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Consolidated Financial Results for the First Quarter Ended June 30, 2021 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 6, 2021
 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, 2021 (from April 1, 2021 to June 30, 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 the parent		Total comprehensive income	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	171,716	30.8	36,233	100.5	36,020	101.4	27,895	99.7	27,895	99.2	28,592	186.0
June 30, 2020	131,298	(13.9)	18,073	(38.0)	17,885	(38.0)	13,971	(38.6)	14,002	(38.6)	9,997	267.9

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	36.90	36.87
June 30, 2020	18.57	18.50

Notes : Adjusted operating profit June 2021: 40,203 million yen June 2020: 21,685 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	%
June 30, 2021	1,339,556	874,004	874,004	65.2
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	—				
Fiscal year ending March 31, 2022 (Forecast)		15.00	—	15.00	30.00

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 the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal Year ending March, 2022	685,000	11.6	137,000	18.2	120,000	22.0	92,000	19.1	121.69

Notes: 1) Revision of forecast for fiscal year ending March, 2022 : Yes

2) Regarding the forecast for cumulative consolidated earnings for the fiscal year, please refer to the August 4th, 2021 press release “Terumo Revises its Full-Year Financial Guidance for FY2021”.

3) Earnings per share is calculated by taking into consideration effects of the conversion of convertible bonds in the three months.

- Assumed exchange rate for fiscal year ending March, 2022: USD1=JPY108, EUR1=JPY129

*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 shares outstanding (common stock)

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

As of June 30, 2021	759,521,040 shares	As of March 31, 2021	759,521,040 shares
As of June 30, 2021	3,475,006 shares	As of March 31, 2021	3,508,047 shares
Three months ended June 30, 2021	756,029,574 shares	Three months ended June 30, 2020	754,022,525 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 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 Quarter 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 Quarter of the Fiscal Year Ending March 31, 2022

(1) Overview of Consolidated Business Results

In the first quarter of the current fiscal year (from April 1, 2021 to June 30, 2021), the healthcare market experienced a recovery in medical demand especially in North America and Europe with the spread of the COVID-19 vaccination. There was increase in exams, diagnostics, hospitalizations, and elective procedures which had been postponed across various clinical departments as the impacts of the COVID-19 pandemic begun in the previous fiscal year largely eased. The Group's sales trended strongly owing to this recovery in its principal markets.

Financial results for the first quarter are as follows:

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Revenue	131,298	171,716	30.8	25.1
Gross profit	68,873	94,259	36.9	30.3
Adjusted operating profit	21,685	40,203	85.4	72.7
Operating profit	18,073	36,233	100.5	85.4
Profit before tax	17,885	36,020	101.4	—
Profit for the period	13,971	27,895	99.7	—
Profit for the period attributable to owners of the parent	14,002	27,895	99.2	—

Sales revenue by Geographic areas for the first quarter is as follows:

(Millions of yen)

Geographic areas	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Japan	44,334	49,175	10.9	10.9
Europe	25,464	34,501	35.5	21.5
Americas	36,288	54,397	49.9	46.3
Asia and others	25,211	33,642	33.4	23.2
Overseas total	86,963	122,541	40.9	32.4
Total	131,298	171,716	30.8	25.1

Revenue

Revenue totaled ¥171.7 billion, an increase of 30.8% versus the same period in the previous fiscal year.

In Japan, overall revenue increased by 10.9% year on year, amid strong revenue in Alliance division of General Hospital Company and the steady recovery in demand for daily use products in Hospital systems division and TIS division (interventional devices) and Neurovascular division of Cardiac and Vascular Company.

Revenue overseas increased by 40.9% in comparison with a year earlier amid indications of a robust recovery in demand in TIS division and Neurovascular division of Cardiac and Vascular Company and Blood and Cell Technologies Company.

Gross profit

Gross profit came to ¥94.3 billion, an increase of 36.9% compared with the previous fiscal year, reflecting the improvement in product mix amid rising revenue mainly in Cardiac and Vascular Company.

Adjusted operating profit

Adjusted operating profit came to ¥40.2 billion, an increase of 85.4% year on year, owing to the increase in gross profit.

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 ¥36.2 billion, an increase of 100.5% year on year, owing to the increase in adjusted operating profit.

Profit before tax

Profit before tax was ¥36.0 billion, an increase of 101.4% versus the same period a year earlier owing to the increase in operating profit.

Profit for the period attributable to owners of the parent

Profit for the period attributable to owners of the parent totaled ¥27.9 billion, an increase of 99.2% year on year, driven by the increase in profit before tax.

Revenue results of the reporting segments are as follows:

(Millions of yen)					
Segment		For the three months ended June 30, 2020	For the three months ended June 30, 2021	Growth (%)	Growth excluding impact of FX translations (%)
Cardiac and Vascular Company	Revenue	67,315	99,568	47.9	39.9
	(Japan)	10,911	12,698	16.4	16.4
	(Overseas)	56,403	86,869	54.0	44.5
General Hospital Company	Revenue	39,183	43,783	11.7	10.0
	(Japan)	30,821	33,996	10.3	10.3
	(Overseas)	8,362	9,786	17.0	8.9
Blood and Cell Technologies Company	Revenue	24,733	28,301	14.4	8.8
	(Japan)	2,535	2,416	(4.7)	(4.7)
	(Overseas)	22,197	25,884	16.6	10.3

Cardiac and Vascular Company

Global revenue increased 47.9% over the same period of the previous year to ¥99.6 billion. In Japan, sales increased amid the recovery in demand of TIS division and Neurovascular division. Overseas, in North America and Europe, there were indications of a robust recovery in demand in TIS division and Neurovascular division.

General Hospital Company

Global revenue increased 11.7% to ¥43.8 billion. In Japan, there was a recovery in demand for daily use products in Hospital systems division and growth in the B2B business with pharmaceutical companies in Alliance division. Overseas, there were indications of a robust recovery in demand for daily use products in Asia and China as well as the veterinary market in North America.

Blood and Cell Technologies Company

Global revenue increased 14.4% to ¥28.3 billion. In Japan, sales of blood center products 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 ¥1,339.6 billion, a decrease of ¥11.6 billion. This was mainly owing to a decrease in cash and cash equivalents of ¥14.0 billion due to payments for dividends and the redemption of bonds payable and an increase in property, plant and equipment of ¥4.0 billion from investments in manufacturing facility.

Total liabilities came to ¥465.6 billion, a decrease of ¥29.0 billion. This was mainly attributed to a decrease of ¥7.2 billion in trade and other payables due to the payment related to facilities, decrease in bonds and borrowings of ¥10.4 billion due to the redemption of bonds payable, decrease in other current liabilities of ¥5.4 billion due to the payment of bonuses, and decrease in corporate income tax payable of ¥4.7 billion due to the payment of corporate income tax.

Total equity was ¥874.0 billion, an increase of ¥17.3 billion. This mainly reflects an increase from posting profit for the period of ¥27.9 billion and a decrease of ¥11.3 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 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.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	(Unit: Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	200,770	186,745
Trade and other receivables	128,770	126,000
Other current financial assets	1,116	1,174
Inventories	175,576	178,303
Current tax assets	510	324
Other current assets	17,222	18,150
Total current assets	523,966	510,698
Non-current assets		
Property, plant and equipment	299,679	303,673
Goodwill and intangible assets	471,834	471,416
Investments accounted for using the equity method	3,644	3,453
Other non-current financial assets	19,449	20,052
Deferred tax assets	23,729	22,249
Other non-current assets	8,887	8,012
Total non-current assets	827,225	828,858
Total assets	1,351,192	1,339,556

	(Unit: Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	83,528	76,291
Bonds and borrowings	42,072	32,010
Other current financial liabilities	7,784	6,803
Current tax liabilities	14,311	9,583
Provisions	374	405
Other current liabilities	63,295	57,895
Total current liabilities	211,366	182,989
Non-current liabilities		
Bonds and borrowings	218,497	218,173
Other non-current financial liabilities	32,122	32,030
Deferred tax liabilities	15,962	15,714
Defined benefit liabilities	6,639	6,755
Provisions	96	97
Other non-current liabilities	9,845	9,790
Total non-current liabilities	283,163	282,561
Total liabilities	494,530	465,551
Equity		
Share capital	38,716	38,716
Capital surplus	51,829	51,879
Treasury shares	(6,838)	(6,773)
Retained earnings	775,078	791,630
Other components of equity	(2,123)	(1,448)
Total equity attributable to owners of the parent	856,662	874,004
Total equity	856,662	874,004
Total liabilities and equity	1,351,192	1,339,556

(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, 2020	For the three months ended June 30, 2021
Revenue	131,298	171,716
Cost of sales	62,424	77,457
Gross profit	68,873	94,259
Selling, general and administrative expenses	51,255	58,140
Other income	844	563
Other expenses	388	448
Operating profit	18,073	36,233
Finance income	352	248
Finance costs	589	495
Share of profit/(loss) of investments accounted for using the equity method	49	33
Profit before tax	17,885	36,020
Income tax expenses	3,913	8,125
Profit for the period	13,971	27,895
Attributable to:		
Owners of the parent	14,002	27,895
Non-controlling interests	(31)	-
Total profit for the period	13,971	27,895
Earnings per share		
Basic earnings per share (yen)	18.57	36.90
Diluted earnings per share (yen)	18.50	36.87

(Condensed Consolidated Statement of Comprehensive Income)

	(Unit: Millions of yen)	
	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Profit for the period	13,971	27,895
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		
Remeasurement of defined benefit plans	420	(135)
Total items that will not be reclassified to profit or loss	420	(135)
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(5,061)	790
Cash flow hedges	433	(40)
Cost of hedging	233	82
Total items that are or may be reclassified subsequently to profit or loss	(4,395)	832
Total other comprehensive income/(loss) for the period	(3,974)	696
Total comprehensive income for the period	9,997	28,592
Attributable to		
Owners of the parent	10,028	28,592
Non-controlling interests	(31)	-
Total comprehensive income for the period	9,997	28,592

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 the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
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	-	-	-	14,002	-	14,002	(31)	13,971
Other comprehensive income	-	-	-	-	(3,973)	(3,973)	(0)	(3,974)
Total comprehensive income	-	-	-	14,002	(3,973)	10,028	(31)	9,997
Acquisition of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	43	0	(43)	0	-	0
Dividends	-	-	-	(10,531)	-	(10,531)	-	(10,531)
Transfer from other components of equity to retained earnings	-	-	-	1,393	(1,393)	-	-	-
Share-based payments	-	50	-	-	-	50	-	50
Conversion of convertible bonds	-	(17)	3,689	(69)	-	3,602	-	3,602
Total transactions with owners of the parent	-	33	3,731	(9,206)	(1,437)	(6,879)	-	(6,879)
Balance as of June 30, 2020	38,716	51,891	(10,371)	710,561	(32,835)	757,963	37	758,001

(Unit: Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2021	38,716	51,829	(6,838)	775,078	(2,123)	856,662	-	856,662
Profit for the period	-	-	-	27,895	-	27,895	-	27,895
Other comprehensive income	-	-	-	-	696	696	-	696
Total comprehensive income	-	-	-	27,895	696	28,592	-	28,592
Acquisition of treasury shares	-	-	(0)	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	23	(1)	(21)	0	-	0
Dividends	-	-	-	(11,340)	-	(11,340)	-	(11,340)
Share-based payments	-	50	-	-	-	50	-	50
Conversion of convertible bonds	-	(0)	40	(0)	-	39	-	39
Total transactions with owners of the parent	-	50	64	(11,342)	(21)	(11,249)	-	(11,249)
Balance as of June 30, 2021	38,716	51,879	(6,773)	791,630	(1,448)	874,004	-	874,004

(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 reporting segments of the Group are described below.

For the three months ended June 30, 2020

	Reportable Segments				Adjustments (Note)	(Unit: Millions of yen) 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	67,315	39,183	24,733	131,232	65	131,298
Segment Profit (Adjusted operating profit)	12,405	5,171	3,886	21,463	222	21,685
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(1,733)	-	(2,031)	(3,765)	269	(3,496)
Non-recurring profit or loss						(116)
Operating profit						18,073
Finance income						352
Finance costs						(589)
Share of profit/(loss) of investment accounted for using the equity method						49
Profit before tax						17,885

Note: Amounts in “Adjustments” are as follows:

- (1) ¥65 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥222 million adjustment to segment profit mainly consists of ¥197 million for inventories.

For the three months ended June 30, 2021

	Reportable Segments				Adjustments (Note)	(Unit: Millions of yen)
	Cardiac and Vascular Company	General Hospital Company	Blood and Cell Technologies Company	Total		Amount recorded on condensed consolidated financial statements
Revenue						
Revenue from sales to external customers	99,568	43,783	28,301	171,652	64	171,716
Segment Profit (Adjusted operating profit)	29,368	6,448	5,987	41,805	(1,601)	40,203
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(1,808)	-	(2,067)	(3,875)	(37)	(3,913)
Non-recurring profit or loss						(56)
Operating profit						36,233
Finance income						248
Finance costs						(495)
Share of profit/(loss) of investment accounted for using the equity method						33
Profit before tax						36,020

Note: Amounts in “Adjustments” are as follows:

- (1) ¥64 million adjustments to Revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥(1,601) million adjustment to segment profit consists of ¥(876) million for inventories and ¥(579) million for preparation expenses to comply with Medical Device Regulation in EU.