

Terumo Corporation
IFRS Financial Results for the Second Quarter of
the Fiscal Year Ending March 31, 2021

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November 5, 2020

Exchange where listed: TSE

Name of listed company : TERUMO CORPORATION
(URL: <https://www.terumo.com/>)
Company code number : 4543
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1. Consolidated Financial Highlights for the Six Months Ended September 30, 2020 (From April 1, 2020 to September 30, 2020)

(1) Consolidated operating results

(Notes: The amounts shown below ignore values of less than a million yen)

(1) Consolidated operating results												(Notes: The amounts shown below ignore values of less than a million yen)											
		Revenue		Operating profit		Profit before tax		Profit for the period		Profit for the period attributable to the owners of the parent		Total comprehensive income for the period											
		(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%										
Six months ended September, 2020		283,296	(7.8)	41,824	(29.3)	40,659	(30.0)	31,759	(30.4)	31,842	(30.3)	18,815	(7.0)										
Six months ended September, 2019		307,278	7.8	59,150	24.3	58,065	30.4	45,621	32.7	45,711	32.7	20,224	(72.0)										

	Basic Earnings per share	Diluted Earnings per share
	(Yen)	(Yen)
Six months ended September, 2020	42.21	42.08
Six months ended September, 2019	61.44	60.42

(Notes) Adjusted operating profit: September 2020: 51,261 million yen September 2019: 67,044 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity attributable to the owners of the parent	Equity attributable to the owners of the parent ratio
	(Millions of yen)	(Millions of yen)	(Millions of yen)	%
As of September 30, 2020	1,292,432	769,353	769,367	59.5
As of March 31, 2020	1,241,355	754,883	754,813	60.8

2. Dividends

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal Year ended March, 2020	---	14.00	---	14.00	28.00
Fiscal Year ending March, 2021	---	14.00	---	---	---
Fiscal Year ending March, 2021 (forecast)	---	---	---	14.00	28.00

(Notes) Revision of dividends forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March, 2021 (From April 1, 2020 to March 31, 2021)

	Revenue		Adjusted operating profit		Operating profit		Profit for the year attributable to the owners of the parent	Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	(Yen)
Fiscal Year ending March, 2021	600,000	(4.6)	108,000	(13.6)	90,000	(18.6)	68,000	(20.2)
								90.07

(Notes) 1) Revision of forecast for fiscal year ending March, 2021: Yes

Regarding the forecast for cumulative consolidated earnings for the fiscal year, please refer to the November 5th, 2020 press release "Terumo Revises its Full-Year Financial Guidance for FY2020".

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

Assumed exchange rate for the second half of the fiscal year ending March, 2021: USD1=JPY105, EUR1=JPY120

Among the information that Terumo discloses, forecasts of financial performance on future projections contain potential risks and uncertainty since these are forecasts on projections made by Terumo based on limited information available at the moment of disclosure. Accordingly, it should be noted that actual results may differ from those forecasts on 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.

4. Consolidated Financial Statements

① Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	166,898	209,577
Trade and other receivables	131,728	119,334
Other current financial assets	397	177
Inventories	147,147	167,011
Current tax assets	1,745	1,712
Other current assets	12,689	14,949
Total current assets	460,607	512,762
Non-current assets		
Property, plant and equipment	264,407	274,382
Goodwill and intangible assets	461,506	452,192
Investments accounted for using the equity method	5,275	3,499
Other non-current financial assets	17,733	16,651
Deferred tax assets	27,307	28,658
Other non-current assets	4,517	4,286
Total non-current assets	780,748	779,669
Total assets	1,241,355	1,292,432

(Unit: Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	88,044	73,894
Bonds and borrowings	50,324	50,484
Other current financial liabilities	6,144	7,154
Current tax liabilities	11,681	12,659
Provisions	395	330
Other current liabilities	55,256	52,691
Total current liabilities	211,845	197,215
Non-current liabilities		
Bonds and borrowings	195,870	246,898
Other non-current financial liabilities	31,802	35,335
Deferred tax liabilities	20,360	18,117
Defined benefit liabilities	18,456	16,601
Provisions	92	91
Other non-current liabilities	8,043	8,819
Total non-current liabilities	274,626	325,862
Total liabilities	486,472	523,078
Equity		
Share capital	38,716	38,716
Capital surplus	51,858	51,730
Treasury shares	(14,103)	(7,755)
Retained earnings	705,765	728,593
Other components of equity	(27,423)	(41,916)
Total equity attributable to owners of the parent	754,813	769,367
Non-controlling interests	69	(14)
Total equity	754,883	769,353
Total liabilities and equity	1,241,355	1,292,432

② Consolidated Statement of Profit or Loss

(Unit: Millions of yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Revenue	307,278	283,296
Cost of sales	135,815	132,832
Gross profit	171,463	150,463
Selling, general and administrative expenses	113,944	109,026
Other income	3,094	1,757
Other expenses	1,462	1,369
Operating profit	59,150	41,824
Finance income	915	581
Finance costs	1,909	1,027
Share of profit (loss) of investments accounted for using the equity method	(92)	(719)
Profit before tax	58,065	40,659
Income tax expenses	12,443	8,900
Profit for the period	45,621	31,759
Attributable to:		
Owners of the parent	45,711	31,842
Non-controlling interests	(89)	(83)
Total profit for the period	45,621	31,759
Earnings per share		
Basic earnings per share (yen)	61.44	42.21
Diluted earnings per share (yen)	60.42	42.08

③ Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Profit for the period	45,621	31,759
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	(292)	663
Remeasurement of defined benefit plan	(450)	136
Total items that will not be reclassified to profit or loss	(742)	799
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(24,509)	(14,299)
Cash flow hedges	(80)	141
Cost of hedging	(65)	414
Total items that are or may be reclassified subsequently to profit or loss	(24,655)	(13,743)
Total other comprehensive income (loss) for the period	(25,397)	(12,943)
Total comprehensive income for the period	20,224	18,815
Attributable to		
Owners of the parent	2,0310	18,898
Non-controlling interests	(85)	(83)
Total comprehensive income for the period	20,224	18,815

(Note) Items in the above statement are net of tax.

④ Consolidated Statements of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to the owners of the parent						Non-controlling interests	Total
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2019	38,716	52,029	(32,381)	646,223	(6,553)	698,034	78	698,113
Profit for the period	—	—	—	45,711	—	45,711	(89)	45,621
Other comprehensive income	—	—	—	—	(25,401)	(25,401)	3	(25,397)
Total comprehensive income	—	—	—	45,711	(25,401)	20,310	(85)	20,224
Acquisition of treasury shares	—	—	(1)	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	65	(20)	(44)	0	—	0
Dividends	—	—	—	(10,029)	—	(10,029)	—	(10,029)
Transfer from other components of equity to retained earnings	—	—	—	(450)	450	—	—	—
Change in shares of subsidiaries due to capital increase	—	—	—	—	—	—	53	53
Share-based payments	—	(152)	120	82	20	71	—	71
Conversion of convertible bonds	—	(73)	10,589	(159)	—	10,356	—	10,356
Total transactions with the owners of the parent	—	(226)	10,774	(10,577)	426	397	53	450
Balance as of September 30, 2019	38,716	51,803	(21,607)	681,358	(31,527)	718,741	46	718,788

(Unit: Millions of yen)

	Equity attributable to the owners of the parent						Non-controlling interests	Total
	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	—	—	—	31,842	—	31,842	(83)	31,759
Other comprehensive income	—	—	—	—	(12,943)	(12,943)	(0)	(12,943)
Total comprehensive income	—	—	—	31,842	(12,943)	18,898	(83)	18,815
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	—	—	—	1,529	(1,529)	—	—	—
Share-based payments	—	(100)	99	102	24	125	—	125
Conversion of convertible bonds	—	(27)	6,206	(116)	—	6,062	—	6,062
Total transactions with the owners of the parent	—	(128)	6,347	(9,015)	(1,548)	(4,344)	—	(4,344)
Balance as of September 30, 2020	38,716	51,730	(7,755)	728,593	(41,916)	769,367	(14)	769,353

⑤ Segment information

▪ Reportable segment information

Revenue and operating results of the reportable segments of the Group are described below.

▪ Changes in name of reportable segment

The segment previously named “Blood Management Company” was changed to “Blood and Cell Technologies Company” from the fiscal year ended March 31, 2020. This change in name does not affect the segment information.

The name of reportable segment for the fiscal year ended September 30, 2019 was also revised to “Blood and Cell Technologies Company”.

For the six months ended September 30, 2019

(Unit: Millions of yen)

	Reportable Segments				Adjustments (Note 1)	Amount recorded on consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood and Cell Technologies Company	Total		
Revenue						
Revenue from sales to external customers	172,597	82,815	51,756	307,168	110	307,278
Segment Profit						
(Adjusted operating profit)	47,177	12,592	6,686	66,457	587	67,044
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(3,518)	—	(4,100)	(7,618)	(228)	(7,847)
Non-recurring profit or loss (Note 2)						(47)
Operating profit						59,150
Finance income						915
Finance costs						(1,909)
Share of profit/(loss) of investment accounted for using the equity method						(92)
Profit before tax						58,065

(Note 1) Amounts in ‘Adjustments’ are as follows:

(1) ¥110 million adjustment to revenue from sales to external customers is mainly proceeds from temporary staffing that is not attributable to reportable segments.

(2) ¥587 million adjustment to segment profit consists of ¥202 million for “inventories”.

(Note 2) ¥(47) million Non-recurring profit or loss mainly includes ¥1,167 million insurance revenue about hurricane in Puerto Rico in 2017 and ¥(894) million for business reorganization expenses.

For the six months ended September 30, 2020

	Reportable Segments				Adjustments (Note 1)	Amount recorded on consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood and Cell Technologies Company	Total		
Revenue						
Revenue from sales to external customers	149,424	81,791	51,952	283,169	127	283,296
Segment Profit (Adjusted operating profit)	32,017	11,718	8,880	52,616	(1,355)	51,261
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(3,479)	—	(4,037)	(7,516)	340	(7,176)
Non-recurring profit or loss (Note 2)						(2,259)
Operating profit						41,824
Finance income						581
Finance costs						(1,027)
Share of profit/(loss) of investment accounted for using the equity method						(719)
Profit before tax						40,659

(Note 1) Amounts in ‘Adjustments’ are as follows:

- (1) ¥127 million adjustment to revenue from sales to external customers is mainly proceeds from temporary staffing that is not attributable to reportable segments.
- (2) ¥(1,355) million adjustment to segment profit consists of ¥385 million for “inventories” ,¥(1,189) million for preparation expenses to comply with Medical Device Regulation in EU.

(Note 2) ¥(2,259) million Non-recurring profit or loss mainly includes ¥(1,852) million for the change in fair value of contingent consideration and ¥(321) million for business reorganization expenses.