



August 9, 2023

Consolidated Financial Results for the First Quarter Ended June 30, 2023 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 10, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	215,252	9.1	29,644	(2.6)	29,804	0.5	22,549	0.7	22,549	0.7	107,172	(9.0)
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

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	30.28	30.27
June 30, 2022	29.61	29.60

(Note) Adjusted operating profit June 2023: 34,478million yen June 2022: 35,893million 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, 2023	1,670,798	1,202,660	1,202,660	72.0
March 31, 2023	1,602,225	1,111,063	1,111,063	69.3

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, 2023	—	19.00	—	21.00	40.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		22.00	—	22.00	44.00

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

3. Consolidated Forecast for the Fiscal Year Ending March, 2024 (From April 1, 2023 to March 31, 2024)

(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, 2024	854,000	4.1	151,000	9.4	132,500	12.9	101,000	13.1	135.98

(Note 1) Revision of forecast for the fiscal year ending March, 2024: None

(Note 2) The Company has resolved at the meeting of the Board of Directors held on August 9, 2023 to acquire its treasury shares. Basic earnings per share is calculated by taking into consideration effects of the acquisition of its treasury shares.

(Note 3) Assumed exchange rate for fiscal year ending March, 2024: USD1=JPY130, EUR1=JPY145

*Notes

(1) Changes in significant subsidiaries during the current quarterly consolidated cumulative period (changes in specified subsidiaries resulting in the change in 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: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

* Please refer to [Attachment], page 11, “2. Condensed Consolidated Financial Statements (4) Notes Pertaining to Condensed Consolidated Financial Statements (ii) Changes in accounting policy”.

(3) Number of shares outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

As of June 30, 2023	747,682,540 shares	As of March 31, 2023	747,682,540 shares
As of June 30, 2023	3,038,393 shares	As of March 31, 2023	3,074,907 shares
Three months ended June 30, 2023	744,640,835 shares	Three months ended June 30, 2022	756,348,644 shares

(ii) Treasury shares at the end of the period

(iii) Average number of shares during the period (cumulative quarterly)

* Quarterly financial statements are not subject to quarterly reviews by certified public 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 the Company that it will achieve these goals. In addition, actual results may differ significantly due to various 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, 2024 (3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2024”.

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.

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1. Overview of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

(1) Overview of Consolidated Business Results

In the first quarter of the current fiscal year (from April 1 to June 30, 2023), the Group's sales trended strongly amid growing demand for products globally and the effects of foreign exchange rates. Operating profit slightly decreased, while gross profit increased because of the revenue increase. We expanded operating expense investments for growing markets.

Financial results for the first quarter are as follows:

(Unit: Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023	Growth (%)	Growth excluding FX impact (%)
Revenue	197,340	215,252	9.1	5.0
Gross profit	101,637	109,799	8.0	5.4
Adjusted operating profit	35,893	34,478	(3.9)	(3.7)
Operating profit	30,427	29,644	(2.6)	(1.4)
Profit before tax	29,667	29,804	0.5	—
Profit for the period	22,398	22,549	0.7	—
Profit for the period attributable to owners of the parent	22,398	22,549	0.7	—

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

(Unit: Millions of yen)

Geographic areas	For the three months ended June 30, 2022	For the three months ended June 30, 2023	Growth (%)	Growth excluding FX impact (%)
Japan	49,869	47,454	(4.8)	(4.8)
Europe	38,574	44,368	15.0	6.7
Americas	66,244	74,045	11.8	6.0
China	19,369	19,955	3.0	3.0
Asia and others	23,282	29,428	26.4	21.8
Overseas total	147,470	167,798	13.8	8.3
Total	197,340	215,252	9.1	5.0

Revenue

Revenue totaled ¥215.3 billion, an increase of 9.1% versus the same period in the previous fiscal year. In Japan, overall revenue decreased by 4.8% year on year, amid weaker sales of nutrition products of Hospital Care Solutions division, which was sold in the previous fiscal year, and changes in the timing of product deliveries of Pharmaceutical Solutions division, which pursues alliance business with pharmaceutical companies. Overseas, revenue increased 13.8% year on year owing to increased demand in TIS (catheter) division and for blood centers business, along with the effects of foreign exchange rates.

Profit

Gross profit totaled ¥109.8 billion, an increase of 8.0% versus the same period in the previous fiscal year, because of the higher revenue.

Adjusted operating profit was ¥34.5 billion, a decrease of 3.9% versus the same period in the previous fiscal year. This was due to an increase of selling, general and administrative expenses by expanding operating expense investments for growing markets.

Operating profit declined due to the decrease in adjusted operating profit. Profit before tax, and profit for the period attributable to owners of the parent each increased due to a decrease in finance costs.

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:

(Unit: Millions of yen)

Segment		For the three months ended June 30, 2022	For the three months ended June 30, 2023	Growth (%)	Growth excluding FX impact (%)
Cardiac and Vascular Company	Revenue	116,825	130,584	11.8	6.9
	(Japan)	12,853	13,073	1.7	1.7
	(Overseas)	103,972	117,510	13.0	7.6
Medical Care Solutions Company	Revenue	45,992	43,681	(5.0)	(6.5)
	(Japan)	34,512	31,887	(7.6)	(7.6)
	(Overseas)	11,480	11,794	2.7	(3.1)
Blood and Cell Technologies Company	Revenue	34,459	40,924	18.8	13.6
	(Japan)	2,441	2,430	(0.4)	(0.4)
	(Overseas)	32,018	38,493	20.2	14.7

Cardiac and Vascular Company

In Japan, revenue increased slightly year on year as there was a lag in the recovery in the number of endovascular treatment procedures. Amid this, Vascular Graft division posted double digit growth from the launch of new products. Overseas, revenue increased 13.0% year on year buoyed by new products of Vascular Graft division and growing demand in TIS (catheter) division. As a result, global revenue increased 11.8% over the same period of the previous fiscal year to ¥130.6 billion.

Medical Care Solutions Company

In Japan, overall revenue decreased by 7.6% year on year, amid weaker sales of nutrition products in Hospital Care Solutions division, which was sold in the previous fiscal year, and variability in the timing of product deliveries in Pharmaceutical Solutions division, which pursues alliance business with pharmaceutical companies. Overseas, revenue was strong, up 2.7% year on year. As a result, global revenue declined 5.0% over the same period of the previous fiscal year to ¥43.7 billion.

Blood and Cell Technologies Company

In Japan, revenue declined due to weaker sales of products related to blood therapies. Overseas, revenue increased 20.2% year on year, driven by strong sales in blood center business amid growing demand for blood component collection systems in North America and for blood transfusions in Asia and other locations. As a result, global revenue increased 18.8% over the same period of the previous fiscal year to ¥40.9 billion.

(2) Overview of Consolidated Statement of Financial Position

Total assets stood at ¥1,670.8 billion, an increase of ¥68.6 billion. This was mainly owing to an increase in inventories of ¥22.9 billion due to the impacts of depreciated yen, as well as property, plant and equipment of ¥18.3 billion and goodwill and intangible assets of ¥38.5 billion due to the aforementioned foreign exchange rates impact and investment in manufacturing facility and new IT systems, which offset the decrease in cash and cash equivalents of ¥27.3 billion from the redemption of corporate bonds and payment of dividends.

Total liabilities came to ¥468.1 billion, a decrease of ¥23.0 billion. This was mainly attributed to the decreases in trade and other payables of ¥12.2 billion owing to equipment-related payments and in income taxes payable of ¥7.6 billion due to the payment of income tax.

Total equity was ¥1,202.7 billion, an increase of ¥91.6 billion. This mainly reflects an increase from posting profit for the period of ¥22.5 billion, as well as the booking of other comprehensive income associated with the aforementioned foreign exchange rates impact resulted in a ¥84.6 billion increase, which offset the decrease of ¥15.6 billion from dividends from retained earnings.

(3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

No changes have been made to the forecasts of consolidated financial results announced on May 15, 2023.

Although the operating environment is expected to remain uncertain due to changes in the environment surrounding the medical device and pharmaceutical industries and trends in foreign exchange rates, to achieve its targets the Group will focus on the following: development and sales expansion of high value-added products that contribute to improving the quality and efficiency of medical care, continuous cost improvement, and effective management 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, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	187,322	160,052
Trade and other receivables	150,635	157,136
Other current financial assets	106	19,106
Inventories	249,618	272,501
Current tax assets	2,920	3,442
Other current assets	20,793	21,443
Total current assets	611,396	633,681
Non-current assets		
Property, plant and equipment	370,869	389,177
Goodwill and intangible assets	538,210	576,720
Investments accounted for using the equity method	3,680	3,598
Other non-current financial assets	34,421	23,773
Deferred tax assets	20,458	21,300
Other non-current assets	23,187	22,547
Total non-current assets	990,829	1,037,117
Total assets	1,602,225	1,670,798

	(Unit: Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	97,736	85,511
Bonds and borrowings	11,223	153,854
Other current financial liabilities	7,597	8,512
Current tax liabilities	23,563	15,992
Provisions	329	310
Other current liabilities	77,551	75,187
Total current liabilities	218,001	339,368
Non-current liabilities		
Bonds and borrowings	220,714	74,972
Other non-current financial liabilities	29,639	30,697
Deferred tax liabilities	8,870	8,569
Retirement benefit liabilities	4,703	5,066
Provisions	127	138
Other non-current liabilities	9,106	9,324
Total non-current liabilities	273,161	128,769
Total liabilities	491,162	468,137
Equity		
Share capital	38,716	38,716
Capital surplus	51,759	51,822
Treasury shares	(11,539)	(11,403)
Retained earnings	874,272	881,113
Other components of equity	157,855	242,412
Total equity attributable to owners of the parent	1,111,063	1,202,660
Total equity	1,111,063	1,202,660
Total liabilities and equity	1,602,225	1,670,798

(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, 2022	For the three months ended June 30, 2023
Revenue	197,340	215,252
Cost of sales	95,702	105,453
Gross profit	101,637	109,799
Selling, general and administrative expenses	70,627	80,492
Other income	1,902	970
Other expenses	2,484	632
Operating profit	30,427	29,644
Finance income	515	593
Finance costs	1,264	444
Share of profit/(loss) of investments accounted for using the equity method	(10)	11
Profit before tax	29,667	29,804
Income tax expenses	7,268	7,254
Profit for the period	22,398	22,549
Attributable to:		
Owners of the parent	22,398	22,549
Total profit for the period	22,398	22,549
Earnings per share		
Basic earnings per share (yen)	29.61	30.28
Diluted earnings per share (yen)	29.60	30.27

(Condensed Consolidated Statement of Comprehensive Income)

(Unit: Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit for the period	22,398	22,549
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	6	(64)
Total items that will not be reclassified to profit or loss	6	(64)
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	95,395	84,564
Cash flow hedges	109	207
Cost of hedging	(166)	(84)
Total items that are or may be reclassified subsequently to profit or loss	95,338	84,687
Total other comprehensive income/(loss) for the period	95,345	84,622
Total comprehensive income for the period	<u>117,743</u>	<u>107,172</u>
Attributable to:		
Owners of the parent	117,743	107,172
Total comprehensive income for the period	<u>117,743</u>	<u>107,172</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, 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

(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, 2023	38,716	51,759	(11,539)	874,272	157,855	1,111,063	1,111,063
Profit for the period	-	-	-	22,549	-	22,549	22,549
Other comprehensive income	-	-	-	-	84,622	84,622	84,622
Total comprehensive income	-	-	-	22,549	84,622	107,172	107,172
Acquisition of treasury shares	-	-	(0)	-	-	(0)	(0)
Disposal of treasury shares	-	(72)	138	-	(65)	0	0
Dividends	-	-	-	(15,636)	-	(15,636)	(15,636)
Transfer from retained earnings to capital surplus	-	72	-	(72)	-	-	-
Share-based payments	-	63	(0)	-	-	62	62
Total transactions with owners of the parent	-	63	136	(15,709)	(65)	(15,575)	(15,575)
Balance as of June 30, 2023	38,716	51,822	(11,403)	881,113	242,412	1,202,660	1,202,660

(4) Notes Pertaining to Condensed Consolidated Financial Statements

(i) Going concern assumption

Not applicable

(ii) Changes in accounting policy

The Group has adopted the standard and interpretation below from the first quarter of the fiscal year ending March 31, 2024.

Standard/Interpretation	Outline of the new standards, interpretations and amendments
IAS 12 Income taxes	Clarification of the accounting for deferred tax on leases and decommissioning obligations (Transactions for which companies recognize both an asset and a liability)

There is no material effect of adopting these standards on the Group's condensed consolidated financial statements for the first quarter of the fiscal year ending March 31, 2024.

(iii) 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.

(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, 2022

	Reportable Segments				Adjustments (Note 1)	Amount recorded on condensed consolidated financial statements
	Cardiac and Vascular Company	Medical Care Solutions Company	Blood and Cell Technologies Company	Total		
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.

For the three months ended June 30, 2023

(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	130,584	43,681	40,924	215,190	62	215,252
Segment profit (Adjusted operating profit)	26,883	2,814	5,857	35,554	(1,076)	34,478
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(2,224)	-	(2,529)	(4,754)	138	(4,615)
Non-recurring profit or loss(Note 2)						(218)
Operating profit						29,644
Finance income						593
Finance costs						(444)
Share of profit/(loss) of investment accounted for using the equity method						11
Profit before tax						29,804

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

(1) ¥62 million adjustment to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.

(2) ¥(1,076) million adjustment to Segment profit consists of ¥(722) million for preparation expenses to comply with Medical Device Regulation in EU and ¥(416) million for inventories.

(Note 2) ¥(218) million Non-recurring profit or loss is business reorganization expenses.

(iv) Subsequent events

(1) Transfer of shares of equity method affiliate

The Company agreed with Olympus Corporation to transfer the Company's all shareholdings of Olympus Terumo Biomaterials Corporation, the Company's equity method affiliate, to Olympus Group on July 24, 2023.

The transfer was completed on August 4, 2023. As a result, the gain on sale of securities of ¥1,335 million will be recognized in "Other income" in the Condensed Consolidated Statement of Profit or Loss for the second quarter ending September 30, 2023.

(2) Acquisition and cancellation of treasury shares

The Company has resolved at the meeting of the Board of Directors held on August 9, 2023 to acquire its treasury shares pursuant to the Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the said act, and to cancel a part of its treasury shares pursuant to the Article 178 of the said act.

1) Reason for acquisition and cancellation of treasury shares

To enhance shareholder return and improve capital efficiency

2) Details of acquisition

(a) Class of shares to be acquired

The Company's common stock

(b) Total number of shares to be acquired

5,000 thousand shares (maximum)

(0.67% of the total number of issued shares excluding treasury shares)

(c) Total value of shares to be acquired

20 billion yen (maximum)

(d) Acquisition period

From August 14, 2023 to March 8, 2024

(e) Acquisition method

Purchase on the market of Tokyo Stock Exchange

3) Details of cancellation

(a) Class of shares to be cancelled

The Company's common stock

(b) Total number of shares to be cancelled

All of the shares acquired as stated in 2) above

(c) Planned cancellation date

March 19, 2024