

Financial Results for the Fiscal Year Ended March 31, 2022 (FY2021)

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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.

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Highlights

FY21 Q4/Q4 YTD results

- Revenue: Highest-ever quarterly and Q4 YTD revenue driven by solid performance overseas. Demand of infection control products in Japan was normalized
- Adjusted Operating Profit: 16% profit increase in Q4 YTD, despite the negative effects anticipated at the beginning of the fiscal year, as well as effects of cost inflation and lower production level

FY22 guidance

- Double-digit growth in both revenue and profit
- Driven by recovery from the COVID-19 impacts, the growth driver in each company, and positive FX impact. Although the cost inflation impact remains, expect some relief at the end of the fiscal year

P&L Results

- Revenue: Highest-ever quarterly and Q4 YTD revenue. Cardiac & Vascular demand recovery continued overseas, especially in TIS. Q4 performance was driven by solid performance in TIS and Neurovascular as well as positive FX impact
- Adjusted Operating Profit: Despite the negative impacts of production level adjustment and volume-based procurement (VBP) in China, as well as cost inflation and lower production level, solid performance overseas and positive FX impact contributed to 16% YTD growth

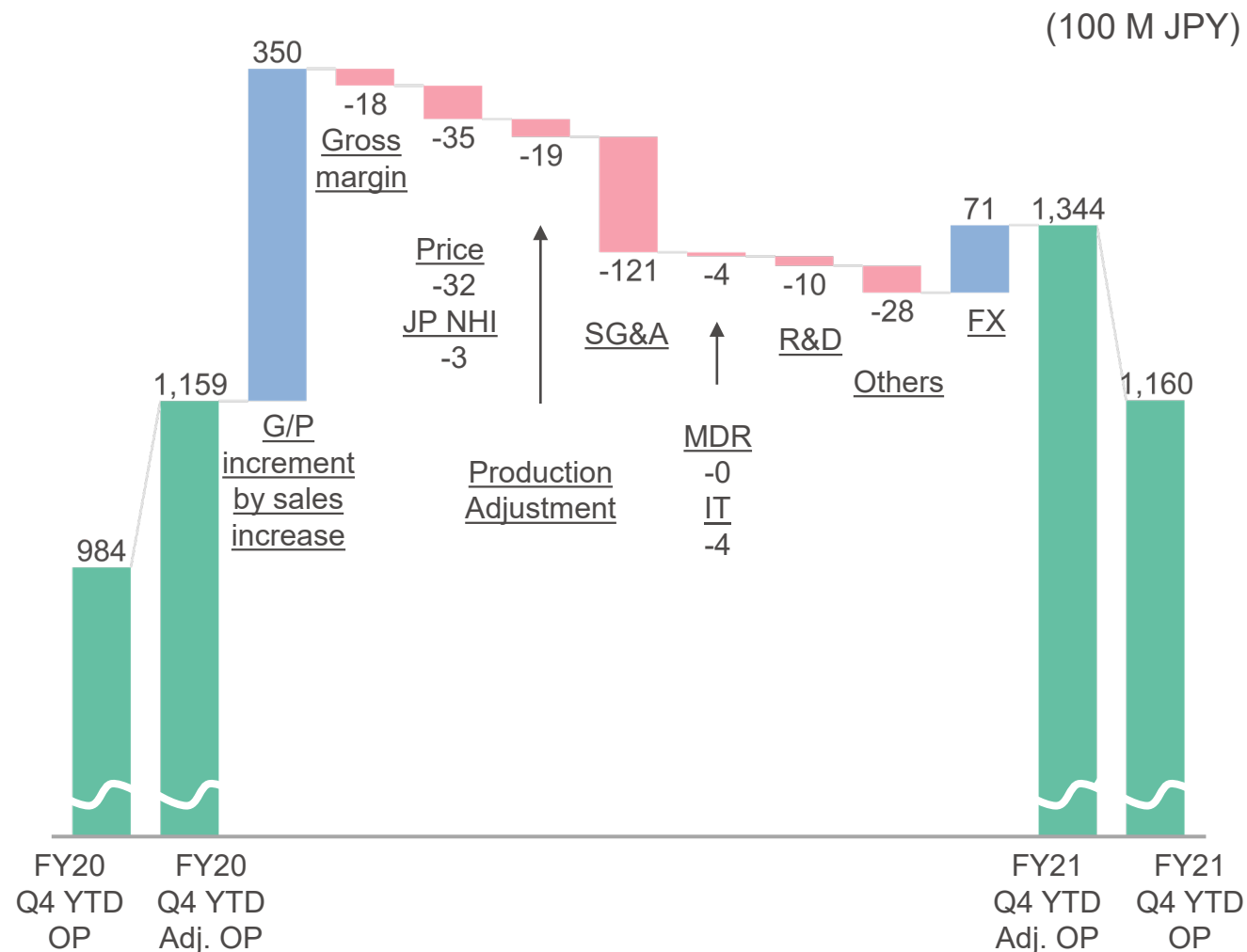
100 M JPY	FY20 Q4 YTD	FY21 Q4 YTD	YoY%	YoY% (FXN)
Revenue	6,138	7,033	15%	10%
Gross Profit	3,266	3,693	13%	8%
(%)	(53.2%)	(52.5%)		
SG&A Expenses	1,795	1,991	11%	6%
(%)	(29.2%)	(28.3%)		
R&D Expenses	491	518	6%	2%
(%)	(8.0%)	(7.4%)		
Other Income and Expenses	3	-25	-	-
Operating Profit	984	1,160	18%	12%
(%)	(16.0%)	(16.5%)		
Adjusted Operating Profit	1,159	1,344	16%	10%
(%)	(18.9%)	(19.1%)		
Profit before Tax	971	1,145	18%	
(%)	(15.8%)	(16.3%)		
Profit for the Year	773	888	15%	
(%)	(12.6%)	(12.6%)		

Average Exchange Rate(USD/EUR) 106JPY/124JPY 112JPY/131JPY

FY20 Q4	FY21 Q4	YoY%
1,652	1,798	9%
854	905	6%
(51.7%)	(50.3%)	
488	528	8%
(29.5%)	(29.4%)	
132	144	9%
(8.0%)	(8.0%)	
-2	-18	-
231	215	-7%
(14.0%)	(12.0%)	
274	273	-1%
(16.6%)	(15.2%)	
221	215	-3%
(13.4%)	(11.9%)	
187	171	-8%
(11.3%)	(9.5%)	

106JPY/128JPY 116JPY/130JPY

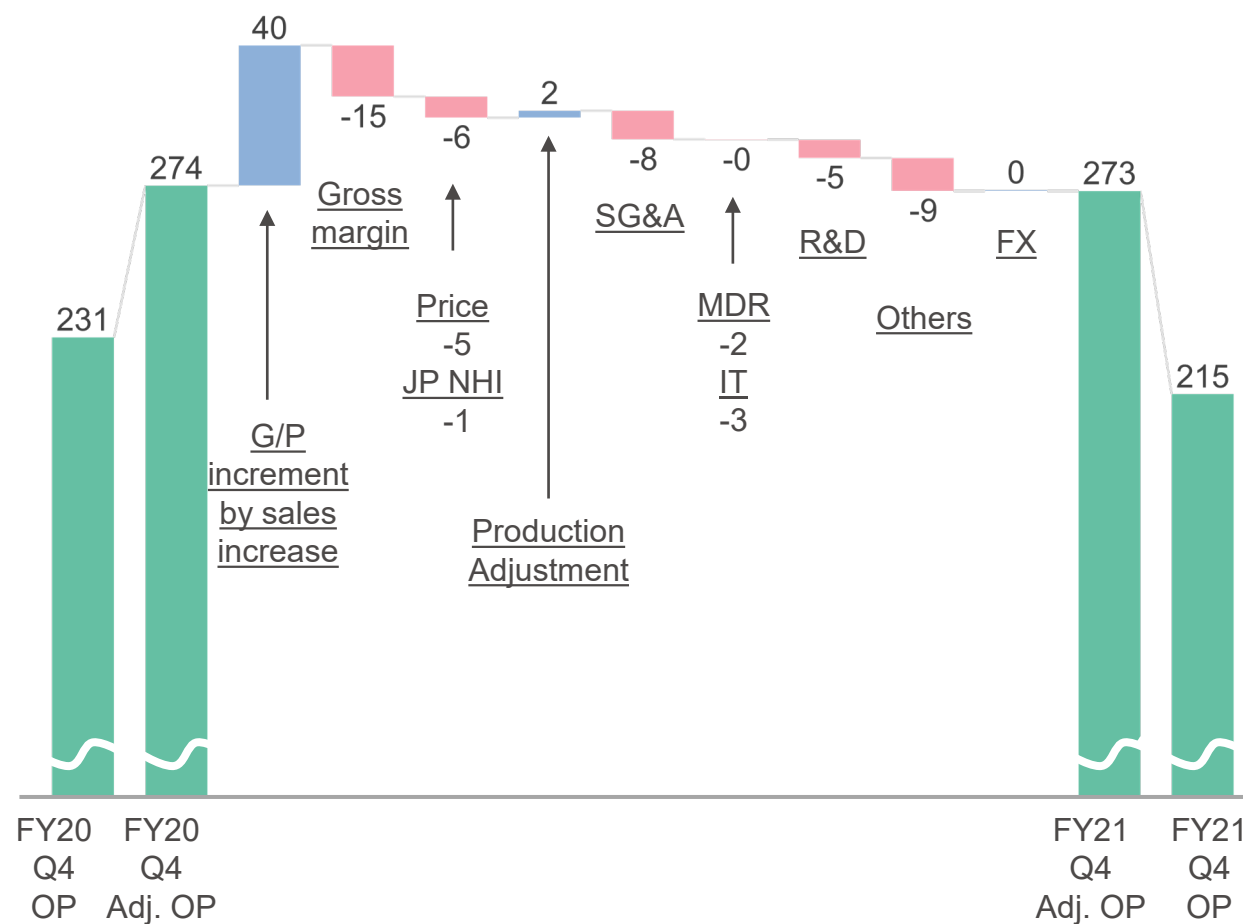
Adjusted Operating Profit Variance Analysis (Q4 YTD)



- G/P increment by sales increase:**
The revenue increased in all companies, particularly Cardiac & Vascular, compared with FY20 impacted by COVID
- Gross margin:**
Negative effects of cost inflation (freight, raw material, and labor cost), and lower production level, exceeded the positive impact of product mix improvement from sales increase in Cardiac & Vascular, especially TIS
- Price:**
Decline mainly due to VBP in China for TIS products
- SG&A:**
Large increase compared with FY20 in which expense usage was slow due to COVID
- FX:**
Positive impact from flow by CNY and EUR partially mitigated by negative impact from stock by USD and EUR

Adjusted Operating Profit Variance Analysis (Q4)

(100 M JPY)



- G/P increment by sales increase:
Improved recovery level from COVID and sales increase driven by Cardiac & Vascular
- Gross margin:
Decrease due to effects of cost inflation (freight, raw material, and labor cost), and lower production level
- Price:
No additional impact from VBP in China for TIS products compared with FY20 Q4
- SG&A:
Increase in amount and decrease in sales ratio compared with FY20 Q4
- FX:
Positive impact from flow by CNY and EUR offset by negative impact from stock by USD and EUR

Revenue by Region

(C&V: Cardiac & Vascular, TMCS: Medical Care Solutions, TBCT: Blood & Cell Technologies, PS: Pharmaceutical solutions)

FY21 Q4 YTD Regional breakdown	Revenue (100 M JPY)		FY21 Q4 YTD YoY%	Comments
	Q4 YTD	Q4		
Japan	FY19	1,963	485	2%
	FY20	2,018	534	
	FY21	2,061	511	
Europe		1,211	324	17% (10%)
		1,204	328	
		1,404	364	
Americas		1,914	498	22% (15%)
		1,808	497	
		2,204	592	
China		473	103	30% (18%)
		455	121	
		594	147	
Asia and		728	178	18% (12%)
		654	172	
Others		770	184	

C&V:

Sales growth in all businesses with continued recovery of number of procedures in US and EU.
Negative effects on 2H profit were mitigated by strong sales and positive FX impact

(100 M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD Rev. YoY
Revenue	() FXN							
	<div><div></div><div></div><div></div><div>3,506</div><div>3,285</div><div>3,971</div><div>+21% (+14%)</div></div>			<div><div></div><div></div><div></div><div>871</div><div>901</div><div>1,027</div><div>+14%</div></div>			TIS: Continued recovery outside Japan, centered in US and EU. Overall low single-digit growth QoQ (FY21 Q3 to Q4) with mixed factors; decline in number of procedures in early Q4 due to spread of Omicron variant, and quick recovery from the impact driven by Access devices	+433
							Neurovascular: Continued recovery of aneurysm treatment, led by US and EU. Aspiration catheter also maintained high growth. Flat QoQ growth when excluding concentration of China distributor orders in Q4	+131
Adjusted Operating Profit	<div><div></div><div></div><div></div><div>869</div><div>744</div><div>932</div><div>+25% (+16%)</div></div>			<div><div></div><div></div><div></div><div>181</div><div>184</div><div>209</div><div>+14%</div></div>			Cardiovascular: In addition to clear recovery of number of procedures in US and EU, hardware sales were strong as investment by hospitals resumed. Overall mid-single-digit QoQ decline due to spread of Omicron variant, while US was strong	+58
							Vascular graft: Continued recovery pattern in EU and US. Overall mid-single-digit QoQ decline impacted by spread of Omicron variant	+64
							Adj. OP: Positive impacts from strong sales and FX mitigated some of the negative impact of cost inflation and lower production level in addition to VBP of TIS products in China, production level adjustment for inventory level optimization	
Adj. OP%	FY19	FY20	FY21	FY19	FY20	FY21		
	25%	23%	23%	21%	20%	20%		

TMCS: Pumps and infusion sets drove HCS. In 2H, multiple negative factors impacted profit

(100 M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD Rev. YoY
Revenue	() FXN						* HCS: Hospital care solutions (formerly General hospital products + Pharmaceutical) LCS: Life care solutions (formerly DM and consumer healthcare) PS: Pharmaceutical solutions (formerly Alliance)	
	1,710	1,755	1,853	432	465	466	HCS: Demand recovery in needles, syringes, and infusion sets in Asia and Japan, and COVID-19 pump demand drove high-single-digit growth. Infection control product demand returned to normal. Continued strong growth in pain management and adhesion barrier. Mid-single-digit decline QoQ (FY21 Q3 to Q4) due to demand decrease impacted by spread of Omicron variant, especially of pharmaceutical products, despite strong sales of pumps	+73
Adjusted Operating Profit	252	257	236	54	53	43	LCS: Thermometer demand returned to normal, blood pressure monitors remained strong in Asia and Japan. Flat QoQ growth	+5
							PS: CDMO business drove high-single-digit growth	+20
Adj. OP%	15%	15%	13%	13%	11%	9%	Adj. OP: Negative impacts from demand decline due to repeated COVID resurgence, cost inflation, as well as normalized product mix due to thermometer demand and FX impact on manufacturing cost in China partially mitigated by revenue growth	

TBCT:

Continued demand recovery of whole blood collection. Although negative impacts on profit grew in 2H, maintained improved profit level in YTD

(100 M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD Rev. YoY
	() FXN							
Revenue	1,072	1,095	1,206				Blood center solutions: Continued recovery of whole blood collection in EU and US. Component collection was strong in China, absorbed the impact of decreased COVID-19 convalescent plasma demand. Mid-single-digit decline QoQ (FY21 Q3 to Q4) with tender and order timing in Asia and China, despite strong sales in EU and US	+74
			+10% (+5%)					
				284	285	304		
						+7%		+29
Adjusted Operating Profit	151	191	208				Cell therapy technologies: Following FY20 1H deployment delays due to COVID, recovery after 2H in US indicates a return to growth trajectory	+8
			+9% (+1%)					
				46	47	37		
						-21%		
	FY19	FY20	FY21	FY19	FY20	FY21	Adj. OP: Positive effects from sales growth and FX offset some decrease from cost inflation, lower production level, preparation expenses for the new business, and accelerated production transfer. Profit level improved in FY20 and maintained in FY21	
Adj. OP%	14%	17%	17%	16%	16%	12%		

FY22 Guidance: Double-digit growth in both revenue and profit

- Driven by recovery from the COVID impacts, the growth driver in each company, and positive FX impact
- Although the cost inflation impact remains, expect some relief at the end of the fiscal year

() FXN

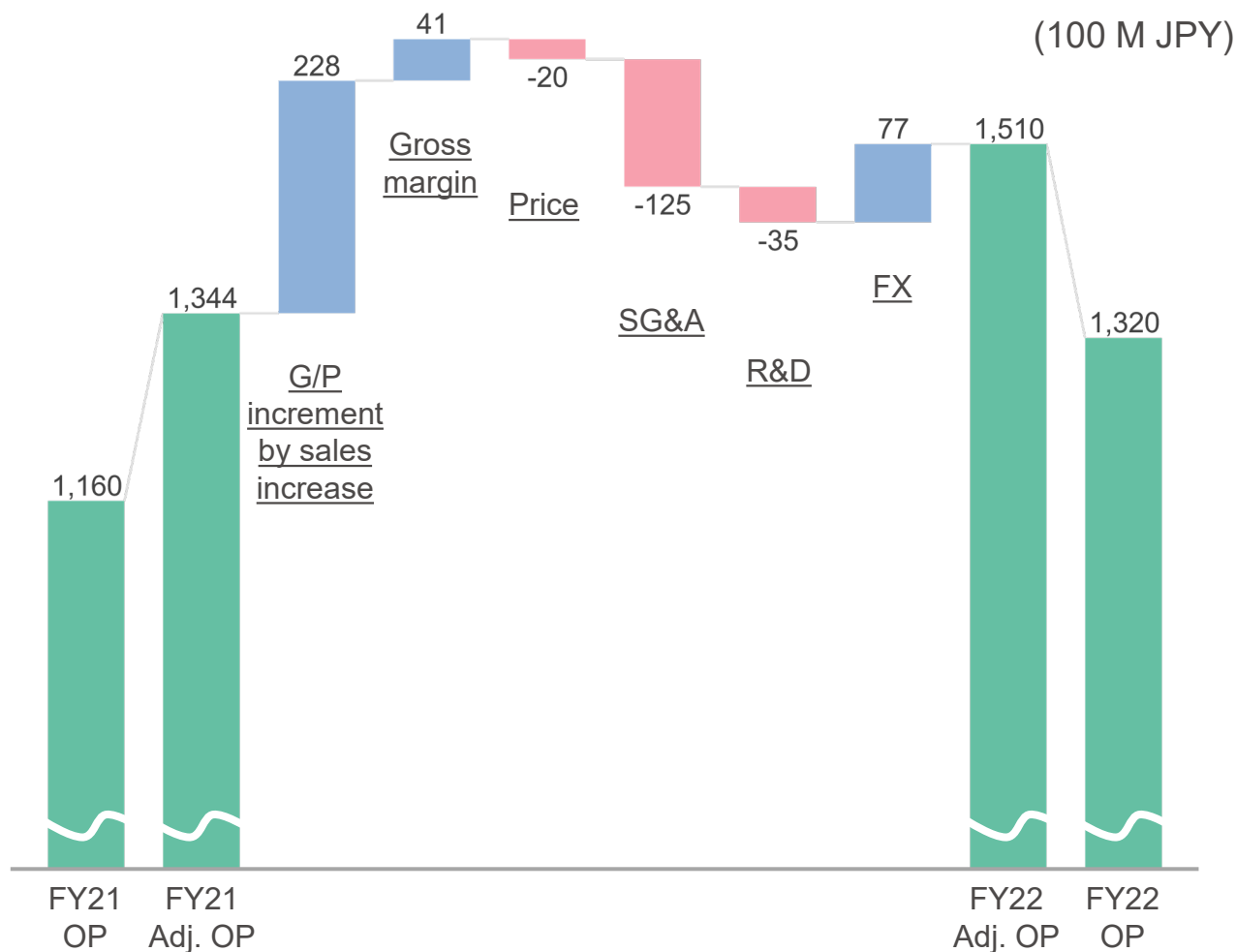
Amount (100 M JPY)	FY21 Actual	FY22 Guidance	YoY%
Revenue	7,033	7,750	10% (6%)
Operating Profit	1,160	1,320	14% (9%)
(%)	16.5%	17.0%	
Adjusted Operating Profit	1,344	1,510	12% (7%)
(%)	19.1%	19.5%	
Profit for the Year	888	1,000	13%

Exchange Rate (USD/EUR) 112 JPY/131 JPY 125 JPY/135 JPY

() FXN

FY22 by Company (100 M JPY)	Revenue		Adjusted Operating Profit	
	Amount	YoY%	Amount	YoY%
C&V	4,445	12% (6%)	1,134	22% (10%)
TMCS	1,923	4% (2%)	223	-6% (1%)
TBCT	1,380	14% (9%)	182	-13% (-3%)

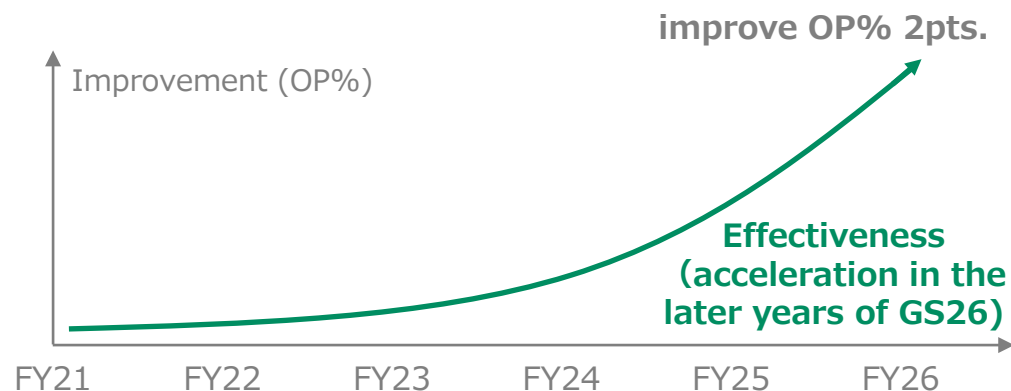
Adjusted Operating Profit Variance Analysis (FY22 Guidance)



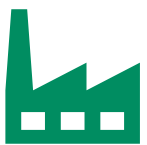
- GP increment by sales increase: Increase in all companies, led by C&V
- Gross margin: Positive impacts from improved plant utilization and product mix surpass negative impacts from cost inflation (freight, raw material, and labor cost)
- Price: Impact from JP NHI reimbursement price revision
- SG&A: COVID impact rebound. Strategic investment in the new business
- FX: Effect from JPY depreciation against CNY, EUR

Actions for Profit Improvement

■ Commenced activities in 4 areas



Production



Best Practice sharing of manufacturing operations towards newly built facilities



FY22: review and analyze current manufacturing process, create implementation plans
FY23: implement improved process

Logistics



Consolidate and/or establish US distribution centers based on optimized logistics network



FY22: Create heatmap based on business volume and review optimized location
FY23 onwards: contribute to reduction of logistics cost ratio to sales

Procurement



Direct material cost review, arrange for stable inflow of materials



FY22: Risk analysis and create BCM. Implement global policy for BCM
FY23: Review alternative materials, improve forecast accuracy and aim for cost reduction

Support functions



Planning for establishment of GBS, consolidation of office at timing of renewal, global insurance policy, etc.



FY22: Create shared services for some accounting processes
FY23 onwards: Expansion of shared service function to reduce SG&A ratio

Dividend Proposal and Acquisition of the Company's Own Shares

■ FY21 annual dividend: 34.0 JPY (increased by 2.0 JPY from the guidance)

- Stably increasing, and aim for the target dividend payout ratio of 30% over the mid- to long-term
- Continue to increase FY22 annual dividend up to 36.0 JPY

	FY21 Results	FY22 Guidance
Profit for the Year (100 M JPY)	888	1,000
EPS (JPY)	117	134
Dividend proposal/share	34.0 JPY Interim 16.0 Year-end 18.0	36.0 JPY Interim 18.0 Year-end 18.0
Dividend payout ratio	28.9%	26.9%

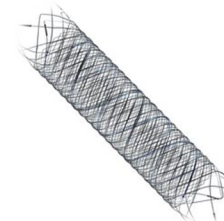
■ Maximum total value of shares to be acquired: 50 B JPY

- Resolved to cancel the shares after acquisition

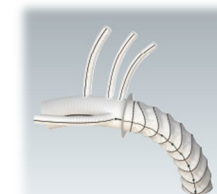
FY21-22 Product Pipeline and Topics

Major product launches and Indications

Business area	General name	Product name	Until FY21	FY22 plan	FY23 and/or later
TIS	Drug-eluting coronary stent	Ultimaster Nagomi	Selling in JP	Launch in EU	Launch in Asia & Latin America
Neuro-vascular	Flow diverter	FRED X	Selling in EU & US	Expansion in US, regional expansion	
Vascular graft	Thoracic stent graft	Relay family	Selling in EU, obtained indication of RelayPro for aneurysm in US & JP	Obtain additional indications; dissections & traumatic transections in US & dissections in JP	Additional Relay platform derivatives, RelayBranch clinical trial
HCS	Infusion pump	Terufusion infusion pump type 18	Selling in JP	Launch in EU & Latin America	Launch in Asia
LCS	Insulin patch pump	Medisafe With series	Selling the current model in JP & EU	Launch updated version in JP	Develop AID system with Diabeloop, consider regional expansion
TBCT	Cell expansion system	Quantum Flex	Selling Quantum globally	Launch Quantum Flex as an addition to portfolio	Aim at double-digit growth of Cell therapy technologies business



“FRED X”



“Thoraflex Hybrid”



“Rika”

Major Topics

- Corporate: Announced commitment to achieve carbon neutrality by 2040 and support for the Task Force on Climate-related Financial Disclosures (TCFD) and its recommendations
- C&V: Announced U.S. FDA approval for the surgical hybrid stent graft Thoraflex Hybrid
- TMCS: Announced collaboration on new solution for diabetes data sharing
- TBCT: U.S. FDA cleared the new Rika Plasma Donation System

(C&V: Cardiac & Vascular, TMCS: Medical Care Solutions, TBCT: Blood & Cell Technologies, HCS: Hospital care solutions, LCS: Life care solutions)

Reference

Revenue by Segment and Region

2021年度 セグメント別売上収益

Revenue by Segment for FY2021

(百万円 / millions of yen)

		FY2020							FY2021														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	31,337	189,290	52,996	84,648	29,180	22,464	220,628	32,110	2.3%	231,837	22.5%	63,183	19.2%	105,515	24.7%	36,048	23.3%	27,088	20.6%	263,947	19.6%	37.3%
	ニューロバスキュラー	4,880	40,136	13,817	17,472	4,988	3,857	45,016	5,446	11.6%	52,708	31.3%	16,364	19.9%	22,441	28.4%	9,355	87.6%	4,346	12.7%	58,155	29.2%	8.3%
	カーディオバスキュラー	11,402	30,180	5,239	18,920	1,510	4,509	41,582	10,806	-5.2%	36,543	21.1%	6,334	20.9%	23,114	22.2%	2,001	32.5%	5,093	12.9%	47,350	13.9%	6.7%
	血管	2,587	18,735	10,469	5,938	1,340	987	21,322	2,780	7.5%	24,896	32.9%	13,712	31.0%	8,498	43.1%	1,536	14.7%	1,148	16.4%	27,677	29.8%	3.9%
Cardiac and Vascular Company		50,208	278,341	82,523	126,978	37,019	31,818	328,549	51,144	1.9%	345,986	24.3%	99,796	20.9%	159,570	25.7%	48,942	32.2%	37,677	18.4%	397,130	20.9%	56.5%
メディカルケア ソリューションズ カンパニー	ホスピタルケアソリューション	97,303	23,208	2,539	6,593	1,262	12,813	120,712	100,303	2.9%	27,737	19.5%	2,758	8.6%	7,996	21.3%	1,370	8.5%	15,611	21.8%	128,041	6.1%	18.2%
	ライフケアソリューション	23,319	2,883	798	11	976	1,096	26,202	22,949	-1.6%	3,740	29.7%	822	3.0%	38	224.0%	1,078	10.3%	1,801	64.2%	26,690	1.9%	3.8%
	ファーマシューティカルソリューション	18,316	10,313	6,903	2,448	183	778	28,630	19,482	6.4%	11,121	7.8%	7,481	8.4%	2,573	5.1%	217	18.4%	849	9.1%	30,603	6.9%	4.4%
Medical Care Solutions Company		139,139	36,405	10,241	9,053	2,422	14,688	175,545	142,735	2.6%	42,599	17.0%	11,063	8.0%	10,608	17.2%	2,666	10.1%	18,262	24.3%	185,335	5.6%	26.4%
血液・細胞 テクノロジー カンパニー	血液センター	11,549	69,682	21,376	27,271	5,242	15,791	81,231	11,407	-1.2%	77,190	10.8%	22,715	6.3%	30,316	11.2%	6,372	21.5%	17,786	12.6%	88,597	9.1%	12.6%
	アフェシス治療他	453	20,055	5,301	11,239	690	2,823	20,508	433	-4.4%	22,958	14.5%	5,946	12.2%	12,099	15.7%	1,062	53.8%	2,950	4.5%	23,392	14.1%	3.3%
	細胞処理	151	7,599	945	6,255	149	248	7,750	171	13.3%	8,424	10.9%	896	-5.2%	6,903	10.4%	306	103.8%	315	26.7%	8,596	10.9%	1.2%
Blood and Cell Technologies Company		12,154	97,336	27,624	44,765	6,082	18,864	109,491	12,012	-1.2%	108,573	11.5%	29,558	7.0%	50,221	12.2%	7,741	27.3%	21,052	11.6%	120,586	10.1%	17.1%
その他	Others	256	-	-	-	-	-	256	251	-2.0%	-	-	-	-	-	-	-	-	-	-	251	-2.0%	0.0%
合計	Total	201,758	412,084	120,389	180,798	45,525	65,371	613,842	206,143	2.2%	497,159	20.6%	140,417	16.6%	220,400	21.9%	59,350	30.4%	76,991	17.8%	703,303	14.6%	100.0%
売上比率	% to Total	32.9%	67.1%	19.6%	29.5%	7.4%	10.6%	100.0%	29.3%		70.7%		20.0%		31.3%		8.4%		10.9%		100.0%		

(期中平均為替レート)

(Average Exchange Rates)

(USD1=¥106.10)

(EUR1=¥123.76)

(USD1=¥112.39)

(EUR1=¥130.55)

* FY2021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。

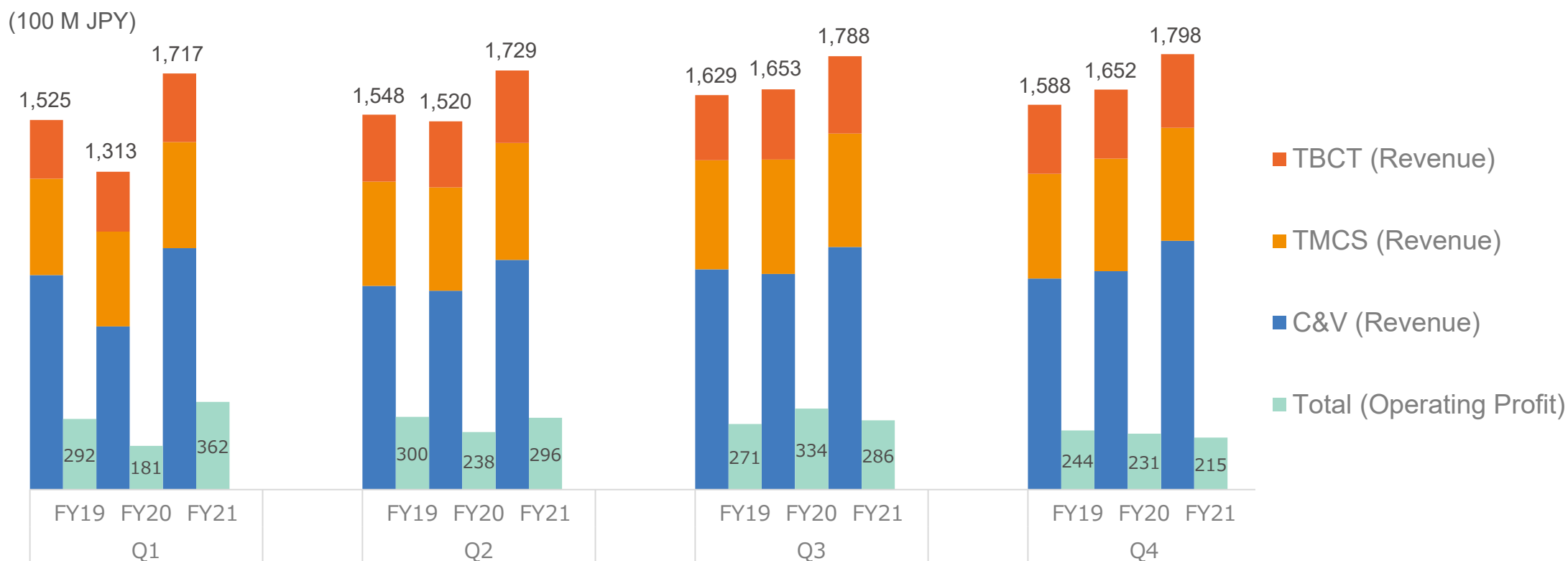
* Sales in China is not included in "Asia and others" from this reportable segment.

* 2022年度より、従来の「ホスピタルカンパニー」のセグメント名称を「メディカルケアソリューションズカンパニー」に変更しています。なお、サブセグメントにつきましては、従来の、医療機器事業と医薬品事業が「ホスピタルケアソリューション」に、DM・ヘルスケア事業が「ライフケアソリューション」に、ファーマシューティカル事業が「ファーマシューティカルソリューション」に変更となっています。これに伴い、2020年度および2021年度につきまして、変更後の名称で記載しています。

* Effective fiscal 2022, the segment name of the former "General Hospital Company" has been changed to "Medical Care Solutions Company". As for sub-segments, the former "General Hospital Products" and "Pharmaceutical" have been combined into "Hospital Care Solutions", "DM and Consumer Healthcare" has been renamed "Life Care Solutions", and the "Alliance" has been renamed "Pharmaceutical Solutions". In accordance with this change, the fiscal 2020 and 2021 figures are also listed under the new names.

Quarterly Trend of Revenue and Operating Profit

- Revenue: Increase by +9% YoY. +13% overall growth against FY19 Q4, driven by +18% increase in C&V with positive impact of FX such as EUR
- Operating Profit: The negative GP impact from cost inflation, lower production level, and VBP in China partially mitigated by strong sales and positive FX impact



P&L (Quarterly Results)

(100 M JPY)

		FY20 Q4 (Jan-Mar)	FY21 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Revenue		1,652	1,717	1,729	1,788	1,798
Gross Profit		854 <small>(51.7%)</small>	943 <small>(54.9%)</small>	920 <small>(53.2%)</small>	926 <small>(51.8%)</small>	905 <small>(50.3%)</small>
SG&A Expenses		488 <small>(29.5%)</small>	465 <small>(27.1%)</small>	490 <small>(28.4%)</small>	507 <small>(28.4%)</small>	528 <small>(29.4%)</small>
R&D Expenses		132 <small>(8.0%)</small>	117 <small>(6.8%)</small>	130 <small>(7.5%)</small>	128 <small>(7.2%)</small>	144 <small>(8.0%)</small>
Other Income and Expenses		-2	1	-3	-5	-18
Operating Profit		231 <small>(14.0%)</small>	362 <small>(21.1%)</small>	296 <small>(17.1%)</small>	286 <small>(16.0%)</small>	215 <small>(12.0%)</small>
Adjusted Operating Profit		274 <small>(16.6%)</small>	402 <small>(23.4%)</small>	339 <small>(19.6%)</small>	330 <small>(18.5%)</small>	273 <small>(15.2%)</small>
Average Rate	USD	106 JPY	110 JPY	110 JPY	114 JPY	116 JPY
	EUR	128 JPY	132 JPY	130 JPY	130 JPY	130 JPY

Operating Expenses (Quarterly Results)

(100 M JPY)

		FY20 Q4 (Jan-Mar)	FY21 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Salaries & Wages		240	249	249	255	256
Sales Promotion		43	30	40	44	45
Logistical Costs		37	38	39	39	41
Depreciation & Amortization		49	48	50	51	54
Others		119	99	112	118	132
SG&A Expenses Total		488	465	490	507	528
(%)		(29.5%)	(27.1%)	(28.4%)	(28.4%)	(29.4%)
R&D Expenses		132	117	130	128	144
(%)		(8.0%)	(6.8%)	(7.5%)	(7.2%)	(8.0%)
Operating Expenses Total		620	581	621	635	672
(%)		(37.5%)	(33.9%)	(35.9%)	(35.5%)	(37.3%)
Average Rate	USD	106 JPY	110 JPY	110 JPY	114 JPY	116 JPY
	EUR	128 JPY	132 JPY	130 JPY	130 JPY	130 JPY

Operating Expenses (YTD and Quarterly Results)

(100 M JPY)

	FY20 Q4 YTD	FY21 Q4 YTD	YoY	YoY%	YoY% (FXN)
Salaries & Wages	928	1,010	82	9%	4%
Sales Promotion	128	160	31	24%	20%
Logistical Costs	144	157	14	10%	6%
Depreciation & Amortization	191	203	12	6%	3%
Others	404	461	57	14%	10%
SG&A Expenses Total	1,795	1,991	196	11%	6%
(%)	(29.2%)	(28.3%)			

R&D Expenses	491	518	27	6%	2%
(%)	(8.0%)	(7.4%)			

Operating Expenses Total	2,286	2,509	223	10%	5%
(%)	(37.2%)	(35.7%)			

FY20 Q4	FY21 Q4	YoY	YoY%
240	256	16	7%
43	45	2	6%
37	41	4	10%
49	54	5	11%
119	132	12	10%
488	528	40	8%
(29.5%)	(29.4%)		

132	144	12	9%
(8.0%)	(8.0%)		

620	672	51	8%
(37.5%)	(37.3%)		

Adjusted Operating Profit: Adjustments

(100 M JPY)

	FY20 Q4 YTD	FY21 Q4 YTD	FY20 Q4	FY21 Q4
Operating Profit	984	1,160	231	215
Adjustment 1. Amortization of acquired intangible assets	146	161	38	42
Adjustment 2. Non-recurring profit or loss	29	24	5	16
Adjusted Operating Profit	1,159	1,344	274	273

<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	FY21 Q4 YTD	FY21 Q4
Business reorganizing cost	16	10
Others	8	6

CAPEX, Depreciation and R&D Expenses

(100 M JPY)

	FY18	FY19	FY20	FY21	FY22 Guidance
CAPEX	608	895	772	692	900
Depreciation	440	477	484	532	635
Amortization of acquired intangible assets	146	157	146	161	173
Others	294	320	338	371	462

CAPEX = C.i.P. record basis, lease depreciation (IFRS16) is not included in Depreciation

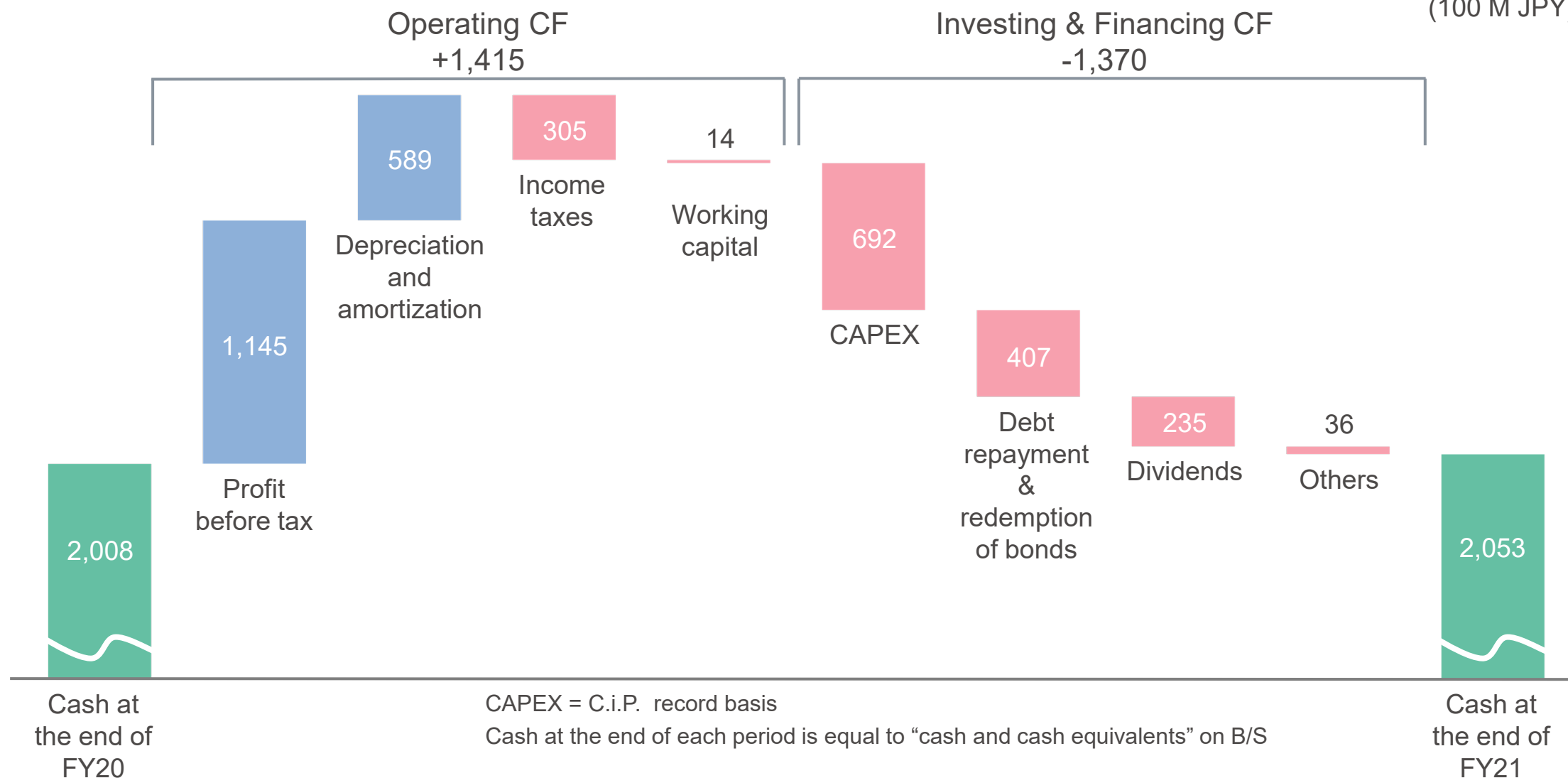
■ FY21 (69.2 B JPY): Continued investment mainly for TIS, Neurovascular, PS, and Blood & Cell Technologies in production capacity and space, R&D as well as IT infrastructure (SAP)

■ Continue investment on the above projects in FY22

	FY18	FY19	FY20	FY21	FY22 Guidance
R&D Expenses	477	506	491	518	580

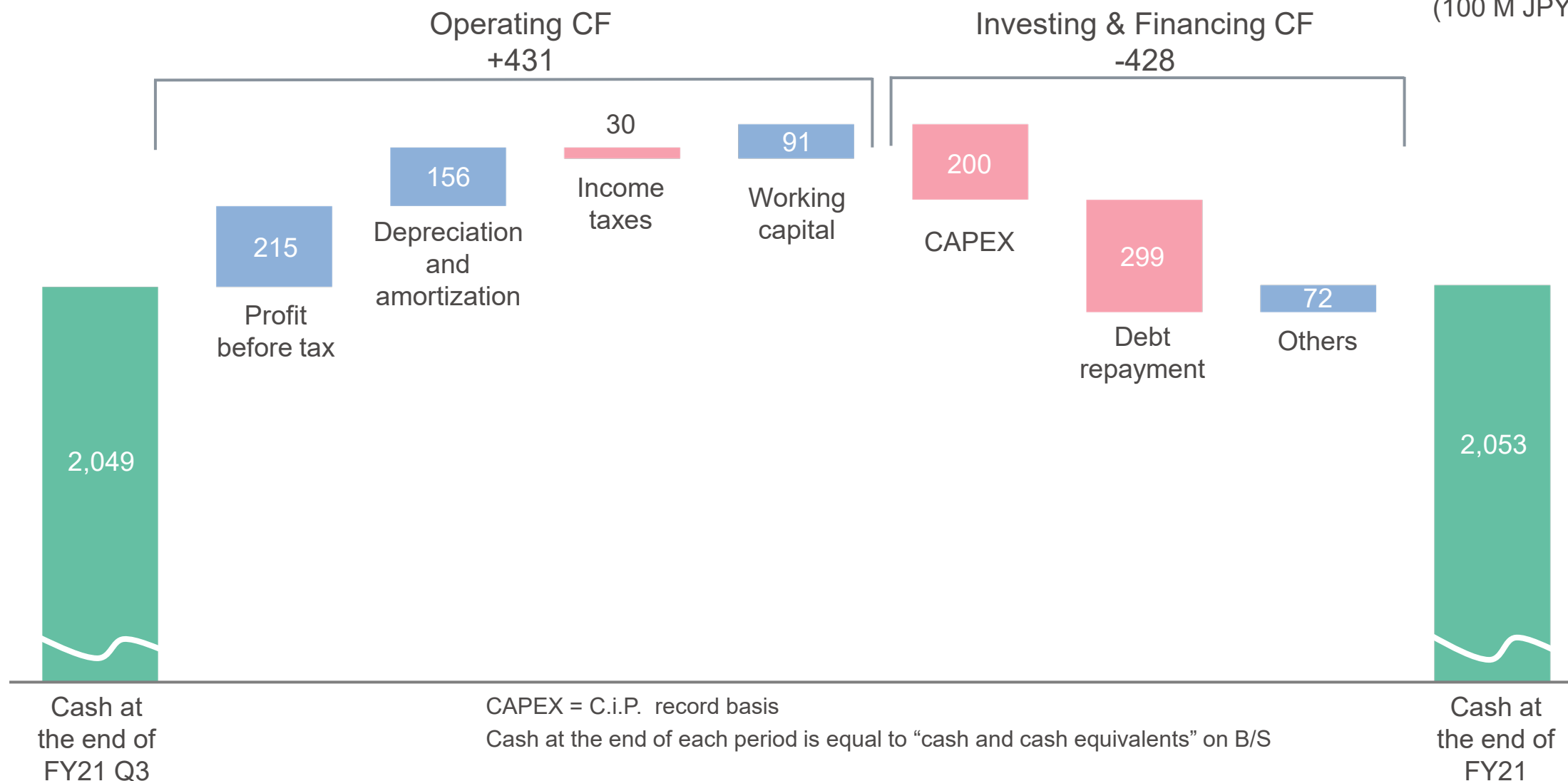
Cash Flows (Q4 YTD)

(100 M JPY)



Cash Flows (Q4)

(100 M JPY)



FY21 FX Impact Breakdown (Flow and Stock)

+7.1 B JPY FX impact vs FY20: No change from +7.1 B JPY Q3 YTD level

+8.7 B JPY for year (+1.8 B JPY in Q4) from flow: Positive impact of JPY depreciated against EUR and CNY

(JPY)

	FY20 average	FY21 average	Variance
EUR	124	131	7
CNY	15.7	17.5	2

-1.6 B JPY for year (-1.8 B JPY in Q4) from stock: FX impact on elimination of unrealized profit in inventories

- Rapid JPY depreciation in Q4 vs Q3, larger gap between period-average and end-of-period rates led to negative impact

(JPY)				(JPY)			
	FY21 Q3 average	At the end of Dec. 2021	Variance		FY21 Q4 average	At the end of Mar. 2022	Variance
USD	114	115	1	➔	USD	116	6
EUR	130	131	0		EUR	130	6

Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation

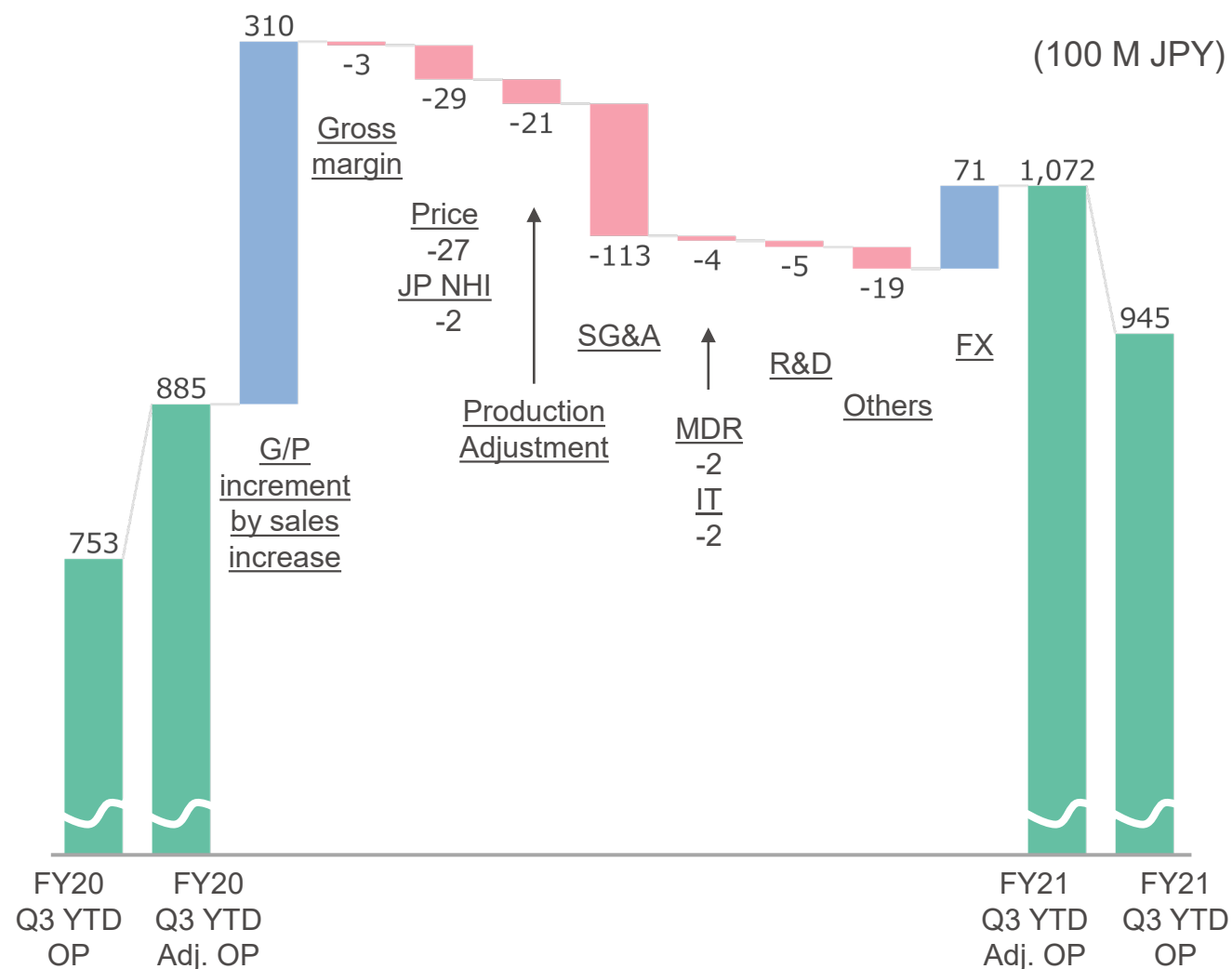
(100 M JPY)

	USD	EUR	CNY
Revenue	17	8	35
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

Adjusted Operating Profit Variance Analysis (Q3 YTD)



- G/P increment by sales increase:**
The revenue increased in all companies, particularly Cardiac & Vascular, compared with FY20 Q3 YTD impacted by COVID-19
- Gross margin:**
Negative effects of cost inflation (freight, raw material, and labor cost), and lower production level, exceeded positive impact of product mix improvement from sales increase in Cardiac & Vascular, especially TIS
- Price:**
Decline mainly due to VBP in China for TIS products
- SG&A:**
Large increase compared with FY20 Q3 YTD in which expense usage was slow due to COVID-19
- FX:**
Positive impact from flow mainly by CNY and EUR. Small impact from stock

