Summary of Consolidated Financial Results [IFRS]
for the First Nine Months of the Fiscal Year Ending March 31, 2020

February 5, 2020

Listed company name	:	Sysmex Corporation
Code	:	6869
Listed stock exchanges	:	Tokyo Stock Exchange
URL	:	www.sysmex.co.jp/en
Company representative	:	Hisashi Ietsugu, Chairman and CEO
Contact	:	Tomoo Aramaki, Executive Vice President Corporate Business Administration
Phone	:	078(265)-0500
Scheduled date for filing of quarterly report	:	February 12, 2020
Scheduled date for dividend payment	:	—
Preparation of supplementary material for quarterly earnings	:	Yes
Holding of earnings announcement	:	Yes

(Unit: Millions of Yen)

1. Results for the First Nine Months of the Fiscal Year Ending March 31, 2020

(1) Operating results

(% changes as compared with the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Profit before tax		Profit	
Nine months ended Dec. 31, 2019	218,162	4.7%	40,420	(5.0)%	37,224	(6.8)%	26,368	(8.5)%
Nine months ended Dec. 31, 2018	208,372	2.9%	42,570	(4.5)%	39,931	(11.5)%	28,816	(5.1)%

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Nine months ended Dec. 31, 2019	26,496	(8.3)%	23,875	(5.6)%	126.93	126.80
Nine months ended Dec. 31, 2018	28,907	(5.4)%	25,280	(34.6)%	138.58	138.34

(2) Financial condition

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent to total assets
As of Dec. 31, 2019	374,368	274,495	273,889	73.2%
As of Mar. 31, 2019	346,775	265,182	264,448	76.3%

2. Dividend

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2019	—	34.00	—	36.00	70.00
Year ending Mar. 31, 2020	—	36.00	—		
Year ending Mar. 31, 2020 (Forecast)				36.00	72.00

Note: Revision of dividends forecast for this period: No

3. Financial Forecast for the Year Ending March 31, 2020

(% changes as compared with the previous fiscal year)

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share (Yen)
Year ending Mar. 31, 2020	310,000	5.6%	60,000	(2.1)%	55,000	(5.1)%	38,500	(6.6)%	184.43

Note: Revision of business forecast for this period: No

4. Other Information

(1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required by IFRS: Yes
2) Other changes in accounting policies: No
3) Changes in accounting estimates: No

(3) Number of outstanding stock (common stock)

1) Number of outstanding stock at the end of each fiscal period (including treasury stock):
209,220,832 shares as of Dec. 31, 2019; 209,154,432 shares as of Mar. 31, 2019
2) Number of treasury stock at the end of each fiscal period:
446,532 shares as of Dec. 31, 2019; 446,168 shares as of Mar. 31, 2019
3) Average number of outstanding stock for each period (cumulative):
208,741,275 shares for the nine months ended Dec. 31, 2019
208,603,219 shares for the nine months ended Dec. 31, 2018

Note: Quarterly summaries of financial results are excluded from quarterly reviews.

* Explanation regarding the appropriate use of financial forecast and other information

1. Basic earnings per share have been revised from the figures indicated in the consolidated financial forecast announced on November 6, 2019, in accordance with changes in the number of shares of outstanding stock and treasury stock. No other figures in the financial forecast have been revised.
2. The forecasts and future projections contained herein have been prepared on the basis of rational decisions given the information available as of the date of announcement of this document. These forecasts do not represent a commitment by the Company, and actual performance may differ substantially from forecasts for a variety of reasons. Please refer to “3) Consolidated financial forecast” within “1. Qualitative information on quarterly financial results” on page 4 of the attachment to this document for cautionary statements concerning the conditions and performance forecasts that serve as the basis for these forecasts.
3. Supplementary financial materials (in Japanese and English) will be posted on the Sysmex website on Wednesday, February 5, 2020.

Content of Supplementary Materials

1. Qualitative information on quarterly financial results

1) Operating performance analysis

Future-related information contained in the text below is based on the judgement as of the end of the fiscal period under review.

During the first nine months of the fiscal year ending March 31, 2020, the Japanese economy was affected in the manufacturing sector by worsening earnings due to trade friction and other uncertainties in the international situation, and yen appreciation, as well as a downturn in business confidence. However, the employment and income environments continued their modest recovery, and corporate investment remained firm as companies upgraded obsolete equipment and made streamlining and labor-saving investments against the backdrop of a labor shortage. Overseas, the economic outlook was characterized by a growing sense of caution, due to prolonged US–China trade friction, the United Kingdom's exit from the European Union and rising geopolitical tension in the Middle East.

On the healthcare front, in Japan the medical and healthcare field faces growing demand due to an aging society and increasingly diverse health and medical needs. The Japanese government is including the medical and healthcare industry in its growth strategies, which is expected to continue invigorating healthcare-related industries going forward. Looking overseas, the populations of developed countries are aging, while economic growth in emerging markets is causing healthcare demand to increase and prompting higher levels of healthcare quality and service enhancements. These trends are promoting efficient healthcare, with structural changes brought about by artificial intelligence, information and communications technology, and other breaking technologies.

Against this backdrop, we reported at the 12th Clinical Trials on Alzheimer's disease (CTAD) conference in relation to a method of diagnosing Alzheimer's disease using blood that we are developing in cooperation with Eisai Co., Ltd. At the CTAD, we demonstrated the possibility of understanding amyloid pathology in the brain from the amyloid beta (Aβ) in plasma measured using our protein measurement platform, the HISCL™ series of fully automated immunoassay analyzers. This is expected to facilitate more patient treatment opportunities than methods currently used to understand amyloid pathology in the brain, such as amyloid PET and Aβ measurement using cerebrospinal fluid, as well as reducing the financial and physical burden on patients. Sysmex and Eisai Co., Ltd will continue working to create new diagnostic technologies for the prevention and treatment of dementia.

Meanwhile, in January 2020 health insurance coverage went into effect and we launched the ipsogen JAK2 DX reagent, a gene testing kit for blood cancers for which we had received manufacturing and marketing approval in December 2018. This product is a gene testing kit that measures the JAK2V617F mutation* quantitatively, used in the diagnosis of certain hematopoietic tumors generally referred to as blood cancers, specifically polycythemia vera (PV), essential thrombocythemia (ET), and primary myelofibrosis (PMF). JAK2V617F mutation is frequently observed in patients with PV, ET, and PMF. No *in vitro* diagnostic (IVD) medical device capable of measuring this mutation had existed in Japan. The introduction of an IVD medical device enabling doctors to make appropriate diagnoses based on international standards had long been awaited. By working to increase testing opportunities for patients and creating high-value testing and diagnosis technologies, going forward Sysmex aims to continue contributing to the development and advancement of personalized medicine.

* JAK2V617F mutation:

JAK2 refers to the tyrosine kinase JAK2 protein, which transduces the signals for regulating the growth and differentiation of blood cells. JAK2V617F indicates a mutation in which an amino acid (valine) at position 617 of JAK2 protein is replaced by phenylalanine.

Net sales by destination

	Nine months ended December 31, 2018		Nine months ended December 31, 2019		YoY (Previous period = 100)
	Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan	31,824	15.3	33,995	15.6	106.8
Americas	48,771	23.4	50,672	23.2	103.9
EMEA	55,232	26.5	57,006	26.1	103.2
China	54,795	26.3	56,599	26.0	103.3
Asia Pacific	17,748	8.5	19,889	9.1	112.1
Overseas subtotal	176,548	84.7	184,167	84.4	104.3
Total	208,372	100.0	218,162	100.0	104.7

In Japan, instrument and reagent sales increased, centered on the hematology and hemostasis fields. As a result, sales in Japan rise 6.8% year on year, to ¥33,995 million.

Overseas, sales of reagents grew, mainly in the hematology, urinalysis and immunochemistry fields, while decreasing in the hemostasis field. Consequently, overseas sales for the Sysmex Group rose 4.3% year on year, to ¥184,167 million. The overseas sales ratio fell 0.3 percentage point, to 84.4%.

As a result, during the first nine months of the fiscal year ending March 31, 2020, the Group recorded consolidated net sales of ¥218,162 million, up 4.7% year on year. Operating profit declined 5.0%, to ¥40,420 million; profit before tax decreased 6.8%, to ¥37,224 million; and profit attributable to owners of the parent fell 8.3%, to ¥26,496 million.

Performance by segment

(1) Japan

In Japan, sales increased 9.0% year on year, to ¥36,695 million, benefiting from higher sales of instruments and reagents, mainly in the hematology and hemostasis fields.

On the profit front, higher sales pushed up gross profit, but segment profit (operating profit) fell 5.9%, to ¥26,408 million, owing to higher SG&A and R&D expenses.

(2) Americas

Instrument sales were down, mainly in the hemostasis field, but higher sales of instruments and reagents in the hematology field pushed up sales 3.0% year on year, to ¥47,014 million.

On the profit front, increased sales boosted gross profit. Nevertheless, segment profit (operating profit) declined 33.7% year on year, to ¥1,667 million, as a result of rising SG&A expenses.

(3) EMEA

Sales in the EMEA region expanded 2.5% year on year, to ¥58,193 million, helped by higher reagent sales, mainly in the hematology and hemostasis fields.

On the profit front, higher sales leading to higher gross profit and a decrease in SG&A expenses pushed segment profit (operating profit) up 34.7% year on year, to ¥6,338 million.

(4) China

In China, reagent sales decreased, mainly in the hemostasis field, and instrument sales fell in the hematology field. However, instrument sales in the hemostasis field grew, as did reagent sales in the hematology field. As a result, sales increased 3.3% year on year, to ¥56,532 million.

On the profit front, SG&A expenses decreased, but a worsening cost of sales ratio caused gross profit to decline. Consequently, segment profit (operating profit) dropped 38.8%, to ¥4,275 million.

(5) Asia Pacific

Instrument and reagent sales were up, mainly in the hematology field, leading to a 12.2% year on year rise in sales in the Asia Pacific region, to ¥19,727 million.

On the profit front, despite worsening cost of sales ratio and higher SG&A expenses, higher sales led to a rise in gross profit and pushed segment profit (operating profit) up 34.0% year on year, to ¥3,079 million.

2) Financial conditions analysis

(1) Financial conditions

As of December 31, 2019, total assets amounted to ¥374,368 million, up ¥27,593 million from March 31, 2019. As principal factors, property, plant and equipment increased ¥20,398 million, and inventories grew ¥11,178 million, while other short-term financial assets decreased ¥7,091 million.

Meanwhile, total liabilities as of December 31, 2019, were ¥99,873 million, up ¥18,280 million from their level on March 31, 2019. Principal increases included a ¥17,083 million rise in lease liabilities (non-current) and a ¥5,542 million increase in lease liabilities (current), while accrued bonuses decreased ¥2,118 million.

Total equity came to ¥274,495 million, up ¥9,312 million from March 31, 2019. Among principal reasons, retained earnings rose ¥11,467 million, while other components of equity declined ¥2,492 million. Equity attributable to owners of the parent to total assets fell 3.1 percentage points, from 76.3% on March 31, 2019 to 73.2% on December 31, 2019.

(2) Cash flows

As of December 31, 2019, cash and cash equivalents amounted to ¥48,695 million, down ¥2,366 million from March 31, 2019.

Cash flows from various activities during the first nine months of the fiscal year are described in more detail below.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥35,155 million, up ¥6,062 million from the first nine months of the previous fiscal year. As principal factors, profit before tax provided ¥37,224 million (¥2,707 million less than in the corresponding period of the preceding year), depreciation and amortization provided ¥17,810 million (¥6,165 million more than in the corresponding period of the preceding year), an increase in inventories used ¥11,301 million (up ¥7,477 million), an increase in trade payables provided ¥2,998 million (¥1,477 million used in the corresponding period of the previous year), and a decrease in consumption taxes receivable provided ¥623 million (¥33 million used in the corresponding period of the previous year).

(Cash flows from investing activities)

Net cash used in investing activities was ¥17,994 million (decrease of ¥11,425 million). Among major factors, purchase of property, plant and equipment used ¥10,123 million (decrease of ¥2,163 million), purchase of intangible assets used ¥9,633 million (up ¥2,976 million), purchase of investments in equity instruments used ¥3,522 million (up ¥1,507 million), and proceeds from withdrawal of time deposits provided ¥7,223 million (up ¥7,223 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥19,001 million (up ¥4,825 million). This was mainly due to dividends paid of ¥15,028 million (up ¥428 million), and repayment of lease liabilities, which used ¥4,177 million.

3) Consolidated financial forecast

The Company maintains its consolidated financial forecasts, as announced on November 6, 2019.

These forecasts are based on information available as of the date of this release. Actual results may differ materially from these forecast due to unforeseen factors and future events.

2. Condensed quarterly consolidated financial statements and notes

1) Condensed quarterly consolidated statement of financial position

(Unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	51,062	48,695
Trade and other receivables	84,247	81,223
Inventories	40,231	51,410
Other short-term financial assets	7,644	553
Income taxes receivable	412	549
Other current assets	11,824	12,625
Total current assets	195,423	195,057
Non-current assets		
Property, plant and equipment	76,312	96,710
Goodwill	11,917	11,756
Intangible assets	33,037	36,897
Investments accounted for using the equity method	634	2,652
Trade and other receivables	12,202	11,738
Other long-term financial assets	7,050	7,267
Asset for retirement benefits	917	882
Other non-current assets	3,456	4,888
Deferred tax assets	5,823	6,516
Total non-current assets	151,352	179,311
Total assets	346,775	374,368

(Unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	29,778	30,652
Lease liabilities	—	5,542
Other current financial liabilities	806	881
Income taxes payable	6,947	3,979
Provisions	693	779
Contract liabilities	9,303	9,444
Accrued expenses	10,791	11,077
Accrued bonuses	7,670	5,551
Other current liabilities	5,257	5,908
Total current liabilities	71,247	73,816
Non-current liabilities		
Lease liabilities	—	17,083
Other non-current financial liabilities	415	222
Liability for retirement benefits	857	964
Provisions	226	258
Other non-current liabilities	3,203	2,143
Deferred tax liabilities	5,642	5,383
Total non-current liabilities	10,345	26,056
Total liabilities	81,592	99,873
Equity		
Equity attributable to owners of the parent		
Capital stock	12,654	12,786
Capital surplus	17,876	18,212
Retained earnings	241,445	252,912
Treasury stock	(302)	(304)
Other components of equity	(7,225)	(9,717)
Total equity attributable to owners of the parent	264,448	273,889
Non-controlling interests	733	606
Total equity	265,182	274,495
Total liabilities and equity	346,775	374,368

2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	208,372	218,162
Cost of sales	92,566	100,453
Gross profit	115,806	117,709
Selling, general and administrative expenses	60,307	61,751
Research and development expenses	13,330	16,186
Other operating income	1,078	1,059
Other operating expenses	676	410
Operating profit	42,570	40,420
Financial income	291	427
Financial expenses	307	701
Share of profit (loss) of associates accounted for using the equity method	(1,161)	(1,480)
Foreign exchange gain (loss)	(1,460)	(1,442)
Profit before tax	39,931	37,224
Income taxes expenses	11,115	10,856
Profit	28,816	26,368
Profit attributable to		
Owners of the parent	28,907	26,496
Non-controlling interests	(91)	(127)
Profit	28,816	26,368

(Unit: Yen)

Earnings per share		
Basic	138.58	126.93
Diluted	138.34	126.80

3) Condensed quarterly consolidated statement of other comprehensive income

(Unit: Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	28,816	26,368
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	(643)	(68)
Total	(643)	(68)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(2,894)	(2,423)
Share of other comprehensive income of investments accounted for using the equity method	2	(0)
Total	(2,892)	(2,424)
Total other comprehensive income	(3,535)	(2,492)
Comprehensive income	25,280	23,875
Comprehensive income attributable to		
Owners of the parent	25,371	24,003
Non-controlling interests	(91)	(127)
Comprehensive income	25,280	23,875

4) Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2018

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2018	12,276	17,664	214,952	(295)	(3,847)	240,749	693	241,443
Cumulative effect of accounting change	—	—	(244)	—	—	(244)	—	(244)
Restated balance	12,276	17,664	214,707	(295)	(3,847)	240,504	693	241,198
Profit	—	—	28,907	—	—	28,907	(91)	28,816
Other comprehensive income	—	—	—	—	(3,535)	(3,535)	0	(3,535)
Comprehensive income	—	—	28,907	—	(3,535)	25,371	(91)	25,280
Exercise of warrants	294	164	—	—	—	459	—	459
Share-based payment transactions	—	—	—	—	—	—	—	—
Cash dividends	—	—	(14,600)	—	—	(14,600)	—	(14,600)
Purchase of treasury stock	—	—	—	(5)	—	(5)	—	(5)
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	98	98
Total transactions with the owners	294	164	(14,600)	(5)	—	(14,146)	98	(14,048)
As of December 31, 2018	12,570	17,829	229,014	(301)	(7,383)	251,730	700	252,431

Nine months ended December 31, 2019

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	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
Cumulative effect of accounting change	―	―	―	―	―	―	―	―
Restated balance	12,654	17,876	241,445	(302)	(7,225)	264,448	733	265,182
Profit	―	―	26,496	―	―	26,496	(127)	26,368
Other comprehensive income	―	―	―	―	(2,492)	(2,492)	0	(2,492)
Comprehensive income	―	―	26,496	―	(2,492)	24,003	(127)	23,875
Exercise of warrants	132	74	―	―	―	206	―	206
Share-based payment transactions	―	261	―	―	―	261	―	261
Cash dividends	―	―	(15,028)	―	―	(15,028)	―	(15,028)
Purchase of treasury stock	―	―	―	(2)	―	(2)	―	(2)
Establishment of subsidiary with non-controlling interests	―	―	―	―	―	―	―	―
Total transactions with the owners	132	335	(15,028)	(2)	―	(14,563)	―	(14,563)
As of December 31, 2019	12,786	18,212	252,912	(304)	(9,717)	273,889	606	274,495

5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities		
Profit before tax	39,931	37,224
Depreciation and amortization	11,645	17,810
Decrease (increase) in trade receivable	2,780	2,220
Decrease (increase) in inventories	(3,823)	(11,301)
Increase (decrease) in trade payable	(1,477)	2,998
Decrease/increase in consumption taxes receivable/payable	(33)	623
Increase (decrease) in contract liabilities	(1,905)	427
Increase (decrease) in accrued bonuses	(2,428)	(2,078)
Other－net	(2)	2,736
Subtotal	44,684	50,661
Interest and dividend received	216	218
Interest paid	(40)	(594)
Income taxes paid	(15,768)	(15,129)
Net cash provided by (used in) operating activities	29,092	35,155
Cash flows from investing activities		
Purchases of property, plant and equipment	(12,286)	(10,123)
Purchases of intangible assets	(6,656)	(9,633)
Purchases of investments in equity instruments	(2,015)	(3,522)
Acquisitions of subsidiaries or other businesses	(20)	—
Payments into time deposits	(7,648)	(264)
Proceeds from withdrawal of time deposits	0	7,223
Other－net	(793)	(1,675)
Net cash provided by (used in) investing activities	(29,420)	(17,994)
Cash flows from financing activities		
Dividends paid	(14,600)	(15,028)
Repayments of lease liabilities	—	(4,177)
Other－net	423	203
Net cash provided by (used in) financing activities	(14,176)	(19,001)
Effects of exchange rate changes on cash and cash equivalents	(1,050)	(524)
Net increase (decrease) in cash and cash equivalents	(15,554)	(2,366)
Cash and cash equivalents at the beginning of the term	61,444	51,062
Cash and cash equivalents at the end of the term	45,889	48,695

6) Notes to the condensed quarterly consolidated financial statements

1. Notes related to the going concern assumption

   Not applicable

2. Changes in accounting policies

   The Sysmex Group, on a consolidated basis, is applying IFRS 16 (Leases) from the first three months of the fiscal year ending March 31, 2020. Upon the adoption of IFRS 16, rather than making an adjusted restatement of comparative information as recognized under previous measures, we have adopted the method of recognizing the cumulative impact of adopting this standard on the initial balance of retained earnings at the date of adoption (retrospective restatement approach).

   For the fiscal year ended March 31, 2019, the Sysmex Group has applied IAS 17 (Lease) and classifies as finance leases those lease agreements for which substantially all risk and economic benefits transfer to the lessee. Lease assets are initially recognized at the lower of the fair value of the leased property or the aggregate present value of the minimum lease payments. Lease agreements other than finance leases are classified as operating leases and are not presented in the consolidated statement of financial position for the Sysmex Group. Lease payments for operating leases are recognized as expenses using the straight-line method over the lease period.

   For the nine months ended December 31, 2019, based on IFRS 16 the Sysmex Group determines at the time of entering an agreement whether the agreement is a lease or is included within a lease. If the right to control the use of an asset specified by an agreement in exchange for consideration over a certain period of time is transferred, that agreement is determined to be a lease or included within a lease. Agreements entered into during or prior to the fiscal year ended March 31, 2019 apply the short-cut method, maintaining the previously determined practice as to whether or not a transaction is a lease.

   If the agreement is determined to be a lease or included within a lease, right-of-use assets and lease liabilities are recognized on the starting date of the lease. Lease liabilities are initially measured at the discounted present value of the lease fees outstanding as of the starting date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred and prepaid lease payments, etc. These assets are amortized regularly from the starting date of the lease over the economic useful life or the lease period, whichever is shorter. The Sysmex Group does not recognize as right-of-use assets and lease liabilities leases that have a lease period of less than 12 months and for which the value of the underlying asset is small. These leases are recognized as expenses, using the straight-line method over the lease period.

   As a result of recognition and measurement in accordance with IFRS 16, right-of-use assets in the condensed quarterly consolidated statement of financial position at the beginning of the first three months of the fiscal year were ¥21,298 million higher, and lease liabilities were ¥22,786 million higher. In the condensed quarterly consolidated statement of financial position, right-of-use assets are included in property, plant and equipment. In the condensed quarterly consolidated statement of income, the impact on operating profit and profit for the first nine months and the third three months of the fiscal year was negligible.

3. Segment information

   1) Overview of reportable segments

      The Group's reportable segments are the constituent business units of the Group for which separate financial data are available and that are examined on a regular basis for the purpose of enabling the Managing Board to allocate managerial resources and evaluate results of operations.

      The Group is primarily engaged in the manufacture and sale of diagnostic instruments and reagents. These businesses are conducted in Japan by the Company, and in the Americas, EMEA, China and the Asia Pacific by regional headquarters established in those regions. These companies formulate overarching strategies tailored to regional characteristics and conduct business activities accordingly. Regional headquarters and other domestic and overseas subsidiaries are independent management units that handle production and sales for each region.

Accordingly, the Group has five reportable segments comprising geographical segments based on manufacturing and sales systems. These are “Japan,” the “Americas,” “EMEA,” “China,” and the “Asia Pacific.”

2) Segment profit and operating results

Profit and operating results from continuing operations by reportable segment of the Group are as follows;

Intersegment sales are determined based on market prices or costs of goods manufactured.

Accounting policies of reporting segments are consistent with the Group’s accounting policies noted in the “2. Significant accounting policies”

Nine months ended December 31, 2018

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	33,663	45,631	56,772	54,726	17,578	208,372	—	208,372
Intersegment sales	75,336	203	1,683	7	3	77,234	(77,234)	—
Total	109,000	45,835	58,455	54,734	17,582	285,606	(77,234)	208,372
Segment profit	28,060	2,515	4,707	6,984	2,298	44,566	(1,996)	42,570
Financial income	—	—	—	—	—	—	—	291
Financial expenses	—	—	—	—	—	—	—	307
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(1,161)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	(1,460)
Profit before tax	—	—	—	—	—	—	—	39,931
Income taxes expenses	—	—	—	—	—	—	—	11,115
Profit	—	—	—	—	—	—	—	28,816

Notes:

1. Segment profit adjustments of negative ¥1,996 million include negative ¥1,858 million for the unrealized gains on inventories and negative ¥109 million for the unrealized gains on non-current assets.
2. Segment profit is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.

Nine months ended December 31, 2019

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	36,695	47,014	58,193	56,532	19,727	218,162	—	218,162
Intersegment sales	79,223	413	2,449	0	3	82,089	(82,089)	—
Total	115,919	47,427	60,642	56,532	19,730	300,252	(82,089)	218,162
Segment profit	26,408	1,667	6,338	4,275	3,079	41,769	(1,348)	40,420
Financial income	—	—	—	—	—	—	—	427
Financial expenses	—	—	—	—	—	—	—	701
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(1,480)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	(1,442)
Profit before tax	—	—	—	—	—	—	—	37,224
Income taxes expenses	—	—	—	—	—	—	—	10,856
Profit	—	—	—	—	—	—	—	26,368

Notes:

1. Segment profit adjustments of negative ¥1,348 million include negative ¥1,433 million for the unrealized gains on inventories and ¥165 million for the unrealized gains on non-current assets.
2. Segment profit is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.