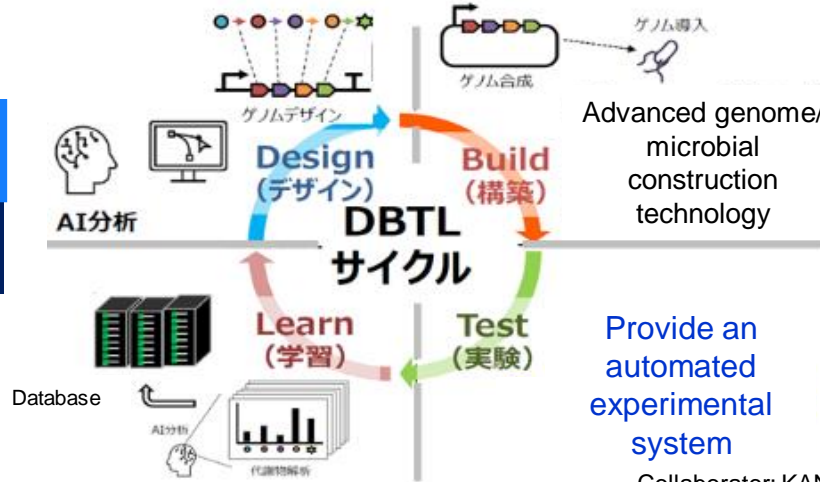
-3 5 Business Strategies

- Total Solutions for Biotechnology Manufacturing -



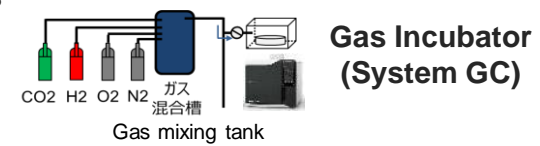
- Short-term: Global expansion of Autonomous Lab, an autonomous experimental system embodying the DBTL cycle
- Mid-to-long Term: Providing total analytical solutions in mass production plants

New Medium-Term Management Plan
R&D



Shortening R&D Cycle

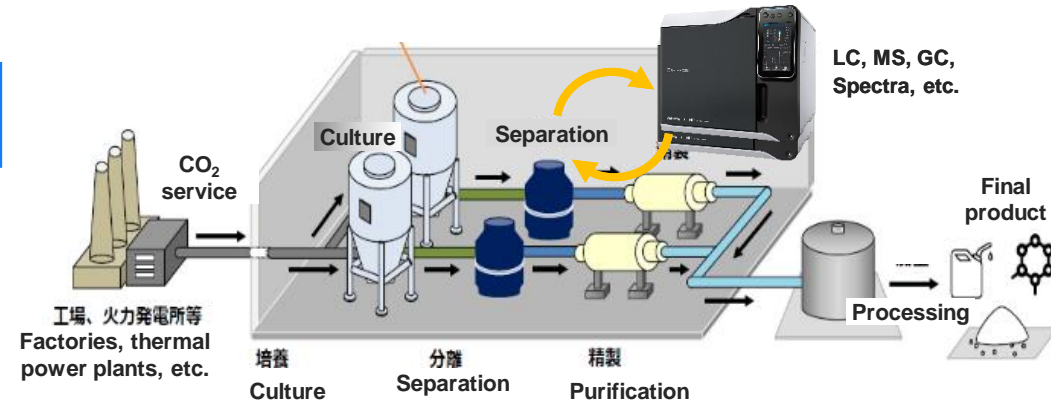
- AI Learning Features
- Design Features by web app



Global Expansion

Collaborator: KANEKA CORPORATION, Bacchus Bio innovation Co., Ltd., and JGC HOLDINGS CORPORATION

Mid-to-Long Term
Mass Production Plant



Providing Total Analytical Solutions

- Multi-sample and high-speed productivity evaluation system
- Quickly measure conditions in a culture vessel analytical technique
- Consumables such as culture media in mass production

Global Expansion

Working together with partners

-3 5 Business Strategies
-Strengthen Med-Tech Business

Healthcare
Med-Tech Field



- **Medical Segment: Realize Imaging Transformation (IMX).**
- **Diagnostics: Implement a liquid biopsy and expand reagent product lineups.**
- **Provide new solutions by a clinical laboratory platform (LCMS and BresTome).**

Technology Development

Social Implementation

Net Sales

Imaging Transformation (IMX)

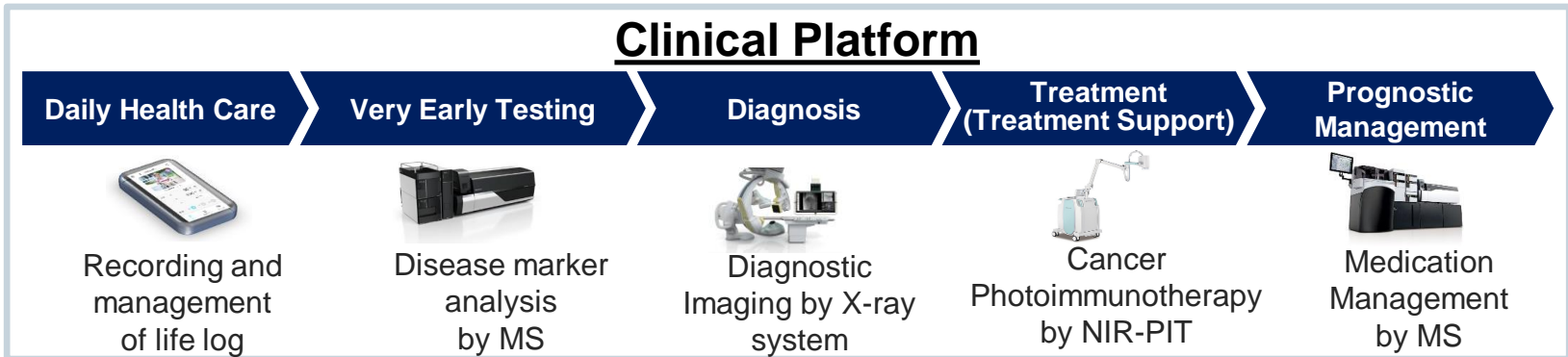
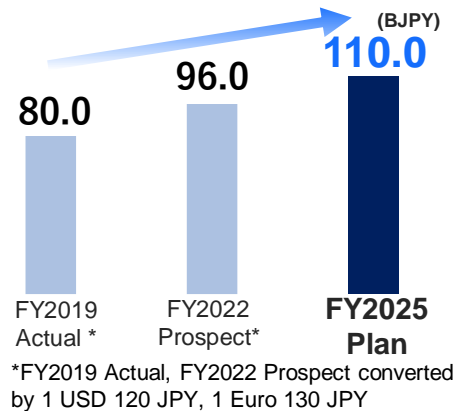
- Automation
- AI image analysis
- Connected system

Ex.) Improved diagnostic performance through AI image analysis

Liquid Biopsy (Diagnostics)

- Developing clinical MS / IVD compatible test reagents, and in-hospital connecting software
- Accelerating culture media business
- Developing microbiological testing and rapid susceptibility testing equipment

- Using testing system as a clinical platform, providing Total Solutions
- IMX implementation with partners
- Reinforcing the structural network and product lineups to handle Pharmacopoeia

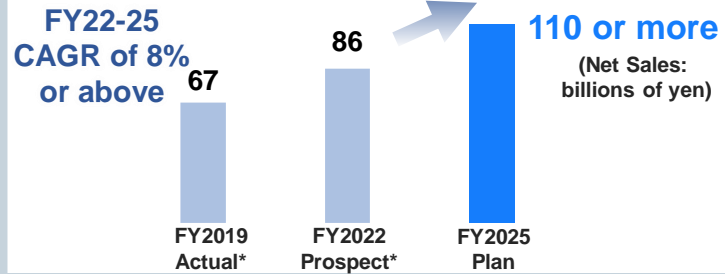


-3 5 Business Strategies - Expand Overseas Business

- Provide better customer support for better alignment with markets.
- Strengthen the development foundation for Healthcare and Green domains.
- Reinforce BCM to respond to geopolitical risks.

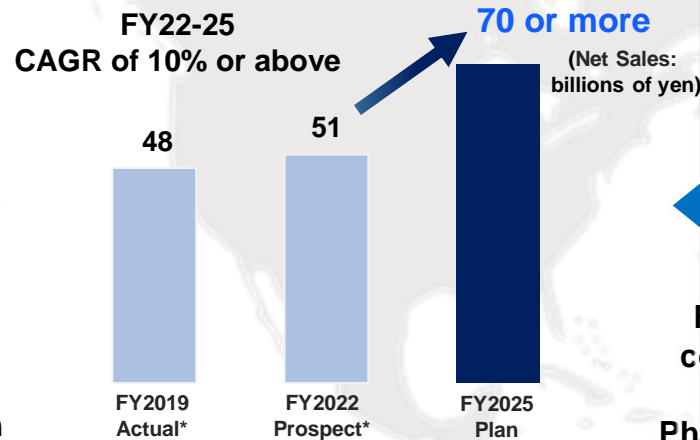
China

- Building a consistent business foundation from development to manufacturing
- Responding to favorable policies for domestic production and maintaining the growth path



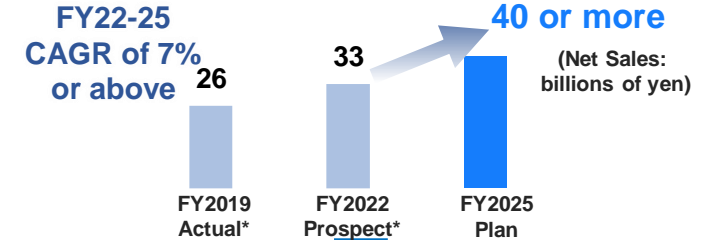
North America

- Highest focus region for the Healthcare domain expansion
- Strengthening LC and MS product capabilities, sales capabilities, and FDA/USP response capabilities



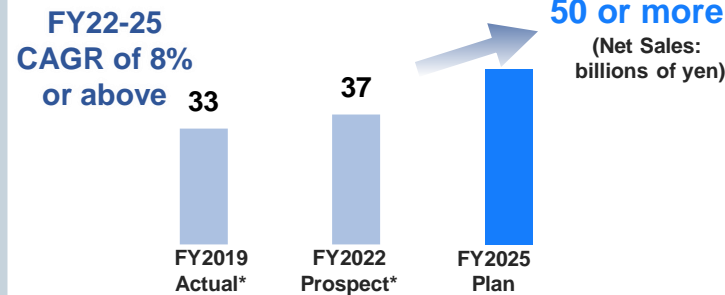
Asia (Korea, Taiwan and Southeast Asia)

- Increasing AMI and MED market share by strengthening sales capabilities
- Sales expansion for semiconductor markets in South Korea and Taiwan



Europe

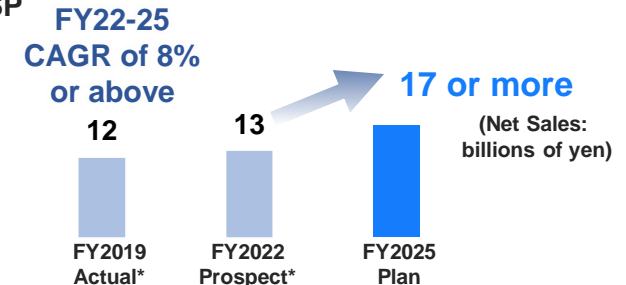
- Developing new markets by strengthening business base to support expansion of clinical and GX fields



Clinical/
medical
regulatory
coordination

India

- Expansion of AMI business in the Pharmaceutical field
- Strengthening response capabilities of US FDA / USP



Regulatory
coordination
in the
Pharmaceutical
field

*FY2019 Actual, FY2022 Prospect converted by 1 dollar 120 yen, 1 euro 130 yen

-3 5 Business Strategies - Reinforce and Expand Recurring Business

- Strengthen global service structure and expand maintenance parts and contracts.
- Develop and increase the consumables such as reagents, columns, and culture media.

Maintenance & Service Contracts

- Developing remote monitoring & maintenance by DX and IoT
- Software development using AI

- AMI: Establishing a sales & service system for clinical laboratory reagents
- Medical: Increasing overseas maintenance contracts
- Industrial: Reinforcing TMP service organization

Consumables Business

- Accelerating reagent development capabilities
- In-house development of culture media
- Column development for Chromatographs

- Expanding production of reagents & media and promoting column in-house production
- Expanding contract-analysis-business
- Reinforcing sales structure for reagents and media
- Accelerating external partnerships

Technology Development

Social Implementation

Performance Target

Recurring Ratio	FY 2019 Actual	FY 2022 Prospect	FY 2025 Plan
AMI	32%	38%	43%
MED	30%	33%	34%
Consolidated	28%	33%	35%



Reagents



Columns



Culture Media

-3 5 Business Strategies - Creating New / Future Business - Challenges for the Future

Developing One-of-a-kind Technologies and No.1 Solutions with Partners

New / Future Business Aiming to Realize during the New Mid-term Period

Sensitivity Measurement Technology



Facial electromyographic devices

Electrocardiographic devices

- Biometric devices for sensitivity measurement
- Highly sensitive quantum magnetic sensor

Clinical Testing Platform



- Next-generation genetic testing
- Cell assay technology
- Microbial high-speed screening technology

High-performance MS
Achieves high mass resolution with our company's proprietary technology

Focus Areas

Advanced Analysis

Brain and Five Senses

Innovative Biotechnology

Core Technology
Analytical technology, measurement technology, X-ray technology, vacuum technology, etc.

AI

Innovative Manufacturing

Autonomous Laboratory System - Autonomous Lab.-



- AI, automation technology, natural language processing technology
- Analysis data feature extraction and correlation analysis technology

Support for Cancer Treatment



Photoimmunotherapy (NIR-PIT)

Copper Processing Technology

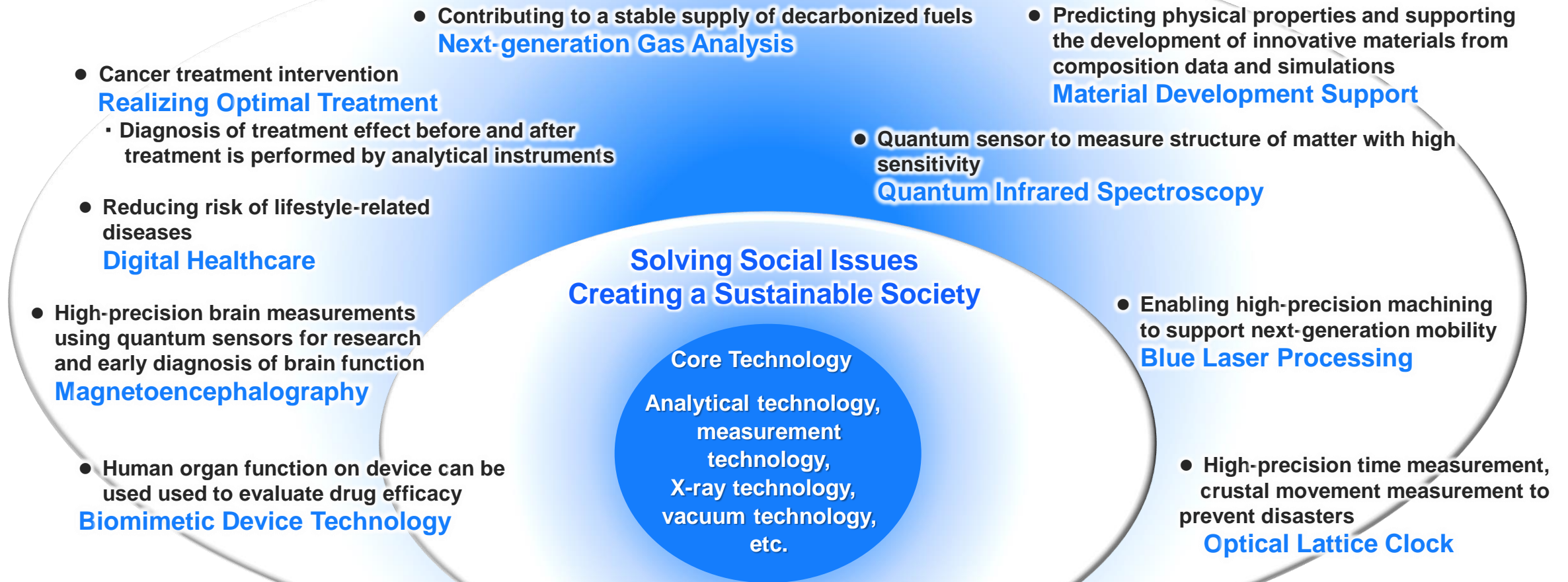


- Ultra-precision laser control technology
- Machining technology by high-power laser

-3 5 Business Strategies - Creating New / Future Business - Challenges for the Future

Creating Future Business: Achieving Growth by Solving Social Issues from a Long-Term Perspective

Creating Future Business



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- Reinforce the Corporate Governance

Reinforce the Corporate Governance based on "Compliance Matters the Most."

Structure of Corporate Governance

1. Enhanced Monitoring

- Apply external financial and internal control audits to Group Companies.
- Formulate the policies for global operation audit for each region.

2. Promoting Risk Management

- Identify and assess the importance of business risks.
- Plan and implement to reduce the impact.
- Strengthen monitoring and execute PDCA activities.

3. Realizing Effective Internal Control

- Develop basic group management rules and supplementary rules for each Company.
- Establish and implement the 3-layer-monitoring system in the field, administrative, and audit departments.

Promoting Culture Reform: Appointment of 240 risk management promotion officers
Regular team learning on operational rules and procedures, led by risk management promotion officers
Culture reform based on personnel surveys, stress checks, and engagement surveys

-4 Strengthening 7 Management Foundations

- Key Points

	Policy	Measures
Strengthening Development Speed	<ul style="list-style-type: none"> ● Improving development capabilities globally ● Development process reform ● Enhancing the ability to create new technologies and businesses 	<ul style="list-style-type: none"> ● Only one, No.1 technology and product development ● Strengthen product development systems in various regions, first in North America ● Promoting Agile Development ● Establishing Corporate Venture Capital (CVC) and others
International Standardization Strategy Strengthening Regulatory Response	<ul style="list-style-type: none"> ● Standardization of Analytical & Measuring techniques (instruments and applications) ● Strengthening compliance with the Pharmaceutical and Medical Device Act ● Collaborating with public agencies and engage from the regulatory stage 	<ul style="list-style-type: none"> ● Promotion of standardization in JIS, JAS, ASTM, ISO, etc. ● Development and standardization of new analytical methods in the GX field ● Establishment and standardization of analytical methods for functional ingredients in foods ● Development of structure, organization, and human resource to promote international standardization ● Strengthening regulatory response capabilities, including Pharmacopoeia, environmental regulations, chemical substance regulations and pesticide residue regulations
Expansion of Global Manufacturing	<ul style="list-style-type: none"> ● Strengthening Manufacturing Business Continuity Management (BCM) ● Increasing global manufacturing capabilities ● Transforming manufacturing business processes with manufacturing DX 	<ul style="list-style-type: none"> ● Strengthening procurement function, expanding in-house production to make BCM stronger ● Boosting manufacturing capacity in Japan, U.S., China and Malaysia ● Building manufacturing functions in conjunction with North American R&D center ● Lower costs through automation, AI, and IoT
Digital Transformation (DX) Promotion	<ul style="list-style-type: none"> ● Change of organizational climate, mind and culture by Corporate Transformation (CX) ● Building business models that connect directly with customers through Business Transformation (BX) ● Strengthening the system 	<ul style="list-style-type: none"> ● Realization of data-driven management ● Training data scientists and data analysts ● Strengthening co-creation with customers and accelerate market approach ● Enhancing cybersecurity response

-4 Strengthening 7 Management Foundations
 -Human Resource Strategy: Realizing “Leadership & Diversity”

‘Leadership & Diversity’: Creating Human Resources who Lead Innovation to Solve Social Issues with Diverse Partners

HR Strategy	Recruitment	<ul style="list-style-type: none"> ● Flexible recruitment regardless of new, mid-career or foreign nationality ● Ensuring flexibility in work styles (parenting/care, location/ time) ● Wage system reform at group companies
	Nurture	<ul style="list-style-type: none"> ● Promotion of Business Leader Development Program (Shimadzu Academy) ● Promotion of programs to develop highly skilled professionals (PhD and specialists) ● Launch of educational programs in collaboration with universities around the world
	Diversity	<ul style="list-style-type: none"> ● Expanding personnel exchanges (dispatch and promotion) between the Head Office and overseas ● Institutionalization of global project teams ● Nurturing the next generation of male, female and multinational leaders
	Challenge	<ul style="list-style-type: none"> ● Introducing and expanding proposal-type project ● Public offering within a group ● Expansion of open recruitment system for job projects ● Review of seniority-based wages and revision of the evaluation system

Shimadzu-jin (Shimadzu People)



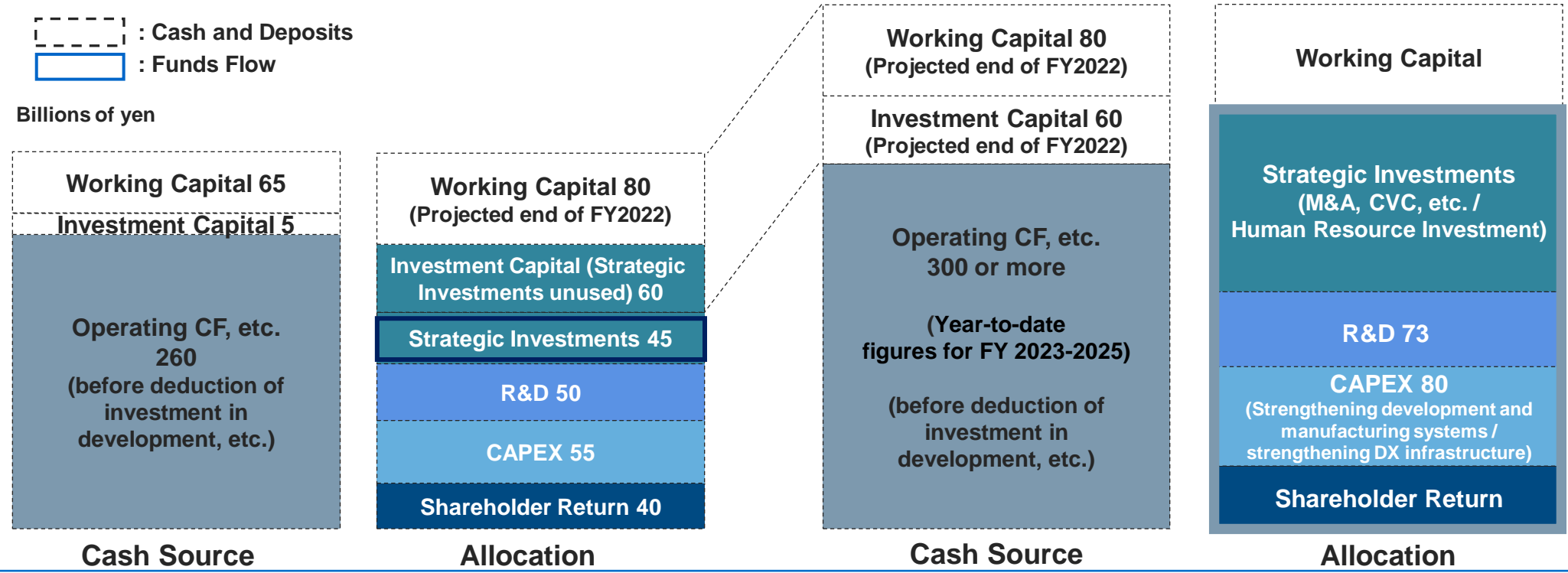
-4 Strengthening 7 Management Foundations
 - Financial Strategy: Executing Strategic Investments

Make strategic investments necessary for business growth while ensuring financial soundness for sustainable growth

Capital Allocation Policy

1. Focus on growth investment in domains where social values are created and strengthen development/manufacturing/DX-related infrastructure.
2. Maintain a dividend payout ratio of at least 30% and continue the dividend to increase.
3. Increase capital efficiency by introducing ROIC.

Previous Medium-Term Plan (FY 2020-2022 Cumulative) **New Medium-Term Plan (FY 2023-2025 Cumulative)**



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Environmental Management

Aiming to expand business activities and corporate value through the resolution of environmental issues, we are pursuing 5 initiatives: (1) measures for addressing climate change, (2) measures for establishing a recycling-oriented society, (3) development and supply of products/services that promote global environmental conservation, (4) conserving biodiversity, and (5) promoting environmental conservation activities involving each employee.

Building a Carbon-free Society

- Reducing CO₂ emissions from Group sites and suppliers
- Contributing to green innovation through in-house technology
- Promotion of eco-friendly products

Achieving a Circular Economy

- Using sustainable materials, extending product life and promoting recycling
- Development of evaluation technology for microplastics and proposal for international standardization (ISO)

Conservation of Biodiversity

- Promotion of Shimadzu Forest within the Head Office and in Nantan City
- Disclosure of TNFD-related information (starting in FY2023)

Health Management

In 2017, we established the Declaration of Health, which states that exercise, eat, sleep, mind and quit smoking are the 5 key themes. We aim to maintain and promote the health of employees and their families so that they can live their daily lives vigorously. Also, using our own technology, we are working on very early diagnosis of cancer, infectious diseases, dementia and other diseases.

Maintaining and Promoting Employees' Mental and Physical Health

- Promoting “*miru, miru, genki*” activities (monitoring 5 themes: exercise, diet, sleep, mind, and smoking cessation)
- Improving Health Literacy: Providing Health Web Services
- Developing health promotion events and activities to reduce health hazards
 - Promoting participation of Group employees in health promotion events
 - In 2025, no smoking in all workplaces

Return of In-house Technology

- Maintaining and promoting employee health using in-house technology
 - Provide employees and their families with breast cancer tests using dedicated PET machines for breasts
 - Provide Mild Cognitive Impairment (MCI) testing for employees 40 and older
 - Provide in-house PCR testing to employees (response to the pandemic)

FY 2023-2025 Medium-Term Management Plan

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New Mid-Term Net Sales Targets by Segment

New Mid-Term Non-Financial KPI

-6 Management Indicators

- Pursue business expansion and shift to a customer-centric (domain-axis) orientation, aiming for record results
- Aggressive investment for growth, including R&D and capital expenditures
- Improving ROE and ROIC

(billions of yen)		FY2022 Announced Value	FY2025 Plan	'22→'25 Increase (Amount)	'22→'25 Increase (%)
Performance Targets	Net Sales	470.0	550.0	+80.0	+17.0%
	Operating Income	68.0	80.0	+12.0	+17.6%
	Operating Margin	14.5%	14.5%	+0.0pt	-
	Recurring Sales Ratio	33%	35%	+2.0pt	-
	(in AMI)	(38%)	(43%)	(+5.0pt)	-
	(in MED)	(33%)	(34%)	(+1.0pt)	-
	Overseas Sales Ratio	56%	57%	+1.0pt	-
Investment	Three-year Total R&D Expenses	51.0	73.0	+22.0	+43.1%
	Three-year Total CAPEX	54.9	80.0	+25.1	+45.7%
Capital Efficiency	Return on Invested Capital (ROIC)	10.5%	11.0% or above	+0.5pt or above	-
	Return on Equity (ROE)	12.0%	12.5% or above	+0.5pt or above	-

Exchange rates
 USD FY2022: 130 yen, FY2025: 120 yen
 Euro FY2022: 135 yen, FY2025: 130 yen

Final Note

In April 2025, our company will celebrate **the 150-year-anniversary**.
Toward the the next 100 years, based on the Corporate Philosophy, “Contributing to Society through Science and Technology” and the Management Principle, “Realizing Our Wishes for the Well-being of Mankind and the Earth,”
we will continue to pursue PLANETARY HEALTH by providing social valued solutions, together with our global partners.



Genzo SHIMADZU Sr.



Genzo SHIMADZU Jr.

“Science is a practical endeavor. There is no point in theoretical knowledge if it isn’t applied to help people.”

Words of Genzo Jr.



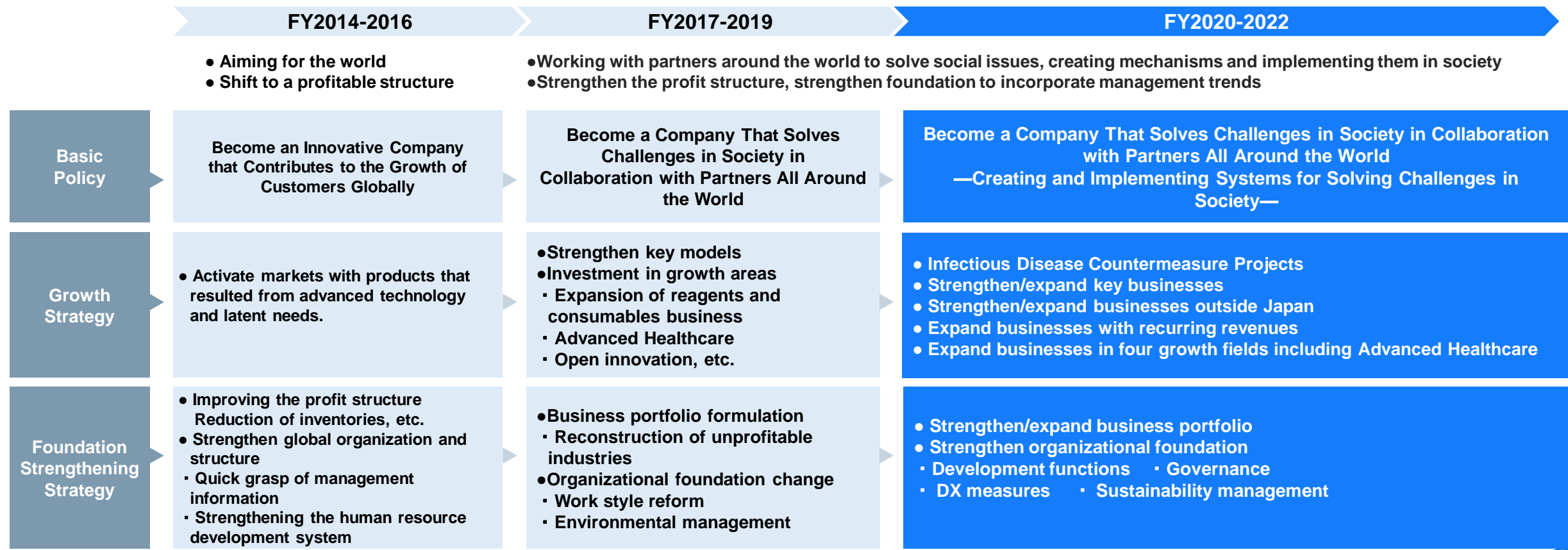
Actual results may differ significantly from forecasts about future performance indicated in this document, due to fluctuations in economic conditions, exchange rates, technologies, or various other external factors.

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References

Basic Policies and Strategies of the Medium-Term Management Plan for the Past Three Periods

- Keywords of basic policies are "customers around the world," "cooperation with partners from our company alone," and "a company that solves challenges in society"
- Strategic trends include strengthening marketing, new business development, and profitability, and investing in growth areas and human resources
- In the previous mid-term plan, we promoted a growth strategy and a stronger foundation for growth with the aim of creating and implementing systems for solving challenges in society



Review of the Previous Medium-term Management Plan
Basic Policy

Slogan



Become a Company That Solves Challenges in Society in Collaboration with Partners All Around the World
—Creating and Implementing Systems for Solving Challenges in Society—

FY 2022 Performance Targets



Net Sales of 470.0 billion yen, Operating Income of 68.0 billion yen, and Operating Margin of 14.5%

Ongoing Measures for Infectious Diseases



Infectious Disease Countermeasure Projects

Four Growth Strategies



Strengthen/expand key businesses

Strengthen/expand businesses outside Japan

Expand businesses with recurring revenues

Expand businesses in four growth fields

Strengthen the Foundation for Growth



- Strengthen/expand business portfolio
- Develop human resources and reform human resource systems
- Implement DX measures
- Strengthen financial and development functions
- Strengthen governance
- Implement sustainability management

Performance targets are expected to be met.

R&D expenditures in the first and second years were delayed more than expected due to the pandemic.

		FY 2019 Actual	FY 2022 Targets	FY 2022 Announced Value	Evaluation
Performance Targets	Net Sales	385.4	470.0	470.0	○
	Operating Income	41.8	68.0	68.0	○
	Operating Margin	10.9%	14.5%	14.5%	○
Investment	R&D Expenses (3-year total)	48.9	53.0	51.0	×
	CAPEX (3-year total)	56.5	54.9	54.9	○
Capital Efficiency	Return on Equity (ROE)	10.8%	10% or above	12%	○
Average Foreign Exchange Rate	USD	¥108.78	¥130	¥130	
	EUR	¥120.86	¥135	¥135	

Goals Met and Goals Not Met

Achieved

◎ Performance: Final year Net Sales 470 Bn yen, Operating Income 68 Bn yen

- Both sales and operating income exceeded the previous year for the second consecutive year and set new records

◎ Infectious Disease Control Project

- Early development and early social implementation of fully automated PCR testing equipment, reagents for COVID-19 testing

◎ Growth Strategy

- LC: Grew with increased demand for drug discovery and homegrown drug production worldwide
- MS: Q-TOF launched in FY2022
Early access and response to revised information on Pharmacopoeia of the People's Republic of China, Chinese National Standards, etc.
- Overseas business continued to grow in all regions
- Expanded consumables and maintenance services
- M&A of NISSUI PHAMACEUTICAL

Unachieved

x Growth Strategy

- LC: Expanding business in pharmaceutical fields other than small molecules
- MS: Introducing apps/software
Building a pay-as-you-go business model

x Management Foundation

- Achieving rapid development
- Manufacturing structure responding to geopolitical risks
- Inventory optimization
- Strengthening governance (preventing compliance incidents)

New Medium-Term Management Plan | Net Sales Targets by Segment

Aiming to achieve record sales in AMI, MED and IM

• AMI: Analytical & Measuring Instruments, MED: Medical Systems, IM: Industrial Machinery, AE: Aircraft Equipment

	FY2019 Actual	FY2022 Announced Value	FY2025 Plan	'22→'25 Increase (Amount)	'22→'25 Increase (%)
AMI	236.2	305.0	355.0	+50.0	+16.4%
MED	70.2	76.0	82.0	+6.0	+7.9%
IM	43.0	62.0	80.0	+18.0	+29.0%
AE	30.0	23.0	28.3	+5.3	+23.0%
Others	6.0	4.0	4.7	+0.7	+18.2%
Consolidated	385.4	470.0	550.0	+80.0	+17.0%

New Medium-Term Management Plan | Non-Financial Indicators KPI

Promote Sustainability Management from the Perspectives of Environment, Society and Governance (ESG) under the Shimadzu Group Sustainability Charter

E	Climate Action Contribution to CO ₂ Reduction > CO ₂ Emissions	Reducing CO ₂ emissions associated with business activities and product use <ul style="list-style-type: none"> Corporate Emissions: 10,000 t-CO₂ ⇒ Zero Reduction Contribution*1: 12,000 t-CO₂ (FY 2025) (2050) 	
	Sustainable Resource Utilization	Adopting sustainable product materials*2 10 or more (FY 2025)	Resource circulation at domestic manufacturing and development sites Maintain at least 99.6% recycling rate (FY 2023 to FY 2025)
S	More Women Promotion of Active Participation	Ratio of female managers (consolidated) 12% (FY 2025) ⇒ 15% (FY 2030)	
	Promotion of CSR Procurement	Expanding list of suppliers conducting CSR self-assessments 100% (Percentage of orders placed by subcontractors) (FY 2025)	
G	Strengthening Group Governance	Conducting comprehensive internal audits (business audits) on a global basis 100% (coverage of internal audits of Group companies) (FY 2025)	

*1 Reduction in customers' CO₂ emissions by using products certified under our company Eco Products Plus system *2: Resin materials derived from bio or recycled sources