

## Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2021: Reference

### Analysis of Business Performance

#### 1. Overview of Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2021

##### (1) Overview of Consolidated Business Results

In the first three quarters of the current fiscal year (from April 1 to December 31, 2020), in the healthcare market there was a decline in demand from postponement of elective procedures, the decline in exams and diagnostics, and the decline in the number of days of hospitalizations, etc. for various clinical departments, especially in April and May due to the major impacts of the novel coronavirus disease (COVID-19) pandemic. From July to September, demand recovered somewhat as some procedures that had been postponed were performed. From October to December, there was a resurgence of COVID-19 infections particularly in Europe and the Americas, but the impacts on operations of medical institutions were limited. The Company saw impacts emerge from declining demand at Cardiac and Vascular Company, but impacts on General Hospital Company and Blood and Cell Technologies Company were minimal. Also, demand increased for certain products. Financial results for the first three quarters indicate the entire company was able to mitigate the impacts of the COVID-19 pandemic to a certain degree.

Financial results for the first three quarters of the fiscal year ending March 31, 2021 are as follows:

(million JPY)

	Q1-Q3 FYE3/2020	Q1-Q3 FYE3/2021	Growth (%)	Growth excluding the impact of foreign exchange rates (%)
Revenue	470,144	448,628	(4.6)	(3.3)
Gross profit	258,635	241,268	(6.7)	(4.9)
Adjusted operating profit	98,419	88,489	(10.1)	(7.6)
Operating profit	86,250	75,272	(12.7)	(10.2)
Profit before tax	85,487	74,928	(12.4)	—
Profit for the period	66,762	58,502	(12.4)	—
Profit for the period attributable to owners of the parent	66,893	58,601	(12.4)	—

Revenue by region for the first three quarters is as follows:

(million JPY)

Region	Q1-Q3 FYE3/2020	Q1-Q3 FYE3/2021	Growth (%)	Growth excluding the impact of foreign exchange rates (%)
Japan	147,842	148,349	0.3	0.3
Europe	88,738	87,547	(1.3)	(2.1)
Americas	141,561	131,132	(7.4)	(3.7)
Asia and others	92,002	81,598	(11.3)	(9.6)
Overseas total	322,302	300,279	(6.8)	(5.0)
Total	470,144	448,628	(4.6)	(3.3)

### **Revenue**

Revenue totaled 448.6 billion JPY, a decrease of 4.6% versus the same period in the previous fiscal year.

In Japan, overall revenue increased by 0.3% year on year. The impacts of the COVID-19 pandemic on Cardiac and Vascular Company were smaller than other regions, and in General Hospital Company, there was rising demand for infection control products and revenues in the Alliance division and of narcotic analgesic were robust.

Revenue overseas declined by 6.8% in comparison with a year earlier. The impacts of the COVID-19 pandemic on General Hospital Company and Blood and Cell Technologies Company were small, but these same impacts were larger for TIS division (interventional devices) in Cardiac and Vascular Company.

### **Gross profit**

Gross profit came to 241.3 billion JPY, a decrease of 6.7% compared with the previous fiscal year, reflecting a decline in revenue mainly due to the impacts of the COVID-19 pandemic on Cardiac and Vascular Company.

### **Adjusted operating profit**

In the period under review, adjusted operating profit came to 88.5 billion JPY, a decrease of 10.1% year on year, due to the decline in gross profit, despite efforts to curtail certain 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 performance indicators.

### **Operating profit**

Operating profit came to 75.3 billion JPY, a decrease of 12.7% year on year, owing to the decrease in adjusted operating profit.

### **Profit before tax**

Profit before tax was 74.9 billion JPY, a decrease of 12.4% versus the same period a year earlier owing to the decrease in operating profit.

### **Profit for the period attributable to owners of the parent**

Profit for the period attributable to owners of the parent totaled 58.6 billion JPY, a decrease of 12.4% year on year, driven by the decrease in profit before tax.

Revenue results by company are as follows:

The segment previously named as “Blood Management Company” was changed to “Blood and Cell Technologies Company” from the fiscal year ended March 31, 2020. This change in name does not affect the segment information. The name of reportable segment for the first three quarters of the fiscal year ended March 31, 2020 was also revised as “Blood and Cell Technologies Company”.

(million JPY)					
Segment		Q1-Q3 FYE3/2020	Q1-Q3 FYE3/2021	Growth (%)	Growth excluding the impact of foreign exchange rates (%)
Cardiac and Vascular Company	Revenue	263,473	238,405	(9.5)	(8.3)
	(Japan)	38,178	36,608	(4.1)	(4.1)
	(Overseas)	225,294	201,796	(10.4)	(9.0)
General Hospital Company	Revenue	127,786	129,023	1.0	1.5
	(Japan)	100,474	102,594	2.1	2.1
	(Overseas)	27,311	26,429	(3.2)	(0.8)
Blood and Cell Technologies Company	Revenue	78,717	81,007	2.9	5.7
	(Japan)	9,022	8,954	(0.7)	(0.7)
	(Overseas)	69,695	72,053	3.4	6.5

### Cardiac and Vascular Company

In Japan, sales were driven by extracorporeal membrane oxygenation (ECMO) systems in Cardiovascular division along with flow diverter in Neurovascular division, but revenue declined because of the significant impacts of the COVID-19 pandemic on other divisions. Overseas, the same impacts were significant on TIS division (interventional devices) in the Americas. Additionally, in China, Neurovascular division was impacted by the order booking timing of distributors. Accordingly, revenue in Cardiac and Vascular Company totaled 238.4 billion JPY, a decrease of 9.5% year on year.

### General Hospital Company

In Japan, the COVID-19 pandemic impacted many products, but sales were driven by infection control products and narcotic analgesic in Hospital systems division. Globally, the B2B business with pharmaceutical companies in Alliance division grew. Reflecting these, revenue in General Hospital Company was 129.0 billion JPY, an increase of 1.0% versus the period a year earlier.

### Blood and Cell Technologies Company

In Japan, sales of blood center products declined slightly due to the slowdown in demand for blood preparations caused by the impacts of the COVID-19 pandemic. Overseas, therapeutic apheresis systems and cell processing products saw a slowdown in demand for the same reasons, but there was an increase in collection demand for COVID-19 convalescent plasma therapy and sales were driven by new software for blood component collection systems. Consequently, revenue in Blood and Cell Technologies Company totaled 81.0 billion JPY, a rise of 2.9% year on year.

## **(2) Overview of Consolidated Statement of Financial Position**

Total assets stood at 1,257.8 billion JPY, an increase of 16.4 billion JPY. This was mainly owing to an increase in property, plant and equipment of 14.5 billion JPY from investments in manufacturing facility.

Total liabilities came to 481.4 billion JPY, a decrease of 5.1 billion JPY. This was mainly attributed to an increase in bonds and borrowings of 9.0 billion JPY due to long-term loans payable, despite the redemption and partial conversion of bonds payable, which offset the decline in trade and other payables of 18.7 billion JPY due to the payments related to facilities.

Total equity was 776.4 billion JPY, an increase of 21.5 billion JPY. This mainly reflects an increase from posting profit for the period of 58.5 billion JPY and an increase from allocating treasury shares for the conversion of convertible bond-type bonds with subscription rights to shares of 6.4 billion JPY, compared to a decrease of 21.1 billion JPY due to the payment of dividends from retained earnings, while the booking of other comprehensive income associated with the impacts of yen strength in FX resulted in a 22.4 billion JPY decline.

## **(3) Forecasts, including the Consolidated Financial Results for the Fiscal Year Ending March 31, 2021**

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 and supply chain interruptions caused by these impacts. Nevertheless, we plan 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.