



November 4, 2021

Consolidated Financial Results for the Second Quarter Ended September 30, 2021 Terumo Corporation [IFRS]

Company name: TERUMO CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 4543
 URL: <https://www.terumo.com/>
 Representative: Shinjiro Sato, President and CEO
 Inquiries: Kenichi Hata, General Manager, Investor Relations Dept.
 Telephone: +81-3-6742-8550
 Scheduled date to file quarterly securities report: November 8, 2021
 Scheduled date to commence dividend payments: December 3, 2021
 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 six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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 parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	344,637	21.7	65,857	57.5	65,282	60.6	49,988	57.4	49,988	57.0	58,146	209.0
September 30, 2020	283,296	(7.8)	41,824	(29.3)	40,659	(30.0)	31,759	(30.4)	31,842	(30.3)	18,815	(7.0)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	66.11	66.07
September 30, 2020	42.21	42.08

Notes : Adjusted operating profit September 2021: 74,137 million yen September 2020: 51,261 million yen

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2021	1,368,977	903,957	903,957	66.0
March 31, 2021	1,351,192	856,662	856,662	63.4

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, 2021	—	14.00	—	15.00	29.00
Fiscal year ending March 31, 2022	—	16.00			
Fiscal year ending March 31, 2022 (Forecast)			—	16.00	32.00

Note: Revision from the dividend forecast, which is published in the most recent : Yes
The company revises second quarter and year-end dividends per share for the fiscal year ended March 2022 from 15yen to 16yen.
Please refer to the November 4th, 2021 press release, “Terumo Revises Interim Dividend Distribution and Year-End Dividends Forecast for Fiscal Year Ending March 31, 2022.”

3. Consolidated Forecast for the Fiscal Year Ending March, 2022 (From April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Adjusted operating profit		Operating profit		Profit for the year attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal Year ending March, 2022	685,000	11.6	137,000	18.2	120,000	22.0	92,000	19.1	121.66

Notes: 1) Revision of forecast for fiscal year ending March, 2022 : None
2) Basic earnings per share is calculated by taking into consideration effects of the conversion of convertible bonds in the six months.

- Assumed exchange rate for fiscal year ending March, 2022: USD1=JPY108, EUR1=JPY129

*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 outstanding shares (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 September 30, 2021	759,521,040 shares	As of March 31, 2021	759,521,040 shares
As of September 30, 2021	3,251,382 shares	As of March 31, 2021	3,508,047 shares
Six months ended September 30, 2021	756,100,350 shares	Six months ended September 30, 2020	754,465,111 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 8, "1. Overview of Financial Results for the First Half of the Fiscal Year Ending March 31, 2022 (3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2022".
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 Half of the Fiscal Year Ending March 31, 2022	5
(1) Overview of Consolidated Business Results.....	5
(2) Overview of Consolidated Statement of Financial Position	8
(3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2022	8
2. Condensed Consolidated Financial Statements	9
(1) Condensed Consolidated Statement of Financial Position.....	9
(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income	11
(3) Condensed Consolidated Statements of Changes in Equity.....	13
(4) Notes Pertaining to Condensed Consolidated Financial Statements.....	13
(i) Going Concern Assumption	13
(ii) Segment information	14

1. Overview of Financial Results for the First Half of the Fiscal Year Ending March 31, 2022

(1) Overview of Consolidated Business Results

In the first half of the current fiscal year (from April 1, 2021 to September 30, 2021), the healthcare market experienced a recovery in medical demand especially in North America and Europe with the spread of the COVID-19 vaccination. There was increase in exams, diagnostics, hospitalizations, and elective procedures which had been postponed across various clinical departments as the impacts of the COVID-19 pandemic begun in the previous fiscal year largely eased. The Group's sales trended strongly owing to this recovery in its principal markets.

Financial results for the first half are as follows:

(Unit: Millions of yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Revenue	283,296	344,637	21.7	17.1
Gross profit	150,463	186,244	23.8	18.3
Adjusted operating profit	51,261	74,137	44.6	35.9
Operating profit	41,824	65,857	57.5	47.1
Profit before tax	40,659	65,282	60.6	-
Profit for the period	31,759	49,988	57.4	-
Profit for the period attributable to owners of parent	31,842	49,988	57.0	-

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

(Unit: Millions of yen)

Geographic areas	For the six months ended September 30, 2020	For the six months ended September 30, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Japan	93,508	102,412	9.5	9.5
Europe	55,525	68,307	23.0	14.0
Americas	82,481	106,343	28.9	25.0
Asia and others	51,780	67,574	30.5	21.7
Overseas total	189,788	242,225	27.6	20.9
Total	283,296	344,637	21.7	17.1

Revenue

Revenue totaled ¥344.6 billion, an increase of 21.7% versus the same period in the previous fiscal year.

In Japan, overall revenue increased by 9.5% year on year, amid strong revenue in Alliance division, infusion and syringe pumps in Hospital systems division of General Hospital Company, and, along with the steady recovery in demand in TIS division (interventional devices) and Neurovascular division of Cardiac and Vascular Company. Revenue overseas increased by 27.6% in comparison with a year earlier amid indications of a robust recovery in demand in TIS division and Neurovascular division of Cardiac and Vascular Company as well as Blood and Cell Technologies Company.

Gross profit

Gross profit came to ¥186.2 billion, an increase of 23.8% compared with the previous fiscal year, reflecting amid rising revenue.

Adjusted operating profit

Adjusted operating profit came to ¥74.1 billion, an increase of 44.6% year on year, owing to the increase in gross profit which exceeded the increase in selling, general and administrative expenses.

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.

Operating profit

Operating profit came to ¥65.9 billion, an increase of 57.5% year on year, owing to the increase in adjusted operating profit.

Profit before tax

Profit before tax was ¥65.3 billion, an increase of 60.6% versus the same period a year earlier owing to the increase in operating profit.

Profit for the period attributable to owners of parent

Profit for the period attributable to owners of parent totaled ¥50.0 billion, an increase of 57.0% year on year, driven by the increase in profit before tax.

Revenue results of the reportable segments are as follows:

(Millions of yen)

Segment		For the six months ended September 30, 2020	For the six months ended September 30, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Cardiac and Vascular Company	Revenue	149,424	194,341	30.1	23.9
	(Japan)	22,862	25,005	9.4	9.4
	(Overseas)	126,562	169,335	33.8	26.5
General Hospital Company	Revenue	81,791	91,961	12.4	11.1
	(Japan)	64,825	71,726	10.6	10.6
	(Overseas)	16,966	20,234	19.3	12.6
Blood and Cell Technologies Company	Revenue	51,952	58,210	12.0	7.2
	(Japan)	5,693	5,555	(2.4)	(2.4)
	(Overseas)	46,259	52,655	13.8	8.4

Cardiac and Vascular Company

Global revenue increased 30.1% over the same period of the previous year to ¥194.3 billion. In Japan, sales increased amid the recovery in demand of TIS division and Neurovascular division. Overseas, in North America and Europe, there were indications of a robust recovery in demand in TIS division and Neurovascular division.

General Hospital Company

Global revenue increased 12.4% to ¥92.0 billion. In Japan, there were strong sales of infusion and syringe pumps in Hospital systems division as well as growth in the B2B business with pharmaceutical companies in Alliance division. Overseas, there were indications of a robust recovery in demand for daily use products in Asia as well as the veterinary market in North America.

Blood and Cell Technologies Company

Global revenue increased 12.0% to ¥58.2 billion. In Japan, mainly sales of blood center products declined slightly. Overseas, there was a recovery in demand for whole blood collection, therapeutic apheresis systems, and cell processing products.

(2) Overview of Consolidated Statement of Financial Position

Total assets stood at ¥1,369.0 billion, an increase of ¥17.8 billion. This was mainly owing to an increase in property, plant and equipment of ¥7.9 billion from investments in manufacturing facility and an increase in goodwill and intangible assets of ¥3.0 billion from investments in new IT systems.

Total liabilities came to ¥465.0 billion, a decrease of ¥29.5 billion. This was mainly attributed to a decline in trade and other payables of ¥10.8 billion due to the payments related to facilities and a decrease in bonds and borrowings of ¥9.9 billion due to repayment of corporate bonds.

Total equity was ¥904.0 billion, an increase of ¥47.3 billion. This mainly reflects an increase of ¥50.0 billion from posting profit for the period of and booking of other comprehensive income associated with the impacts of yen weakness in FX that resulted in an ¥8.2 billion increase, compared to a decrease of ¥11.3 billion due to the payment of dividends from retained earnings.

(3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

At present, we must continue to monitor risks such as uncertainty about subsequent waves of COVID-19 infections and risks posed by a drop in demand, supply chain interruptions, and soaring transportation and raw materials costs, among others. Nevertheless, the Group plans to pour energies into the 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, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	200,770	202,927
Trade and other receivables	128,770	126,290
Other current financial assets	1,116	1,446
Inventories	175,576	180,446
Current tax assets	510	444
Other current assets	17,222	17,977
Total current assets	523,966	529,532
Non-current assets		
Property, plant and equipment	299,679	307,551
Goodwill and intangible assets	471,834	474,802
Investments accounted for using the equity method	3,644	3,924
Other non-current financial assets	19,449	21,224
Deferred tax assets	23,729	21,698
Other non-current assets	8,887	10,244
Total non-current assets	827,225	839,445
Total assets	1,351,192	1,368,977

	(Unit: Millions of yen)	
	As of March 31, 2021	As of September 30, 2021
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	83,528	72,700
Bonds and borrowings	42,072	31,918
Other current financial liabilities	7,784	6,316
Current tax liabilities	14,311	13,873
Provisions	374	432
Other current liabilities	63,295	60,586
Total current liabilities	211,366	185,828
Non-current liabilities		
Bonds and borrowings	218,497	218,781
Other non-current financial liabilities	32,122	30,444
Deferred tax liabilities	15,962	12,817
Retirement benefit liabilities	6,639	6,829
Provisions	96	98
Other non-current liabilities	9,845	10,220
Total non-current liabilities	283,163	279,191
Total liabilities	494,530	465,020
Equity		
Share capital	38,716	38,716
Capital surplus	51,829	51,825
Treasury shares	(6,838)	(6,338)
Retained earnings	775,078	813,741
Other components of equity	(2,123)	6,011
Total equity attributable to owners of parent	856,662	903,957
Total equity	856,662	903,957
Total liabilities and equity	1,351,192	1,368,977

(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 six months ended September 30, 2020	For the six months ended September 30, 2021
Revenue	283,296	344,637
Cost of sales	132,832	158,393
Gross profit	150,463	186,244
Selling, general and administrative expenses	109,026	120,215
Other income	1,757	1,128
Other expenses	1,369	1,299
Operating profit	41,824	65,857
Finance income	581	439
Finance costs	1,027	1,342
Share of profit/(loss) of investments accounted for using the equity method	(719)	326
Profit before tax	40,659	65,282
Income tax expenses	8,900	15,294
Profit for the period	31,759	49,988
Attributable to:		
Owners of parent	31,842	49,988
Non-controlling interests	(83)	-
Total profit for the period	31,759	49,988
Earnings per share		
Basic earnings per share (yen)	42.21	66.11
Diluted earnings per share (yen)	42.08	66.07

(Condensed Consolidated Statement of Comprehensive Income)

	(Unit: Millions of yen)	
	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Profit for the period	31,759	49,988
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	663	265
Remeasurements of defined benefit plans	136	15
Total items that will not be reclassified to profit or loss	799	280
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(14,299)	7,734
Cash flow hedges	141	64
Cost of hedging	414	78
Total items that are or may be reclassified subsequently to profit or loss	(13,743)	7,878
Total other comprehensive income/(loss) for the period	(12,943)	8,158
Total comprehensive income for the period	18,815	58,146
Attributable to		
Owners of parent	18,898	58,146
Non-controlling interests	(83)	-
Total comprehensive income for the period	18,815	58,146

Note: Items in the above statement are net of tax.

(3) Condensed Consolidated Statements of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance as of April 1, 2020	38,716	51,858	(14,103)	705,765	(27,423)	754,813	69	754,883
Profit for the period	-	-	-	31,842	-	31,842	(83)	31,759
Other comprehensive income	-	-	-	-	(12,943)	(12,943)	(0)	(12,943)
Total comprehensive income	-	-	-	31,842	(12,943)	18,898	(83)	18,815
Acquisition of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	43	0	(43)	0	-	0
Dividends	-	-	-	(10,531)	-	(10,531)	-	(10,531)
Transfer from other components of equity to retained earnings	-	-	-	1,529	(1,529)	-	-	-
Share-based payments	-	(100)	99	102	24	125	-	125
Conversion of convertible bonds	-	(27)	6,206	(116)	-	6,062	-	6,062
Total transactions with owners of parent	-	(128)	6,347	(9,015)	(1,548)	(4,344)	-	(4,344)
Balance as of September 30, 2020	38,716	51,730	(7,755)	728,593	(41,916)	769,367	(14)	769,353

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	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	-	-	-	49,988	-	49,988	-	49,988
Other comprehensive income	-	-	-	-	8,158	8,158	-	8,158
Total comprehensive income	-	-	-	49,988	8,158	58,146	-	58,146
Acquisition of treasury shares	-	-	(1)	-	-	(1)	-	(1)
Disposal of treasury shares	-	(4)	30	-	(25)	0	-	0
Dividends	-	-	-	(11,340)	-	(11,340)	-	(11,340)
Transfer from other components of equity to retained earnings	-	-	-	15	(15)	-	-	-
Share-based payments	-	10	91	-	17	119	-	119
Conversion of convertible bonds	-	(8)	378	-	-	369	-	369
Total transactions with owners of parent	-	(3)	499	(11,324)	(23)	(10,851)	-	(10,851)
Balance as of September 30, 2021	38,716	51,825	(6,338)	813,741	6,011	903,957	-	903,957

(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, General Hospital Company, and Blood and Cell technologies Company.

(2) Reportable segment information

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

For the six months ended September 30, 2020

	Reportable Segments				Adjustments (Note 1)	Amount recorded on condensed consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood and Cell Technologies Company	Total		
Revenue						
Revenue from sales to external customers	149,424	81,791	51,952	283,169	127	283,296
Segment Profit (Adjusted operating profit)	32,017	11,718	8,880	52,616	(1,355)	51,261
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(3,479)	-	(4,037)	(7,516)	340	(7,176)
Non-recurring profit or loss (Note 2)						(2,259)
Operating profit						41,824
Finance income						581
Finance costs						(1,027)
Share of profit/(loss) of investment accounted for using the equity method						(719)
Profit before tax						40,659

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

- (1) ¥127 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
 - (2) ¥(1,355) million adjustment to segment profit consists of ¥385 million for inventories and ¥(1,189) million for preparation expenses to comply with Medical Device Regulation in EU.
- (Note 2) ¥(2,259) million Non-recurring profit or loss mainly includes ¥(1,852) million for the change in fair value of contingent consideration and ¥(321) million for business reorganization expenses.

For the six months ended September 30, 2021

(Unit: Millions of yen)

	Reportable Segments			Total	Adjustments (Note)	Amount recorded on condensed consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood and Cell Technologies Company			
Revenue						
Revenue from sales to external customers	194,341	91,961	58,210	344,513	124	344,637
Segment Profit (Adjusted operating profit)	50,782	13,440	11,755	75,978	(1,840)	74,137
(Adjustment item) Amortization of intangible assets acquired through business combinations	(3,623)	-	(4,146)	(7,769)	(144)	(7,913)
Non-recurring profit or loss						(366)
Operating profit						65,857
Finance income						439
Finance costs						(1,342)
Share of profit/(loss) of investment accounted for using the equity method						326
Profit before tax						65,282

Note: Amounts in “Adjustments” are as follows:

- (1) ¥124 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥(1,840) million adjustment to segment profit consists of ¥(535) million for inventories and ¥(1,184) million for preparation expenses to comply with Medical Device Regulation in EU.