

**Summary of Consolidated Financial Results [IFRS]
for the First Nine Months of the Fiscal Year Ending March 31, 2021**

February 3, 2021

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 10, 2021
 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, 2021

(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, 2020	211,848	(2.9)%	35,907	(11.2)%	33,286	(10.6)%	23,171	(12.1)%
Nine months ended Dec. 31, 2019	218,162	4.7%	40,420	(5.0)%	37,224	(6.8)%	26,368	(8.5)%

	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, 2020	23,288	(12.1)%	26,966	12.9%	111.49	111.34
Nine months ended Dec. 31, 2019	26,496	(8.3)%	23,875	(5.6)%	126.93	126.80

(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, 2020	392,731	291,498	290,804	74.0%
As of Mar. 31, 2020	389,291	278,347	277,683	71.3%

2. Dividend

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2020	—	36.00	—	36.00	72.00
Year ending Mar. 31, 2021	—	36.00	—		
Year ending Mar. 31, 2021 (Forecast)				36.00	72.00

Note: Revision of dividends forecast for this period: No

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

(% 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, 2021	310,000	2.7%	48,500	(12.3)%	44,100	(10.8)%	30,800	(11.7)%	147.44

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: No
 - 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):
209,396,032 shares as of Dec. 31, 2020; 209,266,432 shares as of Mar. 31, 2020
 - 2) Number of treasury stock at the end of each fiscal period:
446,876 shares as of Dec. 31, 2020; 446,680 shares as of Mar. 31, 2020
 - 3) Average number of outstanding stock for each period (cumulative):
208,881,059 shares for the nine months ended Dec. 31, 2020
208,741,275 shares for the nine months ended Dec. 31, 2019

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 5, 2020, 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 5 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 3, 2021.

Content of Supplementary Materials

1. Qualitative information on quarterly financial results	2
1) Operating performance analysis	2
2) Financial conditions analysis	4
3) Consolidated financial forecast	5
2. Condensed quarterly consolidated financial statements and notes	6
1) Condensed quarterly consolidated statement of financial position	6
2) Condensed quarterly consolidated statement of income	8
3) Condensed quarterly consolidated statement of other comprehensive income	9
4) Condensed quarterly consolidated statement of changes in equity	10
5) Condensed quarterly consolidated statement of cash flows	12
6) Notes to the condensed quarterly consolidated financial statements	13
1. Notes related to the going concern assumption	13
2. Segment information	13

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, 2021, economic activity in Japan was down substantially as the result of the COVID-19 pandemic. Although this activity gradually picked up after the first state of emergency declaration was lifted, the winter brought a resurgence in infections, making the outlook increasingly uncertain. Overseas, further waves of infections prompted countries in Europe and other areas to reimpose and reinforce lockdowns, leading to mounting concern that economic activity would slump again.

On the healthcare front, Japan's medical and healthcare field is expected to remain robust due to an aging society and increasingly diverse health and medical needs. 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.

As COVID-19 infections increased, restrictions on outings and other activities in individual countries led to a decline in demand, including a drop in the number of tests conducted at medical institutions. A pause in the growth of infections prompted an easing of restrictions on movement, which did cause demand to resurge somewhat. However, performance could be affected by another resurgence in the pandemic.

Against this backdrop, Sysmex obtained regulatory approval in Japan for the HISCL™ SARS-CoV-2 Ag Reagent, a SARS coronavirus antigen kit to detect antigens of SARS-CoV-2, the strain of coronavirus that causes COVID-19. The kit has received insurance coverage, and we have commenced sales. This kit enables detection of SARS-CoV-2 antigens in samples from nasopharyngeal swabs and nasal swabs. Meanwhile, through joint research Sysmex and the National Center for Global Health and Medicine have identified IFN-λ3, which is a useful biomarker for identifying patients who are at high risk of worsening symptoms. We obtained regulatory approval in Japan for the HISCL™ IFN-λ3 Assay Kit, an interferon λ3 kit for measuring IFN-λ3 in blood. As blood concentrations of IFN-λ3 are known to increase several days before the level of severity rises, IFN-λ3 is reported to be clinically useful for predicting the onset of severe symptoms and for assisting with follow-up.^{1,2} Sysmex's kit is used in combination with HISCL™-5000/HISCL™-800 automated immunoassay systems to provide highly reliable testing results. Sysmex remains committed to the establishment of diagnosis/treatment methods for COVID-19 by way of diverse testing, including PCR tests, antigen tests, antibody tests and cytokine tests, as well as hematology and coagulation tests.

Sales to medical institutions in Japan commenced for the hinotori™ Surgical Robot System, a surgical robot unit, and HF series instruments (hinotori™), reusable active endotherapy devices. This robotic assisted surgery system was developed by Mediaroid Corporation, which was jointly established by Kawasaki Heavy Industries, Ltd. and Sysmex. The first made-in-Japan robotic-assisted surgery system, hinotori™ features a compact design and is offered in conjunction with introduction/maintenance plans that benefit hospital management, lowering the barriers to introduction and operation. hinotori™ offers high levels of operability and is equipped with a network support system for the monitoring of operating conditions, helping medical professionals conduct operations with greater precision. As the general agent for Mediaroid products, Sysmex has exclusive global sales and service rights. To begin, we are working toward an early introduction targeting the Japanese urology market.

1 Sugiyama M. et al., Gene 766, (2021) 145145

2 National Center for Global Health and Medicine. "Identification of humoral factors that predict

exacerbation of COVID-19: Seeking the early diagnosis of COVID-19 by blood test.” September 24, 2020

<https://www.ncgm.go.jp/pressrelease/2020/20200924.html> (Japanese only)

Net sales by destination

	Nine months ended December 31, 2019		Nine months ended December 31, 2020		YoY (Previous period = 100)
	Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan	33,995	15.6	33,295	15.7	97.9
Americas	50,672	23.2	45,637	21.6	90.1
EMEA	57,006	26.1	59,589	28.1	104.5
China	56,599	26.0	56,393	26.6	99.6
Asia Pacific	19,889	9.1	16,933	8.0	85.1
Overseas subtotal	184,167	84.4	178,553	84.3	97.0
Total	218,162	100.0	211,848	100.0	97.1

In Japan, sales of reagents and services increased in the life science field. However, reagent sales were down in the hematology field, due primarily to the impact of COVID-19. In other fields, sales of instruments related to large orders were down. Also, sales of reagents were down in the urinalysis and immunochemistry fields. As a result, sales in Japan fell 2.1% year on year, to ¥33,295 million.

Overseas, instrument sales increased in the urinalysis, hemostasis and immunochemistry fields. Mainly because of the COVID-19 pandemic, however, reagent sales were down, centered on the hematology, urinalysis and immunochemistry fields. Consequently, overseas sales decreased 3.0% year on year, to ¥178,553 million. The overseas sales ratio fell 0.1 percentage point, to 84.3%.

Selling, general and administrative expenses declined 5.7% year on year, to ¥58,204 million, largely because of activities at all destinations being restricted in the face of the COVID-19 pandemic.

As a result, during the first nine months of the fiscal year ending March 31, 2021, the Group recorded consolidated net sales of ¥211,848 million, down 2.9% year on year. Operating profit declined 11.2%, to ¥35,907 million; profit before tax decreased 10.6%, to ¥33,286 million; and profit attributable to owners of the parent fell 12.1%, to ¥23,288 million.

Performance by segment

(1) Japan

In Japan, sales of reagents and services increased in the life science field. However, reagent sales were down in the hematology field, due primarily to the impact of COVID-19. In other fields, sales of instruments related to large orders were down. Reagent sales also decreased in the urinalysis and immunochemistry fields. As a result, sales in Japan fell 1.5% year on year, to ¥36,154 million.

On the profit front, although SG&A and R&D expenses declined, lower sales and a deteriorating cost of sales ratio caused gross profit to worsen. Accordingly, segment profit (operating profit) fell 17.5%, to ¥21,780 million.

(2) Americas

Sales were down in North America. Although instrument sales rose in the hemostasis field, instrument and reagent sales declined in the hematology field, mainly because of the COVID-19 pandemic. In Central and South America, sales were down due to lower sales of hematology instruments and reagents. As a result, sales in the Americas came to ¥42,403 million, down 9.8% year on year.

Segment profit (operating profit) fell 42.5% year on year, to ¥959 million, despite lower SG&A

expenses, as the result of lower gross profit stemming from lower sales and a deteriorating cost of sales ratio.

(3) EMEA

Sales in the EMEA region rose 3.3% year on year, to ¥60,141 million. Reagent sales were down in the hematology, urinalysis and life science fields, mainly due to the spread of the COVID-19 pandemic. However, instruments sales increased in the hematology field, and reagent sales expanded in other fields due to the launch of a novel coronavirus antigen testing kit in Germany.

Despite a deteriorating cost of sales ratio, segment profit (operating profit) grew 18.4%, to ¥7,503 million, due to higher gross profit on higher sales and a decrease in SG&A expenses.

(4) China

In China, sales fell 0.4% year on year, to ¥56,317 million. Instrument sales increased in the hematology, urinalysis and immunochemistry fields, and the hemostasis field saw higher instrument and reagent sales. Mainly due to the impact of COVID-19, however, reagent sales were down in the hematology, urinalysis and immunochemistry fields.

Segment profit (operating profit) decreased 28.6% year on year, to ¥3,051 million, despite lower SG&A expenses, as gross profit declined due to lower sales and a worsening cost of sales ratio.

(5) Asia Pacific

Mainly because of COVID-19, sales of reagents decreased in the hematology and urinalysis fields. As a result, sales in the Asia Pacific region decreased 14.7% year on year, to ¥16,832 million.

Segment profit (operating profit) fell 44.0% year on year, to ¥1,723 million. SG&A expenses fell, but lower sales and a deteriorating cost of sales ratio caused gross profit to fall.

2) Financial conditions analysis

(1) Financial conditions

As of December 31, 2020, total assets amounted to ¥392,731 million, up ¥3,439 million from March 31, 2020. As main factors, inventories rose ¥2,143 million, and intangible assets were up ¥4,099 million, while property, plant and equipment were down ¥3,096 million.

Meanwhile, total liabilities as of December 31, 2020 were ¥101,232 million, down ¥9,711 million from March 31, 2020. Principal decreases included trade and other payables, which were down ¥6,561 million, income taxes payable, down ¥2,306 million, and accrued bonuses, down ¥1,890 million.

Total equity came to ¥291,498 million, up ¥13,150 million from March 31, 2020. Among principal reasons, retained earnings rose ¥8,245 million, while other components of equity increased ¥3,799 million. Equity attributable to owners of the parent to total assets rose 2.7 percentage points, from 71.3% on March 31, 2020 to 74.0% on December 31, 2020.

(2) Cash flows

As of December 31, 2020, cash and cash equivalents amounted to ¥54,737 million, down ¥1,855 million from March 31, 2020.

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 ¥39,752 million (up ¥4,597 million). As principal factors, profit before tax provided ¥33,286 million (down ¥3,938 million), depreciation and amortization provided ¥18,877 million (up ¥1,066 million), a decrease in trade receivables provided ¥3,189 million (up ¥968 million), an increase in inventories used ¥1,277 million (down ¥10,023 million), a decrease in trade payables used 4,390 million (up ¥2,998 million), and income taxes paid used ¥11,661 million (down ¥3,468 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥23,080 million (up ¥5,085 million). Among major factors, purchases of property plant and equipment used ¥6,499 million (down ¥3,623 million), purchases of intangible assets used ¥12,044 million (up ¥2,410 million), payments resulting in an increase in long-term prepaid expenses used ¥3,089 million (up ¥1,340 million), and proceeds from

withdrawal of time deposits provided ¥1,078 million (down ¥6,144 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥19,425 million (up ¥423 million). This was mainly due to dividends paid of ¥15,037 million (up ¥9 million) and repayment of lease liabilities, which used ¥4,936 million (up ¥759 million).

3) Consolidated financial forecast

The Company maintains its consolidated financial forecasts, as announced on November 5, 2020.

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, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	56,592	54,737
Trade and other receivables	85,650	84,834
Inventories	48,303	50,446
Other short-term financial assets	421	998
Income taxes receivable	546	678
Other current assets	14,191	13,892
Total current assets	<u>205,704</u>	<u>205,587</u>
Non-current assets		
Property, plant and equipment	96,839	93,743
Goodwill	11,271	11,798
Intangible assets	39,543	43,643
Investments accounted for using the equity method	2,945	1,314
Trade and other receivables	12,845	13,055
Other long-term financial assets	6,192	7,322
Asset for retirement benefits	897	906
Other non-current assets	5,810	8,663
Deferred tax assets	7,240	6,695
Total non-current assets	<u>183,586</u>	<u>187,143</u>
Total assets	<u>389,291</u>	<u>392,731</u>

(Unit: Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	33,917	27,355
Lease liabilities	5,701	5,322
Other current financial liabilities	552	825
Income taxes payable	5,673	3,366
Provisions	751	814
Contract liabilities	12,001	13,940
Accrued expenses	12,508	11,535
Accrued bonuses	7,591	5,700
Other current liabilities	5,448	6,353
Total current liabilities	84,145	75,213
Non-current liabilities		
Lease liabilities	16,935	15,431
Other non-current financial liabilities	269	18
Liability for retirement benefits	925	1,002
Provisions	255	257
Other non-current liabilities	2,061	2,506
Deferred tax liabilities	6,351	6,803
Total non-current liabilities	26,798	26,019
Total liabilities	110,944	101,232
Equity		
Equity attributable to owners of the parent		
Capital stock	12,877	13,135
Capital surplus	18,487	19,306
Retained earnings	261,321	269,567
Treasury stock	(306)	(307)
Other components of equity	(14,697)	(10,897)
Total equity attributable to owners of the parent	277,683	290,804
Non-controlling interests	663	693
Total equity	278,347	291,498
Total liabilities and equity	389,291	392,731

2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	218,162	211,848
Cost of sales	100,453	103,243
Gross profit	117,709	108,605
Selling, general and administrative expenses	61,751	58,204
Research and development expenses	16,186	15,273
Other operating income	1,059	1,198
Other operating expenses	410	418
Operating profit	40,420	35,907
Financial income	427	241
Financial expenses	701	615
Share of profit (loss) of associates accounted for using the equity method	(1,480)	(1,599)
Foreign exchange gain (loss)	(1,442)	(648)
Profit before tax	37,224	33,286
Income taxes expenses	10,856	10,114
Profit	26,368	23,171
Profit attributable to		
Owners of the parent	26,496	23,288
Non-controlling interests	(127)	(117)
Profit	26,368	23,171
		(Unit: Yen)
Earnings per share		
Basic	126.93	111.49
Diluted	126.80	111.34

3) Condensed quarterly consolidated statement of other comprehensive income

(Unit: Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	26,368	23,171
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	(68)	254
Total	(68)	254
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(2,423)	3,569
Share of other comprehensive income of investments accounted for using the equity method	(0)	(29)
Total	(2,424)	3,540
Total other comprehensive income	(2,492)	3,794
Comprehensive income	23,875	26,966
Comprehensive income attributable to		
Owners of the parent	24,003	27,083
Non-controlling interests	(127)	(117)
Comprehensive income	23,875	26,966

4) Condensed quarterly consolidated statement of changes in equity
 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
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)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	—	—	—
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	—	—
Change in non-controlling interests due to capital increase of subsidiaries	—	—	—	—	—	—	—	—
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

Nine months ended December 31, 2020

(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, 2020	12,877	18,487	261,321	(306)	(14,697)	277,683	663	278,347
Profit	—	—	23,288	—	—	23,288	(117)	23,171
Other comprehensive income	—	—	—	—	3,794	3,794	0	3,794
Comprehensive income	—	—	23,288	—	3,794	27,083	(117)	26,966
Exercise of warrants	258	144	—	—	—	403	—	403
Share-based payment transactions	—	674	—	—	—	674	—	674
Cash dividends	—	—	(15,037)	—	—	(15,037)	—	(15,037)
Purchase of treasury stock	—	—	—	(1)	—	(1)	—	(1)
Disposal of treasury stock	—	0	—	0	—	0	—	0
Transfer to retained earnings	—	—	(5)	—	5	—	—	—
Establishment of subsidiary with non-controlling interests	—	—	—	—	—	—	49	49
Change in non-controlling interests due to capital increase of subsidiaries	—	—	—	—	—	—	98	98
Total transactions with the owners	258	819	(15,042)	(1)	5	(13,962)	147	(13,815)
As of December 31, 2020	13,135	19,306	269,567	(307)	(10,897)	290,804	693	291,498

5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities		
Profit before tax	37,224	33,286
Depreciation and amortization	17,810	18,877
Decrease (increase) in trade receivable	2,220	3,189
Decrease (increase) in inventories	(11,301)	(1,277)
Increase (decrease) in trade payable	2,998	(4,390)
Decrease/increase in consumption taxes receivable/payable	623	1,744
Increase (decrease) in contract liabilities	427	2,058
Increase (decrease) in accrued bonuses	(2,078)	(1,948)
Other – net	2,736	286
Subtotal	50,661	51,824
Interest and dividend received	218	170
Interest paid	(594)	(581)
Income taxes paid	(15,129)	(11,661)
Net cash provided by (used in) operating activities	35,155	39,752
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,123)	(6,499)
Purchases of intangible assets	(9,633)	(12,044)
Payments resulting in an increase in long-term prepaid expenses	(1,749)	(3,089)
Purchases of investments in equity instruments	(3,522)	(613)
Payments into time deposits	(264)	(1,728)
Proceeds from withdrawal of time deposits	7,223	1,078
Other – net	73	(184)
Net cash provided by (used in) investing activities	(17,994)	(23,080)
Cash flows from financing activities		
Dividends paid	(15,028)	(15,037)
Repayments of lease liabilities	(4,177)	(4,936)
Other – net	203	548
Net cash provided by (used in) financing activities	(19,001)	(19,425)
Effects of exchange rate changes on cash and cash equivalents	(524)	898
Net increase (decrease) in cash and cash equivalents	(2,366)	(1,855)
Cash and cash equivalents at the beginning of the term	51,062	56,592
Cash and cash equivalents at the end of the term	48,695	54,737

6) Notes to the condensed quarterly consolidated financial statements

1. Notes related to the going concern assumption

Not applicable

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

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
Intersegme nt 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.

Nine months ended December 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	36,154	42,403	60,141	56,317	16,832	211,848	—	211,848
Intersegment sales	76,250	325	2,657	0	1	79,234	(79,234)	—
Total	112,404	42,728	62,798	56,317	16,833	291,083	(79,234)	211,848
Segment profit	21,780	959	7,503	3,051	1,723	35,019	888	35,907
Financial income	—	—	—	—	—	—	—	241
Financial expenses	—	—	—	—	—	—	—	615
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(1,599)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	(648)
Profit before tax	—	—	—	—	—	—	—	33,286
Income taxes expenses	—	—	—	—	—	—	—	10,114
Profit	—	—	—	—	—	—	—	23,171

Notes:

1. Segment profit adjustments of ¥888 million include ¥732 million for the unrealized gains on inventories and ¥214 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.