

# Financial Results for the Fiscal Year Ended March 31, 2021 (FY2020)

May 12, 2021

**Naoki Muto**

Chief Accounting and Financial Officer  
Terumo Corporation

## Safe Harbor for Forward-Looking Statements and Use of Document

Among the information that Terumo discloses, the forward-looking statements including financial projections are based upon our assumptions using information available to us at the time and are not intended to be guarantees of future events or performance. Accordingly, it should be noted that actual results may differ from those forecasts or projections due to various factors. Factors affecting to actual results include, but are not limited to, changes in economic conditions surrounding Terumo, fluctuations of foreign exchange rates, and state of competition.

The market share information in this presentation is partly derived from our own independent research.

Information about products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice.

Terumo Corporation

Investor Relations Dept.

E-mail: [kouhou\\_terumo01@terumo.co.jp](mailto:kouhou_terumo01@terumo.co.jp)

# Highlights

## FY20 Q4/Q4 YTD results

- Revenue: Highest-ever Q4 revenue. Steady recovery in demand for Cardiac & Vascular while the COVID-19 impact remained. Increased in General Hospital and Blood & Cell Technologies driven by products contributing to infection control and therapies for COVID-19
- Adjusted Operating Profit: Recovered to single digit decrease in Q4 YTD, despite the negative impact on the gross profit in 2H from volume-based procurement(VBP) in China and lowered production level for inventory optimization. SG&A expenses spent as planned in Q4 along with ease of movement restrictions
- FY20 annual dividend proposal: 29 JPY, payout ratio: 28.3%

## FY21 guidance

- Increase in revenue by 9-11%, in adjusted operating profit by 7-12%
- Expect recovery in healthcare demand including the number of procedures, while concerns about COVID-19 impact remain such as a new variant and the pace of vaccination, etc. Secure the increase in adjusted operating profit, despite the sales activities level to be raised from FY20 as well as prior investment for a new business

# P&L Results

- Revenue: Highest-ever Q4 revenue. Despite minor decline in YTD results, the revenue of Cardiac & Vascular showed steady recovery throughout the fiscal year (C&V revenue YoY% trend Q1: -24%, Q2 and Q3: -2%, Q4: +4%)
- Adjusted Operating Profit: Recovered to single digit decrease in Q4 YTD results, despite the negative impact on the gross profit in 2H from VBP in China and lowered production level for inventory optimization. SG&A expenses spent as planned in Q4 along with ease of movement restrictions

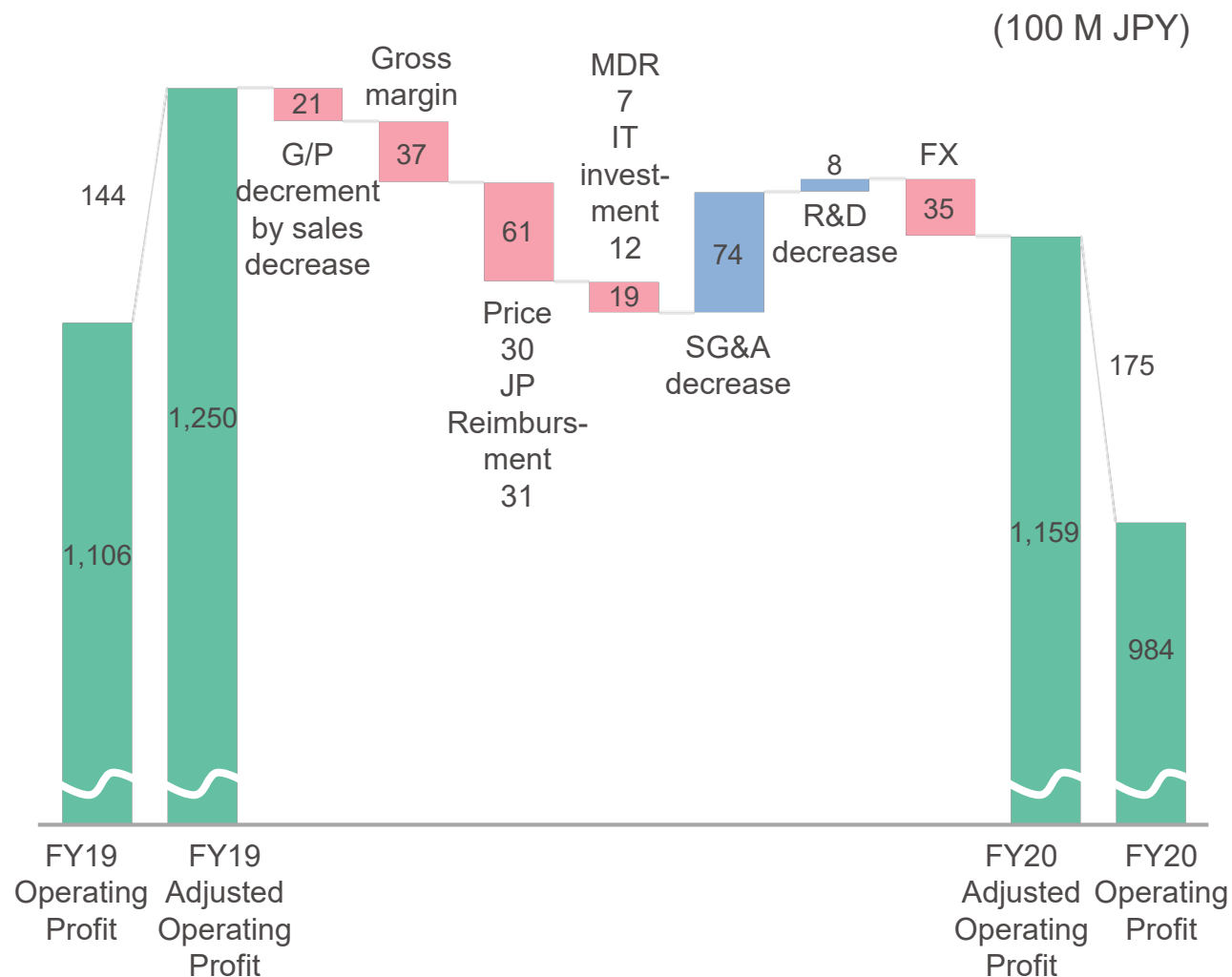
100 M JPY	FY19 Q4 YTD	FY20 Q4 YTD	YoY%	YoY% (FXN)	FY19 Q4	FY20 Q4	YoY%
Revenue	6,289	6,138	-2%	-2%	1,588	1,652	4%
Gross Profit	3,439	3,266	-5%	-3%	853	854	0%
(Gross Profit%)	(54.7%)	(53.2%)			(53.7%)	(51.7%)	
SG&A Expenses	1,845	1,795	-3%	-2%	477	488	2%
(SG&A Expenses%)	(29.3%)	(29.2%)			(30.1%)	(29.5%)	
R&D Expenses	506	491	-3%	-2%	136	132	-3%
(R&D Expenses%)	(8.0%)	(8.0%)			(8.6%)	(8.0%)	
Other Income and Expenses	18	3	-	-	4	-2	-
Operating Profit	1,106	984	-11%	-8%	244	231	-5%
(Operating Profit%)	(17.6%)	(16.0%)			(15.3%)	(14.0%)	
<b>Adjusted Operating Profit</b>	<b>1,250</b>	<b>1,159</b>	<b>-7%</b>	<b>-4%</b>	<b>266</b>	<b>274</b>	<b>3%</b>
<b>(Adjusted Operating Profit%)</b>	<b>(19.9%)</b>	<b>(18.9%)</b>			<b>(16.7%)</b>	<b>(16.6%)</b>	
Profit before Tax	1,065	971	-9%		210	221	5%
(Profit before Tax%)	(16.9%)	(15.8%)			(13.2%)	(13.4%)	
Profit for the Year	852	773	-9%		183	187	2%
(Profit for the Year%)	(13.5%)	(12.6%)			(11.5%)	(11.3%)	

Average Exchange Rate(USD/EUR) 109JPY/121JPY

106JPY/124JPY

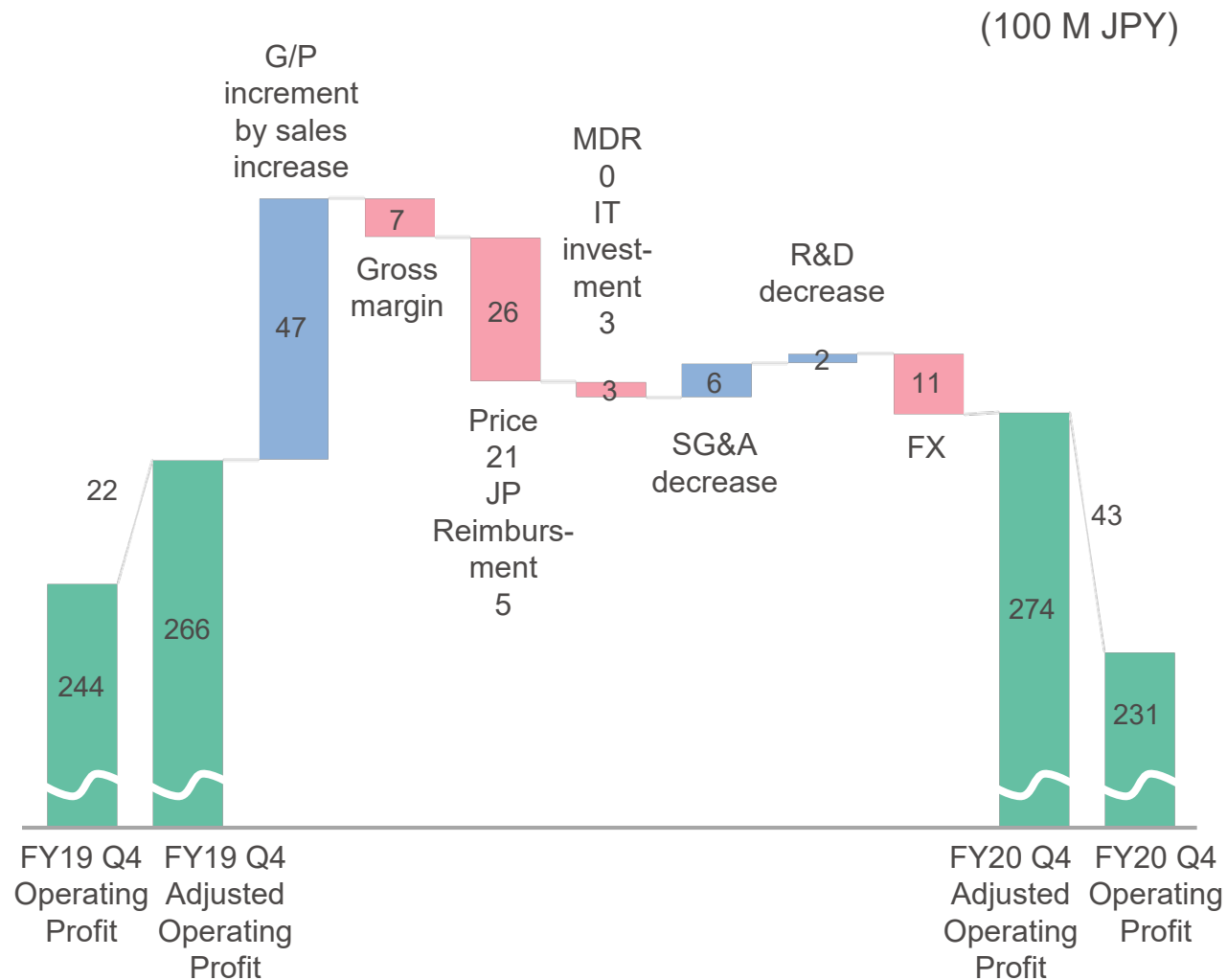
109JPY/120JPY 106JPY/128JPY

# Adjusted Operating Profit Variance Analysis (FY20 Q4 YTD)



- G/P decrement by sales decrease:**  
 Significant decline in 1H, especially in Q1, was mitigated in 2H
- Gross margin:**  
 Significant decline in 1H, especially in Q1, was mitigated in 2H. Remarkable recovery in Q3 thanks to improved product mix in all companies
- Price:**  
 Increased in Q4 due to the impact of VBP in China
- SG&A decrease:**  
 Level of decrease becoming smaller along with ease of movement restrictions
- FX:**  
 Negative impact on elimination of unrealized profits in inventories in Q4

# Adjusted Operating Profit Variance Analysis (FY20 Q4)



- G/P increment by sales increase:**  
 Positive revenue growth in all companies. Partially because of COVID-19 impact in FY19 Q4 on Cardiac & Vascular in China (-2.7 B JPY)
- Gross margin:**  
 Declined due to lowered production level as planned for inventory optimization and lower operation at the factory in Philippines impacted by COVID-19
- Price:**  
 Significant decline due to new prices fixed in VBP became effective in China for PCI products in TIS
- SG&A decrease:**  
 Level of decrease becoming smaller along with ease of movement restrictions mainly in US
- FX:**  
 Negative impact on elimination of unrealized profits in inventories (stock) larger than positive impact from flow due to rapid depreciation of JPY at the end of Mar. FY20

# Revenue by Region

FY20 Q4 YTD Regional breakdown	Revenue (100 M JPY)		FY20 Q4 YTD YoY%	Comments (C&V: Cardiac & Vascular, GH: General Hospital, TBCT: Blood & Cell Technologies)	
	Q4 YTD	Q4			
33% <u>Japan</u>	FY18	1,885	462	3%	Japan: Highest-ever revenue with 200+ B JPY. GH showed continuous growth since Q2, with double digit growth in Q4 driven by Alliance and pumps. Stronger recovery in C&V quarter by quarter driven by Neurovascular and CV. TBCT was at previous year level in YTD
	FY19	1,963	485		
	FY20	2,018	534		
20% <u>Europe</u>		1,204	322	-1% (-2%)	Europe: Continuous growth in C&V since Q2, despite minor negative growth in TIS through 2H impacted by COVID-19 resurgence. Good momentum in TBCT with high single digit YTD growth, GH was at previous year level in YTD
		1,211	324		
		1,204	328		
29% <u>Americas</u>		1,756	460	-6% (-2%)	Americas: C&V driven by Neurovascular and Vascular Graft with double digit growth in Q4, recovery momentum in TIS mainly in US. Positive YTD growth in TBCT driven by products for blood centers. GH was at previous year level in YTD
		1,914	498		
		1,808	497		
7% <u>China</u>		462	134	-4% (-4%)	China: Close to 20% growth in Q4, compared to FY19 Q4 already impacted hugely by COVID-19, despite the impact from VBP of PCI products in FY20. Significant recovery in YTD excluding timing issue for order from distributors in Neurovascular
		473	103		
		455	121		
11% <u>Asia and Others</u>		688	181	-10% (-9%)	Asia and Others: Slow recovery in all companies, due to lockdown etc. in some countries. In Q4, C&V is at previous year level, recovery in TBCT by single digit growth, continuous negative growth in GH
		728	178		
		654	172		

# C&V:

Turned to positive growth in Q4 along with a progressing recovery in the # of procedures excl. Cardiovascular. In YTD, Vascular Graft showed positive growth, and TIS and Neurovascular improved to single digit negative

(100 M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD Rev. YoY
Revenue	() FXN						TIS: Progressing recovery with low single digit negative growth in Q2&Q3 and positive growth in Q4, despite the decreased demand among all products. Recovery in the number of procedures faster in US and JP, slower in EU. Despite the negative impact of VBP in 2H, significant recovery in China, compared to FY19 already impacted hugely by COVID-19	-157
	3,285	3,506	3,285	875	871	901		
			-6% (-6%)			+4%	Neurovascular: Negative impact of timing issue for order from Chinese distributors remained in YTD, though it was normalized in 2H. Double digit growth in US and JP driven by new products such as "FRED", continuous growth in EU along with a progressing recovery in the number of aneurysm treatments since Q2	-26
Adjusted Operating Profit	809	869	744				Cardiovascular: Decreased demand especially in US and EU due to postponement of procedures. Double digit growth in JP both in Q4 and YTD, driven by hardware such as ECMO. Accelerated recovery in China with high single digit growth in Q4	-47
				229	181	184	Vascular graft: Continuous growth since Q2, strong finish with 5% YTD growth. Good momentum in US driven by the new product "TREQ" despite remained impact from postponement of procedures in several regions until Q3. Growth in all regions in Q4 coupled with recovery in China	+10
Adj. OP%	25%	25%	23%	26%	21%	20%	Adj. OP: Despite decline in YTD due to the revenue decline, growth in Q4 with a progressing recovery exceeded the impact from Chinese VBP of TIS products and lowered production level for inventory optimization	



**GH:** Driven by Alliance and infection control products.  
Each sub-segment results showed gradually progressing recovery from decreased demand

(100 M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD Rev. YoY
Revenue	() FXN						General hospital products: The negative impact due to the limited number of medical examinations in JP and Asia was mitigated by increased demand for infection control products and pumps. Continuous growth in 2H driven by pump sales increased against the backdrop of supplementary budget executed in JP	-14
	1,658	1,710	1,755	399	432	465		
Adjusted Operating Profit							Pharmaceutical: Sales decline in IV solutions was mitigated by solid sales of pain management products including a new product. Despite the COVID-19 impact, steady momentum in PD(Peritoneal Dialysis) with 4% YTD growth and continuous double digit YTD growth in adhesion barrier sales	-6
	268	252	257	45	54	53		
Adj. OP%							DM Healthcare: Increased demand for Healthcare products including thermometers in YTD. Continuous growth in DM through 2H despite the suppression of consultation. Q4 sales of Healthcare products were at previous year level as the special demand ran its course	+16
	16%	15%	15%	11%	13%	11%		
	FY18	FY19	FY20	FY18	FY19	FY20	Alliance: Continued double digit growth both inside and outside JP. Overall 20%+ YTD growth. High growth in Q4 due to order timing	+50
			+3% (+3%)			+8%	Adj. OP: Despite revenue increase driven by Alliance, minor decline in Q4 due to lower operation at the factory in Philippines impacted by COVID-19 and selling expenses as well as R&D expenses spent as planned. Positive YTD growth thanks to improved product mix by solid sales of Alliance and Healthcare, as well as expense control	
			+2% (+3%)			-3%		

# TBCT:

Despite the impact of decreased blood transfusion demand, continued increase in both revenue and profit thanks to better product mix driven by higher component collection system sales and expense control

(100 M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD Rev. YoY	
Revenue	() FXN						<p>Blood center solutions: Driven by component collection system thanks to increase in collection demand for the COVID-19 convalescent plasma therapy as well as software update. The negative growth in whole blood collection products impacted by decreased blood transfusion demand in EU, Asia and Latin America, etc. Although the demand for convalescent plasma therapy decreased in Q4 due to distribution of COVID-19 vaccines, component collection system showed continuous double digit growth</p> <p>Therapeutic solutions: The impact from the decreased number of procedures remained. Though Q3 growth turned to positive, Q4 growth was slightly negative due to COVID-19 resurgence</p> <p>Cell therapy technologies: Despite the delay in implementation due to COVID-19, showed double digit growth in 2H and recovered to the previous year level in YTD</p> <p>-----</p> <p>Adj. OP: Product mix in Q4 became normalized due to recovery in blood transfusion demand and decline in convalescent plasma therapy demand, mainly in US where COVID-19 vaccines have been distributed well. Secured growth in Q4 while selling expenses and R&amp;D expenses were spent as planned. Large YTD growth thanks to expense control in addition to gross profit improvement by better product mix</p>		
	1,050	1,072	1,095	284	284	285			
			+2% (+4%)			+0%			+30
Adjusted Operating Profit	157	151	191	48	46	47			
			+27% (+30%)			+0%			-7
									+0
Adj. OP%	FY18	FY19	FY20	FY18	FY19	FY20			
	15%	14%	17%	17%	16%	16%			

# Major Topics in FY20 Q4

## Corporate

- Selected as the “Winner Company” in Corporate Governance of the Year 2020 by Japan Association of Corporate Directors
- Established “DX Promotion Department” for accelerating group-wide digital transformation



A physician checking data analysed by “ePRISM”

## Cardiac & Vascular

- Signed a definitive agreement to acquire all assets of Health Outcomes Sciences, Inc. developing and selling a software for clinical decision support “ePRISM”

## General Hospital

- Started production of a lower dead-volume syringe for drug injection “FN syringe”
- Announced a technology integration with Glooko to deliver new diabetes data solutions
- Completed clinical study in JP of a novel drug-device combination product “G-Lasta” using automated injection device developed in collaboration with Kyowa Kirin Co., Ltd.



Syringe for drug injection “FN syringe”

## Blood & Cell Technologies

- Started collaboration with CSL Plasma to deliver new plasma collection platform in US



Glooko's diasend platform

# FY21 Guidance

Projected revenue range in conjunction with the level of demand recovery from COVID-19

- Highest in the range: Progress in distribution of vaccines and in recovery of healthcare demand from 1H. Return to growth trajectory in 2H
- Lowest in the range: Number of COVID-19 patients in 1H continues to rise and fall as with FY20. Recovery from 2H with better control of infection

(100 M JPY)

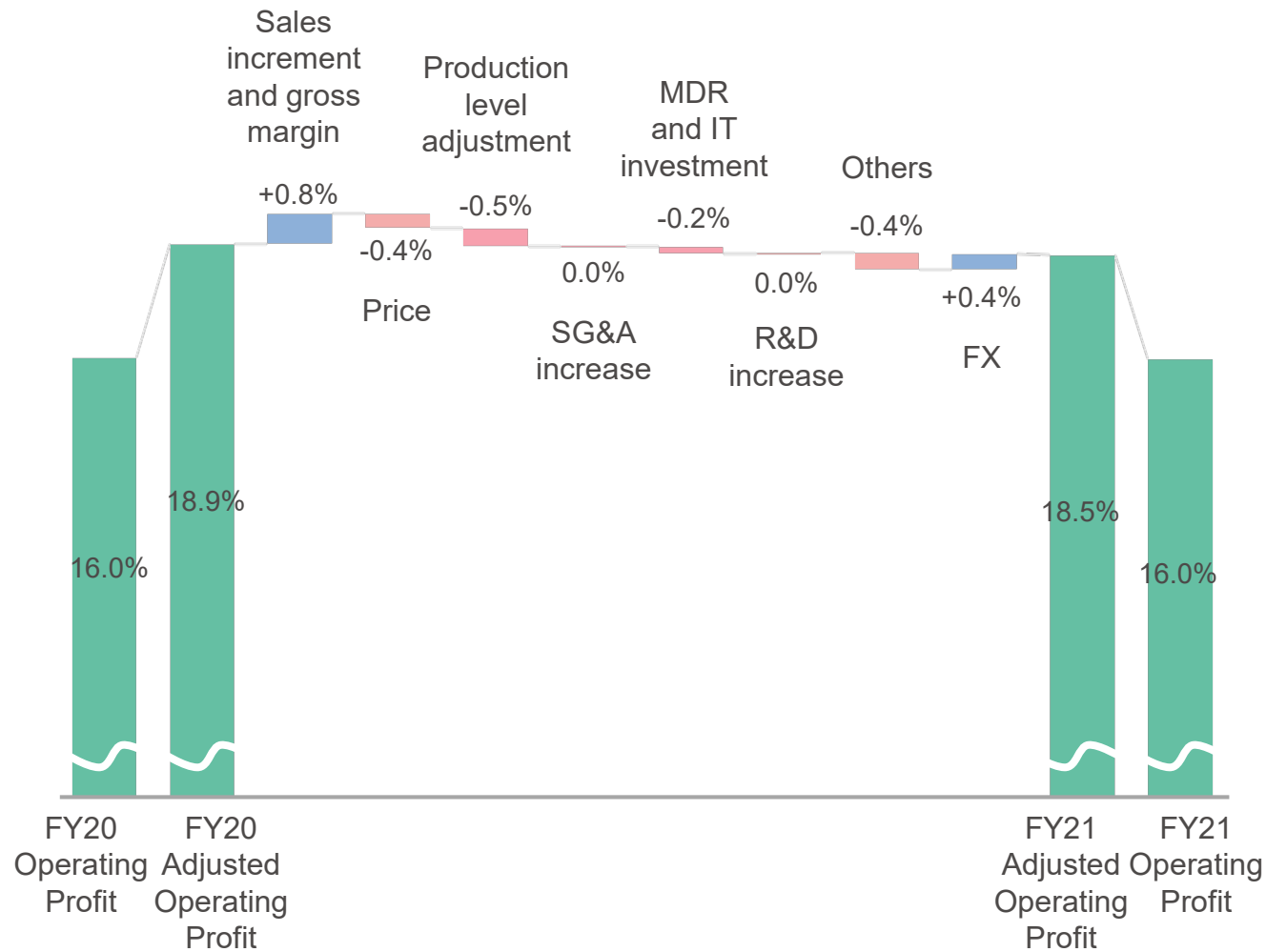
	FY20 Actual	FY21 Guidance	YoY%	YoY% (FXN)
Revenue	6,138	6,700-6,800	9-11%	8-9%
Operating Profit	984	1,070-1,130	9-15%	4-11%
(Operating Profit%)	16.0%	16.0-16.6%		
Adjusted Operating Profit	1,159	1,240-1,300	7-12%	3-8%
(Adjusted Operating Profit%)	18.9%	18.5-19.1%		
Profit for the Year	773	820-865	6-12%	

Exchange Rate (USD/EUR)

106 JPY/124 JPY

107 JPY/128 JPY

# FY21 Guidance: Profit Variance Analysis (for 670 B JPY Revenue Scenario)



- Sales increment and gross margin:**  
 Sales recovery in C&V mainly in US, resulting in product mix improvement
- Price:**  
 Impact of Chinese VBP started in FY20 2H continues throughout FY21
- Production level adjustment:**  
 Adjust the operating level of production for C&V, especially for TIS products to optimize inventory level throughout FY21
- SG&A increase:**  
 Despite the increase along with ease of movement restrictions, sales recovery and new product launch such as thoracic stent graft, control within the level of sales increase
- Others:**  
 Planning to bear expenses as prior investment for plasma collection business, while planned accrual of revenue will be from FY22 or later
- FX:**  
 Positive impact by EUR, CNY and other currencies in emerging countries

# FY21 Guidance by Company (for 670 B JPY Revenue Scenario)

		Revenue		Comments
		Amount (100 M JPY)	YoY%	
			() FXN	
Cardiac & Vascular	FY19	3,506		Despite the impact from Chinese VBP of TIS products, expect double digit growth in TIS and Vascular Graft, and close to 20% growth in Neurovascular, driven by sales recovery mainly in US
	FY20	3,285	14%	
	FY21	3,735	(12%)	
General Hospital		1,710		Alliance, DM and pain management products are the major drivers in FY21. Though special demand for Healthcare products runs its course, expect recovery in daily use products in General hospital products and Pharmaceutical
		1,755	3%	
		1,815	(3%)	
Blood & Cell Technologies		1,072		Mitigate the decline of COVID-19 convalescent plasma therapy demand by recovery of blood transfusion demand, sales increase in Therapeutic solutions and Cell therapy technologies
		1,095	5%	
		1,150	(3%)	

# Dividend Proposal

- Stably increasing, and aim for the target dividend payout ratio of 30% over the mid to long term
- FY20 annual dividend: 29.0 JPY (increased by 1.0 JPY from the original guidance)
- Continue to increase FY21 annual dividend up to 30.0 JPY

	FY20 Results	FY21 Guidance
Profit for the Year (100 M JPY)	773	<b>820-865</b>
EPS (JPY)	102	<b>108-114</b>

Dividend proposal/share	<b>29.0 JPY</b> Interim 14.0 Year-end 15.0	<b>30.0 JPY</b> Interim 15.0 Year-end 15.0
Dividend payout ratio	28.3%	26.2-27.7%

# Reference



# FY20 New Product Pipeline

Category	Products	Region	Launch
Coronary	Steerable sheath	JP	Launched
	PTCA balloon (manufactured by Essen Technology)	China	Launched
Imaging	IVUS catheter	JP	Launched
Oncology	Biodegradable drug-eluting microsphere	EU	FY21
	Peripheral embolization plug	US	FY21
Neuro-vascular	Flow diverter	JP, US	Launched
	Balloon guide catheter	EU	FY21
	Carotid stent	JP	Launched
	Intrasaccular aneurysm treatment device (WEB)	JP	Launched
Cardio-vascular	Oxygenator	JP	Launched
	Heart lung machine (re-launch)	JP	Launched
	Surgical stabilizer	Global	Launched

Category	Products	Region	Launch
Vascular graft	Stent graft for abdominal aortic aneurysm	US	Launched
General hospital products	Syringe pump	JP	Launched
	Safety IV catheter	JP	FY22
	Syringe pump for open TCI	EU, Asia	Launched
Pharmaceutical	Strong opioid analgesic (Fentanyl citrate tape for 1 day use)	JP	Launched
DM and consumer healthcare	Continuous glucose monitoring system	JP	FY21
	Blood glucose monitoring system	JP	Launched
	Thermometer	JP	Launched

# FY21 New Product Pipeline

Category	Products	Region
Coronary	Drug-eluting stent	JP
Oncology	Biodegradable drug-eluting microsphere	EU
	Peripheral embolization coil	JP
	Peripheral embolization plug	US
	Flow diverter	EU, US
Neuro-vascular	Balloon guide catheter	EU, US
	Coil assist stent	EU, US
	Stent graft for thoracic aortic aneurysm	US
Vascular graft	Surgical hybrid stent graft	US
	Stent graft for abdominal aortic aneurysm	JP

Category	Products	Region
General hospital products	Infusion pump	JP
	Small size syringe pump	JP
	FN syringe(16mm needle)	JP
Pharmaceutical	Flumazenil I.V. infusion	JP
	Sterile connecting device	JP
	Gelclair	JP
DM and consumer healthcare	Continuous glucose monitoring system	JP
	Insulin patch pump	EU
	100th anniversary thermometer	JP
	Non-contact data link thermometer	JP
Blood and cell technologies	Automated blood processing system	Global
	Value-added services	Global

# Revenue by Segment and Region

2020年度 セグメント別売上収益

Revenue by Segment for FY2020

(百万円/millions of yen)

		FY2019							FY2020												構成比 % to total		
		日本 JPN	海外 Overseas	欧州 Europe	米州 Americas	中国 China	アジア他 Asia and others	合計 WW	日本 JPN	%YoY	海外 Overseas	%YoY	欧州 Europe	%YoY	米州 Americas	%YoY	中国 China	%YoY	アジア他 Asia and others	%YoY		合計 WW	%YoY
心臓血管 カンパニー	TIS	34,008	202,331	56,350	92,603	28,018	25,359	236,340	31,337	-7.9%	189,290	-6.4%	52,996	-6.0%	84,648	-8.6%	29,180	4.1%	22,464	-11.4%	220,628	-6.6%	35.9%
	ニューロバスキュラー	3,981	43,644	13,744	16,901	9,056	3,961	47,626	4,880	22.6%	40,136	-8.0%	13,817	0.5%	17,472	3.4%	4,988	-44.8%	3,857	-2.6%	45,016	-5.5%	7.3%
	カーディオバスキュラー	10,285	35,973	5,974	23,495	1,389	5,113	46,259	11,402	10.9%	30,180	-16.1%	5,239	-12.3%	18,920	-19.5%	1,510	8.7%	4,509	-11.8%	41,582	-10.1%	6.8%
	血管	2,647	17,676	10,168	5,365	1,018	1,123	20,324	2,587	-2.3%	18,735	6.0%	10,469	3.0%	5,938	10.7%	1,340	31.3%	987	-12.1%	21,322	4.9%	3.5%
Cardiac and Vascular Company		50,924	299,626	86,238	138,366	39,463	35,558	350,550	50,208	-1.4%	278,341	-7.1%	82,523	-4.3%	126,978	-8.2%	37,019	-6.2%	31,818	-10.5%	328,549	-6.3%	53.5%
ホスピタル カンパニー	医療器	51,181	26,381	2,506	7,156	1,411	15,306	77,562	52,978	3.3%	23,208	-12.0%	2,539	1.3%	6,593	-7.9%	1,262	-10.3%	12,813	-16.3%	76,186	-1.8%	12.4%
	医薬品	45,191	-	-	-	-	-	45,191	44,525	-1.5%	-	-	-	-	-	-	-	-	-	-	44,525	-1.5%	7.3%
	DM・ヘルスケア	21,552	3,006	819	25	947	1,214	24,559	23,319	8.2%	2,883	-4.1%	798	-2.5%	11	-53.5%	976	3.0%	1,096	-9.7%	26,202	6.7%	4.3%
	ホスピタルシステム小計	117,925	29,388	3,326	7,182	2,359	16,520	147,313	120,822	2.3%	26,092	-11.2%	3,338	0.4%	6,605	-8.0%	2,239	-5.1%	13,910	-15.8%	146,915	-0.3%	24.0%
アライアンス	14,954	8,695	5,991	1,881	116	705	23,650	18,316	22.5%	10,313	18.6%	6,903	15.2%	2,448	30.1%	183	57.6%	778	10.3%	28,630	21.1%	4.7%	
General Hospital Company		132,880	38,083	9,317	9,064	2,475	17,226	170,963	139,139	4.7%	36,405	-4.4%	10,241	9.9%	9,053	-0.1%	2,422	-2.1%	14,688	-14.7%	175,545	2.7%	28.7%
血液・細胞 テクノロジー カンパニー	血液センター	11,787	66,436	19,717	25,424	4,710	16,583	78,223	11,549	-2.0%	69,682	4.9%	21,376	8.4%	27,271	7.3%	5,242	11.3%	15,791	-4.8%	81,231	3.8%	13.2%
	アフェレシス治療他	463	20,726	5,154	12,023	514	3,033	21,189	453	-2.2%	20,055	-3.2%	5,301	2.8%	11,239	-6.5%	690	34.3%	2,823	-6.9%	20,508	-3.2%	3.3%
	細胞処理	58	7,685	700	6,509	89	385	7,743	151	161.4%	7,599	-1.1%	945	35.0%	6,255	-3.9%	149	66.3%	248	-35.4%	7,750	0.1%	1.3%
Blood and Cell Technologies Company		12,309	94,847	25,572	43,958	5,315	20,001	107,156	12,154	-1.3%	97,336	2.6%	27,624	8.0%	44,765	1.8%	6,082	14.4%	18,864	-5.7%	109,491	2.2%	17.8%
その他	Others	226	-	-	-	-	-	226	256	13.3%	-	-	-	-	-	-	-	-	-	-	256	13.3%	0.0%
合計		196,339	432,557	121,128	191,388	47,254	72,785	628,897	201,758	2.8%	412,084	-4.7%	120,389	-0.6%	180,798	-5.5%	45,525	-3.7%	65,371	-10.2%	613,842	-2.4%	100.0%
売上比率		31.2%	68.8%	19.3%	30.4%	7.5%	11.6%	100.0%	32.9%		67.1%		19.6%		29.5%		7.4%		10.6%		100.0%		

(期中平均為替レート)

(Average Exchange Rates)

(USD1=¥108.70)  
(EUR1=¥120.81)

(USD1=¥106.10)  
(EUR1=¥123.76)

\* 今回より「中国」の売上を開示しているため、「アジア他」から「中国」の売上を除いております。

\* Sales in China is not included in "Asia and others" from this reportable segment.

# Operating Expenses

(100 M JPY)

	FY19 Q4 YTD	FY20 Q4 YTD	YoY	YoY%	YoY% (FXN)
Salaries & Wages	898	928	29	3%	4%
Sales Promotion	197	128	-68	-35%	-34%
Logistical Costs	139	144	5	4%	4%
Depreciation & Amortization	189	191	2	1%	2%
Others	423	404	-19	-4%	-3%
<b>SG&amp;A Expenses Total</b>	<b>1,845</b>	<b>1,795</b>	<b>-51</b>	<b>-3%</b>	<b>-2%</b>
(SG&A Expenses%)	(29.3%)	(29.2%)			

FY19 Q4	FY20 Q4	YoY	YoY%
232	240	8	3%
51	43	-8	-16%
35	37	2	6%
50	49	-1	-2%
109	119	10	10%
<b>477</b>	<b>488</b>	<b>11</b>	<b>2%</b>
(30.1%)	(29.5%)		

R&D Expenses	506	491	-15	-3%	-2%
(R&D Expenses%)	(8.0%)	(8.0%)			

136	132	-4	-3%
(8.6%)	(8.0%)		

<b>Operating Expenses Total</b>	<b>2,351</b>	<b>2,286</b>	<b>-66</b>	<b>-3%</b>	<b>-2%</b>
(Operating Expenses Total%)	(37.4%)	(37.2%)			

613	620	7	1%
(38.6%)	(37.5%)		

# Quarterly Results

(100 M JPY)

		FY19 Q4 (Jan-Mar)	FY20 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Revenue		1,588	1,313	1,520	1,653	1,652
Gross Profit		853 (53.7%)	689 (52.5%)	816 (53.7%)	908 (54.9%)	854 (51.7%)
SG&A Expenses		477 (30.1%)	401 (30.5%)	458 (30.2%)	447 (27.1%)	488 (29.5%)
R&D Expenses		136 (8.6%)	112 (8.5%)	119 (7.8%)	128 (7.7%)	132 (8.0%)
Other Income and Expenses		4	5	-1	2	-2
Operating Profit		244 (15.3%)	181 (13.8%)	238 (15.6%)	334 (20.2%)	231 (14.0%)
Adjusted Operating Profit		266 (16.7%)	217 (16.5%)	296 (19.5%)	372 (22.5%)	274 (16.6%)
Average Rate	USD	109 JPY	108 JPY	106 JPY	105 JPY	106 JPY
	EUR	120 JPY	119 JPY	124 JPY	125 JPY	128 JPY

# Adjusted Operating Profit: Adjustments

(100 M JPY)

	FY19 Q4 YTD	FY20 Q4 YTD	FY19 Q4	FY20 Q4
Operating Profit	1,106	984	244	231
Adjustment 1. Amortization of acquired intangible assets	157	146	38	38
Adjustment 2. Non-recurring profit or loss	-13	29	-16	5
Adjusted Operating Profit	1,250	1,159	266	274

## <General examples of adjustment items>

- Acquisition related cost
- Lawsuit settlement
- Impairment loss
- Restructuring loss
- Nonlife insurance income
- Loss on disaster
- Other one-time profits & losses

Main items in Adjustment 2. Non-recurring profit or loss	FY20 Q4 YTD	FY20 Q4
Business reorganizing cost	7	3
Others	22	2

# CAPEX, Depreciation and R&D Expenses

(100 M JPY)

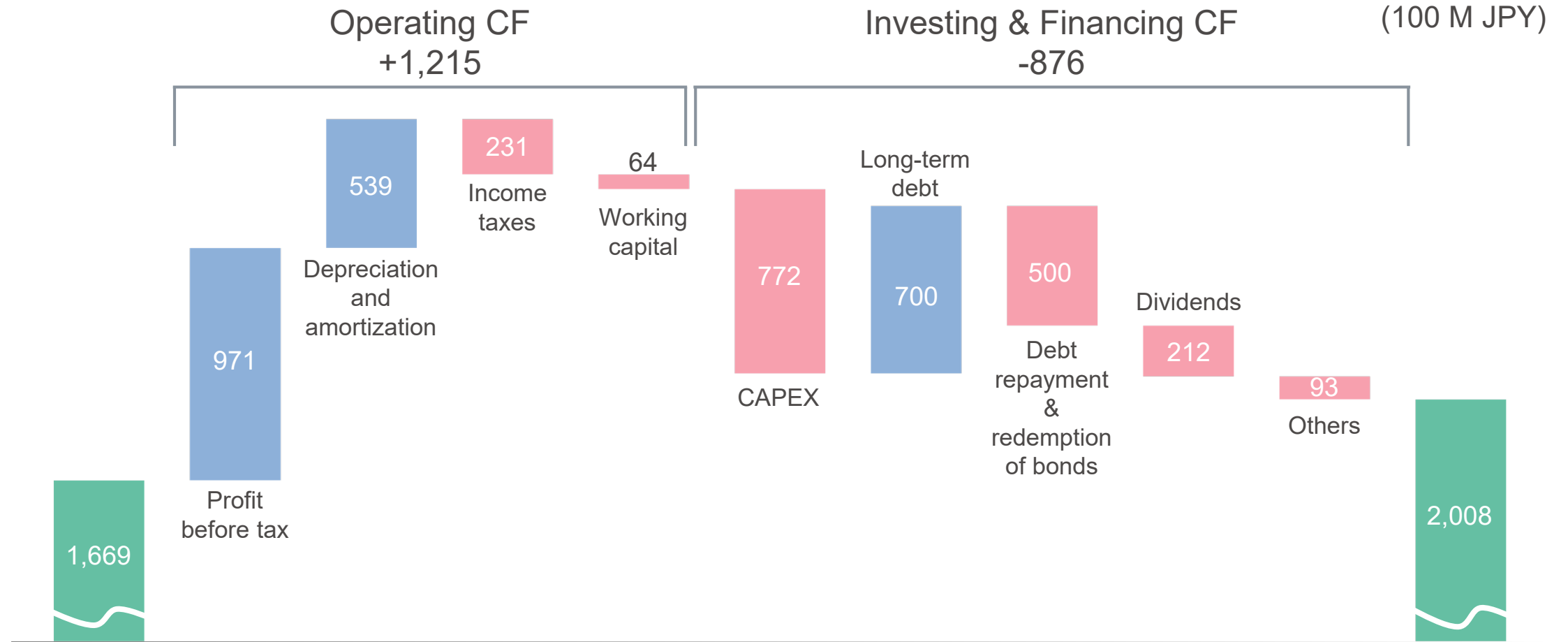
	FY17	FY18	FY19	FY20	FY21 Guidance
CAPEX	436	608	895	772	850
Depreciation	420	440	477	484	530
Amortization of acquired intangible assets	145	146	157	150	155
Others	276	294	320	334	375

CAPEX = C.i.P. record basis

- | FY20 results (77.2 B JPY): Continued investment mainly for TIS, Neurovascular, Alliance and Blood & Cell Technologies in production capacity and space, R&D as well as IT infrastructure (SAP)
- | FY21 guidance (85.0 B JPY): Other than above, investment for plasma collection and production facilities for vaccine syringes, etc. Control investment considering FY21 performance

	FY17	FY18	FY19	FY20	FY21 Guidance
R&D Expenses	413	477	506	491	529

# Cash Flows (FY20 Q4 YTD)



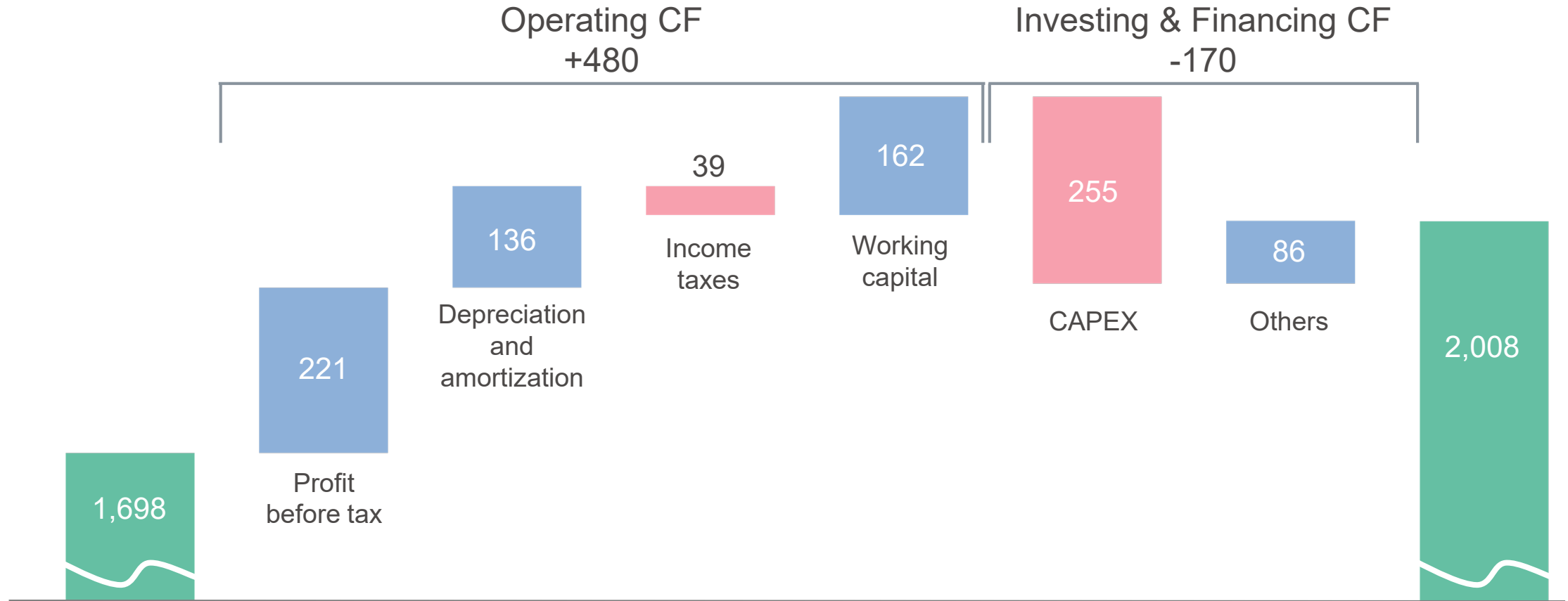
CAPEX = C.i.P. record basis

Cash at the end of each period is equal to "cash and cash equivalents" on B/S



# Cash Flows (FY20 Q4)

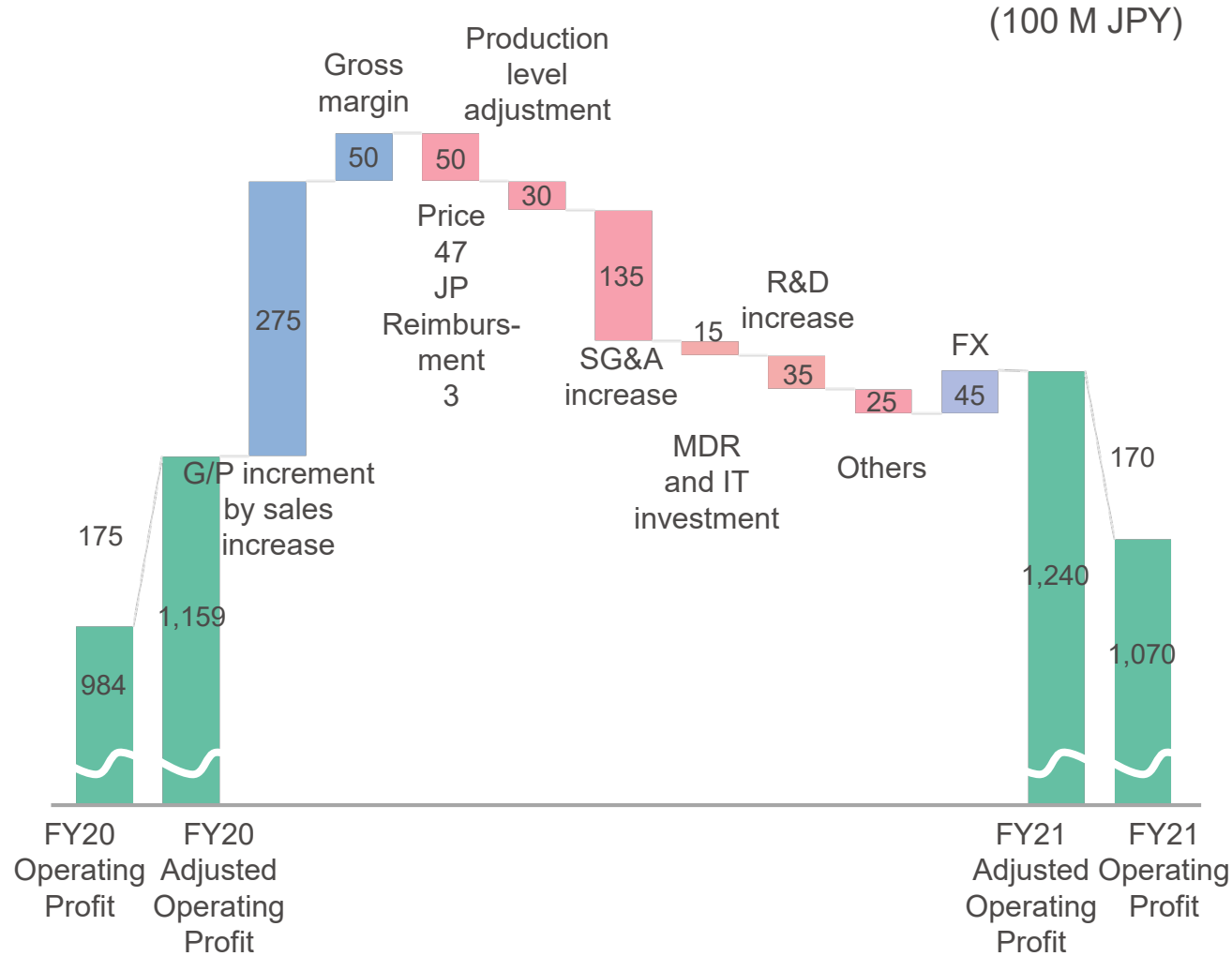
(100 M JPY)



CAPEX = C.i.P. record basis

Cash at the end of each period is equal to "cash and cash equivalents" on B/S

# FY21 Guidance: Profit Variance Analysis (for 670 B JPY Revenue Scenario)



- Sales increment and gross margin:**  
 Sales recovery in C&V mainly in US, resulting in product mix improvement
- Price:**  
 Impact of Chinese VBP started in FY20 2H continues throughout FY21
- Production level adjustment:**  
 Adjust the operating level of production for C&V, especially for TIS products to optimize inventory level throughout FY21
- SG&A increase:**  
 Despite the increase along with ease of movement restrictions, sales recovery and new product launch such as thoracic stent graft, control within the level of sales increase
- Others:**  
 Planning to bear expenses as prior investment for plasma collection business, while the revenue will be planned from FY22 or later
- FX:**  
 Positive impact by EUR, CNY and other currencies in emerging countries

# Details of FY20 FX Impact (Flow and Stock)

## Q4 YTD FX impact -3.5 B JPY: -2.4B JPY(Q3 YTD) plus -1.1 B JPY(Q4)

- +0.8 B JPY from flow: Positive impact of JPY depreciated against EUR and CNY, and negative impact of currencies depreciated in emerging countries such as Brazil

(JPY)

	FY19 Q4 average	FY20 Q4 average	Variance
EUR	120	128	8
CNY	15.6	16.4	1

- 1.9 B JPY from stock: FX impact on elimination of unrealized profit in inventories

- Negative impact due to rapid depreciation of JPY at the end of Mar. FY20
- Negative year-on-year variance increased due to JPY slightly appreciated at the end of Mar. FY19

(JPY)				➔	(JPY)			
	FY19 Q4 average	At the end of Mar. FY19	Variance		FY20 Q4 average	At the end of Mar. FY20	Variance	
USD	108.9	108.8	-0		USD	106	111	5
EUR	120.1	119.6	-0		EUR	128	130	2

# Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation

(100 M JPY)

	USD	EUR	CNY
Revenue	17	8	27
Adjusted Operating Profit	0	5	15

<Reference> Impact when JPY is depreciated by 10%

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Adjusted Operating Profit	-1	10	65	13	23	36



*Stride Ahead*  
*100<sup>th</sup>*