FY 2020-2022 Medium-Term Management Plan

(Update Due to the Upward Adjustment of Performance Targets)

May 11, 2022
Yasunori Yamamoto
President & CEO
Shimadzu Corporation
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—Update Due to the Upward Adjustment of Performance Targets—

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| • Strengthening Key Businesses for Analytical & Measuring Instruments Segment  
  (1) Liquid Chromatographs (LC)  
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| • Strengthening Businesses outside Japan |
| • Implementing DX Measures |
| • Strengthening Businesses with Recurring Revenues |
| • Expanding Businesses in Four Growth Fields: Startup Incubation Center |
| • Measures for Achieving Carbon Neutrality |
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I. Overview of the Current Medium-Term Management Plan

I. Overview of the Current Medium-Term Management Plan ･･････ p. 4-p. 11

- Basic Concept
- Key Points of the Current Medium-Term Management Plan
- Ongoing Measures for Infectious Diseases: Infectious Disease Countermeasure Projects
- Four Growth Strategies
- Investment in Capital Equipment and R&D
- Performance Targets: FY 2022 Performance Targets
- Capitalization Policy
During the previous medium-term management plan, we started initiatives to “become a company that solves challenges in society in collaboration with partners all around the world” and deployed necessary investments and joint research accordingly.

Based on those initiatives, the current medium-term management plan specifies creating systems for using Shimadzu products and services to solve challenges in society, commercializing businesses based on promoting those solutions in society, and thereby creating new markets.

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**Basic Concept: Become a Company That Solves Challenges in Society in Collaboration with Partners All Around the World**

- **Engage in Solving Challenges in Society**
  - Jointly develop and release new products.

- **Create Systems for Solving Challenges in Society**
  - Establish businesses based on new products, technologies, or services.

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**Previous Plan**

- **Shimadzu R&D partners**
  - Strategic Partners
    - Partners for strategically promoting solutions in society
  - Business Partners
    - Partners that actually use the new systems

**Current Plan**

- **Jointly develop and release new products.**

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**Overview of the Current Medium-Term Management Plan—1/7**

<table>
<thead>
<tr>
<th>Challenges in society</th>
<th>Launching new businesses</th>
<th>Mainly expanding existing businesses</th>
<th>Customer challenges</th>
<th>Achieve ongoing growth and become an entity even more needed by customers and society.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Plan FY 2017 to FY 2019</td>
<td>Current Medium-Term Management Plan FY 2020 to FY 2022</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

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**No Change**
Key Points of the Current Medium-Term Management Plan

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
New: Net sales of 455.0 billion yen, operating income of 68.0 billion yen, and operating margin of 14.9%
Original: Net sales of at least 430.0 billion yen, operating income of at least 57.0 billion yen, and operating margin of at least 13.3%

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 governance
- Strengthen financial and development functions
- Implement sustainability management
Infectious Disease Countermeasure Projects—Progress after Second Year—

- We have implemented collaborations in and outside Japan for preventing infections, such as developing new testing methods and building testing data management systems.

<table>
<thead>
<tr>
<th>Virus Testing</th>
<th>Pathological Diagnosis (Pneumonia Examination)</th>
<th>Support for Preventing Infection</th>
<th>Therapeutic Drug Development Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>New PCR testing reagent (also detects variants)</td>
<td>Mobile X-ray system (pneumonia examination)</td>
<td>Standards testing for disinfectant ethanol</td>
<td>System for measuring blood concentration of candidate therapeutic drugs for the coronavirus</td>
</tr>
<tr>
<td>PCR testing system</td>
<td></td>
<td>Patient self-interview system as infectious disease countermeasures</td>
<td></td>
</tr>
<tr>
<td>Displaying results</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rapid virus testing MALDI mass spectrometer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- New virus testing method using blood and exhaled breath, prediction of progression to severe diseases, and healthcare methods using exhaled breath.
- Patients can be examined for pneumonia from their bedside in a patient room or ICU.
- Patients can be examined for pneumonia from their bedside in a patient room or ICU.

<table>
<thead>
<tr>
<th>Support for Establishing PCR Testing Centers in Companies/Universities</th>
<th>Large-Scale Variant Analysis Based on Whole Genome Analysis</th>
<th>Testing Data Management System</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
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- Support for Establishing PCR Testing Centers in Companies/Universities
- Large-Scale Variant Analysis Based on Whole Genome Analysis
- Testing Data Management System

- Standards testing for disinfectant ethanol
- Patient self-interview system as infectious disease countermeasures
- System for measuring blood concentration of candidate therapeutic drugs for the coronavirus
- Monitoring coronaviruses in sewer water to predict virus spread
Infectious Disease Countermeasure Projects—Transitioning to Ongoing Measures—

- Strengthen reagent development and manufacturing.
- Start new measures for monitoring sewer water and facility effluent water.

**Strengthen Development and Manufacturing of PCR Testing Reagents**
Develop and release testing kits for infectious diseases other than COVID-19, so that fully automatic PCR testing systems can be used as tools for quickly assessing the spread of other infections in respective regions.

**Build a Business for Monitoring Sewer Water and Facility Effluent Water**
Engage in the sewer water and facility effluent water monitoring business via AdvanSentinel Inc., the company established in partnership with Shionogi & Co., Ltd.
### Four Growth Strategies

<table>
<thead>
<tr>
<th>Four Growth Strategies</th>
<th>Key Measures</th>
</tr>
</thead>
</table>
| Strengthen/expand key businesses | - Strengthen competitiveness and develop new applications/markets for key product lines, mainly liquid chromatographs (LC) and mass spectrometers (MS), and increase market share especially outside Japan.  
- Strengthen high-end products with higher resolution and/or sensitivity.  
- Expand/improve product line of fully automatic pretreatment systems and other products based on technologies such as AI, IoT, or robotics. |
| Strengthen/expand businesses outside Japan | - Strengthen businesses outside Japan and expand businesses especially in pharmaceutical, chemical, healthcare, environmental testing, and government/academia fields.  
- Offer various kinds of solutions globally by strengthening partnerships with strong partners in various regions of the world and by strengthening measures in pharmaceutical, food science, environmental, or other regulatory compliance fields. |
| Strengthen businesses with recurring revenues | - Strengthen the product line of consumables and offer a diverse variety of solutions, such as new service packages.  
- Develop business models based on new billing systems, attract new customers, and develop new fields. |
| Expand businesses in four growth fields | - Advanced healthcare: Accelerate commercialization in preventive, diagnostic, treatment, and other fields, such as dementia and cancer treatment.  
- Environmental/energy: Strengthen ability to offer solutions for electric mobility, storage batteries, and renewable energy.  
- Materials: Promote materials informatics, which combines data from measuring materials and analyzing components.  
- Infrastructure: Develop businesses that combine existing seeds with new technologies.  
- Use Startup Incubation Center to accelerate commercialization of businesses in the four growth fields. |
I. Overview of the Current Medium-Term Management Plan—5/7

Investment in Capital Equipment and R&D

- During FY 2020 and FY 2021, investment levels were impacted by the pandemic, but are now steadily recovering. During FY 2022, accelerate investments intended for achieving future growth.
- Capital equipment investment: Expand/improve the business base, mainly outside Japan, such as by strengthening sales bases and Innovation Centers, and invest in DX measures.
- R&D: Promote joint research/development projects globally. Develop technology and strengthen competitiveness mainly for liquid chromatograph (LC) and mass spectrometer (MS) products, promote infectious disease countermeasures, and accelerate R&D in advanced fields, such as for advanced healthcare, food science, carbon neutrality, and innovative biotechnology.
- M&A and capital participation: Strengthen mainly LC and MS businesses. (Expand reagent, consumable, and instrument product lines and expand sales/service networks.)

### Capital equipment investment: 54.9 billion yen (54.0 billion yen planned)—14.5 billion yen actual in FY 2020, 16.4 billion yen actual in FY 2021, and 24.0 billion yen planned for FY 2022

- Strengthening the business base outside Japan
  - North America Sales/service: Open Application Center (achieved within FY 2021), strengthen application development functions, and expand/strengthen functions of the application laboratory, collaboration laboratory, and training center.
  - Manufacturing: Expand analytical instrument manufacturing capacity.
  - Europe Sales/service: Expand/improve clinical laboratory and establish new branch.
  - China Development: Establish joint laboratory for clinical software, etc.
  - Manufacturing: Expand analytical instrument manufacturing capacity.
  - Other Asian countries Manufacturing: Strengthen in-house manufacturing of analytical instruments.

- Other investments planned for FY 2022: Open Shimadzu Tokyo Innovation Plaza, expand TMP production capacity, and invest in DX measures.

### R&D: 51.0 billion yen (53.0 billion yen planned)—15.7 billion yen actual in FY 2020, 16.3 billion yen actual in FY 2021, and 19.0 billion yen planned for FY 2022

- Investments in technology development and strengthening competitiveness: Mainly for key businesses (LC and MS)
- R&D topics: Infectious disease countermeasures, advanced healthcare, food science, carbon neutrality, advanced analysis, the brain/five senses and innovative biotechnology, AI, etc.
## Performance Targets

### FY 2022 Corrected Performance Targets

Net sales of 455.0 billion yen (25.0 billion yen higher than original), operating income of 68.0 billion yen (+11.0 billion yen), and operating margin of 14.9 % (+1.6 pt)

(Original targets: Net sales of at least 430.0 billion yen, operating income of 57.0 billion yen, and operating margin of 13.3 %)

### New Targets

<table>
<thead>
<tr>
<th>Units: Billions of yen</th>
<th>FY 2019</th>
<th>FY 2021</th>
<th>FY 2022 New Plan</th>
<th>Increase from FY 2019</th>
<th>Percent Increase from FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>385.4</td>
<td>428.2</td>
<td>455.0</td>
<td>69.6</td>
<td>18.0%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>41.8</td>
<td>63.8</td>
<td>68.0</td>
<td>26.2</td>
<td>62.5%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>10.9%</td>
<td>14.9%</td>
<td>14.9%</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**ROE**

<table>
<thead>
<tr>
<th>Average Foreign Exchange Rate</th>
<th>FY 2019</th>
<th>FY 2021</th>
<th>FY 2022 New Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US$</strong></td>
<td>¥108.78</td>
<td>¥112.43</td>
<td>¥115</td>
</tr>
<tr>
<td><strong>€</strong></td>
<td>¥120.86</td>
<td>¥130.60</td>
<td>¥130</td>
</tr>
</tbody>
</table>

### Comparison to Original Targets

<table>
<thead>
<tr>
<th>Units: Billions of yen</th>
<th>FY 2022 Original Plan</th>
<th>FY 2022 New Plan</th>
<th>Increase from Original Plan</th>
<th>Percent Increase from Original Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>430.0</td>
<td>455.0</td>
<td>25.0</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>57.0</td>
<td>68.0</td>
<td>11.0</td>
<td>19.3%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>13.3%</td>
<td>14.9%</td>
<td>1.6pt</td>
<td>—</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average Foreign Exchange Rate</th>
<th>FY 2022 Original Plan</th>
<th>FY 2022 New Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US$</strong></td>
<td>¥105</td>
<td>¥115</td>
</tr>
<tr>
<td><strong>€</strong></td>
<td>¥115</td>
<td>¥130</td>
</tr>
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Capitalization Policy

- Invest for future growth, mainly in R&D and capital equipment, provide value to stakeholders, and contribute to society.
- We will continue to maintain stable dividends based on a target 30% total shareholder return.

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</tr>
</thead>
<tbody>
<tr>
<td>Dividend (yen)</td>
<td>13</td>
<td>18</td>
<td>20</td>
<td>24</td>
<td>28</td>
<td>30</td>
<td>34</td>
<td>48</td>
</tr>
<tr>
<td>Total Shareholder Return</td>
<td>20.8%</td>
<td>22.2%</td>
<td>22.3%</td>
<td>23.7%</td>
<td>25.4%</td>
<td>27.8%</td>
<td>27.8%</td>
<td>29.9%</td>
</tr>
</tbody>
</table>

Shimadzu Integrated Report
https://www.shimadzu.com/ir/library/annual.html
II. Strategic Measures in the Current Medium-Term Management Plan

- Strengthening the Foundation for Growth: Reforming Business Portfolios
- Sales Target by Business Segment
- Strengthening Key Businesses for Analytical & Measuring Instruments Segment
  - Liquid Chromatographs (LC)
  - Mass Spectrometers (MS)
- Strengthening Businesses outside Japan
- Implementing DX Measures
- Strengthening Businesses with Recurring Revenues
- Expanding Businesses in Four Growth Fields: Startup Incubation Center
- Measures for Achieving Carbon Neutrality
- Implementing Sustainability Management
II. Strategic Measures in the Current Medium-Term Management Plan—1/10

**Strengthening the Foundation for Growth—Reforming Business Portfolios—**

- Improve the profitability of current businesses and reassess the future growth potential of each business and business category.
- Create new businesses based on synergies between different business segments.

### Key Businesses

<table>
<thead>
<tr>
<th>Business</th>
<th>Measures</th>
</tr>
</thead>
</table>
| Analytical & Measuring Instruments | Expand/improve product lines, including pretreatment systems.  
Expand/improve consumables business and strengthen maintenance services. |
| Industrial Machinery | Expand global turbomolecular pump market share, expand industrial furnaces, and strengthen service business.  
Strengthen hydraulic equipment supply capabilities in Japan and China and expand market share in China, North America, and Europe. |
| Medical Systems | Expand added value by strengthening software functionality, such as with image processing and AI technologies.  
Expansion in North America: Increase penetration of hospital networks and strengthen direct sales/service capabilities. |
| Aircraft Equipment | Reduce expenses further and accelerate business reorganization. |

No Change
Net Sales by Business Segment—Plan—

- **Analytical & Measuring Instruments**: Given strong investment activity in pharmaceuticals and life sciences, expand LC and MS key models and recurring revenue businesses and strengthen carbon-neutrality measures.
- **Industrial Machinery**: Given investment in semiconductor field due to 5G, for example, expand TMP business, and expand market share especially at major semiconductor manufacturing equipment manufacturers.
- **Medical Systems**: Strengthen software and expand business in North America.
- **Aircraft Equipment**: Reduce expenses further and accelerate business reorganization.

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<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical &amp; Measuring Instruments</td>
<td>236.2</td>
<td>277.5</td>
<td>270.0</td>
<td><strong>292.0</strong></td>
<td>+22.0</td>
<td>+55.8</td>
<td>+23.6%</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>43.0</td>
<td>56.7</td>
<td>60.0</td>
<td><strong>63.0</strong></td>
<td>+3.0</td>
<td>+20.0</td>
<td>+46.4%</td>
</tr>
<tr>
<td>Medical Systems</td>
<td>70.2</td>
<td>66.9</td>
<td>72.0</td>
<td><strong>73.0</strong></td>
<td>+1.0</td>
<td>+2.8</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Aircraft Equipment</td>
<td>30.0</td>
<td>22.3</td>
<td>23.0</td>
<td><strong>22.5</strong></td>
<td>-0.5</td>
<td>-7.5</td>
<td>-25.1%</td>
</tr>
<tr>
<td>Other</td>
<td>6.0</td>
<td>4.7</td>
<td>5.0</td>
<td><strong>4.5</strong></td>
<td>-0.5</td>
<td>-1.5</td>
<td>-24.7%</td>
</tr>
<tr>
<td>Total</td>
<td>385.4</td>
<td>428.2</td>
<td>430.0</td>
<td><strong>455.0</strong></td>
<td>+25.0</td>
<td>+69.6</td>
<td>+18.0%</td>
</tr>
</tbody>
</table>
II. Strategic Measures in the Current Medium-Term Management Plan—3/10

Strengthening Key Businesses for Analytical & Measuring Instruments Segment (1) —Liquid Chromatographs (LC)—

Policies: (1) Expand line of pretreatment/detector products, etc., (2) Strengthen core products, (3) Expand/improve dedicated systems and consumables, and (4) Expand use of AI/networking

<table>
<thead>
<tr>
<th>Pretreatment System: Expand New Product Line</th>
<th>Strengthen Core Products: Satisfy Expanding Demand</th>
<th>Expand/Improve Specialized Systems and Consumables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve line of specialized pretreatment units.</td>
<td>• High-end LC: Drug discovery, nucleic acid medicines, CDMOs, etc.</td>
<td>• Specialized analyzers</td>
</tr>
<tr>
<td>Strengthen multi-analyte pretreatment systems.</td>
<td>• Standard and integrated LC models: Generic drugs, etc.</td>
<td>• Application systems</td>
</tr>
<tr>
<td>Develop robotic pretreatment systems.</td>
<td>• Supercritical SFC: Drug discovery, etc.</td>
<td>LC-Raman system</td>
</tr>
<tr>
<td>Autonomous Lab autonomous lab system (at the Kobe University biofoundry)</td>
<td>• Preparative LC</td>
<td>Integrated HPLC systems that support slide-in columns</td>
</tr>
</tbody>
</table>

- Expand/Improve Product Lines
- Pretreatment
- Detector
- Increase MS Efficiency
- Compliance with Regulations
- Utilize AI Technology

<table>
<thead>
<tr>
<th>Points for Strengthening</th>
<th>LC Net Sales</th>
<th>FY 2019 Results</th>
<th>FY 2021 Results</th>
<th>FY 2022 Plan (Original Plan)</th>
<th>Increase (Versus FY 2019)</th>
<th>Percent Increase (Versus FY 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand/Improve Product Lines</td>
<td>-</td>
<td>63.9</td>
<td>77.2</td>
<td>87.0 (75.0)</td>
<td>23.1</td>
<td>36%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Policies</th>
<th>FY 2019 Results</th>
<th>FY 2021 Results</th>
<th>FY 2022 Plan (Original Plan)</th>
<th>Increase (Versus FY 2019)</th>
<th>Percent Increase (Versus FY 2019)</th>
</tr>
</thead>
</table>
II. Strategic Measures in the Current Medium-Term Management Plan—4/10

Strengthening Key Businesses for Analytical & Measuring Instruments Segment (2)—Mass Spectrometers (MS)—

Policies: (1) Expand product lines, (2) Strengthen application systems, and (3) Strengthen databases

<table>
<thead>
<tr>
<th>Points for Strengthening MS</th>
<th>Expand/Improve Product Lines</th>
<th>Strengthen Application Systems</th>
<th>Strengthen Databases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve Basic Performance</td>
<td>Increase Competitiveness</td>
<td>Toxicological drugs: GCMS/LCMS; Residual pesticides: GCMS/LCMS; COVID-19 testing</td>
<td>Metabolites, lipids/disease markers, forensics, environmental pollutants, functionally-enhanced foods, residual pesticides, infectious diseases, novel coronavirus, aroma, and AI software</td>
</tr>
<tr>
<td>Smaller Size</td>
<td>Expand Application Fields</td>
<td>Fully-automated clinical: LCMS; Dementia: Amyloid MS; Microorganism identification: MALDI</td>
<td></td>
</tr>
<tr>
<td>Utilize AI Technology</td>
<td>Develop New Fields</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance with Regulations</td>
<td></td>
<td></td>
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<th>Units: Billions of yen</th>
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<th>Increase (Versus FY 2019)</th>
<th>Percent Increase (Versus FY 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS Net Sales</td>
<td>40.5</td>
<td>46.6</td>
<td>53.0 (51.0)</td>
<td>12.5</td>
<td>31%</td>
</tr>
</tbody>
</table>
II. Strategic Measures in the Current Medium-Term Management Plan—5/10

**Strengthening Businesses outside Japan**

—Strengthening Innovation Centers and Manufacturing/Sales Functions—

- **Innovation Centers:** Create new value that can be offered by working together with customers to help improve understanding and solve customer challenges.
- **Strengthen manufacturing and sales:** Build the foundation for additional business growth by strengthening sales bases in North America and Europe and production locations in China.

### Europe: Clinical, pharmaceuticals, and green innovation

- **Innovation Center**
  - Engaged in joint clean energy research with Total Energies SE and two European universities (FY 2020)

- **Sales and Service (Analytical/Medical)**
  - Strengthen sales bases

### China: Address domestic product incentives

- **Innovation Center**
  - Established Environmental Innovation Center (FY 2020)
  - Started contract analysis business for automotive industry with Foxconn (FY 2020)

### North America: Pharmaceuticals, clinical, and green innovation

- **Innovation Center**
  - Jointly developed semi-preparative supercritical fluid LC system with a pharmaceutical organization in the U.S. (FY 2020)
  - Opened Application Center (FY 2021)

- **Sales and Service (Analytical/Medical)**
  - Acquired Core Medical Imaging, Inc. as new SMS U.S. branch office (FY 2020)
  - Strengthen sales bases

### Asia: Mainly pharmaceuticals, clinical, and food safety

- **Sales and Service (Analytical/Medical)**
  - SAP and Changi General Hospital in Singapore opened joint research laboratory for clinical testing and individualized treatment (FY 2020)

- **Manufacturing (Industry)**
  - Completed new hydraulic equipment plant (FY 2020)
  - Strengthen production capacity to address domestic product incentives and local production for local consumption

- **Innovation Center**
  - Announced results from joint research with Providence Cancer Institute (Oregon State, U.S.) (FY 2021)
  - Signed agreement with Rakuten Medical, Inc. (California State, U.S.) to jointly develop and commercialize medical equipment (FY 2021)
  - Started contract analysis business for automotive industry with Foxconn (FY 2020)

- **Major sales subsidiaries**
  - Core Medical Imaging, Inc. as new SMS U.S. branch office (FY 2020)

**Application development**
- Manufacturing
- Sales and service
- Innovation Centers

**R&D**

**Major sales subsidiaries**

**Innovation Centers**
II. Strategic Measures in the Current Medium-Term Management Plan—6/10

Implementing DX Measures

- Globally expand/improve offering of optimized products, information, and services (business DX) and continue performing business processes more intelligently to support such offerings (business process DX).
- Strive to further improve contacts with customers, increase customer satisfaction levels, and achieve high-quality real-time decision-making.

![Diagram showing Business DX and Business process DX implementation]

- Business BX: Provide optimal products, services, and information
  - Providing technical information
  - R&D
  - Sales and marketing
  - Manufacturing

- Business process DX: Perform business processes more intelligently
  - Businesses with recurring revenues

Customer Journey DX Model

1) New demand
2) Inquiries/sales leads
3) Orders/sales
4) Service/support
5) Replacement demand

- Digital Marketing: Provide information as needed via websites, emails, or personal web pages
- M2M Remote Services: Minimize downtime by anticipating the need for instrument maintenance based on remote diagnostics and providing maintenance at the optimized timing
- Customer satisfaction level

Remote Presentations and Meetings
- Give instrument technical presentations and meet customers remotely.

Automate/Improve Labor Efficiency
- By using networking and software technology, automate and reduce labor requirements of analytical processes from pretreatment to after-acquisition.

Train human resources that can utilize data science, AI, and other such technologies
Strengthening Businesses with Recurring Revenues
—Deploying New Businesses with Recurring Revenues Using AI/IoT Technologies—

- Use AI, IoT, or other technologies to launch new forms of business that generate subscription income or other recurring revenues.
- Also build and maintain a foundation of data platforms necessary for such businesses.

Data Platform
—Use IoT/AI to collect/analyze data, expand customer contacts, and establish closer relationships—

Aim to offer consumables, software, and services optimized for the actual customer objectives and usage conditions.

Start Businesses with Recurring Revenues

Expand/improve consumables product lines and services.

Build infrastructure, such as an e-Shop.

Reduce Labor Requirements and Improve Productivity of Development, Manufacturing, and Inspection Processes

Decrease labor requirements and improve productivity through
- E-learning and working practice reforms
- Preventive maintenance and operation management

Improve Quality of Life Using Body Data or Other Medical Information

- Pay-as-you-go or regular monthly payments
- Vital sign and examination information
- Health advice and information
- Diagnostic assistance and preventive maintenance
- Operating and labor information

Companies and research institutions (measurement technicians, operators, etc.)

Individuals, medical institutions, etc.
Specify specific areas to target for creating new businesses, such as dementia examinations/interventions or infectious disease testing, develop products and perform feasibility studies involved in those target areas, and transfer the businesses to one of the business segments. Alternatively, also function as a gatekeeper that reviews exit strategies, such as selling or withdrawing from the business.

Engage in open innovation intended to commercialize the business and create systems for actually solving challenges in society.

### Specific Areas
- Advanced healthcare
  - Dementia examination/intervention
  - Infectious disease testing
  - Cytosmesis use, etc.
- Materials
- Environment/energy
- Public infrastructure, etc.

### Business Concept
- Feasibility Study
- Product Development
- Within Shimadzu
  - Technology Research Laboratory
  - Corporate Product Design Center
  - Corporate Strategy Planning Department, etc.
- Outside Shimadzu
  - Startup companies
  - Research institutions
  - Corporations, etc.

### Startup Incubation Center
- Cultivate businesses
- Feasibility study
- Product improvements and outside partnerships for business commercialization
- Marketing and quality assurance functions
- Compliance with Pharmaceutical and Medical Device Act or other regulations, establishing rights, etc.

### Exit
- Establish Divisional Department
- Establish Corporation
- Sell
- Withdraw

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Accelerate Open Innovation

Work together with strategic partners or startups to ensure the products/technologies that solve challenges in society are actually implemented in society.
# Measures for Achieving Carbon Neutrality

## Measures in Existing Businesses
“Forming Global Partnerships” and “International Standardization”

<table>
<thead>
<tr>
<th>Electric Vehicle Applications</th>
<th>Hydrogen, Ammonia, Methanation, and Bio-Combustion</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Batteries, Motors, and Lighter Materials)</td>
<td>Analyzing gases and analyzing/testing materials for processing</td>
</tr>
<tr>
<td>Materials analysis</td>
<td>Materials testing</td>
</tr>
<tr>
<td>Dynamic balancing</td>
<td>Degradation observation</td>
</tr>
</tbody>
</table>

## Future Measures
“CO₂ Capture and Storage” and “CO₂ Reuse (Bioproduction)”

### CO₂ Capture and Storage
- Establish and internationally standardize QC methods for CO₂-sequestering concrete.
- Currently partnering with Symbiobe, a Kyoto University startup company, to research using photosynthetic bacteria for sequestering CO₂.

### CO₂ Reuse (Bioproduction)
- Substitution of Petrochemical Resources with Biologically-Derived Raw Materials
- Investment in and joint operation of Bacchus Bio innovation Co., Ltd., a Kobe University startup company with advanced biofoundry technology (biological production systems). The purpose is to avoid using fossil fuels and reduce carbon dioxide emissions.
Implementing Sustainability Management

- Created the Shimadzu Group Sustainability Charter, and the Sustainability Management Implementation Policy with an emphasis on contribution through business activities.
- Sustainability Committee established:
  The committee will approve and finalize each activity and KPI specified by the Sustainability Management Implementation Policy, manage its process, discuss reviewing it, and report the results to the Board of Directors.

### Shimadzu Group Sustainability Management Implementation Policy

Supply Corporate Value to Society Based on Three Key Topics and Strengthen the Management Base in Terms of Both Organizations and Human Resources

<table>
<thead>
<tr>
<th>Key Topics</th>
<th>Description of Main Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributing to the Well-Being of Mankind</td>
<td>Contributing to clinical testing and infectious disease countermeasures</td>
</tr>
<tr>
<td>Contributing to the Well-Being of the Earth</td>
<td>Addressing carbon neutrality</td>
</tr>
<tr>
<td>Contributing to Advancements in Industry</td>
<td>Contributing to manufacturing of semiconductor equipment</td>
</tr>
<tr>
<td>Corporate Governance Strengthening the Foundation for Management and Growth</td>
<td>Training global human resources, managing based on diversity and inclusion, implementing DX measures, managing employee health, ensuring governance and economic security, strengthening corporate compliance, and managing natural disasters</td>
</tr>
</tbody>
</table>

Changed May 11, 2022
Actual results may differ from forecasts about future performance indicated in this document, due to disasters, or fluctuations in economic conditions, exchange rates, technologies, or a variety of other external factors.