



August 9, 2022

Consolidated Financial Results for the First Quarter Ended June 30, 2022 Terumo Corporation [IFRS]

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 Listing: Tokyo Stock Exchange
 Securities code: 4543
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 Scheduled date to file quarterly securities report: August 12, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for Securities analysts, Institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended												
June 30, 2022	197,340	14.9	30,427	(16.0)	29,667	(17.6)	22,398	(19.7)	22,398	(19.7)	117,743	311.8
June 30, 2021	171,716	30.8	36,233	100.5	36,020	101.4	27,895	99.7	27,895	99.2	28,592	186.0

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	29.61	29.60
June 30, 2021	36.90	36.87

(Note) Adjusted operating profit June 2022: 35,893 million yen June 2021: 40,203 million yen

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2022	1,583,371	1,116,514	1,116,514	70.5
March 31, 2022	1,473,693	1,012,313	1,012,313	68.7

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	16.00	—	18.00	34.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		18.00	—	18.00	36.00

(Note) Revision from the dividend forecast, which is published in the most recent: None

3. Consolidated Forecast for the Fiscal Year Ending March, 2023 (From April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Adjusted operating profit		Operating profit		Profit for the year attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March, 2023	775,000	10.2	151,000	12.3	132,000	13.8	100,000	12.6	133.88

(Note) Revision of forecast for the fiscal year ending March, 2023: None

The Company resolved to repurchase its own shares at the board of directors meeting held on May 12, 2022. Basic earnings per share is calculated by taking into consideration effects of the situation of acquisition of them.

- Assumed exchange rate for fiscal year ending March, 2023: USD1=JPY126, EUR1=JPY136

*Notes

(1) Changes in significant subsidiaries during the current quarterly consolidated cumulative period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
 New — Company (Company Name) —, Excluded — Company (Company Name) —

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

- (i) Number of outstanding shares at the end of the period (including treasury shares)
- (ii) Treasury shares at the end of the period
- (iii) Average number of shares during the period (cumulative quarterly)

As of June 30, 2022	759,521,040 shares	As of March 31, 2022	759,521,040 shares
As of June 30, 2022	3,152,549 shares	As of March 31, 2022	3,194,976 shares
Three months ended June 30, 2022	756,348,644 shares	Three months ended June 30, 2021	756,029,574 shares

* Quarterly financial statements are not subject to quarterly reviews by certified accountants or audit firms.

* Explanation on appropriate use of financial results forecasts and other special notes

1. Forward-looking statements, including earnings forecasts, contained in these disclosure materials are based on currently available information and assumptions believed to be reasonable by management. This is not a promise or guarantee by Terumo that it will achieve these goals. In addition, actual results may differ significantly due to several factors. For the assumptions that are the premise of the earnings forecast and the precautions for using the earnings forecast, refer to [Attachment], page 5, "1. Overview of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2023".
2. Adjusted operating profit factors out amortization expense for intangible assets obtained during acquisitions and one-off income and expenses from operating profit. In addition, adjusted operating profit is consistent with segment profit. We are disclosing adjusted operating profit as we are using it as a performance indicator.

○ Table of contents of attached materials

1. Overview of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023.....	2
(1) Overview of Consolidated Business Results.....	2
(2) Overview of Consolidated Statement of Financial Position	5
(3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2023	5
2. Condensed Consolidated Financial Statements.....	6
(1) Condensed Consolidated Statement of Financial Position.....	6
(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income	8
(3) Condensed Consolidated Statement of Changes in Equity	10
(4) Notes Pertaining to Condensed Consolidated Financial Statements.....	11
(i) Going Concern Assumption.....	11
(ii)Segment Information	11
(iii)Impairment of Non-Financial Assets.....	13

1. Overview of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

(1) Overview of Consolidated Business Results

In the first quarter of the current fiscal year (from April 1 to June 30, 2022), the Group's sales trended strongly in general amid the recovery in medical demand which had declined in the previous fiscal year due to the COVID-19 pandemic. However, operating profit declined amid the different operating environment and situation compared to the previous first quarter, including the effects of rising manufacturing costs and resumption of sales promotion activities which had slowed during the pandemic.

Financial results for the first quarter are as follows:

(Unit: Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022	Growth (%)	Growth excluding impact of FX translations (%)
Revenue	171,716	197,340	14.9	5.0
Gross profit	94,259	101,637	7.8	1.8
Adjusted operating profit	40,203	35,893	(10.7)	(11.4)
Operating profit	36,233	30,427	(16.0)	(14.4)
Profit before tax	36,020	29,667	(17.6)	—
Profit for the period	27,895	22,398	(19.7)	—
Profit for the period attributable to owners of the parent	27,895	22,398	(19.7)	—

Revenue by geographic areas for the first quarter is as follows:

(Unit: Millions of yen)

Geographic areas	For the three months ended June 30, 2021	For the three months ended June 30, 2022	Growth (%)	Growth excluding impact of FX translations (%)
Japan	49,175	49,869	1.4	1.4
Europe	34,501	38,574	11.8	5.6
Americas	54,397	66,244	21.8	3.3
China	15,473	19,369	25.2	7.8
Asia and others	18,169	23,282	28.1	15.9
Overseas total	122,541	147,470	20.3	6.4
Total	171,716	197,340	14.9	5.0

Revenue

Revenue totaled ¥197.3 billion, an increase of 14.9% versus the same period in the previous fiscal year.

In Japan, revenue increased 1.4% year on year amid the ongoing moderate recovery in medical demand and the effects of increased production and new products in Pharmaceutical solutions of Medical Care Solutions Company and Vascular Graft and TIS (Terumo Interventional Systems) divisions of Cardiac and Vascular Company.

Revenue overseas increased by 20.3% in comparison with a year earlier amid indications of a robust recovery in demand in TIS and Neurovascular division of Cardiac and Vascular Company and Blood and Cell Technologies Company.

Profit

Gross profit increased 7.8% year on year to ¥101.6 billion, even though inflation caused a rise in costs.

Meanwhile, sales promotion activities have almost normalized after slowing during the COVID-19 pandemic in the previous fiscal year, resulting in adjusted operating profit 10.7% declined year on year to ¥35.9 billion.

Similarly, operating profit, profit before tax and profit for the period attributable to owners of the parent each declined.

Adjusted operating profit is a non-IFRS performance indicator that we disclose. Adjusted operating profit factors out amortization expense for intangible assets obtained during acquisitions and one-off income and expenses from operating profit. In addition, adjusted operating profit is consistent with segment profit.

Adjusted operating profit is being used as an indicator for corporate management to grasp earnings performance in each business as a part of our goal to achieve sustainable growth in the mid- to long-term. We believe this is also effective data for individuals using our financial statements to assess the Terumo Group's earnings.

Revenue results of the reportable segments are as follows:

The reportable segment which was previously named “General Hospital Company” was changed to “Medical Care Solutions Company” from the previous fiscal year. This change in name does not affect the segment information. In accordance with this change, the name of the reportable segment for the previous first quarter was also changed to “Medical Care Solutions Company”.

(Unit: Millions of yen)

Segment		For the three months ended June 30, 2021	For the three months ended June 30, 2022	Growth (%)	Growth excluding impact of FX translations (%)
Cardiac and Vascular Company	Revenue	99,568	116,825	17.3	5.0
	(Japan)	12,698	12,853	1.2	1.2
	(Overseas)	86,869	103,972	19.7	5.5
Medical Care Solutions Company	Revenue	43,783	45,992	5.0	2.2
	(Japan)	33,996	34,512	1.5	1.5
	(Overseas)	9,786	11,480	17.3	4.6
Blood and Cell Technologies Company	Revenue	28,301	34,459	21.8	9.1
	(Japan)	2,416	2,441	1.1	1.1
	(Overseas)	25,884	32,018	23.7	9.9

Cardiac and Vascular Company

Global revenue increased 17.3% over the same period of the previous fiscal year to ¥116.8 billion. In Japan, revenue increased amid higher sales volume including the effects of new products in TIS and Vascular Graft divisions amid the ongoing moderate recovery in medical demand. Overseas, there was a robust recovery in demand seen in TIS and Neurovascular division in North America and Asia.

Medical Care Solutions Company

Global revenue increased 5.0% to ¥46.0 billion. In Japan, Pharmaceutical solutions division grew due to the demand increased. Overseas, Hospital care solutions division saw favorable sales of products for the veterinary market which it has chosen to focus on in the North American market.

Blood and Cell Technologies Company

Global revenue increased 21.8% to ¥34.5 billion. In Japan, revenue increased mainly from therapeutic apheresis systems, while overseas there was a recovery in demand for blood center products primarily in Asia and North America.

(2) Overview of Consolidated Statement of Financial Position

Total assets stood at ¥1,583.4 billion, an increase of ¥109.7 billion. This was mainly owing to an increase in property, plant and equipment of ¥19.8 billion and goodwill and intangible assets of ¥48.8 billion due to the impacts of yen weakness in foreign exchange rates as well as investment in manufacturing facility and new IT systems.

Total liabilities came to ¥466.9 billion, an increase of ¥5.5 billion. This was mainly attributed to an increase in bonds and borrowings of ¥9.5 billion due to the aforementioned foreign exchange rates impact, which offset a decrease of ¥4.2 billion in trade and other payables owing to the payment related to facilities.

Total equity was ¥1,116.5 billion, an increase of ¥104.2 billion. This mainly reflects an increase from posting profit for the period of ¥22.4 billion, while the booking of other comprehensive income associated with the aforementioned foreign exchange rates impact resulted in a ¥95.3 billion increase, which offset the decrease of ¥13.6 billion from dividends from retained earnings.

(3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2023

At present, we must continue to monitor risks such as uncertainty about subsequent waves of COVID-19 infections and other impacts caused by the infections, such as a drop in demand, supply chain disruptions, rising manufacturing costs, and reduced operation levels at the plants, etc. Nevertheless, we plan to focus on introduction and expansion of highly value-added products that will boost the quality and efficiency of healthcare, along with further improvement to manufacturing costs, and effective use of selling, general and administrative expenses.

2. Condensed Consolidated Financial Statements

(1) Condensed 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	205,251	209,566
Trade and other receivables	135,998	142,239
Other current financial assets	63	157
Inventories	198,536	218,569
Current tax assets	778	819
Other current assets	18,086	19,318
Total current assets	558,713	590,671
Non-current assets		
Property, plant and equipment	333,864	353,655
Goodwill and intangible assets	514,801	563,626
Investments accounted for using the equity method	4,133	3,931
Other non-current financial assets	25,937	35,688
Deferred tax assets	20,198	20,721
Other non-current assets	16,043	15,076
Total non-current assets	914,979	992,700
Total assets	1,473,693	1,583,371

	(Unit: Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	81,545	77,365
Bonds and borrowings	1,121	11,931
Other current financial liabilities	7,228	7,822
Current tax liabilities	14,104	12,961
Provisions	499	457
Other current liabilities	73,222	72,926
Total current liabilities	177,721	183,465
Non-current liabilities		
Bonds and borrowings	224,875	223,569
Other non-current financial liabilities	30,297	31,186
Deferred tax liabilities	12,746	13,358
Retirement benefit liabilities	5,811	6,232
Provisions	113	122
Other non-current liabilities	9,813	8,921
Total non-current liabilities	283,658	283,392
Total liabilities	461,379	466,857
Equity		
Share capital	38,716	38,716
Capital surplus	51,921	51,994
Treasury shares	(6,229)	(6,147)
Retained earnings	846,978	855,655
Other components of equity	80,926	176,294
Total equity attributable to owners of the parent	1,012,313	1,116,514
Total equity	1,012,313	1,116,514
Total liabilities and equity	1,473,693	1,583,371

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

(Condensed Consolidated Statement of Profit or Loss)

(Unit: Millions of yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Revenue	171,716	197,340
Cost of sales	77,457	95,702
Gross profit	94,259	101,637
Selling, general and administrative expenses	58,140	70,627
Other income	563	1,902
Other expenses	448	2,484
Operating profit	36,233	30,427
Finance income	248	515
Finance costs	495	1,264
Share of profit/(loss) of investments accounted for using the equity method	33	(10)
Profit before tax	36,020	29,667
Income tax expenses	8,125	7,268
Profit for the period	27,895	22,398
Attributable to:		
Owners of the parent	27,895	22,398
Total profit for the period	27,895	22,398
Earnings per share		
Basic earnings per share (yen)	36.90	29.61
Diluted earnings per share (yen)	36.87	29.60

(Condensed Consolidated Statement of Comprehensive Income)

	(Unit: Millions of yen)	
	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit for the period	27,895	22,398
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in financial assets measured at fair value through other comprehensive income	(135)	6
Total items that will not be reclassified to profit or loss	(135)	6
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	790	95,395
Cash flow hedges	(40)	109
Cost of hedging	82	(166)
Total items that are or may be reclassified subsequently to profit or loss	832	95,338
Total other comprehensive income/(loss) for the period	696	95,345
Total comprehensive income for the period	<u>28,592</u>	<u>117,743</u>
Attributable to:		
Owners of the parent	<u>28,592</u>	<u>117,743</u>
Total comprehensive income for the period	<u>28,592</u>	<u>117,743</u>

(Note) Items in the above statement are net of tax.

(3) Condensed Consolidated Statement of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to owners of the parent					Total	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity		
Balance as of April 1, 2021	38,716	51,829	(6,838)	775,078	(2,123)	856,662	856,662
Profit for the period	—	—	—	27,895	—	27,895	27,895
Other comprehensive income	—	—	—	—	696	696	696
Total comprehensive income	—	—	—	27,895	696	28,592	28,592
Acquisition of treasury shares	—	—	(0)	—	—	(0)	(0)
Disposal of treasury shares	—	—	23	(1)	(21)	0	0
Dividends	—	—	—	(11,340)	—	(11,340)	(11,340)
Share-based payments	—	50	—	—	—	50	50
Conversion of convertible bonds	—	(0)	40	(0)	—	39	39
Total transactions with owners of the parent	—	50	64	(11,342)	(21)	(11,249)	(11,249)
Balance as of June 30, 2021	38,716	51,879	(6,773)	791,630	(1,448)	874,004	874,004

(Unit: Millions of yen)

	Equity attributable to owners of the parent					Total	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity		
Balance as of April 1, 2022	38,716	51,921	(6,229)	846,978	80,926	1,012,313	1,012,313
Profit for the period	—	—	—	22,398	—	22,398	22,398
Other comprehensive income	—	—	—	—	95,345	95,345	95,345
Total comprehensive income	—	—	—	22,398	95,345	117,743	117,743
Acquisition of treasury shares	—	—	(0)	—	—	(0)	(0)
Disposal of treasury shares	—	20	83	—	(103)	0	0
Dividends	—	—	—	(13,613)	—	(13,613)	(13,613)
Transfer from other components of equity to retained earnings	—	—	—	(107)	107	—	—
Share-based payments	—	51	—	—	19	71	71
Total transactions with owners of the parent	—	72	82	(13,720)	22	(13,543)	(13,543)
Balance as of June 30, 2022	38,716	51,994	(6,147)	855,655	176,294	1,116,514	1,116,514

(4) Notes Pertaining to Condensed Consolidated Financial Statements

(i) Going concern assumption

Not applicable

(ii) Segment information

(1) General information on reportable segments

The reportable segments of the Group represent business units for which separate financial information is available, and are reviewed regularly at the Board of Directors meeting to make decisions about allocation of management resources and assess the performance of the business.

The Group applies an in-house company system classified by product groups. The headquarter of each in-house company plans their own comprehensive domestic and international strategies and conducts their own business activities.

The three segments are Cardiac and Vascular Company, Medical Care Solutions Company, and Blood and Cell Technologies Company.

The segment which was previously stated as “General Hospital Company” has been changed to “Medical Care Solutions Company” from the fiscal year ended March 31, 2022. This change in name does not affect the segment information. In accordance with this change, the name of the reportable segment for the three months ended June 30,2021 was also changed to “Medical Care Solutions Company”.

(2) Reportable segment information

Revenue and operating results of the reporting segments of the Group are described below.

For the three months ended June 30, 2021

(Unit: Millions of yen)

	Reportable Segments			Total	Adjustments (Note)	Amount recorded on condensed consolidated financial statements
	Cardiac and Vascular Company	Medical Care Solutions Company	Blood and Cell Technologies Company			
Revenue						
Revenue from sales to external customers	99,568	43,783	28,301	171,652	64	171,716
Segment Profit (Adjusted operating profit)	29,368	6,448	5,987	41,805	(1,601)	40,203
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(1,808)	—	(2,067)	(3,875)	(37)	(3,913)
Non-recurring profit or loss						(56)
Operating profit						36,233
Finance income						248
Finance costs						(495)
Share of profit/(loss) of investment accounted for using the equity method						33
Profit before tax						36,020

(Note) Amounts in “Adjustments” are as follows:

- (1) ¥64 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥(1,601) million adjustment to segment profit consists of ¥(876) million for inventories and ¥(579) million for preparation expenses to comply with Medical Device Regulation in EU.

For the three months ended June 30, 2022

(Unit: Millions of yen)

	Reportable Segments			Total	Adjustments (Note 1)	Amount recorded on condensed consolidated financial statements
	Cardiac and Vascular Company	Medical Care Solutions Company	Blood and Cell Technologies Company			
Revenue						
Revenue from sales to external customers	116,825	45,992	34,459	197,278	62	197,340
Segment Profit (Adjusted operating profit)	28,011	4,466	3,613	36,092	(198)	35,893
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(2,174)	—	(2,449)	(4,623)	51	(4,572)
Non-recurring profit or loss(Note 2)						(893)
Operating profit						30,427
Finance income						515
Finance costs						(1,264)
Share of profit/(loss) of investment accounted for using the equity method						(10)
Profit before tax						29,667

(Note 1) Amounts in “Adjustments” are as follows:

- (1) ¥62 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥(198) million adjustment to segment profit consists of ¥(720) million for preparation expenses to comply with Medical Device Regulation in EU and ¥(212) million for inventories.

(Note 2) ¥(893) million Non-recurring profit or loss mainly includes ¥(1,699) million for impairment loss of technologies, ¥(483) million for business reorganization expenses and ¥1,290 million for the change in fair value of contingent consideration.

(iii) Impairment of non-financial assets

In the first quarter of the current fiscal year, an impairment loss of ¥1,699 million was recorded by reducing the carrying amounts of certain technologies in intangible assets to the recoverable amount because they were not expected to be used in the future.

The recoverable amount was measured based on the value in use, and the value was determined to be zero. The impairment loss is included in “Other expenses” in the Condensed Consolidated Statement of Profit or Loss.