

**Summary of Consolidated Financial Results [ IFRS ]  
for the First Three Months of the Fiscal Year Ending March 31, 2023**

August 4, 2022

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 10, 2022  
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, 2023**

(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, 2022	86,029	8.4%	11,053	(25.3)%	12,847	(10.1)%	7,993	(18.1)%
Three months ended Jun. 30, 2021	79,363	31.2%	14,796	112.7%	14,296	120.6%	9,756	119.6%

	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, 2022	8,030	(18.2)%	21,835	93.0%	38.38	38.37
Three months ended Jun. 30, 2021	9,815	118.7%	11,313	128.1%	46.96	46.87

Note: Changes in accounting policy have been retroactively applied to the figures for the first three months of the fiscal year ended March 31, 2022. Figures shown here are after this retroactive application.

(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, 2022	487,656	362,788	362,075	74.2
As of Mar. 31, 2022	483,707	349,053	348,303	72.0

**2. Dividend**

	Dividend per share				
	First quarter (Yen)	Second quarter (Yen)	Third quarter (Yen)	Year-end (Yen)	Annual (Yen)
Year ended Mar. 31, 2022	—	37.00	—	39.00	76.00
Year ending Mar. 31, 2023	—				
Year ending Mar. 31, 2023 (Forecast)		40.00	—	40.00	80.00

Note: Revision of dividends forecast for this period: No

### 3. Financial Forecast for the Year Ending March 31, 2023

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

	Net Sales		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share (Yen)
Six months ending Sep. 30, 2022	193,000	14.4%	38,000	14.3%	36,300	14.8%	25,000	14.0%	119.49
Year ending Mar. 31, 2023	410,000	12.7%	76,000	12.7%	72,500	12.7%	50,000	13.4%	238.99

Notes:

1. Revision of financial forecast for this period: No
2. Changes in accounting policy for the fiscal year ended March 31, 2022 have been retroactively applied. Year-on-year changes shown for the six months ending September 30, 2022 reflect this retroactive application.

### 4. Other Information

- (1) Changes in significant consolidated subsidiaries (which resulted in changes in scope of consolidation):  
Yes  
Excluded: One company (Sysmex International Reagents Co., Ltd.)
- (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):  
209,665,482 shares as of Jun. 30, 2022; 209,657,362 shares as of Mar. 31, 2022
  - 2) Number of treasury stock at the end of each fiscal period:  
447,255 shares as of Jun. 30, 2022; 447,255 shares as of Mar. 31, 2022
  - 3) Average number of outstanding stock for each period (cumulative):  
209,214,577 shares for the three months ended Jun. 30, 2022  
209,003,218 shares for the three months ended Jun. 30, 2021

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 May 12, 2022, 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 Thursday, August 4, 2022.

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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.

In the past, the Group booked configuration and customization costs in cloud computing contracts as other non-current assets. However, in the fiscal year ended March 31, 2022 we began recognizing these costs as expenses when the services are received, in accordance with a decision announced in April 2021 by the IFRS Interpretation Guidelines Committee. These changes in accounting policy have been applied retroactively, and we are comparing and analyzing the figures for the first quarter of the previous fiscal year to reflect this retroactive treatment.

In the first quarter of the fiscal year ending March 31, 2023, the Japanese economy was characterized by a gradual easing of the severe situation brought about by COVID-19. Economic activity resumed, and corporate earnings, capital investment and personal consumption showed some signs of recovery. Even so, the outlook remained clouded by such factors as high resource prices and rising import costs, as yen depreciation continued. Overseas, the overall trend is toward recovery, although the situation varies by country and region. There are concerns about an economic slowdown due to soaring energy and raw material prices stemming from increasing geopolitical risks, as well as a shift toward tighter U.S. monetary policy.

On the healthcare front, aging populations in developed countries are driving demand for more efficient healthcare. Economic growth in emerging markets is 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. The global COVID-19 pandemic has also prompted considerations about healthcare systems and the potential for major changes in the healthcare environment itself. We anticipate further opportunities for growth, such as improving access to healthcare and a focus on self-medication.

Under these circumstances, in an effort to expand its product portfolio in the hematology field Sysmex launched sample transportation system modules that can be connected to the XR-Series Automated Hematology Analyzer, its next-generation flagship model. The modules are equipped with the world's first automated measurement function for quality control material\*1. They also enable sample sorting, sample archiving, and automated transportation of cleaning materials, will facilitate greater automation and efficiency in clinical testing operations. We will contribute toward the optimization of laboratory operations according to regional characteristics and facilities' needs. In addition, we will continue advancing our product portfolio in the hematology field to this end.

Sysmex acquired additional shares in Astrego Diagnostics AB, changing the company from an equity-method affiliate to a wholly owned subsidiary. Through this acquisition, Sysmex aims to accelerate the clinical application of a rapid antimicrobial susceptibility test\*2 that Astrego is developing for urinary tract infections\*3. Going forward, the companies aim to address medical issues through initiatives to counter antimicrobial resistance\*4.

As an initiative toward the realization of personalized medicine, Sysmex submitted an application for manufacturing and marketing approval to the Pharmaceuticals and Medical Devices Agency (PMDA) for a genetic panel testing system for inherited retinal dystrophy (IRD)\*5. The system uses a next-generation sequencer\*6 to detect and analyze information on multiple genetic mutations in target genes taken from the blood of patients with IRD. This testing system is designed ultimately to assist in the planning of treatment and low vision care\*7 tailored to the causative genes as well as molecular evidence-based genetic counseling. As a result, we hope to contribute significantly to the quality of life of patients by clarifying the risk of developing IRD and prediction of symptom progression.

As the global general distributor, Sysmex continued to market hinotori™ to medical institutions in Japan. (The hinotori Surgical Robot System is the first made-in-Japan robotic-assisted surgery system.) Based on our launch in the Japanese market, we are putting together regulatory affairs and sales systems in preparation to enter overseas markets.

\*1 According to Sysmex's research

\*2 Antimicrobial susceptibility test :

A test to determine the efficacy of various antimicrobial drugs against pathogenic bacteria detected in a sample.

\*3 Urinary tract infections:

The urinary tract runs between the kidneys and the urethral opening. Inflammations due to

the incursion of bacteria into the urinary tract are known as urinary tract infections. Such infections can lead to bladder inflammation and pyelonephritis (inflammation of the kidneys).

**\*4 Antimicrobial resistance:**

This phenomenon occurs when living organisms develop a resistance to a drug, whose efficacy is reduced or nullified as a result. Bacteria that have developed microbial resistance are known as antimicrobial-resistant bacteria.

**\*5 Inherited retinal dystrophy:**

A hereditary progressive disease presumably caused by a gene mutation. Several diseases that present similar symptoms are collectively referred to as IRD. Its main symptoms include night blindness (difficulty seeing in dim light), tunnel vision (a narrowing field of vision), and progressive loss of vision, which can lead to a complete loss of vision in severe cases. It is estimated that one out of every 4,000 to 8,000 people develops an IRD. The most common IRD subtype is Retinitis Pigmentosa (a designated intractable disease, Notification No: 90).

**\*6 Next-generation sequencer:**

An analyzer for reading large volumes of DNA base sequences.

**\*7 Low vision care:**

To those who experience any difficulty in their daily lives due to vision problems, a wide variety of support is offered, including the provision of advice or medical devices to improve quality of life, provision of various counseling and information services on careers and employment, and use of welfare programs.

Net sales by destination

	Three months ended June 30, 2021		Three months ended June 30, 2022		YoY (Previous period = 100)
	Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan	12,226	15.4	12,963	15.1	106.0
Americas	18,160	22.9	23,092	26.8	127.2
EMEA	25,244	31.8	27,254	31.7	108.0
China	17,363	21.9	14,543	16.9	83.8
Asia Pacific	6,368	8.0	8,174	9.5	128.4
Overseas subtotal	67,136	84.6	73,065	84.9	108.8
Total	79,363	100.0	86,029	100.0	108.4

In Japan, sales rose for hemostasis and immunochemistry reagents, mainly in relation to COVID-19 testing. Sales of medical robotics instruments also grew. As a result, sales in Japan rose 6.0% year on year, to ¥12,963 million.

Overseas, testing demand recovered compared with the first three months of the previous fiscal year, when demand was affected by COVID-19. In the hematology field, sales of reagents increased, as did sales of reagents in the urinalysis and hemostasis fields. These factors, plus ongoing yen depreciation, caused overseas Group sales to rise 8.8% year on year, to ¥73,065 million. The overseas sales ratio rose 0.3 percentage point, to 84.9%.

Selling, general and administrative (SG&A) expenses expanded 15.6%, to ¥25,157 million, owing mainly to the resumption of sales and service activities that had been constrained across all regions in the previous period due to the pandemic. In addition, R&D expenses increased 25.9% year on year, to ¥6,916 million, owing to active investment in development.

As a result, during the first three months of the fiscal year ending March 31, 2023, the Group recorded consolidated net sales of ¥86,029 million, up 8.4% year on year. Operating profit fell 25.3%, to ¥11,053 million; profit before tax declined 10.1%, to ¥12,847 million, and profit attributable to owners of the parent contracted by 18.2%, to ¥8,030 million.

## Performance by segment

### (1) Japan

Sales rose for hemostasis and immunochemistry reagents, mainly in relation to COVID-19 testing. Sales of medical robotics instruments also grew. As a result, sales in Japan rose 0.6% year on year, to ¥13,524 million.

On the profit front, performance was affected by deterioration in the cost of sales ratio and higher SG&A and R&D expenses. Accordingly, segment profit (operating profit) fell 27.5%, to ¥8,151 million.

### (2) Americas

In North America, sales of instruments, reagents and maintenance services increased in the hematology and urinalysis fields due to a resurgence in testing demand and higher sales of instruments. As a result, sales in the region grew 31.8%, to ¥22,111 million.

Segment profit (operating profit) fell 64.5%, to ¥211 million, as the cost of sales ratio deteriorated and SG&A expenses increased.

### (3) EMEA

Sales of instruments and reagents increased in the fields of hematology, urinalysis and hemostasis, due to a resurgence in testing demand and higher instrument sales. As a result, sales were ¥27,748 million, up 9.0% year on year.

Segment profit (operating profit) fell 4.9%, to ¥3,460 million, despite higher gross profit stemming from increased sales, due to increased SG&A expenses

### (4) China

Large-scale lockdowns in various parts of China caused a decline in the number of tests performed, prompting a decrease in instrument and reagent sales in the hematology and urinalysis fields. As a result, sales fell 16.2%, to ¥14,529 million.

The lower sales caused gross profit to fall. This factor, plus higher SG&A expenses, led to a 40.0% decline in segment profit (operating profit), to ¥1,165 million.

### (5) Asia Pacific

Sales of hematology and urinalysis instruments and reagents increased, due to a resurgence in testing demand and increased instrument sales. As a result, sales were ¥8,115 million, up 28.1% year on year.

Segment profit (operating profit) grew 43.9%, to ¥998 million, despite higher SG&A expenses, due to increased sales and higher gross profit, stemming from an improved cost of sales ratio.

## 2) Financial conditions analysis

### (1) Financial conditions

As of June 30, 2022, total assets amounted to ¥487,656 million, up ¥3,948 million from March 31, 2022. As main factors, inventories rose ¥11,649 million and goodwill increased ¥6,772 million, while cash and cash equivalents fell ¥18,911 million.

Meanwhile, total liabilities as of June 30, 2022 were ¥124,867 million, down ¥9,786 million from March 31, 2022. The principal increase was other non-current financial liabilities, which rose ¥2,884 million. Major decreases were in accrued bonuses, which fell ¥5,869 million, and income taxes payable, which were down ¥5,715 million.

Total equity came to ¥362,788 million, up ¥13,735 million from March 31, 2022. Among principal reasons, other components of equity rose ¥13,842 million. Equity attributable to owners of the parent to total assets amounted to 74.2% on June 30, 2022, up 2.2 percentage points from 72.0% on March 31, 2022.

### (2) Cash flows

As of June 30, 2022, cash and cash equivalents amounted to ¥54,840 million, down ¥18,911 million from March 31, 2022.

Cash flows from various activities during the first quarter are described in more detail below.

#### (Cash flows from operating activities)

Net cash provided by operating activities was ¥3,833 million, down ¥10,839 million from the first three months of the previous fiscal year. As principal factors, profit before tax provided ¥12,847 million (¥1,448 million less than in the preceding year), depreciation and amortization provided ¥7,440 million (up ¥723 million), a decrease in trade receivables provided ¥4,672 million (down ¥4,607 million), an increase in inventories used ¥8,095 million (up ¥737 million), and income taxes paid amounted to ¥10,728 million (up ¥5,202 million).

#### (Cash flows from investing activities)

Net cash used in investing activities was ¥16,687 million (up ¥6,952 million). Among major factors, purchases of property, plant and equipment used ¥3,274 million (up ¥620 million), purchases

of intangible assets used ¥5,616 million (up ¥646 million), and the purchase of investments in equity instruments used ¥5,046 million (up ¥3,885 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥10,040 million (up ¥907 million). This was mainly due to the dividends paid of 8,159 million (up ¥635 million).

### 3) Consolidated financial forecast

The Company maintains its consolidated financial forecasts, as announced on May 12, 2022.

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, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	73,752	54,840
Trade and other receivables	118,697	114,548
Inventories	61,944	73,594
Other short-term financial assets	1,498	1,390
Income taxes receivable	470	552
Other current assets	18,728	18,181
Total current assets	<u>275,092</u>	<u>263,107</u>
Non-current assets		
Property, plant and equipment	98,525	102,508
Goodwill	13,010	19,782
Intangible assets	57,260	61,143
Investments accounted for using the equity method	986	—
Trade and other receivables	16,403	17,585
Other long-term financial assets	9,157	9,416
Asset for retirement benefits	841	857
Other non-current assets	3,910	3,924
Deferred tax assets	8,520	9,329
Total non-current assets	<u>208,614</u>	<u>224,548</u>
Total assets	<u>483,707</u>	<u>487,656</u>



(Unit: Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	32,111	29,880
Lease liabilities	6,439	7,016
Other current financial liabilities	1,482	1,348
Income taxes payable	12,813	7,097
Provisions	1,234	1,248
Contract liabilities	12,852	13,535
Accrued expenses	17,498	18,210
Accrued bonuses	10,985	5,116
Other current liabilities	6,663	7,886
Total current liabilities	102,082	91,340
Non-current liabilities		
Lease liabilities	15,840	16,837
Other non-current financial liabilities	30	2,914
Liability for retirement benefits	1,183	1,314
Provisions	366	382
Other non-current liabilities	8,537	4,688
Deferred tax liabilities	6,613	7,390
Total non-current liabilities	32,571	33,527
Total liabilities	134,654	124,867
Equity		
Equity attributable to owners of the parent		
Capital stock	14,112	14,149
Capital surplus	20,483	20,505
Retained earnings	305,710	305,581
Treasury stock	(312)	(312)
Other components of equity	8,309	22,151
Total equity attributable to owners of the parent	348,303	362,075
Non-controlling interests	750	712
Total equity	349,053	362,788
Total liabilities and equity	483,707	487,656

## 2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	79,363	86,029
Cost of sales	37,476	43,067
Gross profit	41,887	42,961
Selling, general and administrative expenses	21,759	25,157
Research and development expenses	5,494	6,916
Other operating income	251	417
Other operating expenses	88	251
Operating profit	14,796	11,053
Financial income	102	154
Financial expenses	196	567
Share of profit (loss) of associates accounted for using the equity method	(655)	(723)
Foreign exchange gain (loss)	250	2,931
Profit before tax	14,296	12,847
Income taxes expenses	4,540	4,854
Profit	9,756	7,993
Profit attributable to		
Owners of the parent	9,815	8,030
Non-controlling interests	(58)	(37)
Profit	9,756	7,993
		(Unit: Yen)
Earnings per share		
Basic	46.96	38.38
Diluted	46.87	38.37

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

(Unit: Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	9,756	7,993
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	(74)	112
Total	(74)	112
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	1,636	13,717
Share of other comprehensive income of investments accounted for using the equity method	(5)	12
Total	1,631	13,729
Total other comprehensive income	1,557	13,842
Comprehensive income	11,313	21,835
Comprehensive income attributable to		
Owners of the parent	11,372	21,872
Non-controlling interests	(58)	(37)
Comprehensive income	11,313	21,835

4) Condensed quarterly consolidated statement of changes in equity  
Three months ended June 30, 2021

(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, 2021	13,229	19,581	279,477	(307)	(4,082)	307,898	771	308,669
Cumulative effects of changes in accounting policies	—	—	(2,579)	—	—	(2,579)	—	(2,579)
Restated balance	13,229	19,581	276,897	(307)	(4,082)	305,318	771	306,089
Profit	—	—	9,815	—	—	9,815	(58)	9,756
Other comprehensive income	—	—	—	—	1,557	1,557	0	1,557
Comprehensive income	—	—	9,815	—	1,557	11,372	(58)	11,313
Exercise of warrants	30	16	—	—	—	47	—	47
Share-based payment transactions	—	225	—	—	—	225	—	225
Cash dividends	—	—	(7,523)	—	—	(7,523)	—	(7,523)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Total transactions with the owners	30	242	(7,523)	(0)	—	(7,251)	—	(7,251)
As of June 30, 2021	13,260	19,824	279,188	(308)	(2,525)	309,438	712	310,151

Three months ended June 30, 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
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—
Restated balance	14,112	20,483	305,710	(312)	8,309	348,303	750	349,053
Profit	—	—	8,030	—	—	8,030	(37)	7,993
Other comprehensive income	—	—	—	—	13,842	13,842	0	13,842
Comprehensive income	—	—	8,030	—	13,842	21,872	(37)	21,835
Exercise of warrants	37	21	—	—	—	59	—	59
Share-based payment transactions	—	—	—	—	—	—	—	—
Cash dividends	—	—	(8,159)	—	—	(8,159)	—	(8,159)
Purchase of treasury stock	—	—	—	—	—	—	—	—
Total transactions with the owners	37	21	(8,159)	—	—	(8,099)	—	(8,099)
As of June 30, 2022	14,149	20,505	305,581	(312)	22,151	362,075	712	362,788

## 5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before tax	14,296	12,847
Depreciation and amortization	6,717	7,440
Decrease (increase) in trade receivable	9,279	4,672
Decrease (increase) in inventories	(7,358)	(8,095)
Increase (decrease) in trade payable	(495)	4,699
Decrease/increase in consumption taxes receivable/payable	3,147	3,924
Increase (decrease) in contract liabilities	(1,641)	(197)
Increase (decrease) in accrued bonuses	(3,975)	(6,198)
Increase (decrease) in accounts payable— other	149	(1,341)
Decrease (increase) in advance payments	193	(1,076)
Other—net	(22)	(1,974)
Subtotal	20,292	14,701
Interest and dividend received	82	93
Interest paid	(176)	(233)
Income taxes paid	(5,526)	(10,728)
Net cash provided by (used in) operating activities	14,672	3,833
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,653)	(3,274)
Purchases of intangible assets	(4,969)	(5,616)
Payments resulting in an increase in long-term prepaid expenses	(581)	(75)
Purchases of investments in equity instruments	(1,160)	(5,046)
Acquisitions of subsidiaries or other businesses	—	(2,984)
Payments into time deposits	(317)	(526)
Proceeds from withdrawal of time deposits	156	440
Other—net	(208)	396
Net cash provided by (used in) investing activities	(9,734)	(16,687)
Cash flows from financing activities		
Dividends paid	(7,523)	(8,159)
Repayments of lease liabilities	(1,655)	(1,939)
Other—net	46	58
Net cash provided by (used in) financing activities	(9,132)	(10,040)
Effects of exchange rate changes on cash and cash equivalents	318	3,982
Net increase (decrease) in cash and cash equivalents	(3,876)	(18,911)
Cash and cash equivalents at the beginning of the term	66,467	73,752
Cash and cash equivalents at the end of the term	62,590	54,840

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.

The accounting policy for configuration and customization costs related to cloud computing contracts has been changed in the fiscal year ended March 31, 2022. These changes have been retroactively applied, and the results for the first three months of the fiscal year ended March 31, 2022 reflect this retroactive application. As a result, segment profit for Japan during the first three months of the fiscal year ended March 31, 2022 decreased by ¥256 million, and depreciation expenses decreased by ¥102 million.

Three months ended June 30, 2021

(Unit: Millions of yen)

	Reportable segment						Adjustments (Note 1)	Consolidated (Note 2)
	Japan	Americas	EMEA	China	Asia Pacific	Total		
Sales								
Sales to external customers	13,445	16,776	25,460	17,347	6,333	79,363	—	79,363
Intersegment sales	30,165	28	959	0	—	31,152	(31,152)	—
Total	43,611	16,805	26,419	17,347	6,333	110,516	(31,152)	79,363
Segment profit (loss)	11,237	596	3,639	1,943	693	18,110	(3,314)	14,796
Financial income	—	—	—	—	—	—	—	102
Financial expenses	—	—	—	—	—	—	—	196
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(655)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	250
Profit before tax	—	—	—	—	—	—	—	14,296
Income taxes expenses	—	—	—	—	—	—	—	4,540
Profit	—	—	—	—	—	—	—	9,756

Notes:

1. Segment profit (loss) adjustments of negative ¥3,314 million include negative ¥3,316 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.
3. In the current fiscal year, the accounting policy for configuration and customization costs related to cloud computing contracts has been changed, and the relevant figures for the first three months of the fiscal year ended March 31, 2021 reflect the retroactive revision due to the change in the accounting policy.



Three months ended June 30, 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	13,524	22,111	27,748	14,529	8,115	86,029	—	86,029
Intersegment sales	29,955	29	1,114	—	12	31,112	(31,112)	—
Total	43,479	22,141	28,863	14,529	8,128	117,142	(31,112)	86,029
Segment profit (loss)	8,151	211	3,460	1,165	998	13,987	(2,934)	11,053
Financial income	—	—	—	—	—	—	—	154
Financial expenses	—	—	—	—	—	—	—	567
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(723)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	2,931
Profit before tax	—	—	—	—	—	—	—	12,847
Income taxes expenses	—	—	—	—	—	—	—	4,854
Profit	—	—	—	—	—	—	—	7,993

Notes:

1. Segment profit (loss) adjustments of negative ¥2,934 million include negative ¥2,836 million for the unrealized gains on inventories and negative ¥30 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.