

**Summary of Consolidated Financial Results [IFRS]
for the Fiscal Year Ended March 31, 2020**

May 12, 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
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 Scheduled date for shareholders' meeting : June 19, 2020
 Scheduled date for dividend payment : June 22, 2020
 Scheduled date for filing of financial report : June 19, 2020
 Preparation of supplementary material for earnings : Yes
 Holding of earnings announcement : Yes

(Unit: Millions of yen)

1. Consolidated Results for the Year Ended 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	
Year ended Mar. 31, 2020	301,980	2.9%	55,284	(9.8)%	49,433	(14.7)%	34,813	(15.4)%
Year ended Mar. 31, 2019	293,506	4.1%	61,282	3.7%	57,955	(0.3)%	41,166	5.3%

	Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share (Yen)	Diluted earnings per share (Yen)
Year ended Mar. 31, 2020	34,883	(15.4)%	27,363	(27.8)%	167.10	166.93
Year ended Mar. 31, 2019	41,224	5.1%	37,901	(11.2)%	197.60	197.29

	Return on equity (%)	Profit before tax to total assets (%)	Operating profit to net sales (%)
Year ended Mar. 31, 2020	12.9	13.4	18.3
Year ended Mar. 31, 2019	16.3	17.3	20.9

Note:

Share of loss on equity method: 2,398 million yen for the year ended March 31, 2020; 1,793 million yen for the year ended March 31, 2019.

(2) Financial condition

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent to total assets (%)	Equity attributable to owners of the parent per share (Yen)
As of Mar. 31, 2020	389,291	278,347	277,683	71.3	1,329.78
As of Mar. 31, 2019	346,775	265,182	264,448	76.3	1,267.07

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
Year ended Mar. 31, 2020	53,182	(25,906)	(20,597)	56,592
Year ended Mar. 31, 2019	44,743	(40,128)	(14,090)	51,062

2. Dividend

	Dividend per share					Total dividend payment (Millions of yen)	Dividend payout ratio (Consolidated) (%)	Dividend to equity attributable to owners of the parent (Consolidated) (%)
	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	14,606	35.4	5.8
Year ended Mar. 31, 2020	—	36.00	—	36.00	72.00	15,032	43.1	5.5
Year ending Mar. 31, 2021 (Forecast)	—	—	—	—	—		—	

Note:

Our dividend forecast for the fiscal year ending March 31, 2021 remains undetermined at this stage. We will promptly disclose our dividend forecast once calculation of our financial forecast becomes possible.

3. Financial Forecast for the Year Ending March 31, 2021

Our consolidated financial forecast for the fiscal year ending March 31, 2021 is undetermined. Although we are currently investigating the impact of the global novel coronavirus (COVID-19) pandemic on customers' capital expenditure and demand trends, rationally calculating a financial forecast is problematic at present. We will promptly disclose our financial forecast once calculation becomes possible.

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):
209,266,432 shares as of Mar. 31, 2020; 209,154,432 shares as of Mar. 31, 2019
 - 2) Number of treasury stock at the end of each fiscal period:
446,680 shares as of Mar. 31, 2020; 446,168 shares as of Mar. 31, 2019
 - 3) Average number of outstanding stock for each period:
208,755,623 shares for the year ended Mar. 31, 2020; 208,624,746 shares for the year ended Mar. 31, 2019

(Reference) Summary of the Non-consolidated Financial Results for the Year Ended March 31, 2020

(1) Non-consolidated operating results

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

	Net Sales		Operating income		Ordinary income		Net income	
Year ended Mar. 31, 2020	159,642	4.8%	33,553	(5.0)%	40,942	(17.4)%	31,264	(13.3)%
Year ended Mar. 31, 2019	152,260	5.8%	35,320	8.9%	49,570	41.5%	36,062	46.2%

	Net income per share (Yen)	Diluted net income per share (Yen)
Year ended Mar. 31, 2020	149.77	149.61
Year ended Mar. 31, 2019	172.86	172.58

(2) Non-consolidated financial condition

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
As of Mar. 31, 2020	247,160	204,742	82.5	976.85
As of Mar. 31, 2019	228,085	188,247	82.4	900.17

Equity capital: 203,985 million yen as of March 31, 2020; 187,872 million yen as of March 31, 2019.

Notes:

Summaries of financial results are not subject to review by certified public accountants or auditors.

Explanation regarding the appropriate use of financial forecast and other information

1. Our consolidated financial forecast for the fiscal year ending March 31, 2021 is undetermined. Although we are currently investigating the impact of the global novel coronavirus (COVID-19) pandemic on customers' capital expenditure and demand trends, rationally calculating a financial forecast is problematic at present. We will promptly disclose our financial forecast once calculation becomes possible. For details, please refer to "4) Outlook for future" within "1. Overview of operating performance" on page 5 of the attachment to this document.
2. Supplementary financial materials (in Japanese and English) will be posted on the Sysmex website on Tuesday, May 12, 2020.

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1. Overview of operating performance

1) Operating performance during the year

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 fiscal year ended March 31, 2020, the Japanese economy was affected in the manufacturing sector by trade friction and other uncertainty in the international situation, deterioration of earnings due to yen appreciation, and a downturn in business sentiment. Nevertheless, the employment and income environments continued their modest recovery. However, concerns about the prolonged impact of the spreading COVID-19 pandemic are leading to a growing sense of uncertainty about the future, including rapid economic deceleration. Overseas, although economic activity has resumed in China and some other regions, growing expectations of shrinkage of the overall economic scale are prompting individual countries to introduce proactive monetary and fiscal policies.

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. However, with the number of COVID-19 cases rising globally, considerations about healthcare systems and public health capable of responding to pandemics like we are currently experiencing are exerting pressure and are likely to cause a major transformation of the healthcare environment itself. Sysmex is also likely to be affected by slowing demand in the short term, with healthcare institutions conducting fewer tests as individual countries introduce measures to prevent non-essential and non-urgent travel.

Under these conditions, Sysmex launched the CN-6000/CN-3000 automated blood coagulation analyzers to further enhance the efficiency and quality of hemostasis testing. Sysmex has promoted sales activities globally, after receiving regulatory approval in individual countries. To enhance our competitiveness in the manufacture of diagnostic reagents that employ biotechnology (“bio-diagnostic reagents”) and ensure their stable supply, we opened Technopark East Site, a bio-diagnostic reagent center at Technopark, the Company’s R&D hub (Nishi-ku, Kobe). The center commenced operations in April 2019. This center integrates processes from the development of substances for bio-diagnostic reagents to reagent development, production and distribution, allowing us to provide a stable supply of high-quality, high-value-added products to customers around the world.

In the life science field, Sysmex received health insurance coverage for its genetic mutation analysis set for cancer genome profiling (OncoGuide™ NCC Oncopanel System), becoming the first such system in Japan to receive this coverage. The system’s targets for analysis are solid tumors. By obtaining a comprehensive cancer genomic profile of tumor tissue, the system analyzes abnormalities in cancer-specific genes in patients to provide information that is useful in determining treatment methods, including accurate diagnoses and the selection of anti-cancer drugs. This is expected to increase the opportunities for more patients to receive testing.

In addition, 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.

To help prevent the spread of COVID-19, in March 2020 Sysmex became the first in Japan to obtain manufacturing and marketing approval for the COVID-19 test kit (2019-nCoV Fluorescence Detection Real-Time RT-PCR Kit). This product is already being supplied by BGI Genomics in more than 50 countries, and Sysmex has signed a basic distributor agreement to supply to product to clinical settings in Japan. Through the provision of this product, Sysmex will help build a COVID-19 clinical testing structure.

Net sales by destination

	Year ended March 31, 2019		Year ended March 31, 2020		YoY (Previous period = 100)
	Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan	44,071	15.0	46,725	15.5	106.0
Americas	70,518	24.0	71,037	23.5	100.7
EMEA	75,677	25.8	77,250	25.6	102.1
China	78,213	26.7	80,048	26.5	102.3
Asia Pacific	25,025	8.5	26,919	8.9	107.6
Overseas subtotal	249,434	85.0	255,255	84.5	102.3
Total	293,506	100.0	301,980	100.0	102.9

In Japan, instrument and reagent sales increased, centered on the hematology, hemostasis, immunochemistry and life science fields. As a result, sales in Japan rose 6.0% year on year, to ¥46,725 million.

Overseas, sales of reagents grew in the hematology field while decreasing mainly in the hemostasis field. Consequently, overseas sales rose 2.3% year on year, to ¥255,255 million. The overseas sales ratio fell 0.5 percentage point, to 84.5%.

As a result, during the fiscal year ended March 31, 2020, the Group recorded consolidated net sales of ¥301,980 million, up 2.9% year on year. Operating profit declined 9.8%, to ¥55,284 million; profit before tax decreased 14.7%, to ¥49,433 million; and profit attributable to owners of the parent fell 15.4%, to ¥34,883 million.

Performance by segment

(1) Japan

In Japan, sales increased 7.4% year on year, to ¥50,540 million, benefiting from higher sales of instruments and reagents, mainly in the hematology and hemostasis fields, and sales of reagents increased in the immunochemistry field.

On the profit front, segment profit (operating profit) fell 7.0%, to ¥36,282 million, due to higher cost of sales and a rise in SG&A and R&D expenses, despite higher sales, including an increase in intragroup export sales.

(2) Americas

In North America, instrument sales were down, mainly in the hematology field, but higher sales of hematology reagents pushed up sales. In Central and South America, sales decreased as the result of lower instruments sales, mainly in the hematology field. As a result, overall sales in the Americas increased 0.4% year on year, to ¥66,189 million.

On the profit front, segment profit (operating profit) declined 20.2% year on year, to ¥2,856 million, as a result of increased cost of sales, as well as higher SG&A expenses.

(3) EMEA

Sales in the EMEA region expanded 1.3% year on year, to ¥78,596 million, helped by higher reagent sales in the hematology field and urinalysis sales rose due to direct sales in the United Kingdom and France, although sales of hematology instruments declined.

On the profit front, higher sales and an improved cost of sales ratio led to an increase in gross profit, pushing segment profit (operating profit) up 17.7% year on year, to ¥8,347 million.

(4) China

In China, reagent sales decreased, mainly in the hemostasis field, while instrument sales in the hemostasis field rose and sales of reagents increased in the hematology and immunochemistry fields. As a result, sales increased 2.4% year on year, to ¥79,966 million.

On the profit front, a higher cost of sales due to a change in intragroup transaction prices caused segment profit (operating profit) to drop 37.3%, to ¥5,726 million.

(5) Asia Pacific

Instrument sales were down, mainly in the hematology, urinalysis and hemostasis fields. However, sales of reagents in the hematology field increased as the result of the prolonged impact of dengue fever in Southeast and South Asia, and due to a revised selling structure in India, leading to a 7.8% year on year rise in sales in the Asia Pacific region, to ¥26,687 million.

On the profit front, cost of sales expanded due to such factors as an increase in payments of Group trademark royalties and a rise in SG&A expenses. However, gross profit rose due to the higher sales, pushing segment profit (operating profit) up 0.2% year on year, to ¥3,119 million.

2) Financial conditions at end of the year

As of March 31, 2020, total assets amounted to ¥389,291 million, up ¥42,516 million from March 31, 2019. As principal factors, cash and cash equivalents increased ¥5,530 million, inventories grew ¥8,071 million, property, plant and equipment rose ¥20,527 million, and intangible assets increased ¥6,506 million, while other short-term financial assets decreased ¥7,223 million.

Meanwhile, total liabilities as of March 31, 2020, were ¥110,944 million, up ¥29,351 million from their level one year earlier. Principal increases included a ¥16,935 million rise in lease liabilities (non-current), a ¥5,701 million increase in lease liabilities (current), and a ¥4,138 million increase in trade and other payables.

Total equity came to ¥278,347 million, up ¥13,164 million from March 31, 2019. Among principal reasons, retained earnings rose ¥19,876 million, while other components of equity declined ¥7,471 million. Equity attributable to owners of the parent to total assets fell 5.0 percentage points, from 76.3% on March 31, 2019 to 71.3% on March 31, 2020.

3) Cash flows during the year

As of March 31, 2020, cash and cash equivalents amounted to ¥56,592 million, up ¥5,530 million from March 31, 2019.

Cash flows from various activities during the fiscal year are described in more detail below.
(Cash flows from operating activities)

Net cash provided by operating activities was ¥53,182 million, up ¥8,439 million from the previous fiscal year. As principal factors, profit before tax provided ¥49,433 million (¥8,521 million less than in the preceding year), depreciation and amortization provided ¥23,955 million (¥8,112 million more than in the preceding year), an increase in trade receivables used ¥4,423 million (¥7,564 million less than in the previous year), an increase in inventories used ¥9,807 million (¥471 million provided in the previous year), an increase in trade payables provided ¥2,762 million (up ¥2,492 million), an increase in contract liabilities provided ¥3,292 million (used ¥703 million), and income taxes paid used ¥16,208 million (down ¥1,096 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥25,906 million (decrease of ¥14,221 million). Among major factors, purchase of property, plant and equipment used ¥13,629 million (decrease of ¥5,096 million), purchase of intangible assets used ¥12,843 million (up ¥2,590 million), purchase of investments in equity instruments used ¥4,554 million (up ¥2,238 million), and proceeds from withdrawal of time deposits provided ¥7,327 million (up ¥7,232 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥20,597 million (up ¥6,507 million). This was mainly due to dividends paid of ¥15,028 million (up ¥428 million), and repayment of lease liabilities, which used ¥5,913 million.

4) Outlook for future

Concerns about the prolonged impact of the spreading COVID-19 pandemic, including the sudden deceleration of the global economy, are leading to a growing sense of uncertainty about the future. Sysmex operates in the healthcare segment, for which demand is expected to remain high over the long term. In the short term, however, we are likely to be affected by a decline in demand for testing at hospitals, as hospitals curtail consultations on illnesses other than COVID-19 and enact measures to limit non-essential and non-urgent testing. On the production front, our instrument and reagent factories continue to operate, and we have the parts and materials necessary to ensure production is not affected for the foreseeable future. Even so, delays in supply are expected, as worldwide lockdowns result in the stoppage of cargo shipments and a slowdown in customs clearance procedures.

Given this situation, our consolidated financial forecast for the fiscal year ending March 31, 2021 is undetermined. Although we are currently investigating the impact of the global COVID-19 pandemic on customers' capital expenditure and demand trends, rationally calculating a financial forecast is problematic at present. We will promptly disclose our financial forecast once calculation becomes possible.

2. **Basic perspective on selection of accounting standards**

The Sysmex Group voluntarily adopted IFRS from the fiscal year ended March 31, 2017. Our aim is to increase convenience to shareholders and investors in Japan and overseas by enhancing the international comparability of our financial information in capital markets.

3. Consolidated financial statements and notes

1) Consolidated statement of financial position

(Unit: Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and cash equivalents	51,062	56,592
Trade and other receivables	84,247	85,650
Inventories	40,231	48,303
Other short-term financial assets	7,644	421
Income taxes receivable	412	546
Other current assets	11,824	14,191
Total current assets	<u>195,423</u>	<u>205,704</u>
Non-current assets		
Property, plant and equipment	76,312	96,839
Goodwill	11,917	11,271
Intangible assets	33,037	39,543
Investments accounted for using the equity method	634	2,945
Trade and other receivables	12,202	12,845
Other long-term financial assets	7,050	6,192
Asset for retirement benefits	917	897
Other non-current assets	3,456	5,810
Deferred tax assets	5,823	7,240
Total non-current assets	<u>151,352</u>	<u>183,586</u>
Total assets	<u>346,775</u>	<u>389,291</u>

(Unit: Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	29,778	33,917
Lease liabilities	-	5,701
Other short-term financial liabilities	806	552
Income taxes payable	6,947	5,673
Provisions	693	751
Contract liabilities	9,303	12,001
Accrued expenses	10,791	12,508
Accrued bonuses	7,670	7,591
Other current liabilities	5,257	5,448
Total current liabilities	71,247	84,145
Non-current liabilities		
Lease liabilities	-	16,935
Other long-term financial liabilities	415	269
Liability for retirement benefits	857	925
Provisions	226	255
Other non-current liabilities	3,203	2,061
Deferred tax liabilities	5,642	6,351
Total non-current liabilities	10,345	26,798
Total liabilities	81,592	110,944
Equity		
Equity attributable to owners of the parent		
Capital stock	12,654	12,877
Capital surplus	17,876	18,487
Retained earnings	241,445	261,321
Treasury stock	(302)	(306)
Other components of equity	(7,225)	(14,697)
Total equity attributable to owners of the parent	264,448	277,683
Non-controlling interests	733	663
Total equity	265,182	278,347
Total liabilities and equity	346,775	389,291

2) Consolidated statement of income

(Unit: Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Net sales	293,506	301,980
Cost of sales	131,899	142,173
Gross profit	161,606	159,807
Selling, general and administrative expenses	81,230	83,545
Research and development expenses	19,578	21,761
Other operating income	1,610	1,486
Other operating expenses	1,126	702
Operating profit	61,282	55,284
Financial income	442	595
Financial expenses	390	1,031
Share of profit (loss) on equity method	(1,793)	(2,398)
Foreign exchange gain (loss)	(1,585)	(3,017)
Profit before tax	57,955	49,433
Income tax expenses	16,789	14,619
Profit	41,166	34,813
Profit attributable to		
Owners of the parent	41,224	34,883
Non-controlling interests	(58)	(69)
Profit	41,166	34,813
		(Unit: Yen)
Earnings per share		
Basic	197.60	167.10
Diluted	197.29	166.93

3) Consolidated statement of comprehensive income

(Unit: Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Profit	41,166	34,813
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	(379)	(588)
Remeasurements of defined benefit plans	113	21
Total	(266)	(567)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(3,000)	(6,882)
Share of other comprehensive income of investments accounted for using the equity method	2	(0)
Total	(2,998)	(6,883)
Total other comprehensive income	(3,264)	(7,450)
Comprehensive income	37,901	27,363
Comprehensive income attributable to		
Owners of the parent	37,959	27,433
Non-controlling interests	(58)	(69)
Comprehensive income	37,901	27,363

4) Consolidated statement of changes in equity
For the year ended March 31, 2019

(Unit: Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity			
As of April 1, 2018	12,276	17,664	214,952	(295)	(3,847)	240,749	693	241,443
Cumulative effects of changes in accounting policies	-	-	(244)	-	-	(244)	-	(244)
Restated balance	12,276	17,664	214,707	(295)	(3,847)	240,504	693	241,198
Profit	-	-	41,224	-	-	41,224	(58)	41,166
Other comprehensive income	-	-	-	-	(3,264)	(3,264)	(0)	(3,264)
Comprehensive income	-	-	41,224	-	(3,264)	37,959	(58)	37,901
Exercise of warrants	378	212	-	-	-	590	-	590
Share-based payment transactions	-	-	-	-	-	-	-	-
Cash dividends	-	-	(14,600)	-	-	(14,600)	-	(14,600)
Purchase of treasury stock	-	-	-	(6)	-	(6)	-	(6)
Transfer to retained earnings	-	-	113	-	(113)	-	-	-
Establishment of subsidiary with non-controlling interests	-	-	-	-	-	-	98	98
Total transactions with the owners	378	212	(14,486)	(6)	(113)	(14,015)	98	(13,917)
As of March 31, 2019	12,654	17,876	241,445	(302)	(7,225)	264,448	733	265,182

For the year ended March 31, 2020

(Unit: Millions of yen)

	Equity attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity			
As of April 1, 2019	12,654	17,876	241,445	(302)	(7,225)	264,448	733	265,182
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-
Restated balance	12,654	17,876	241,445	(302)	(7,225)	264,448	733	265,182
Profit	-	-	34,883	-	-	34,883	(69)	34,813
Other comprehensive income	-	-	-	-	(7,450)	(7,450)	0	(7,450)
Comprehensive income	-	-	34,883	-	(7,450)	27,433	(69)	27,363
Exercise of warrants	223	125	-	-	-	348	-	348
Share-based payment transactions	-	485	-	-	-	485	-	485
Cash dividends	-	-	(15,028)	-	-	(15,028)	-	(15,028)
Purchase of treasury stock	-	-	-	(3)	-	(3)	-	(3)
Transfer to retained earnings	-	-	21	-	(21)	-	-	-
Establishment of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-
Total transactions with the owners	223	610	(15,006)	(3)	(21)	(14,198)	-	(14,198)
As of March 31, 2020	12,877	18,487	261,321	(306)	(14,697)	277,683	663	278,347

5) Consolidated statement of cash flows

(Unit: Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash flows from operating activities		
Profit before tax	57,955	49,433
Depreciation and amortization	15,842	23,955
Interest and dividends income	(331)	(343)
Interest expenses	70	911
Share of loss (profit) on equity method	1,793	2,398
Decrease (increase) in trade receivables	(11,988)	(4,423)
Decrease (increase) in inventories	471	(9,807)
Increase (decrease) in trade payables	269	2,762
Increase (decrease) in accrued expenses	186	2,212
Decrease/increase in consumption taxes receivable/payable	(1,679)	(1,134)
Decrease (increase) in asset for retirement benefits	47	50
Increase (decrease) in contract liabilities	(703)	3,292
Increase (decrease) in accrued bonuses	201	102
Other - net	(296)	505
Subtotal	61,839	69,914
Interest and dividend received	269	280
Interest paid	(60)	(804)
Income taxes paid	(17,305)	(16,208)
Net cash provided by (used in) operating activities	44,743	53,182
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,726)	(13,629)
Proceeds from sales of property, plant and equipment	491	325
Purchase of intangible assets	(10,252)	(12,843)
Payments resulting in an increase in long-term prepaid expenses	(1,441)	(2,487)
Purchase of investments in equity instruments	(2,315)	(4,554)
Acquisitions of subsidiaries or other businesses	(20)	-
Payments into time deposits	(7,737)	(231)
Proceeds from withdrawal of time deposits	94	7,327
Other - net	(220)	185
Net cash provided by (used in) investing activities	(40,128)	(25,906)
Cash flows from financing activities		
Exercise of warrants	590	348
Dividends paid	(14,600)	(15,028)
Repayments of lease liabilities	-	(5,913)
Other - net	(81)	(3)
Net cash provided by (used in) financing activities	(14,090)	(20,597)
Foreign currency translation adjustments on cash and cash equivalents	(907)	(1,147)
Net increase (decrease) in cash and cash equivalents	(10,382)	5,530
Cash and cash equivalents, beginning of term	61,444	51,062
Cash and cash equivalents, end of term	51,062	56,592

6) Notes to the 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 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 fiscal year ended March 31, 2020, 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 consolidated statement of financial position at the beginning of the fiscal year were ¥21,298 million higher, and lease liabilities were ¥22,786 million higher. In the consolidated statement of financial position, right-of-use assets are included in property, plant and equipment. In the consolidated statement of income, the impact on operating profit and profit for the fiscal year was negligible.

3. Segment information

1) Overview of reportable segments

The Group's reportable segments are the business units of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Managing Board to make decisions about resources to be allocated to the segment and assess its performance.

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 comprehensive 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 indicated in the consolidated financial statements for the previous fiscal year.

For the year ended March 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	47,073	65,957	77,600	78,114	24,759	293,506	-	293,506
Intersegment sales	107,877	278	3,039	17	6	111,219	(111,219)	-
Total	154,951	66,236	80,640	78,131	24,766	404,726	(111,219)	293,506
Segment profit	38,996	3,580	7,091	9,125	3,112	61,906	(624)	61,282
Financial income	-	-	-	-	-	-	-	442
Financial expenses	-	-	-	-	-	-	-	390
Share of profit (loss) on equity method	-	-	-	-	-	-	-	(1,793)
Gain on sale of shares of associates	-	-	-	-	-	-	-	-
Foreign exchange gain (loss)	-	-	-	-	-	-	-	(1,585)
Profit before tax	-	-	-	-	-	-	-	57,955
Income tax expenses	-	-	-	-	-	-	-	16,789
Profit	-	-	-	-	-	-	-	41,166
Other								
Depreciation and amortization (Note 3)	8,992	1,872	3,281	501	2,095	16,743	(900)	15,842
Impairment loss	-	-	-	-	-	-	-	-

Notes:

1. Segment profit adjustments of negative ¥624 million include negative ¥485 million for the unrealized gains on inventories, and negative ¥142 million for the unrealized gains on non-current assets.
2. Segment profit is reconciled with operating profit in the consolidated statement of income.
3. The negative ¥900 million reconciliation in depreciation and amortization is an adjustment related to intersegment transactions.

For the year ended March 31, 2020

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	50,540	66,189	78,596	79,966	26,687	301,980	-	301,980
Intersegment sales	111,623	711	3,722	3	4	116,065	(116,065)	-
Total	162,164	66,900	82,318	79,969	26,692	418,046	(116,065)	301,980
Segment profit	36,282	2,856	8,347	5,726	3,119	56,333	(1,049)	55,284
Financial income	-	-	-	-	-	-	-	595
Financial expenses	-	-	-	-	-	-	-	1,031
Share of profit (loss) on equity method	-	-	-	-	-	-	-	(2,398)
Gain on sale of shares of associates	-	-	-	-	-	-	-	-
Foreign exchange gain (loss)	-	-	-	-	-	-	-	(3,017)
Profit before tax	-	-	-	-	-	-	-	49,433
Income tax expenses	-	-	-	-	-	-	-	14,619
Profit	-	-	-	-	-	-	-	34,813
Other								
Depreciation and amortization (Note 3)	12,784	4,053	4,625	769	2,706	24,940	(985)	23,955
Impairment loss	-	-	-	-	-	-	-	-

Notes:

1. Segment profit adjustments of negative ¥1,049 million include negative ¥1,275 million for the unrealized gains on inventories, and ¥224 million for the unrealized gains on non-current assets.
2. Segment profit is reconciled with operating profit in the consolidated statement of income.
3. The negative ¥985 million reconciliation in depreciation and amortization is an adjustment related to intersegment transactions.

4. Per-share information

The basis for calculating basic profit per share and diluted profit per share is as follows.

	Year ended March 31, 2019	Year ended March 31, 2020
Basis for calculating basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	41,224	34,883
Profit not attributable to common stock shareholders of the parent (Millions of yen)	-	-
Profit used in calculating basic earnings per share (Millions of yen)	41,224	34,883
Average number of common stock shares during the period (Thousands of shares)	208,624	208,755
Basis for calculating diluted earnings per share		
Profit used in calculating basic earnings per share (Millions of yen)	41,224	34,883
Profit adjustment (Millions of yen)	-	-
Profit used in calculating diluted earnings per share (Millions of yen)	41,224	34,883
Average number of common stock shares during the period (Thousands of shares)	208,624	208,755
Effect of dilutive shares (Thousands of shares)	330	217
Average number of common stock shares after adjustment for dilution (Thousands of shares)	208,955	208,973
Overview of issuable shares not included in the calculation of diluted net income per share as they have no dilutive effect	-	Stock options resolved by the Managing Board on August 28, 2019 (91,890 stock acquisition rights)

5. Significant subsequent event

Not applicable