



February 9, 2022

Consolidated Financial Results for the Third Quarter Ended December 31, 2021 Terumo Corporation [IFRS]

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 Listing: Tokyo Stock Exchange
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 Scheduled date to file quarterly securities report: February 14, 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended												
December 31, 2021	523,482	16.7	94,455	25.5	93,044	24.2	71,696	22.6	71,696	22.3	102,045	182.9
December 31, 2020	448,628	(4.6)	75,272	(12.7)	74,928	(12.4)	58,502	(12.4)	58,601	(12.4)	36,077	(36.4)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	94.82	94.76
December 31, 2020	77.63	77.44

(Note) Adjusted operating profit December 2021: 107,157 million yen December 2020: 88,489 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	%
December 31, 2021	1,401,522	935,904	935,904	66.8
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: None

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	697,000	13.5	137,000	18.2	120,000	22.0	92,000	19.1	121.66

(Note) Revision of forecast for fiscal year ending March, 2022: Yes

Regarding the forecast for cumulative consolidated earnings for the fiscal year, please refer to the February 9th, 2022 press release “Terumo Revises its Full-Year Financial Guidance for FY2021”.

Basic earnings per share is calculated by taking into consideration effects of the conversion of convertible bonds in the nine months.

- Assumed exchange rate for fiscal year ending March, 2022: USD1=112JPY, EUR1=130JPY

*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 December 31, 2021	759,521,040 shares	As of March 31, 2021	759,521,040 shares
As of December 31, 2021	3,203,152 shares	As of March 31, 2021	3,508,047 shares
Nine months ended December 31, 2021	756,170,427 shares	Nine months ended December 31, 2020	754,856,119 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 Nine Months 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.

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

(1) Overview of Consolidated Business Results

In the first nine months of the current fiscal year (from April 1, 2021 to December 31, 2021), the Group's sales were generally strong amid the ongoing recovery trend in medical demand from the impacts of the COVID-19 pandemic experienced in the first three months of the current fiscal year. However, the problems of inflation on manufacturing cost and lower capacity utilization in factories along with supply chain disruptions seen across all industries and regions have begun to affect the Group as well. The Group will need to continue finding ways to secure stable supplies of these resources from the fourth quarter into next fiscal year.

Financial results for the first nine months are as follows:

(Unit: Millions of yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Revenue	448,628	523,482	16.7	11.9
Gross profit	241,268	278,841	15.6	10.2
Adjusted operating profit	88,489	107,157	21.1	13.3
Operating profit	75,272	94,455	25.5	16.9
Profit before tax	74,928	93,044	24.2	—
Profit for the period	58,502	71,696	22.6	—
Profit for the period attributable to owners of parent	58,601	71,696	22.3	—

Revenue by geographic areas for the first nine months is as follows:

(Unit: Millions of yen)

Geographic areas	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Japan	148,349	155,034	4.5	4.5
Europe	87,547	103,997	18.8	11.2
Americas	131,132	161,219	22.9	17.2
Asia and others	81,598	103,231	26.5	17.6
Overseas total	300,279	368,447	22.7	15.5
Total	448,628	523,482	16.7	11.9

Revenue

Revenue totaled ¥523.5 billion, an increase of 16.7% versus the same period in the previous fiscal year.

In Japan, overall revenue increased by 4.5% 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 22.7% in comparison with the previous year 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 ¥278.8 billion, an increase of 15.6% compared with the previous fiscal year, reflecting the increase in revenue.

Adjusted operating profit

Adjusted operating profit came to ¥107.2 billion, an increase of 21.1% 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 ¥94.5 billion, an increase of 25.5% year on year, owing to the increase in adjusted operating profit.

Profit before tax

Profit before tax was ¥93.0 billion, an increase of 24.2% 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 ¥71.7 billion, an increase of 22.3% 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 nine months ended December 31, 2020	For the nine months ended December 31, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Cardiac and Vascular Company	Revenue	238,405	294,403	23.5	17.1
	(Japan)	36,608	38,478	5.1	5.1
	(Overseas)	201,796	255,924	26.8	19.2
General Hospital Company	Revenue	129,023	138,733	7.5	6.1
	(Japan)	102,594	107,664	4.9	4.9
	(Overseas)	26,429	31,069	17.6	10.8
Blood and Cell Technologies Company	Revenue	81,007	90,154	11.3	5.9
	(Japan)	8,954	8,700	(2.8)	(2.8)
	(Overseas)	72,053	81,453	13.0	6.9

Cardiac and Vascular Company

Global revenue increased 23.5% over the same period of the previous year to ¥294.4 billion. In Japan, sales increased amid the recovery in demand of TIS division and Neurovascular division. Overseas, in North America and Europe, there was a robust recovery in demand in TIS and Neurovascular division.

General Hospital Company

Global revenue increased 7.5% to ¥138.7 billion. In both Japan and overseas, there were strong sales of infusion and syringe pumps in Hospital systems division following a recovery in medical demand and further enhancements to medical systems. Additionally, Alliance division continued to grow.

Blood and Cell Technologies Company

Global revenue increased 11.3% to ¥90.2 billion. In Japan, mainly sales to blood centers 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 ¥1,401.5 billion, an increase of ¥50.3 billion. This was mainly owing to an increase in property, plant and equipment of ¥15.7 billion from investments in manufacturing facility and an increase in goodwill and intangible assets of ¥14.9 billion from investments in new IT systems and the impacts of yen weakness in FX.

Total liabilities came to ¥465.6 billion, a decrease of ¥28.9 billion. This was mainly attributed to a decline in trade and other payables of ¥11.7 billion due to the payments related to facilities and a decrease in bonds and borrowings of ¥7.7 billion due to repayment of corporate bonds.

Total equity was ¥935.9 billion, an increase of ¥79.2 billion. This mainly reflects an increase of ¥71.7 billion from posting profit for the period and booking of other comprehensive income associated with the impacts of yen weakness in FX as noted above that resulted in an ¥30.3 billion increase, compared to a decrease of ¥23.4 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 disruptions, inflation on manufacturing cost, and lower capacity utilization in factories. Nevertheless, the Group plans to focus on 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 December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	200,770	204,905
Trade and other receivables	128,770	133,681
Other current financial assets	1,116	1,842
Inventories	175,576	185,893
Current tax assets	510	775
Other current assets	17,222	16,745
Total current assets	523,966	543,844
Non-current assets		
Property, plant and equipment	299,679	315,334
Goodwill and intangible assets	471,834	486,713
Investments accounted for using the equity method	3,644	4,030
Other non-current financial assets	19,449	21,443
Deferred tax assets	23,729	20,952
Other non-current assets	8,887	9,203
Total non-current assets	827,225	857,677
Total assets	1,351,192	1,401,522

	(Unit: Millions of yen)	
	As of March 31, 2021	As of December 31, 2021
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	83,528	71,788
Bonds and borrowings	42,072	32,377
Other current financial liabilities	7,784	7,140
Current tax liabilities	14,311	10,079
Provisions	374	464
Other current liabilities	63,295	66,034
Total current liabilities	211,366	187,885
Non-current liabilities		
Bonds and borrowings	218,497	220,488
Other non-current financial liabilities	32,122	27,950
Deferred tax liabilities	15,962	12,205
Retirement benefit liabilities	6,639	6,979
Provisions	96	102
Other non-current liabilities	9,845	10,005
Total non-current liabilities	283,163	277,732
Total liabilities	494,530	465,617
Equity		
Share capital	38,716	38,716
Capital surplus	51,829	51,874
Treasury shares	(6,838)	(6,245)
Retained earnings	775,078	823,177
Other components of equity	(2,123)	28,381
Total equity attributable to owners of parent	856,662	935,904
Total equity	856,662	935,904
Total liabilities and equity	1,351,192	1,401,522

(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 nine months ended December 31, 2020	For the nine months ended December 31, 2021
Revenue	448,628	523,482
Cost of sales	207,360	244,641
Gross profit	241,268	278,841
Selling, general and administrative expenses	166,546	183,738
Other income	2,309	1,814
Other expenses	1,758	2,461
Operating profit	75,272	94,455
Finance income	1,745	759
Finance costs	1,421	2,603
Share of profit/(loss) of investments accounted for using the equity method	(668)	433
Profit before tax	74,928	93,044
Income tax expenses	16,426	21,348
Profit for the period	58,502	71,696
Attributable to:		
Owners of parent	58,601	71,696
Non-controlling interests	(98)	—
Total profit for the period	58,502	71,696
Earnings per share		
Basic earnings per share (yen)	77.63	94.82
Diluted earnings per share (yen)	77.44	94.76

(Condensed Consolidated Statement of Comprehensive Income)

	(Unit: Millions of yen)	
	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit for the period	58,502	71,696
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	1,172	106
Remeasurements of defined benefit plans	139	15
Total items that will not be reclassified to profit or loss	1,311	121
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(24,377)	30,018
Cash flow hedges	143	228
Cost of hedging	497	(20)
Total items that are or may be reclassified subsequently to profit or loss	(23,736)	30,227
Total other comprehensive income/(loss) for the period	(22,424)	30,348
Total comprehensive income for the period	36,077	102,045
Attributable to		
Owners of parent	36,176	102,045
Non-controlling interests	(99)	—
Total comprehensive income for the period	36,077	102,045

(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	—	—	—	58,601	—	58,601	(98)	58,502
Other comprehensive income	—	—	—	—	(22,424)	(22,424)	(0)	(22,424)
Total comprehensive income	—	—	—	58,601	(22,424)	36,176	(99)	36,077
Acquisition of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	96	(14)	(82)	0	—	0
Dividends	—	—	—	(21,109)	—	(21,109)	—	(21,109)
Transfer from other components of equity to retained earnings	—	—	—	1,532	(1,532)	—	—	—
Share-based payments	—	(49)	99	102	35	187	—	187
Conversion of convertible bonds	—	(29)	6,501	(121)	—	6,350	—	6,350
Total transactions with owners of parent	—	(79)	6,694	(19,610)	(1,580)	(14,574)	—	(14,574)
Balance as of December 31, 2020	38,716	51,779	(7,408)	744,756	(51,428)	776,416	(29)	776,386

(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	—	—	—	71,696	—	71,696	—	71,696
Other comprehensive income	—	—	—	—	30,348	30,348	—	30,348
Total comprehensive income	—	—	—	71,696	30,348	102,045	—	102,045
Acquisition of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	(5)	33	—	(27)	0	—	0
Dividends	—	—	—	(23,440)	—	(23,440)	—	(23,440)
Transfer from other components of equity to retained earnings	—	—	—	(156)	156	—	—	—
Share-based payments	—	62	91	—	26	180	—	180
Conversion of convertible bonds	—	(11)	470	—	—	459	—	459
Total transactions with owners of parent	—	45	592	(23,597)	156	(22,803)	—	(22,803)
Balance as of December 31, 2021	38,716	51,874	(6,245)	823,177	28,381	935,904	—	935,904

(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 nine months ended December 31, 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	238,405	129,023	81,007	448,437	191	448,628
Segment Profit (Adjusted operating profit)	56,032	20,476	14,438	90,948	(2,458)	88,489
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(5,201)	—	(6,009)	(11,211)	372	(10,838)
Non-recurring profit or loss (Note 2)						(2,378)
Operating profit						75,272
Finance income						1,745
Finance costs						(1,421)
Share of profit/(loss) of investment accounted for using the equity method						(668)
Profit before tax						74,928

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

- (1) ¥191 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥(2,458) million adjustment to segment profit consists of ¥413 million for inventories and ¥(1,762) million for preparation expenses to comply with Medical Device Regulation in EU.

(Note 2) ¥(2,378) million Non-recurring profit or loss mainly includes ¥(1,838) million for the change in fair value of contingent consideration and ¥(383) million for business reorganization expenses.

For the nine months ended December 31, 2021

(Unit: Millions of yen)

	Reportable Segments			Total	Adjustments (Note 1)	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	294,403	138,733	90,154	523,291	190	523,482
Segment Profit (Adjusted operating profit)	72,326	19,345	17,191	108,862	(1,705)	107,157
(Adjustment item) Amortization of intangible assets acquired through business combinations	(5,496)	—	(6,294)	(11,791)	(50)	(11,841)
Non-recurring profit or loss (Note 2)						(860)
Operating profit						94,455
Finance income						759
Finance costs						(2,603)
Share of profit/(loss) of investment accounted for using the equity method						433
Profit before tax						93,044

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

- (1) ¥190 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
 - (2) ¥(1,705) million adjustment to segment profit consists of ¥(85) million for inventories and ¥(1,962) million for preparation expenses to comply with Medical Device Regulation in EU.
- (Note 2) ¥(860) million Non-recurring profit or loss mainly includes ¥(213) million for the change in fair value of contingent consideration and ¥(645) million for business reorganization expenses.