



November 14, 2023

Consolidated Financial Results for the Second Quarter Ended September 30, 2023 Terumo Corporation [IFRS]

Company name: TERUMO CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 4543
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 Scheduled date to file quarterly securities report: November 14, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 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, 2023 (from April 1, 2023 to September 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	%
Six months ended												
September 30, 2023	443,874	10.1	66,492	18.8	66,428	21.6	50,092	24.2	50,092	24.2	165,402	(11.4)
September 30, 2022	403,316	17.0	55,977	(15.0)	54,624	(16.3)	40,321	(19.3)	40,321	(19.3)	186,667	221.0

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	67.27	67.24
September 30, 2022	53.37	53.35

(Note) Adjusted operating profit September 2023: 75,594 million yen September 2022: 70,429 million 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	%
September 30, 2023	1,748,396	1,260,996	1,260,996	72.1
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	—	22.00			
Fiscal year ending March 31, 2024 (Forecast)			—	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 31, 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 31, 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 31, 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 September 30, 2023	747,682,540 shares	As of March 31, 2023	747,682,540 shares
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(ii) Treasury shares at the end of the period

As of September 30, 2023	2,979,370 shares	As of March 31, 2023	3,074,907 shares
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(iii) Average number of shares during the period (cumulative quarterly)

Six months ended September 30, 2023	744,662,161 shares	Six months ended September 30, 2022	755,432,665 shares
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* 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 attached materials, page 5, “1. Overview of Financial Results for the First Half 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 Half of the Fiscal Year Ending March 31, 2024

(1) Overview of Consolidated Business Results

In the first half of the current fiscal year (from April 1 to September 30, 2023), the Group's sales trended strongly amid growing demand for products globally and the effects of foreign exchange rates.

Financial results for the first half are as follows:

(Unit: Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023	Growth (%)	Growth excluding FX impact (%)
Revenue	403,316	443,874	10.1	5.8
Gross profit	206,992	228,255	10.3	6.1
Adjusted operating profit	70,429	75,594	7.3	3.8
Operating profit	55,977	66,492	18.8	15.2
Profit before tax	54,624	66,428	21.6	—
Profit for the period	40,321	50,092	24.2	—
Profit for the period attributable to owners of the parent	40,321	50,092	24.2	—

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

(Unit: Millions of yen)

Geographic areas	For the six months ended September 30, 2022	For the six months ended September 30, 2023	Growth (%)	Growth excluding FX impact (%)
Americas	138,096	153,699	11.3	6.0
Europe	77,181	89,580	16.1	5.5
China	38,371	41,080	7.1	7.6
Asia and others	48,430	58,454	20.7	16.3
Overseas total	302,080	342,814	13.5	7.8
Japan	101,235	101,060	(0.2)	(0.2)
Total	403,316	443,874	10.1	5.8

Revenue

Revenue totaled ¥443.9 billion, an increase of 10.1% versus the same period in the previous fiscal year. Overseas, revenue increased 13.5% year on year owing to increased demand in TIS (catheter) division and for blood centers business, along with the effects of foreign exchange rates. In Japan, revenue declined by 0.2% year on year, as strong sales of infusion related products and TIS division partially offset the decline in sales of nutrition products in Hospital Care Solutions division, which was sold in the previous fiscal year.

Profit

Gross profit totaled ¥228.3 billion, an increase of 10.3% versus the same period in the previous fiscal year, because of the higher revenue. Adjusted operating profit was ¥75.6 billion, an increase of 7.3% versus the same period in the previous fiscal year. This was because the increase in gross profit was partially offset by an increase of selling, general and administrative expenses. Operating profit, profit for the period and profit for the period attributable to owners of the parent each increased amid the increase in gross profit and a decline in other expenses.

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 Group's earnings.

Revenue results of the reportable segments are as follows:

(Unit: Millions of yen)

Segment		For the six months ended September 30, 2022	For the six months ended September 30, 2023	Growth (%)	Growth excluding FX impact (%)
Cardiac and Vascular Company	Revenue	235,405	265,700	12.9	7.8
	(Overseas)	210,487	239,721	13.9	8.2
	(Japan)	24,917	25,978	4.3	4.3
Medical Care Solutions Company	Revenue	93,805	93,956	0.2	(1.5)
	(Overseas)	23,056	24,647	6.9	0.2
	(Japan)	70,749	69,308	(2.0)	(2.0)
Blood and Cell Technologies Company	Revenue	73,980	84,097	13.7	8.6
	(Overseas)	68,536	78,445	14.5	9.0
	(Japan)	5,444	5,652	3.8	3.8

Cardiac and Vascular Company

Overseas, revenue increased 13.9% year on year owing to increased demand in TIS (catheter) division and for Vascular Graft division. In Japan, revenue increased 4.3% year on year as there was a recovery in the number of endovascular treatment procedures. As a result, global revenue increased 12.9% over the same period of the previous fiscal year to ¥265.7 billion.

Medical Care Solutions Company

In Japan, revenue decreased by 2.0% year on year, amid diminished sales of nutrition products in Hospital Care Solutions division, which was sold in the previous fiscal year, and sales of thermometers in Life Care Solutions division. Overseas, revenue was strong, up 6.9% year on year along with the effects of foreign exchange rates. As a result, global revenue increased 0.2% over the same period of the previous fiscal year to ¥94.0 billion.

Blood and Cell Technologies Company

Overseas, revenue was up 14.5% over the same period of the previous fiscal year as the business for blood centers in Asia and others, Europe and North America was strong. In Japan, revenue increased 3.8% year on year owing to the increase in sales of blood component collection products. As a result, global revenue increased 13.7% over the same period of the previous fiscal year to ¥84.1 billion.

(2) Overview of Consolidated Statement of Financial Position

Total assets stood at ¥1,748.4 billion, an increase of ¥146.2 billion. This was mainly owing to an increase in inventories of ¥30.4 billion due to the impacts of yen weakness in foreign exchange rates, as well as property, plant and equipment of ¥30.0 billion and goodwill and intangible assets of ¥52.0 billion due to the aforementioned foreign exchange rates impact and investment in manufacturing facility and new IT systems. Total liabilities came to ¥487.4 billion, a decrease of ¥3.8 billion. This was mainly attributed to the increase in other current liabilities of ¥8.0 billion due to the aforementioned foreign exchange rates impact, while trade and other payables decreased by ¥11.4 billion owing to facilities related expenditures. Total equity was ¥1,261.0 billion, an increase of ¥149.9 billion. This mainly reflects an increase from posting profit for the period of ¥50.1 billion, as well as the booking of other comprehensive income associated with the aforementioned foreign exchange rates impact resulted in a ¥115.3 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 September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	187,322	187,313
Trade and other receivables	150,635	167,532
Other current financial assets	106	24,061
Inventories	249,618	279,991
Current tax assets	2,920	3,201
Other current assets	20,793	22,135
Total current assets	611,396	684,236
Non-current assets		
Property, plant and equipment	370,869	400,830
Goodwill and intangible assets	538,210	590,173
Investments accounted for using the equity method	3,680	2,128
Other non-current financial assets	34,421	25,502
Deferred tax assets	20,458	21,601
Other non-current assets	23,187	23,923
Total non-current assets	990,829	1,064,159
Total assets	1,602,225	1,748,396

	(Unit: Millions of yen)	
	As of March 31, 2023	As of September 30, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	97,736	86,315
Bonds and borrowings	11,223	156,399
Other current financial liabilities	7,597	7,753
Current tax liabilities	23,563	23,417
Provisions	329	174
Other current liabilities	77,551	85,545
Total current liabilities	218,001	359,606
Non-current liabilities		
Bonds and borrowings	220,714	74,974
Other non-current financial liabilities	29,639	31,579
Deferred tax liabilities	8,870	6,089
Retirement benefit liabilities	4,703	5,039
Provisions	127	108
Other non-current liabilities	9,106	10,002
Total non-current liabilities	273,161	127,793
Total liabilities	491,162	487,400
Equity		
Share capital	38,716	38,716
Capital surplus	51,759	51,631
Treasury shares	(11,539)	(11,182)
Retained earnings	874,272	908,810
Other components of equity	157,855	273,019
Total equity attributable to owners of the parent	1,111,063	1,260,996
Total equity	1,111,063	1,260,996
Total liabilities and equity	1,602,225	1,748,396

(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, 2022	For the six months ended September 30, 2023
Revenue	403,316	443,874
Cost of sales	196,323	215,619
Gross profit	206,992	228,255
Selling, general and administrative expenses	146,770	163,254
Other income	3,277	3,149
Other expenses	7,522	1,657
Operating profit	55,977	66,492
Finance income	929	1,324
Finance costs	1,978	1,489
Share of profit/(loss) of investments accounted for using the equity method	(303)	100
Profit before tax	54,624	66,428
Income tax expenses	14,303	16,336
Profit for the period	40,321	50,092
Attributable to:		
Owners of the parent	40,321	50,092
Total profit for the period	40,321	50,092
Earnings per share		
Basic earnings per share (yen)	53.37	67.27
Diluted earnings per share (yen)	53.35	67.24

(Condensed Consolidated Statement of Comprehensive Income)

(Unit: Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit for the period	40,321	50,092
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	1,889	661
Remeasurements of defined benefit plans	918	123
Total items that will not be reclassified to profit or loss	2,808	784
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	143,340	114,426
Cash flow hedges	452	269
Cost of hedging	(254)	(170)
Total items that are or may be reclassified subsequently to profit or loss	143,538	114,525
Total other comprehensive income/(loss) for the period	146,346	115,310
Total comprehensive income for the period	186,667	165,402
Attributable to:		
Owners of the parent	186,667	165,402
Total comprehensive income for the period	186,667	165,402

(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	-	-	-	40,321	-	40,321	40,321
Other comprehensive income	-	-	-	-	146,346	146,346	146,346
Total comprehensive income	-	-	-	40,321	146,346	186,667	186,667
Acquisition of treasury shares	-	(9)	(14,405)	-	-	(14,415)	(14,415)
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	-	-	-	2,812	(2,812)	-	-
Share-based payments	-	(8)	123	-	38	153	153
Total transactions with owners of the parent	-	2	(14,199)	(10,801)	(2,877)	(27,876)	(27,876)
Balance as of September 30, 2022	38,716	51,923	(20,428)	876,498	224,395	1,171,105	1,171,105

(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	-	-	-	50,092	-	50,092	50,092
Other comprehensive income	-	-	-	-	115,310	115,310	115,310
Total comprehensive income	-	-	-	50,092	115,310	165,402	165,402
Acquisition of treasury shares	-	-	(2)	-	-	(2)	(2)
Disposal of treasury shares	-	(72)	138	-	(65)	0	0
Dividends	-	-	-	(15,636)	-	(15,636)	(15,636)
Transfer from retained earnings to capital surplus	-	40	-	(40)	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	123	(123)	-	-
Share-based payments	-	(96)	221	-	43	169	169
Total transactions with owners of the parent	-	(127)	357	(15,553)	(145)	(15,469)	(15,469)
Balance as of September 30, 2023	38,716	51,631	(11,182)	908,810	273,019	1,260,996	1,260,996

(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 half 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 six months ended September 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	235,405	93,805	73,980	403,191	124	403,316
Segment profit (Adjusted operating profit)	52,905	8,147	9,102	70,154	275	70,429
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(4,446)	-	(5,060)	(9,506)	(11)	(9,518)
Non-recurring profit or loss(Note 2)						(4,934)
Operating profit						55,977
Finance income						929
Finance costs						(1,978)
Share of profit/(loss) of investment accounted for using the equity method						(303)
Profit before tax						54,624

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

- (1) ¥ 124 million adjustment to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
 - (2) ¥275 million adjustment to Segment profit consists of ¥(1,524) million for preparation expenses to comply with Medical Device Regulation in EU and ¥(248) million for inventories.
- (Note 2) ¥(4,934) million Non-recurring profit or loss mainly includes ¥(1,756) million for impairment loss of technologies, ¥(3,524) million for impairment loss of goodwill, ¥(985) million for business reorganization expenses and ¥1,333 million for the change in fair value of contingent consideration.

For the six months ended September 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	265,700	93,956	84,097	443,754	119	443,874
Segment profit (Adjusted operating profit)	57,641	8,317	10,649	76,608	(1,014)	75,594
(Adjustment item) Amortization of intangible assets acquired through business combinations	(4,641)	-	(5,191)	(9,833)	145	(9,687)
Non-recurring profit or loss(Note 2)						585
Operating profit						66,492
Finance income						1,324
Finance costs						(1,489)
Share of profit/(loss) of investment accounted for using the equity method						100
Profit before tax						66,428

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

- (1) ¥119 million adjustment to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥(1,014) million adjustment to Segment profit consists of ¥(1,398) million for preparation expenses to comply with Medical Device Regulation in EU and ¥(790) million for inventories.

(Note 2) ¥585 million Non-recurring profit or loss mainly includes ¥1,335 million for gain on sale of shares of subsidiaries and affiliate, which is related to the sale of shares of Olympus Terumo Biomaterials Corporation, and ¥(750) million for business reorganization expenses.