

**Summary of Consolidated Financial Results [IFRS]
for the First Nine Months of the Fiscal Year Ending March 31, 2024**

February 9, 2024

Listed company name	:	Sysmex Corporation
Code	:	6869
Listed stock exchanges	:	Tokyo Stock Exchange
URL	:	www.sysmex.co.jp/en
Company representative	:	Kaoru Asano, President
Contact	:	Takuro Minami, Executive Vice President of Corporate Business Administration
Phone	:	078(265)-0500
Scheduled date for filing of quarterly report	:	February 13, 2024
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, 2024

(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, 2023	326,525	9.3%	54,212	(0.3)%	51,102	0.1%	34,487	(1.8)%
Nine months ended Dec. 31, 2022	298,743	15.4%	54,372	10.2%	51,058	7.4%	35,104	8.2%

	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, 2023	34,464	(2.0)%	47,697	15.3%	164.90	164.83
Nine months ended Dec. 31, 2022	35,185	8.1%	41,371	14.4%	168.17	168.10

(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, 2023	567,200	406,927	406,188	71.6%
As of Mar. 31, 2023	531,074	388,356	387,665	73.0%

2. Dividend

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2023	—	40.00	—	42.00	82.00
Year ending Mar. 31, 2024	—	42.00	—		
Year ending Mar. 31, 2024 (Forecast)				42.00	84.00

Note: Revision of dividends forecast for this period: No

3. Financial Forecast for the Year Ending March 31, 2024

(% 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, 2024	460,000	12.1%	83,000	12.7%	78,000	13.5%	52,000	13.6%	248.46

Note: Revision of financial 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):
209,753,292 shares as of Dec. 31, 2023; 209,693,992 shares as of Mar. 31, 2023
 - 2) Number of treasury stock at the end of each fiscal period:
1,957,356 shares as of Dec. 31, 2023; 447,492 shares as of Mar. 31, 2023
 - 3) Average number of outstanding stock for each period (cumulative):
209,004,509 shares for the nine months ended Dec. 31, 2023
209,222,682 shares for the nine months ended Dec. 31, 2022

Note: The Company has introduced Stock-Granting Employee Stock Ownership Plan (ESOP) Trust. Company shares held by the trust are included in treasury stock and are excluded from calculations of the Company's own shares and average number of shares during the period.

* Quarterly summaries of financial results are excluded from quarterly reviews.

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

- 1. The forecasts and future projections contained herein have been prepared on the basis of rational decisions given the information available as of the date of announcement of this document. These forecasts do not represent a commitment by the Company, and actual performance may differ substantially from forecasts for a variety of reasons. Please refer to "3) Consolidated financial forecast" within "1. Qualitative information on quarterly financial results" on page 4 of the attachment to this document for cautionary statements concerning the conditions and performance forecasts that serve as the basis for these forecasts.
- 2. Supplementary financial materials (in Japanese and English) will be posted on the Sysmex website on Friday, February 9, 2024.

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	4
2. Condensed quarterly consolidated financial statements and notes	5
1) Condensed quarterly consolidated statement of financial position	5
2) Condensed quarterly consolidated statement of income	7
3) Condensed quarterly consolidated statement of comprehensive income	8
4) Condensed quarterly consolidated statement of changes in equity	9
5) Condensed quarterly consolidated statement of cash flows	11
6) Notes to the condensed quarterly consolidated financial statements	12
1. Notes related to the going concern assumption	12
2. Segment information	12

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.

In the first nine months of the fiscal year ending March 31, 2024, the Japanese economy continued showing signs of a recovery as normal economic activity resumed following the COVID-19 pandemic. However, overall recovery has been gradual, due to factors such as the restraint of capital investment, particularly in the manufacturing sector, and the delayed recovery in employment. In overseas markets, while the United States has seen strong personal consumption and investment, Europe has experienced economic slowdown due to inflationary pressures, and China has faced weak domestic demand and sluggish export growth. Additionally, geopolitical risks associated with the Middle East and the Russia–Ukraine issue continue to pose uncertainties.

On the healthcare front, in Japan demand is rising in the medical and healthcare fields against the backdrop of an aging population and diversifying health and medical needs. The Japanese Government has positioned 'next-generation healthcare' as one of its growth strategies, and these fields are expected to remain active. Looking overseas, aging populations in developed countries and economic growth in emerging markets are causing healthcare demand to increase and prompting higher levels of healthcare quality and service enhancements. At the same time, rapid advances in the application of artificial intelligence, information and communications technology, and other leading-edge technologies to the healthcare sector are expected to continue providing opportunities for growth.

Against this backdrop, in the diagnostics business, Sysmex signed a basic agreement on business collaboration with Fujirebio Holdings, Inc. to deepen their multifaceted collaboration in the immunochemistry field, including R&D, production, clinical development, and sales-marketing. Based on this agreement, the companies will expand their CDMO*1 partnership in relation to dedicated reagents for Sysmex's HISCL™-Series Automated Immunoassay System in the field of neurodegenerative diseases, and have agreed on the supply of reagent raw materials. Going forward, the two companies will promote the mutual utilization of each other's high-quality reagent materials, and will further work together in the future with a view to developing new parameters and new technologies.

Meanwhile, Sysmex decided to relocate and expand the factory of its subsidiary, Sysmex RA Co., Ltd., to reinforce the production function for IVD instruments. Sysmex RA is responsible for the design and production of sample transportation system*2 products and peripheral equipment for IVD instruments, which are essential to total solutions in clinical testing. The production capacity of Sysmex RA will almost double due to the expanded production area, as well as enhanced production efficiency through the use of standardized parts and units, greater line flexibility and automated in-factory logistics using robots. In addition, it will be provided with a BCP function to respond to contingencies, such as disasters, at other group factories.

In the field of regenerative and cellular medicine, Megakaryon Corporation became a consolidated subsidiary. Megakaryon has fundamental technology for producing platelets from human iPS cells*3. By strengthening the synergy between Megakaryon and the Sysmex Group, we aim to accelerate the commercialization of high-quality and highly safe platelet preparations derived from human iPS cells. In addition, we will explore the application of Megakaryon's technology as a raw material for the standard substances used in the quality control of our testing instruments, among other potential applications. Also, AlliedCel Corporation, a Sysmex joint venture with JCR Pharmaceuticals Co., Ltd., entered into a license agreement with JUNTEN BIO Co., Ltd. to play roles in the domestic manufacturing and sales of regenerative medicine products for immune tolerance induction with inducible inhibitory T-cells (JB-101). The addition of inducible inhibitory T-cells (JB-101) to AlliedCel's existing businesses will enable us to provide appropriate treatment options to patients sooner through regenerative medicine and other products.

Meanwhile, in the medical robotics business, we and Mediaroid Corporation (a joint venture between Sysmex and Kawasaki Heavy Industry, Ltd.) are moving forward in putting together regulatory affairs and sales systems in preparation to enter overseas markets. In addition to the three surgical fields the hinotori™ is currently approved for in Japan (urology, gastroenterology, and gynecology), Mediaroid filed a regulatory approval application for the use of hinotori™ in respiratory surgery. We will continue to collaborate on Mediaroid's regulatory approval activities in Japan and overseas to introduce products in a steady manner.

*1 CDMO:

Contract development and manufacturing organization

*2 Transportation system:

A transportation system is a system for the automated transport of samples among analyzers by

connecting them together, to allow various combinations of analyzers and testing operations. Transportation systems and their peripheral equipment make testing operations more efficient and less labor-intensive by automating tasks that were previously done manually and sorting samples to match the testing processes required.

*3 Induced pluripotent stem cells (iPS cells):

iPS cells produced from human skin or other cells through transfection of several factors are capable of differentiation into many types of cells of tissues and organs. iPS cells were discovered by a Kyoto University research group led by Dr. Shinya Yamanaka. Theoretically, these cells can be differentiated into any tissues or organs that constitute the human body. Attention is being focused on these cells for their potential in realizing regenerative medicine.

Net sales by destination

	Nine months ended December 31, 2022		Nine months ended December 31, 2023		YoY (Previous period = 100)
	Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan	43,765	14.6	43,315	13.3	99.0
Americas	77,236	25.9	85,310	26.1	110.5
EMEA	84,636	28.3	92,831	28.4	109.7
China	66,038	22.1	73,460	22.5	111.2
Asia Pacific	27,066	9.1	31,607	9.7	116.8
Overseas subtotal	254,978	85.4	283,210	86.7	111.1
Total	298,743	100.0	326,525	100.0	109.3

In Japan, instrument sales rose in the hematology and urinalysis fields, while sales of immunochemistry reagents fell due to a decline in demand for testing related to COVID-19. Reagent sales were also down in the life science field. As a result, sales in Japan declined 1.0% year on year, to ¥43,315 million.

Overseas, sales of instruments, reagents and maintenance services increased in the hematology field. This factor, plus ongoing yen depreciation, caused overseas Group sales to rise 11.1% year on year, to ¥283,210 million. The overseas sales ratio rose 1.3 percentage point, to 86.7%.

Selling, general and administrative (SG&A) expenses expanded 17.5%, to ¥95,849 million, owing to the resumption of sales and service activities that had been constrained in some regions in the same period of the previous year due to the pandemic.

As a result, during the first nine months of the fiscal year ending March 31, 2024, the Group recorded consolidated net sales of ¥326,525 million, up 9.3% year on year. Operating profit was down 0.3%, to ¥54,212 million; profit before tax increased 0.1%, to ¥51,102 million, and profit attributable to owners of the parent declined by 2.0%, to ¥34,464 million.

Performance by segment

(1) Japan

In Japan, instrument sales rose in the hematology and urinalysis fields, while sales of immunochemistry reagents fell due to a decline in demand for testing related to COVID-19. Reagent sales were also down in the life science field. As a result, sales in Japan declined 0.4% year on year, to ¥46,404 million.

On the profit front, the cost of sales ratio improved, but performance was affected by higher SG&A expenses, reducing segment profit (operating profit) 1.8%, to ¥37,882 million.

(2) Americas

In North America, sales of instruments, reagents and maintenance services increased in the hematology and urinalysis fields. In Central and South America, sales of reagents rose in the hematology field, and sales of instruments and reagents increased in the urinalysis field. As a result, overall sales in the Americas grew 10.2% year on year, to ¥80,729 million.

Segment profit (operating profit) soared 72.0%, to ¥4,229 million, as higher sales and the cost of sales ratio improved, despite higher SG&A expenses.

(3) EMEA

Sales of reagents and maintenance services increased in the hematology field, and sales of

reagents expanded in the life science field. Accordingly, sales in the EMEA region grew 10.0% year on year, to ¥94,582 million.

Segment profit (operating profit) fell 39.7%, to ¥5,345 million, owing to deterioration in the cost of sales ratio and higher SG&A expenses.

(4) China

In China, against the backdrop of a recovery in testing demand and the contributions from the localization of production, sales of hematology instruments and reagents increased, as did sales of urinalysis and immunochemistry reagents, pushing up sales for the region 11.2% year on year, to ¥73,341 million.

The cost of sales ratio deteriorated and SG&A expenses increased, causing segment profit (operating profit) to fall 5.4% year on year, to ¥6,396 million.

(5) Asia Pacific

Sales of hematology instruments, reagents and maintenance services expanded, as did sales of immunochemistry reagents. As a result, sales in the Asia Pacific region rose 16.8% year on year, to ¥31,467 million.

Segment profit (operating profit) grew 19.7%, to ¥5,351 million, despite higher SG&A expenses, due to increased sales and an improved cost of sales ratio.

2) Financial conditions analysis

(1) Financial conditions

As of December 31, 2023, total assets amounted to ¥567,200 million, up ¥36,125 million from March 31, 2023. As main factors, trade and other receivables grew ¥6,430 million, inventories rose ¥8,414 million, property, plant and equipment expanded ¥8,912 million, and intangible assets were up ¥7,280 million.

Meanwhile, total liabilities as of December 31, 2023 were ¥160,273 million, up ¥17,555 million from March 31, 2023. Principal decreases included long-term loans payable, which up ¥25,000 million.

Total equity came to ¥406,927 million, up ¥18,570 million from March 31, 2023. Among principal reasons, retained earnings rose ¥16,799 million. Equity attributable to owners of the parent to total assets amounted to 71.6% on December 31, 2023, down 1.4 percentage points from 73.0% on March 31, 2023.

(2) Cash flows

As of December 31, 2023, cash and cash equivalents amounted to ¥59,362 million, down ¥10,097 million from March 31, 2023.

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 ¥38,868 million, down ¥1,012 million from the previous fiscal year. As principal factors, income taxes paid amounted to 26,333 million (up ¥4,121 million), while profit before tax provided ¥51,102 million (¥43 million more than in the preceding year), depreciation and amortization provided ¥26,165 million (up ¥2,612 million), an increase in inventories used ¥7,182 million (down ¥6,083 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥41,861 million (up ¥3,353 million). Among major factors, purchases of property, plant and equipment used ¥18,590 million (up ¥6,619 million), and purchases of intangible assets used ¥18,196 million (up ¥814 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥10,707 million (down ¥11,639 million). This was mainly due to proceeds from long-term loans payable that provided ¥25,000 million (up ¥25,000 million), while dividends paid used ¥17,579 million (up ¥1,050 million) and ¥12,000 million used in purchases of treasury stock (up ¥11,998 million).

3) Consolidated financial forecast

The Company maintains its consolidated financial forecasts, as announced on May 11, 2023.

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, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	69,460	59,362
Trade and other receivables	126,319	132,749
Inventories	73,310	81,724
Other short-term financial assets	875	1,332
Income taxes receivable	600	760
Other current assets	24,924	29,040
Total current assets	295,491	304,970
Non-current assets		
Property, plant and equipment	102,106	111,019
Goodwill	16,842	18,182
Intangible assets	73,530	80,811
Investments accounted for using the equity method	92	506
Trade and other receivables	17,895	19,532
Other long-term financial assets	9,777	13,917
Asset for retirement benefits	614	674
Other non-current assets	3,842	3,924
Deferred tax assets	10,880	13,661
Total non-current assets	235,583	262,229
Total assets	531,074	567,200

(Unit: Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	31,678	26,127
Lease liabilities	7,149	7,849
Other current financial liabilities	3,537	1,852
Income taxes payable	14,662	7,637
Provisions	1,123	1,108
Contract liabilities	14,469	15,000
Accrued expenses	18,772	21,573
Accrued bonuses	11,360	8,423
Other current liabilities	8,348	8,917
Total current liabilities	111,102	98,489
Non-current liabilities		
Long-term loans payable	—	25,000
Lease liabilities	15,442	17,192
Other non-current financial liabilities	305	162
Liability for retirement benefits	1,959	2,151
Provisions	398	641
Other non-current liabilities	7,059	9,563
Deferred tax liabilities	6,450	7,072
Total non-current liabilities	31,615	61,784
Total liabilities	142,718	160,273
Equity		
Equity attributable to owners of the parent		
Capital stock	14,282	14,557
Capital surplus	20,580	20,732
Retained earnings	334,192	350,992
Treasury stock	(314)	(12,315)
Other components of equity	18,925	32,220
Total equity attributable to owners of the parent	387,665	406,188
Non-controlling interests	690	738
Total equity	388,356	406,927
Total liabilities and equity	531,074	567,200

2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	298,743	326,525
Cost of sales	143,877	154,751
Gross profit	154,866	171,774
Selling, general and administrative expenses	81,551	95,849
Research and development expenses	22,064	23,219
Other operating income	3,809	2,494
Other operating expenses	687	986
Operating profit	54,372	54,212
Financial income	628	731
Financial expenses	1,276	1,650
Share of profit (loss) of associates accounted for using the equity method	(1,892)	(2,382)
Foreign exchange gain (loss)	(773)	190
Profit before tax	51,058	51,102
Income taxes expenses	15,954	16,614
Profit	35,104	34,487
Profit attributable to		
Owners of the parent	35,185	34,464
Non-controlling interests	(81)	23
Profit	35,104	34,487
		(Unit: Yen)
Earnings per share		
Basic	168.17	164.90
Diluted	168.10	164.83

3) Condensed quarterly consolidated statement of comprehensive income

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	35,104	34,487
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	155	327
Total	155	327
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	6,102	12,867
Share of other comprehensive income of investments accounted for using the equity method	8	14
Total	6,111	12,882
Total other comprehensive income	6,267	13,210
Comprehensive income	41,371	47,697
Comprehensive income attributable to		
Owners of the parent	41,452	47,674
Non-controlling interests	(81)	23
Comprehensive income	41,371	47,697

4) Condensed quarterly consolidated statement of changes in equity
 Nine months ended December 31, 2022

(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, 2022	14,112	20,483	305,710	(312)	8,309	348,303	750	349,053
Profit	—	—	35,185	—	—	35,185	(81)	35,104
Other comprehensive income	—	—	—	—	6,267	6,267	(0)	6,267
Comprehensive income	—	—	35,185	—	6,267	41,452	(81)	41,371
Exercise of warrants	117	66	—	—	—	184	—	184
Cash dividends	—	—	(16,528)	—	—	(16,528)	—	(16,528)
Purchase of treasury stock	—	—	—	(1)	—	(1)	—	(1)
Transfer to retained earnings	—	—	—	—	—	—	—	—
Changes from business combination	—	—	—	—	—	—	—	—
Changes due to acquisition of control of a subsidiary	—	—	—	—	—	—	—	—
Changes due to loss of control of a subsidiary	—	—	—	—	—	—	—	—
Total transactions with the owners	117	66	(16,528)	(1)	—	(16,345)	—	(16,345)
As of December 31, 2022	14,229	20,550	324,367	(314)	14,577	373,409	668	374,078

Nine months ended December 31, 2023

(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, 2023	14,282	20,580	334,192	(314)	18,925	387,665	690	388,356
Profit	—	—	34,464	—	—	34,464	23	34,487
Other comprehensive income	—	—	—	—	13,210	13,210	0	13,210
Comprehensive income	—	—	34,464	—	13,210	47,674	23	47,697
Exercise of warrants	275	157	—	—	—	432	—	432
Cash dividends	—	—	(17,579)	—	—	(17,579)	—	(17,579)
Purchase of treasury stock	—	—	—	(12,000)	—	(12,000)	—	(12,000)
Transfer to retained earnings	—	—	(85)	—	85	—	—	—
Changes from business combination	—	—	—	—	—	—	87	87
Changes due to acquisition of control of a subsidiary	—	(5)	—	—	—	(5)	(62)	(67)
Changes due to loss of control of a subsidiary	—	—	—	—	—	—	(0)	(0)
Total transactions with the owners	275	151	(17,664)	(12,000)	85	(29,152)	25	(29,127)
As of December 31, 2023	14,557	20,732	350,992	(12,315)	32,220	406,188	738	406,927

5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before tax	51,058	51,102
Depreciation and amortization	23,552	26,165
Share of loss (profit) of associates accounted for using the equity method	1,892	2,382
Decrease (increase) in trade receivable	3,450	(2,537)
Decrease (increase) in advance payments	(815)	392
Decrease (increase) in inventories	(13,266)	(7,182)
Increase (decrease) in trade payable	518	(816)
Increase (decrease) in accounts payable— other	(2,494)	(2,235)
Increase (decrease) in contract liabilities	313	(570)
Increase (decrease) in accrued expenses	62	2,216
Decrease/increase in consumption taxes receivable/payable	1,402	1,498
Increase (decrease) in accrued bonuses	(3,841)	(3,136)
Other—net	631	(1,577)
Subtotal	62,466	65,700
Interest and dividend received	371	426
Interest paid	(744)	(924)
Income taxes paid	(22,211)	(26,333)
Net cash provided by (used in) operating activities	39,881	38,868
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,971)	(18,590)
Purchases of intangible assets	(17,382)	(18,196)
Payments resulting in an increase in long- term prepaid expenses	(404)	(396)
Purchases of investments in equity instruments	(5,181)	(3,834)
Acquisitions of subsidiaries or other businesses	(2,984)	(574)
Payments into time deposits	(519)	(1,192)
Proceeds from withdrawal of time deposits	769	1,018
Other—net	(833)	(93)
Net cash provided by (used in) investing activities	(38,508)	(41,861)
Cash flows from financing activities		
Proceeds from long-term loans payable	—	25,000
Exercise of warrants	184	432
Purchase of treasury shares	(1)	(12,000)
Dividends paid	(16,528)	(17,579)
Repayments of lease liabilities	(5,989)	(6,492)
Other—net	(11)	(67)
Net cash provided by (used in) financing activities	(22,346)	(10,707)
Effects of exchange rate changes on cash and cash equivalents	2,235	3,602
Net increase (decrease) in cash and cash equivalents	(18,738)	(10,097)
Cash and cash equivalents at the beginning of the term	73,752	69,460
Cash and cash equivalents at the end of the term	55,014	59,362

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, 2022

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	46,575	73,269	85,980	65,965	26,952	298,743	—	298,743
Intersegment sales	104,784	358	3,414	30	12	108,600	(108,600)	—
Total	151,359	73,627	89,395	65,996	26,965	407,344	(108,600)	298,743
Segment profit (loss)	38,570	2,459	8,863	6,761	4,469	61,123	(6,750)	54,372
Financial income	—	—	—	—	—	—	—	628
Financial expenses	—	—	—	—	—	—	—	1,276
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(1,892)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	(773)
Profit before tax	—	—	—	—	—	—	—	51,058
Income taxes expenses	—	—	—	—	—	—	—	15,954
Profit	—	—	—	—	—	—	—	35,104

Notes:

1. Segment profit (loss) adjustments of negative ¥6,750 million include negative ¥6,648 million for the unrealized gains on inventories and ¥93 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.

Nine months ended December 31, 2023

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	46,404	80,729	94,582	73,341	31,467	326,525	—	326,525
Intersegment sales	109,985	136	3,578	348	—	114,048	(114,048)	—
Total	156,390	80,865	98,160	73,690	31,467	440,574	(114,048)	326,525
Segment profit (loss)	37,882	4,229	5,345	6,396	5,351	59,205	(4,992)	54,212
Financial income	—	—	—	—	—	—	—	731
Financial expenses	—	—	—	—	—	—	—	1,650
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(2,382)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	190
Profit before tax	—	—	—	—	—	—	—	51,102
Income taxes expenses	—	—	—	—	—	—	—	16,614
Profit	—	—	—	—	—	—	—	34,487

Notes:

1. Segment profit (loss) adjustments of negative ¥4,992 million include negative ¥4,527 million for the unrealized gains on inventories and negative ¥377 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.