

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

August 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  
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Scheduled date for filing of quarterly report : August 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 Three 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 |         |
|----------------------------------|-----------|---------|------------------|---------|-------------------|---------|--------|---------|
| Three months ended Jun. 30, 2020 | 60,511    | (11.7)% | 6,957            | (38.3)% | 6,481             | (32.9)% | 4,442  | (32.9)% |
| Three months ended Jun. 30, 2019 | 68,540    | 3.9%    | 11,279           | (18.4)% | 9,661             | (24.3)% | 6,620  | (29.4)% |

|                                  | Profit attributable to owners of the parent |         | Total comprehensive income |         | Basic earnings per share (Yen) | Diluted earnings per share (Yen) |
|----------------------------------|---|---------|----------------------------|---------|--------------------------------|----------------------------------|
| Three months ended Jun. 30, 2020 | 4,487                                       | (33.0)% | 4,959                      | 84.6%   | 21.49                          | 21.46                            |
| Three months ended Jun. 30, 2019 | 6,697                                       | (28.9)% | 2,686                      | (66.1)% | 32.09                          | 32.05                            |

(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 Jun. 30, 2020 | 368,826      | 276,302      | 275,536                                     | 74.7%   |
| 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            | —                   |                      |                     |                |              |
| Year ending Mar. 31, 2021 (Forecast) |                     | 36.00                | —                   | 36.00          | 72.00        |

Note: Revision of dividends forecast for this period: Yes

### 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: 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):  
209,310,432 shares as of Jun. 30, 2020; 209,266,432 shares as of Mar. 31, 2020
  - 2) Number of treasury stock at the end of each fiscal period:  
446,708 shares as of Jun. 30, 2020; 446,680 shares as of Mar. 31, 2020
  - 3) Average number of outstanding stock for each period (cumulative):  
208,839,381 shares for the three months ended Jun. 30, 2020  
208,723,462 shares for the three months ended Jun. 30, 2019

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

#### \* 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 "3) Consolidated financial forecast" within "1. Qualitative information on quarterly financial results" on page 5 of the attachment to this document.
3. Supplementary financial materials (in Japanese and English) will be posted on the Sysmex website on Wednesday, August 5, 2020.

## Content of Supplementary Materials

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## 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 three months of the fiscal year ending March 31, 2021, in Japan concerns about the spread and prolonged impact of the 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, the COVID-19 pandemic continues to spread. The scale of the global economy is expected to shrink as a result.

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. 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-6500/CN-3500 automated blood coagulation analyzers in the Japanese market to enhance the workflow efficiency of hemostasis testing. These products offer the same high levels of productivity, reliability, operability, and service as the CN-6000/CN-3000 automated blood coagulation analyzers. In addition, they incorporate into a single unit the chemiluminescence enzyme immunoassay (CLEIA) measurement principles used in our HISCL™-5000/HISCL™-800 automated immunoassay systems. As a result, our new blood coagulation analyzers allow for flexible measurements in response to a broad range of test orders in the fields of thrombosis and hemostasis, such as molecular markers for blood coagulation measured with CLEIA, in addition to the blood coagulation and platelet aggregation parameters that can be measured by CN-6000/CN-3000 automated blood coagulation analyzers, realizing an efficient testing workflow in a way that caters to needs in healthcare settings. Going forward, we will continue seeking to provide new value by promoting R&D on reagents related to hemostasis and immunochemistry using CLEIA.

To help the city of Kobe prepare for an increase in infections by strengthening a PCR testing system for COVID-19, the City of Kobe, Sysmex, and SRL, Inc. (a subsidiary of Miraca Holdings Inc. [now H.U. Group Holdings, Inc.]) have configured and begun operating a new PCR testing system at the Sysmex BMA Laboratory, a clinical testing center in the Kobe Biomedical Innovation Cluster. In this initiative, Sysmex will take control of PCR tests. SRL will be in charge of supporting the creation of a testing system, collecting samples and reporting results. We plan to reinforce the PCR testing implementation system, as necessary. Through this initiative, the three entities aim to reduce the physical and emotional burden of the COVID-19 threat on local residents.

Sysmex also established four antibody measurement technologies that enable detection of the circulating IgG antibody and IgM antibody. These antibodies react specifically to the nucleocapsid protein1 and spike protein2 in SARS-CoV-2, the virus that causes COVID-19. We have begun offering lab assay services using this testing technology for research into the past history of COVID-19 and research and consideration of the clinical significance of the SARS-CoV-2 defense function, as well as in a host of epidemiological studies. Furthermore, we have begun providing a lab assay service for research on cytokines,3 which have been suggested as a useful indicator in monitoring the risk of increasing severity and treatment effects for SARS-CoV-2. Targeting research institutions, universities, medical institutions and pharmaceutical companies with this assay service, we will provide data that can be used to confirm testing methods suitable to such clinical applications as determining the risk of increasing severity and treatment effect, as well as data that can be used for vaccines, antiviral drugs and other drug discovery research. We aim to contribute to advances in

research in amassing broad-ranging clinical evidence, including for epidemiological research, as well as in drug discovery, to help in the diagnosis and treatment of COVID-19.

1 Nucleocapsid protein (N antigen):

A protein that constitutes the core structure of a virus, significantly affecting virus characteristics.

2 Spike protein (S antigen):

Protein that forms countless protrusions around the virus to bind with cell receptors and generate infection.

3 Cytokine:

This is a general name for proteins secreted by cells and used in intercellular communication.

#### Net sales by destination

|                   | Three months ended<br>June 30, 2019 |                            | Three months ended<br>June 30, 2020 |                            | YoY<br>(Previous<br>period = 100) |
|-------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|-----------------------------------|
|                   | Amount<br>(Millions of yen)         | Percentage of<br>total (%) | Amount<br>(Millions of yen)         | Percentage of<br>total (%) |                                   |
| Japan             | 10,140                              | 14.8                       | 9,380                               | 15.5                       | 92.5                              |
| Americas          | 15,808                              | 23.1                       | 13,975                              | 23.1                       | 88.4                              |
| EMEA              | 19,200                              | 28.0                       | 18,214                              | 30.1                       | 94.9                              |
| China             | 17,679                              | 25.8                       | 13,843                              | 22.9                       | 78.3                              |
| Asia Pacific      | 5,710                               | 8.3                        | 5,096                               | 8.4                        | 89.2                              |
| Overseas subtotal | 58,399                              | 85.2                       | 51,130                              | 84.5                       | 87.6                              |
| Total             | 68,540                              | 100.0                      | 60,511                              | 100.0                      | 88.3                              |

In Japan, sales of reagents rose in the hematology field, but sales of instruments were down, particularly in the hematology field and in other fields related to laboratory information systems mainly due to the spread of the COVID-19 pandemic. As a result, sales in Japan fell 7.5% year on year, to ¥9,380 million.

Overseas, sales of instruments grew in the urinalysis and life science fields, while reagent sales dropped, centered on the hematology, urinalysis and immunochemistry fields mainly due to the spread of the COVID-19 pandemic. Consequently, overseas sales decreased 12.4% year on year, to ¥51,130 million. The overseas sales ratio fell 0.7 percentage point, to 84.5%.

SG&A expenses fell in all regions mainly due to activity restrictions due to the spread of the COVID-19 pandemic. SG&A expenses were down 8.6% year on year, to ¥18,928 million.

As a result, during the first three months of the fiscal year ending March 31, 2021, the Group recorded consolidated net sales of ¥60,511 million, down 11.7% year on year. Operating profit declined 38.3%, to ¥6,957 million; profit before tax decreased 32.9%, to ¥6,481 million; and profit attributable to owners of the parent fell 33.0%, to ¥4,487 million.

#### Performance by segment

##### (1) Japan

In Japan, sales of reagents increased in the hematology field. However, instrument sales declined in the hematology field and in other fields related to laboratory information systems mainly due to the spread of the COVID-19 pandemic. And reagent sales also declined in the immunochemistry field. As a result, segment sales were down 4.1% year on year, to ¥10,513 million.

On the profit front, segment profit (operating profit) fell 10.1%, to ¥6,194 million. The decrease was attributable to lower gross profit, stemming from lower sales and a deteriorating cost of sales ratio, despite lower SG&A and R&D expenses.

##### (2) Americas

In North America, instrument sales were up in the hemostasis field. However, sales in the region were down due to lower sales of instruments, reagents and maintenance services in the hematology field mainly due to the spread of the COVID-19 pandemic. In Central and South

America, reagent sales fell, mainly in the urinalysis field, but instrument and reagent sales in the hematology field rose, pushing up sales in the region. As a result, overall sales in the Americas were down 12.0% year on year, to ¥12,895 million.

On the profit front, the Americas generated a segment loss (operating loss) of ¥404 million (compared with segment profit of ¥449 million in the first three months of the preceding fiscal year). Profit was affected by lower gross profit, stemming from lower sales and deterioration in the cost of sales ratio, although SG&A expenses fell.

(3) EMEA

Sales in the EMEA region declined 6.9% year on year, to ¥18,231 million. Instrument sales rose in the life science field and in other fields in relation to transport systems, but reagent sales were down in the hematology and urinalysis fields mainly due to the spread of the COVID-19 pandemic.

On the profit front, lower sales and deterioration in the cost of sales ratio caused gross profit to decline, while SG&A expenses fell. As a result, segment profit (operating profit) was ¥1,663 million, up 5.9% year on year.

(4) China

In China, sales fell 21.8% year on year, to ¥13,809 million. Instrument sales increased, mainly in the urinalysis and immunochemistry fields, but sales of instruments and reagents were down in the hematology field, as were sales of reagents in the urinalysis and immunochemistry fields mainly due to the spread of the COVID-19 pandemic.

On the profit front, segment profit (operating profit) dropped 84.4%, to ¥287 million as the result of lower gross profit due to falling sales and deterioration of the cost of sales ratio, despite lower SG&A expenses.

(5) Asia Pacific

Instrument sales were up in the hematology field, but reagent sales decreased in the hematology and urinalysis fields mainly due to the spread of the COVID-19 pandemic. As a result, sales in the Asia Pacific region decreased 10.7% year on year, to ¥5,062 million.

On the profit front, SG&A expenses decreased, but falling gross profit due to lower sales and deterioration in the cost of sales ratio led to segment profit (operating profit) of ¥284 million, down 53.1% year on year.

2) Financial conditions analysis

(1) Financial conditions

As of June 30, 2020, total assets amounted to ¥368,826 million, down ¥20,465 million from March 31, 2020. As main factors, cash and cash equivalents were down ¥7,857 million, and trade and other receivables (current assets) fell ¥13,906 million, while inventories rose ¥5,128 million.

Meanwhile, total liabilities as of June 30, 2020 were ¥92,523 million, down ¥18,420 million. Principal decreases included trade and other payables, which were down ¥8,075 million; income taxes payable, down ¥3,339 million; accrued bonuses, down ¥2,971 million; and contract liabilities, down ¥2,087 million.

Total equity came to ¥276,302 million, down ¥2,044 million from March 31, 2020. Among principal reasons, retained earnings fell ¥3,030 million, while other components of equity increased ¥517 million. Equity attributable to owners of the parent to total assets rose 3.4 percentage points, from 71.3% on March 31, 2020 to 74.7% on June 30, 2020.

(2) Cash flows

As of June 30, 2020, cash and cash equivalents amounted to ¥48,734 million, down ¥7,857 million from March 31, 2020.

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

(Cash flows from operating activities)

Net cash provided by operating activities was ¥9,904 million (up ¥2,168 million). As principal factors, profit before tax provided ¥6,481 million (down ¥3,179 million), depreciation and amortization provided ¥6,198 million (up ¥436 million), a decrease in trade receivables provided

¥13,916 million (up ¥9,327 million), an increase in inventories used ¥4,461 million (up ¥823 million), a decrease in trade payables used ¥4,148 million (up ¥2,020 million), and a decrease in consumption taxes receivable provided ¥3,366 million (up ¥424 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥8,619 million (up ¥8,053 million). Among major factors, purchases of property plant and equipment used ¥1,915 million (down ¥1,342 million), purchases of intangible assets used ¥4,625 million (up ¥2,251 million), payments resulting in an increase in long-term prepaid expenses used ¥1,170 million (up ¥790 million), and proceeds from withdrawal of time deposits decrease ¥7,187 million year on year.

(Cash flows from financing activities)

Net cash used in financing activities was ¥9,085 million (up ¥206 million). This was mainly due to dividends paid of ¥7,517 million (up ¥4 million) and repayment of lease liabilities, which used ¥1,704 million (up ¥263 million).

### 3) Consolidated financial forecast

Although the COVID-19 pandemic continues to spread around the world, there are signs that economic activity is gradually returning in some countries. Even so, the outlook remains opaque, due to concerns that a second wave could occur and that the impact could be prolonged. Sysmex's business segment is in the field of healthcare, and over the long term demand in this field is expected to remain high. In the first quarter under review (April to June 2020), demand was down temporarily as the number of hospital tests for items other than COVID-19 decreased, but testing numbers are trending upward. However, the speed of demand recovery differs by country.

Against this backdrop, the degree to which the global COVID-19 pandemic will affect customers' capital investment and demand trends remains under consideration. As a result, the rational calculation of performance forecasts is problematic at this stage, so our consolidated financial forecast for the fiscal year ending March 31, 2021 remains undetermined. We will promptly disclose our performance forecast once calculation becomes possible.

## 2. Condensed quarterly consolidated financial statements and notes

### 1) Condensed quarterly consolidated statement of financial position

(Unit: Millions of yen)

|   | As of<br>March 31, 2020 | As of<br>June 30, 2020 |
|---|-------------------------|------------------------|
| Assets  |                         |                        |
| Current assets                                    |                         |                        |
| Cash and cash equivalents                         | 56,592                  | 48,734                 |
| Trade and other receivables                       | 85,650                  | 71,743                 |
| Inventories                                       | 48,303                  | 53,431                 |
| Other short-term financial assets                 | 421                     | 857                    |
| Income taxes receivable                           | 546                     | 561                    |
| Other current assets                              | 14,191                  | 10,321                 |
| Total current assets                              | <u>205,704</u>          | <u>185,649</u>         |
| Non-current assets                                |                         |                        |
| Property, plant and equipment                     | 96,839                  | 95,399                 |
| Goodwill  | 11,271                  | 11,310                 |
| Intangible assets                                 | 39,543                  | 40,131                 |
| Investments accounted for using the equity method | 2,945                   | 2,517                  |
| Trade and other receivables                       | 12,845                  | 12,866                 |
| Other long-term financial assets                  | 6,192                   | 6,259                  |
| Asset for retirement benefits                     | 897                     | 904                    |
| Other non-current assets                          | 5,810                   | 6,640                  |
| Deferred tax assets                               | 7,240                   | 7,145                  |
| Total non-current assets                          | <u>183,586</u>          | <u>183,177</u>         |
| Total assets                                      | <u>389,291</u>          | <u>368,826</u>         |



(Unit: Millions of yen)

|   | As of<br>March 31, 2020 | As of<br>June 30, 2020 |
|---|-------------------------|------------------------|
| Liabilities and equity                            |                         |                        |
| Liabilities                                       |                         |                        |
| Current liabilities                               |                         |                        |
| Trade and other payables                          | 33,917                  | 25,841                 |
| Lease liabilities                                 | 5,701                   | 5,546                  |
| Other current financial liabilities               | 552                     | 843                    |
| Income taxes payable                              | 5,673                   | 2,333                  |
| Provisions  | 751                     | 738                    |
| Contract liabilities                              | 12,001                  | 9,914                  |
| Accrued expenses                                  | 12,508                  | 10,509                 |
| Accrued bonuses                                   | 7,591                   | 4,619                  |
| Other current liabilities                         | 5,448                   | 6,164                  |
| Total current liabilities                         | 84,145                  | 66,512                 |
| Non-current liabilities                           |                         |                        |
| Lease liabilities                                 | 16,935                  | 16,390                 |
| Other non-current financial liabilities           | 269                     | 19                     |
| Liability for retirement benefits                 | 925                     | 990                    |
| Provisions  | 255                     | 259                    |
| Other non-current liabilities                     | 2,061                   | 2,178                  |
| Deferred tax liabilities                          | 6,351                   | 6,172                  |
| Total non-current liabilities                     | 26,798                  | 26,011                 |
| Total liabilities                                 | 110,944                 | 92,523                 |
| Equity  |                         |                        |
| Equity attributable to owners of the parent       |                         |                        |
| Capital stock                                     | 12,877                  | 12,965                 |
| Capital surplus                                   | 18,487                  | 18,766                 |
| Retained earnings                                 | 261,321                 | 258,291                |
| Treasury stock                                    | (306)                   | (306)                  |
| Other components of equity                        | (14,697)                | (14,180)               |
| Total equity attributable to owners of the parent | 277,683                 | 275,536                |
| Non-controlling interests                         | 663                     | 765                    |
| Total equity                                      | 278,347                 | 276,302                |
| Total liabilities and equity                      | 389,291                 | 368,826                |

## 2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

|  | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
|--|-------------------------------------|-------------------------------------|
| Net sales  | 68,540                              | 60,511                              |
| Cost of sales  | 31,670                              | 29,887                              |
| Gross profit   | 36,869                              | 30,624                              |
| Selling, general and administrative expenses                               | 20,706                              | 18,928                              |
| Research and development expenses  | 4,995                               | 4,915                               |
| Other operating income   | 213                                 | 305                                 |
| Other operating expenses   | 101                                 | 128                                 |
| Operating profit   | 11,279                              | 6,957                               |
| Financial income   | 97                                  | 82                                  |
| Financial expenses   | 234                                 | 221                                 |
| Share of profit (loss) of associates accounted for using the equity method | (414)                               | (427)                               |
| Foreign exchange gain (loss)   | (1,065)                             | 90                                  |
| Profit before tax  | 9,661                               | 6,481                               |
| Income taxes expenses  | 3,041                               | 2,038                               |
| Profit   | 6,620                               | 4,442                               |
| Profit attributable to   |                                     |                                     |
| Owners of the parent   | 6,697                               | 4,487                               |
| Non-controlling interests  | (76)                                | (44)                                |
| Profit   | 6,620                               | 4,442                               |
|  |                                     | (Unit: Yen)                         |
| Earnings per share   |                                     |                                     |
| Basic  | 32.09                               | 21.49                               |
| Diluted  | 32.05                               | 21.46                               |

## 3) Condensed quarterly consolidated statement of other comprehensive income

(Unit: Millions of yen)

|   | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
|---|-------------------------------------|-------------------------------------|
| Profit  | 6,620                               | 4,442                               |
| Other comprehensive income  |                                     |                                     |
| Items that will not be reclassified<br>subsequently to profit or loss                               |                                     |                                     |
| Net gain (loss) on financial assets<br>measured at fair value through other<br>comprehensive income | (11)                                | 12                                  |
| Total   | (11)                                | 12                                  |
| Items that may be reclassified<br>subsequently to profit or loss                                    |                                     |                                     |
| Exchange differences on translation of<br>foreign operations  | (3,920)                             | 504                                 |
| Share of other comprehensive<br>income of investments accounted for<br>using the equity method      | (1)                                 | 1                                   |
| Total   | (3,921)                             | 505                                 |
| Total other comprehensive income  | (3,933)                             | 517                                 |
| Comprehensive income  | 2,686                               | 4,959                               |
| Comprehensive income attributable to  |                                     |                                     |
| Owners of the parent  | 2,763                               | 5,004                               |
| Non-controlling interests   | (76)                                | (44)                                |
| Comprehensive income  | 2,686                               | 4,959                               |

4) Condensed quarterly consolidated statement of changes in equity  
Three months ended June 30, 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, 2019   | 12,654                                      | 17,876          | 241,445           | (302)          | (7,225)                    | 264,448 | 733                       | 265,182      |
| Profit  | —   | —               | 6,697             | —              | —                          | 6,697   | (76)                      | 6,620        |
| Other comprehensive income  | —   | —               | —                 | —              | (3,933)                    | (3,933) | 0                         | (3,933)      |
| Comprehensive income  | —   | —               | 6,697             | —              | (3,933)                    | 2,763   | (76)                      | 2,686        |
| Exercise of warrants  | 49  | 27              | —                 | —              | —                          | 77      | —                         | 77           |
| Share-based payment transactions  | —   | —               | —                 | —              | —                          | —       | —                         | —            |
| Cash dividends  | —   | —               | (7,513)           | —              | —                          | (7,513) | —                         | (7,513)      |
| Purchase of treasury stock  | —   | —               | —                 | (1)            | —                          | (1)     | —                         | (1)          |
| Establishment of subsidiary with non-controlling interests                  | —   | —               | —                 | —              | —                          | —       | —                         | —            |
| Change in non-controlling interests due to capital increase of subsidiaries | —   | —               | —                 | —              | —                          | —       | —                         | —            |
| Total transactions with the owners  | 49  | 27              | (7,513)           | (1)            | —                          | (7,437) | —                         | (7,437)      |
| As of June 30, 2019   | 12,704                                      | 17,904          | 240,628           | (303)          | (11,158)                   | 259,774 | 656                       | 260,431      |

Three months ended June 30, 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, 2020   | 12,877                                      | 18,487          | 261,321           | (306)          | (14,697)                   | 277,683 | 663                       | 278,347      |
| Profit  | —   | —               | 4,487             | —              | —                          | 4,487   | (44)                      | 4,442        |
| Other comprehensive income  | —   | —               | —                 | —              | 517                        | 517     | 0                         | 517          |
| Comprehensive income  | —   | —               | 4,487             | —              | 517                        | 5,004   | (44)                      | 4,959        |
| Exercise of warrants  | 87  | 49              | —                 | —              | —                          | 136     | —                         | 136          |
| Share-based payment transactions  | —   | 229             | —                 | —              | —                          | 229     | —                         | 229          |
| Cash dividends  | —   | —               | (7,517)           | —              | —                          | (7,517) | —                         | (7,517)      |
| Purchase of treasury stock  | —   | —               | —                 | (0)            | —                          | (0)     | —                         | (0)          |
| 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  | 87  | 278             | (7,517)           | (0)            | —                          | (7,151) | 147                       | (7,004)      |
| As of June 30, 2020   | 12,965                                      | 18,766          | 258,291           | (306)          | (14,180)                   | 275,536 | 765                       | 276,302      |

## 5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

|  | Three months ended<br>June 30, 2019 | Three months ended<br>June 30, 2020 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities                               |                                     |                                     |
| Profit before tax  | 9,661                               | 6,481                               |
| Depreciation and amortization                                      | 5,761                               | 6,198                               |
| Decrease (increase) in trade receivable                            | 4,589                               | 13,916                              |
| Decrease (increase) in inventories                                 | (3,638)                             | (4,461)                             |
| Increase (decrease) in trade payable                               | (2,128)                             | (4,148)                             |
| Decrease/increase in consumption taxes<br>receivable/payable       | 2,942                               | 3,366                               |
| Increase (decrease) in contract liabilities                        | 36                                  | (2,062)                             |
| Increase (decrease) in accrued bonuses                             | (3,847)                             | (2,974)                             |
| Other – net  | 2,011                               | (818)                               |
| Subtotal   | 15,387                              | 15,496                              |
| Interest and dividend received                                     | 75                                  | 72                                  |
| Interest paid  | (194)                               | (195)                               |
| Income taxes paid  | (7,532)                             | (5,469)                             |
| Net cash provided by (used in) operating<br>activities             | 7,736                               | 9,904                               |
| Cash flows from investing activities                               |                                     |                                     |
| Purchases of property, plant and<br>equipment                      | (3,257)                             | (1,915)                             |
| Purchases of intangible assets                                     | (2,374)                             | (4,625)                             |
| Payments resulting in an increase in<br>long-term prepaid expenses | (379)                               | (1,170)                             |
| Purchases of investments in equity<br>instruments                  | (1,506)                             | –                                   |
| Payments into time deposits  | (174)                               | (598)                               |
| Proceeds from withdrawal of time<br>deposits                       | 7,187                               | –                                   |
| Other – net  | (60)                                | (309)                               |
| Net cash provided by (used in) investing<br>activities             | (566)                               | (8,619)                             |
| Cash flows from financing activities                               |                                     |                                     |
| Dividends paid   | (7,513)                             | (7,517)                             |
| Repayments of lease liabilities                                    | (1,440)                             | (1,704)                             |
| Other – net  | 75                                  | 136                                 |
| Net cash provided by (used in) financing<br>activities             | (8,878)                             | (9,085)                             |
| Effects of exchange rate changes on cash<br>and cash equivalents   | (985)                               | (57)                                |
| Net increase (decrease) in cash and cash<br>equivalents            | (2,693)                             | (7,857)                             |
| Cash and cash equivalents at the beginning<br>of the term          | 51,062                              | 56,592                              |
| Cash and cash equivalents at the end of the<br>term                | 48,368                              | 48,734                              |

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.

Three months ended June 30, 2019

(Unit: Millions of yen)

|  | Reportable segment |          |        |        |                 |        | Adjustments<br>(Note 1) | Consolidated<br>(Note 2) |
|--|--------------------|----------|--------|--------|-----------------|--------|-------------------------|--------------------------|
|  | Japan              | Americas | EMEA   | China  | Asia<br>Pacific | Total  |                         |                          |
| Sales  |                    |          |        |        |                 |        |                         |                          |
| Sales to external customers  | 10,964             | 14,656   | 19,591 | 17,658 | 5,668           | 68,540 | —                       | 68,540                   |
| Intersegment sales   | 22,520             | 71       | 379    | 0      | 1               | 22,972 | (22,972)                | —                        |
| Total  | 33,484             | 14,727   | 19,971 | 17,659 | 5,669           | 91,512 | (22,972)                | 68,540                   |
| Segment profit (loss)  | 6,892              | 449      | 1,570  | 1,839  | 606             | 11,358 | (78)                    | 11,279                   |
| Financial income   | —                  | —        | —      | —      | —               | —      | —                       | 97                       |
| Financial expenses   | —                  | —        | —      | —      | —               | —      | —                       | 234                      |
| Share of profit (loss) of associates accounted for using the equity method | —                  | —        | —      | —      | —               | —      | —                       | (414)                    |
| Foreign exchange gain (loss)   | —                  | —        | —      | —      | —               | —      | —                       | (1,065)                  |
| Profit before tax  | —                  | —        | —      | —      | —               | —      | —                       | 9,661                    |
| Income taxes expenses  | —                  | —        | —      | —      | —               | —      | —                       | 3,041                    |
| Profit   | —                  | —        | —      | —      | —               | —      | —                       | 6,620                    |

Notes:

1. Segment profit (loss) adjustments of negative ¥78 million include negative ¥132 million for the unrealized gains on inventories and ¥79 million for the unrealized gains on non-current assets.
2. Segment profit (loss) is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.



Three months ended June 30, 2020

(Unit: Millions of yen)

|  | Reportable segment |          |        |        |                 |        | Adjustments<br>(Note 1) | Consolidated<br>(Note 2) |
|--|--------------------|----------|--------|--------|-----------------|--------|-------------------------|--------------------------|
|  | Japan              | Americas | EMEA   | China  | Asia<br>Pacific | Total  |                         |                          |
| Sales  |                    |          |        |        |                 |        |                         |                          |
| Sales to external customers  | 10,513             | 12,895   | 18,231 | 13,809 | 5,062           | 60,511 | —                       | 60,511                   |
| Intersegment sales   | 23,313             | 1        | 738    | 3      | 1               | 24,058 | (24,058)                | —                        |
| Total  | 33,826             | 12,896   | 18,970 | 13,812 | 5,063           | 84,569 | (24,058)                | 60,511                   |
| Segment profit (loss)  | 6,194              | (404)    | 1,663  | 287    | 284             | 8,025  | (1,068)                 | 6,957                    |
| Financial income   | —                  | —        | —      | —      | —               | —      | —                       | 82                       |
| Financial expenses   | —                  | —        | —      | —      | —               | —      | —                       | 221                      |
| Share of profit (loss) of associates accounted for using the equity method | —                  | —        | —      | —      | —               | —      | —                       | (427)                    |
| Foreign exchange gain (loss)   | —                  | —        | —      | —      | —               | —      | —                       | 90                       |
| Profit before tax  | —                  | —        | —      | —      | —               | —      | —                       | 6,481                    |
| Income taxes expenses  | —                  | —        | —      | —      | —               | —      | —                       | 2,038                    |
| Profit   | —                  | —        | —      | —      | —               | —      | —                       | 4,442                    |

Notes:

1. Segment profit (loss) adjustments of negative ¥1,068 million include negative ¥1,097 million for the unrealized gains on inventories and ¥110 million for the unrealized gains on non-current assets.
2. Segment profit (loss) is adjusted to coincide with operating profit in the condensed quarterly consolidated statement of income.