

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

February 9, 2023

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 : February 13, 2023
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, 2023

(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, 2022	298,743	15.4%	54,372	10.2%	51,058	7.4%	35,104	8.2%
Nine months ended Dec. 31, 2021	258,901	22.2%	49,358	37.5%	47,554	42.9%	32,429	40.0%

	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, 2022	35,185	8.1%	41,371	14.4%	168.17	168.10
Nine months ended Dec. 31, 2021	32,546	39.8%	36,158	34.1%	155.68	155.36

Note: Changes in accounting policy have been retroactively applied to the figures for the first nine 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 Dec. 31, 2022	501,435	374,078	373,409	74.5%
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	—	40.00	—		
Year ending Mar. 31, 2023 (Forecast)				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 previous fiscal year)

	Net Sales		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share (Yen)
	Amount	% change	Amount	% change	Amount	% change	Amount	% change	Amount
Year ending Mar. 31, 2023	420,000	15.5%	77,000	14.2%	74,500	15.8%	51,000	15.7%	243.76

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):

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):

209,682,632 shares as of Dec. 31, 2022; 209,657,362 shares as of Mar. 31, 2022

2) Number of treasury stock at the end of each fiscal period:

447,492 shares as of Dec. 31, 2022; 447,255 shares as of Mar. 31, 2022

3) Average number of outstanding stock for each period (cumulative):

209,222,682 shares for the nine months ended Dec. 31, 2022

209,056,923 shares for the nine months ended Dec. 31, 2021

Note: 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 Thursday, February 9, 2023.

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.

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 nine months of the previous fiscal year to reflect this retroactive treatment.

During the first nine months of the fiscal year ending March 31, 2023, the Japanese economy was characterized by a gradual recovery in personal consumption, and economic activity is beginning to normalize. However, the outlook remains uncertain due to continued high resource and energy prices, rapid exchange rate fluctuations, and other factors. Overseas, concerns are mounting about a potential slowdown in socioeconomic activity, which had been on an overall recovery trend, due to the prolonged situation surrounding Ukraine, persistent inflation, and the economic slowdown in China.

On the healthcare front, developed countries are demanding more efficient healthcare. Demand for healthcare is growing in emerging markets, along with rising needs to improve the quality of healthcare and services. At the same time, we are seeing rapid advances in the application of artificial intelligence, information and communications technology, and other leading-edge technologies to the healthcare sector. The COVID-19 pandemic has also prompted considerations about global healthcare systems and the potential for major changes in the healthcare environment itself. Accordingly, we anticipate further opportunities for growth in the healthcare field.

Against this backdrop, Sysmex received manufacturing and marketing approval in Japan for an assay kit to identify amyloid beta (A β) accumulation in the brain, a cause of Alzheimer's disease, using a small amount of blood. This assay kit makes it possible to assist in identifying A β accumulation in the brain, which is a characteristic of Alzheimer's disease. Unlike conventional testing methods, the product allows testing with blood, thus reducing the physical, emotional, and financial burden on patients. Furthermore, the product is expected to contribute to early diagnosis and early determination of optimal treatment plans for patients. Sysmex will move forward with preparations for the early introduction of the product to the market, while working toward its coverage by Japanese national health insurance.

We also received approval of an application for a partial change to the manufacturing and marketing approval in Japan of our gene amplification reagent, LYNOAMP™ CK19, marketed as a lymph node metastasis test reagent for breast cancer, colorectal cancer, gastric cancer, and non-small cell lung cancer, expanding its amplification to cervical cancer and endometrial cancer. This approval expands the application of our proprietary OSNA™ method*1 to lymph node metastasis testing for cervical cancer and endometrial cancer, thereby providing swift and accurate testing results. As a result, the system is expected to contribute to the formulation of appropriate medical treatment plans.

Meanwhile, to realize the social implementation of regenerative medicine and cell therapy, Sysmex and JCR Pharmaceuticals Co., Ltd. have established a joint venture for carrying out research and development, manufacture and sales in of cell-based regenerative medicine products, using diverse cells such as stem cells. In recent years, the significant potential of regenerative medicine and cell therapy have been established in particular in areas that have traditionally been difficult to address with conventional chemically synthesized low molecular weight drugs*2 or biopharmaceuticals*3. Through regenerative medicine products, we aim to provide appropriate treatment options to patients and improve their prognosis, and we initiatives toward commercialization accordingly.

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.) The system had been approved for application in urology. The Ministry of Health, Labour and Welfare has also approved the system for use in gastroenterological surgery and gynecology, enabling support for patient-friendly minimally invasive surgery in new fields. We are continuing with efforts to put together regulatory affairs and sales systems in preparation to enter overseas markets.

*1 One-Step Nucleic Acid Amplification (OSNA) method:

A technique developed by Sysmex that does not require extraction or purification of nucleic acid in the pre-treatment process, enabling one-step amplification.

*2 Chemical synthesized low molecular weight drugs:

Organic compounds produced through a chemical synthesis process. The molecules are small,

and the drugs have a relatively simple structure, containing very few functional molecular groups.

*3 Biopharmaceuticals:

Pharmaceuticals produced by biotechnology (technologies such as genetic engineering and generation of recombinant cell lines for biomanufacturing). Active ingredients are proteins (growth hormones, insulin, antibodies, etc.), produced by biological sources (cells, bacteria, etc.). Compared to chemical synthesized low molecular drugs, the molecules are large, and the drugs have a complex structure.

Net sales by destination

	Nine months ended December 31, 2021		Nine months ended December 31, 2022		YoY (Previous period = 100)
	Amount (Millions of yen)	Percentage of total (%)	Amount (Millions of yen)	Percentage of total (%)	
Japan	39,283	15.1	43,765	14.6	111.4
Americas	59,275	22.9	77,236	25.9	130.3
EMEA	76,184	29.4	84,636	28.3	111.1
China	62,792	24.3	66,038	22.1	105.2
Asia Pacific	21,366	8.3	27,066	9.1	126.7
Overseas subtotal	219,618	84.9	254,978	85.4	116.1
Total	258,901	100.0	298,743	100.0	115.4

In Japan, sales rose for immunochemistry reagents, mainly in relation to COVID-19 testing. Sales of hematology and medical robotics instruments also increased. As a result, sales in Japan rose 11.4% year on year, to ¥43,765 million.

Overseas, testing demand recovered compared with the first nine 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 16.1% year on year, to ¥254,978 million. The overseas sales ratio rose 0.5 percentage point, to 85.4%.

Selling, general and administrative (SG&A) expenses expanded 20.3%, to ¥81,551 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 20.5% year on year, to ¥22,064 million, owing to active investment in development.

As a result, during the first nine months of the fiscal year ending March 31, 2023, the Group recorded consolidated net sales of ¥298,743 million, up 15.4% year on year. Operating profit up 10.2%, to ¥54,372 million; profit before tax increased 7.4%, to ¥51,058 million, and profit attributable to owners of the parent rose by 8.1%, to ¥35,185 million.

Performance by segment

(1) Japan

In addition to higher sales of immunochemistry reagents, mainly related to COVID-19 testing, sales of reagents and maintenance services increased in the life science field and for medical robotics instruments. As a result, sales in Japan rose 10.4% year on year, to ¥46,575 million.

On the profit front, performance was affected by higher SG&A and R&D expenses, but higher sales and an improved cost of sales ratio lifted segment profit (operating profit) 42.2%, to ¥38,570 million.

(2) Americas

In North America, sales of instruments, reagents and maintenance services increased in the hematology field and sales of urinalysis reagents also rose due to a resurgence in testing demand and higher sales of instruments. In Central and South America, sales of instruments and reagents increased in the hematology and urinalysis fields due to increased instrument sales. As a result, overall sales in the Americas grew 31.2% year on year, to ¥73,269 million.

Segment profit (operating profit) fell 16.8%, to ¥2,459 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 life

science, due to a resurgence in testing demand and higher instrument sales. As a result, sales were ¥85,980 million, up 11.8% year on year.

Segment profit (operating profit) fell 27.2%, to ¥8,863 million, owing to a deterioration in the cost of sales ratio and higher SG&A expenses.

(4) China

Large-scale lockdowns in various parts of China, etc. caused a decrease in instrument sales in the hematology and urinalysis fields. However, sales of hemostasis reagents increased. As a result, sales rose 5.1%, to ¥65,965 million.

The cost of sales ratio deteriorated and SG&A expenses increased, causing segment profit (operating profit) to fall 8.5% year on year, to ¥6,761 million.

(5) Asia Pacific

Sales of hematology instruments and reagents increased, as did sales of urinalysis reagents, due to a resurgence in testing demand and increased instrument sales. As a result, sales were ¥26,952 million, up 27.1% year on year.

Segment profit (operating profit) grew 49.3%, to ¥4,469 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, 2022, total assets amounted to ¥501,435 million, up ¥17,728 million from March 31, 2022. As main factors, inventories rose ¥11,770 million, intangible assets grew ¥11,449 million, and goodwill increased ¥5,545 million, while cash and cash equivalents fell ¥18,738 million.

Meanwhile, total liabilities as of December 31, 2022 were ¥127,356 million, down ¥7,297 million from March 31, 2022. The principal increase was other non-current financial liabilities, which rose ¥2,503 million. Major decreases were in accrued bonuses, which fell ¥3,690 million, and income taxes payable, which were down ¥3,623 million.

Total equity came to ¥374,078 million, up ¥25,025 million from March 31, 2022. Among principal reasons, retained earnings grew by ¥18,657 million, and other components of equity rose ¥6,267 million. Equity attributable to owners of the parent to total assets amounted to 74.5% on December 31, 2022, up 2.5 percentage points from 72.0% on March 31, 2022.

(2) Cash flows

As of December 31, 2022, cash and cash equivalents amounted to ¥55,014 million, down ¥18,738 million from March 31, 2022.

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

(Cash flows from operating activities)

Net cash provided by operating activities was ¥39,881 million, down ¥10,134 million from the first nine months of the previous fiscal year. As principal factors, profit before tax provided ¥51,058 million (¥3,504 million more than in the preceding year), depreciation and amortization provided ¥23,552 million (up ¥2,776 million), an increase in inventories used ¥13,266 million (down ¥2,680 million), and income taxes paid amounted to ¥22,211 million (up ¥10,130 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥38,508 million (up ¥12,765 million). Among major factors, purchases of property, plant and equipment used ¥11,971 million (up ¥1,792 million), purchases of intangible assets used ¥17,382 million (up ¥3,849 million), and the purchase of investments in equity instruments used ¥5,181 million (up ¥5,181 million).

(Cash flows from financing activities)

Net cash used in financing activities was ¥22,346 million (up ¥3,477 million). This was mainly due to dividends paid of ¥16,528 million (up ¥1,270 million) and ¥5,989 million in repayments of lease liabilities (up ¥1,123 million).

3) Consolidated financial forecast

The Company maintains its consolidated financial forecasts, as announced on November 9, 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 December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	73,752	55,014
Trade and other receivables	118,697	117,305
Inventories	61,944	73,715
Other short-term financial assets	1,498	1,463
Income taxes receivable	470	723
Other current assets	18,728	23,616
Total current assets	<u>275,092</u>	<u>271,839</u>
Non-current assets		
Property, plant and equipment	98,525	99,682
Goodwill	13,010	18,555
Intangible assets	57,260	68,709
Investments accounted for using the equity method	986	97
Trade and other receivables	16,403	17,176
Other long-term financial assets	9,157	9,459
Asset for retirement benefits	841	879
Other non-current assets	3,910	3,993
Deferred tax assets	8,520	11,040
Total non-current assets	<u>208,614</u>	<u>229,595</u>
Total assets	<u>483,707</u>	<u>501,435</u>

(Unit: Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	32,111	29,500
Lease liabilities	6,439	6,929
Other current financial liabilities	1,482	1,581
Income taxes payable	12,813	9,189
Provisions	1,234	1,151
Contract liabilities	12,852	13,426
Accrued expenses	17,498	17,847
Accrued bonuses	10,985	7,295
Other current liabilities	6,663	7,962
Total current liabilities	102,082	94,884
Non-current liabilities		
Lease liabilities	15,840	15,326
Other non-current financial liabilities	30	2,533
Liability for retirement benefits	1,183	1,257
Provisions	366	380
Other non-current liabilities	8,537	5,840
Deferred tax liabilities	6,613	7,132
Total non-current liabilities	32,571	32,471
Total liabilities	134,654	127,356
Equity		
Equity attributable to owners of the parent		
Capital stock	14,112	14,229
Capital surplus	20,483	20,550
Retained earnings	305,710	324,367
Treasury stock	(312)	(314)
Other components of equity	8,309	14,577
Total equity attributable to owners of the parent	348,303	373,409
Non-controlling interests	750	668
Total equity	349,053	374,078
Total liabilities and equity	483,707	501,435

2) Condensed quarterly consolidated statement of income

(Unit: Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	258,901	298,743
Cost of sales	121,524	143,877
Gross profit	137,377	154,866
Selling, general and administrative expenses	67,767	81,551
Research and development expenses	18,315	22,064
Other operating income	1,121	3,809
Other operating expenses	3,056	687
Operating profit	49,358	54,372
Financial income	446	628
Financial expenses	609	1,276
Share of profit (loss) of associates accounted for using the equity method	(2,084)	(1,892)
Foreign exchange gain (loss)	442	(773)
Profit before tax	47,554	51,058
Income taxes expenses	15,124	15,954
Profit	32,429	35,104
Profit attributable to		
Owners of the parent	32,546	35,185
Non-controlling interests	(117)	(81)
Profit	32,429	35,104
		(Unit: Yen)
Earnings per share		
Basic	155.68	168.17
Diluted	155.36	168.10

3) Condensed quarterly consolidated statement of other comprehensive income

(Unit: Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	32,429	35,104
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	(217)	155
Total	(217)	155
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	3,945	6,102
Share of other comprehensive income of investments accounted for using the equity method	0	8
Total	3,946	6,111
Total other comprehensive income	3,729	6,267
Comprehensive income	36,158	41,371
Comprehensive income attributable to		
Owners of the parent	36,275	41,452
Non-controlling interests	(117)	(81)
Comprehensive income	36,158	41,371

4) Condensed quarterly consolidated statement of changes in equity
 Nine months ended December 31, 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	—	—	32,546	—	—	32,546	(117)	32,429
Other comprehensive income	—	—	—	—	3,729	3,729	(0)	3,729
Comprehensive income	—	—	32,546	—	3,729	36,275	(117)	36,158
Exercise of warrants	804	458	—	—	—	1,262	—	1,262
Share-based payment transactions	—	399	—	—	—	399	—	399
Cash dividends	—	—	(15,258)	—	—	(15,258)	—	(15,258)
Purchase of treasury stock	—	—	—	(2)	—	(2)	—	(2)
Total transactions with the owners	804	857	(15,258)	(2)	—	(13,598)	—	(13,598)
As of December 31, 2021	14,034	20,439	294,185	(310)	(353)	327,995	654	328,649

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
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—
Restated balance	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
Share-based payment transactions	—	—	—	—	—	—	—	—
Cash dividends	—	—	(16,528)	—	—	(16,528)	—	(16,528)
Purchase of treasury stock	—	—	—	(1)	—	(1)	—	(1)
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

5) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before tax	47,554	51,058
Depreciation and amortization	20,776	23,552
Share of loss (profit) of associates accounted for using the equity method	2,084	1,892
Loss on retirement of non-current assets	1,958	99
Decrease (increase) in trade receivable	3,021	3,450
Decrease (increase) in advance payments	(306)	(815)
Decrease (increase) in inventories	(15,946)	(13,266)
Increase (decrease) in trade payable	3,261	518
Increase (decrease) in accounts payable-other	1,367	(2,494)
Increase (decrease) in contract liabilities	(1,172)	313
Decrease/increase in consumption taxes receivable/payable	932	1,402
Increase (decrease) in accrued bonuses	(2,076)	(3,841)
Other—net	943	595
Subtotal	62,398	62,466
Interest and dividend received	222	371
Interest paid	(525)	(744)
Income taxes paid	(12,080)	(22,211)
Net cash provided by (used in) operating activities	50,015	39,881
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,179)	(11,971)
Purchases of intangible assets	(13,533)	(17,382)
Payments resulting in an increase in long-term prepaid expenses	(848)	(404)
Purchases of investments in equity instruments	—	(5,181)
Purchases of investments in debt instruments	(1,199)	—
Acquisitions of subsidiaries or other businesses	—	(2,984)
Payments into time deposits	(553)	(519)
Proceeds from withdrawal of time deposits	678	769
Other—net	(108)	(833)
Net cash provided by (used in) investing activities	(25,742)	(38,508)
Cash flows from financing activities		
Exercise of warrants	1,262	184
Dividends paid	(15,258)	(16,528)
Repayments of lease liabilities	(4,865)	(5,989)
Other—net	(7)	(13)
Net cash provided by (used in) financing activities	(18,869)	(22,346)
Effects of exchange rate changes on cash and cash equivalents	1,574	2,235
Net increase (decrease) in cash and cash equivalents	6,977	(18,738)
Cash and cash equivalents at the beginning of the term	66,467	73,752
Cash and cash equivalents at the end of the term	73,445	55,014

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 nine months of the fiscal year ended March 31, 2022 and the third quarter reflect this retroactive application. As a result, segment profit for Japan during the first nine months of the fiscal year ended March 31, 2022 decreased by ¥511 million, and depreciation expenses decreased by ¥420 million.

Nine months ended December 31, 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	42,170	55,848	76,936	62,738	21,208	258,901	—	258,901
Intersegment sales	91,686	308	3,084	21	2	95,103	(95,103)	—
Total	133,856	56,157	80,021	62,760	21,210	354,005	(95,103)	258,901
Segment profit (loss)	27,119	2,955	12,172	7,389	2,993	52,630	(3,271)	49,358
Financial income	—	—	—	—	—	—	—	446
Financial expenses	—	—	—	—	—	—	—	609
Share of profit (loss) of associates accounted for using the equity method	—	—	—	—	—	—	—	(2,084)
Foreign exchange gain (loss)	—	—	—	—	—	—	—	442
Profit before tax	—	—	—	—	—	—	—	47,554
Income taxes expenses	—	—	—	—	—	—	—	15,124
Profit	—	—	—	—	—	—	—	32,429

Notes:

1. Segment profit (loss) adjustments of negative ¥3,271 million include negative ¥3,282 million for the unrealized gains on inventories and ¥68 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 nine months of the fiscal year ended March 31, 2022 reflect the retroactive revision due to the change in the accounting policy.

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.