

# Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2023 (FY2022)

February 9, 2023

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Terumo Corporation



## Safe Harbor for Forward-Looking Statements and Use of Document

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. Information about products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice.

# Highlights

## Revenue

- Highest-ever as a three-month result
- All regions including China grew year on year even when excluding FX

## Operating Profit

- Exceed 30% growth year on year and much more growth quarter on quarter
- Assertive in pricing with expanding segments and regions
- Portfolio rationalization (nutrition business) as well as Q2

## Revision of FY22 guidance

- Reflect FX impact to sales (Q4 guidance rate; USD 130JPY/Euro 140JPY)
- Downward profit due to macro environment impact and progress of new driver

# P&L Results

Revenue: Highest-ever quarterly and Q3 YTD revenue

Operating profit in Q3 stand alone increased significantly both YoY and QoQ, including profit from sale of the nutrition business that was part of HCS in TMCS

100M JPY	FY 21 Q3 YTD	FY 22 Q3 YTD	Change	Change excluding FX impact	FY21 Q3	FY22 Q3	Change
Revenue	5,235	6,180	18%	6%	1,788	2,147	20%
Gross Profit	2,788	3,183	14%	3%	926	1,114	20%
(%)	(53.3%)	(51.5%)			(51.8%)	(51.9%)	
SG&A Expenses	1,463	1,785	22%	9%	507	615	21%
(%)	(27.9%)	(28.9%)			(28.4%)	(28.6%)	
R&D Expenses	375	456	22%	8%	128	159	24%
(%)	(7.2%)	(7.4%)			(7.2%)	(7.4%)	
Other Income and Expenses	-6	-7	-	-	-5	35	-
Operating Profit	945	935	-1%	-6%	286	375	31%
(%)	(18.0%)	(15.1%)			(16.0%)	(17.5%)	
Adjusted Operating Profit	1,072	1,096	2%	-6%	330	392	19%
(%)	(20.5%)	(17.7%)			(18.5%)	(18.2%)	
Profit before Tax	930	921	-1%		278	375	35%
(%)	(17.8%)	(14.9%)			(15.5%)	(17.5%)	
Profit for the Year	717	702	-2%		217	299	38%
(%)	(13.7%)	(11.4%)			(12.1%)	(13.9%)	

Average exchange rate (USD/EUR)

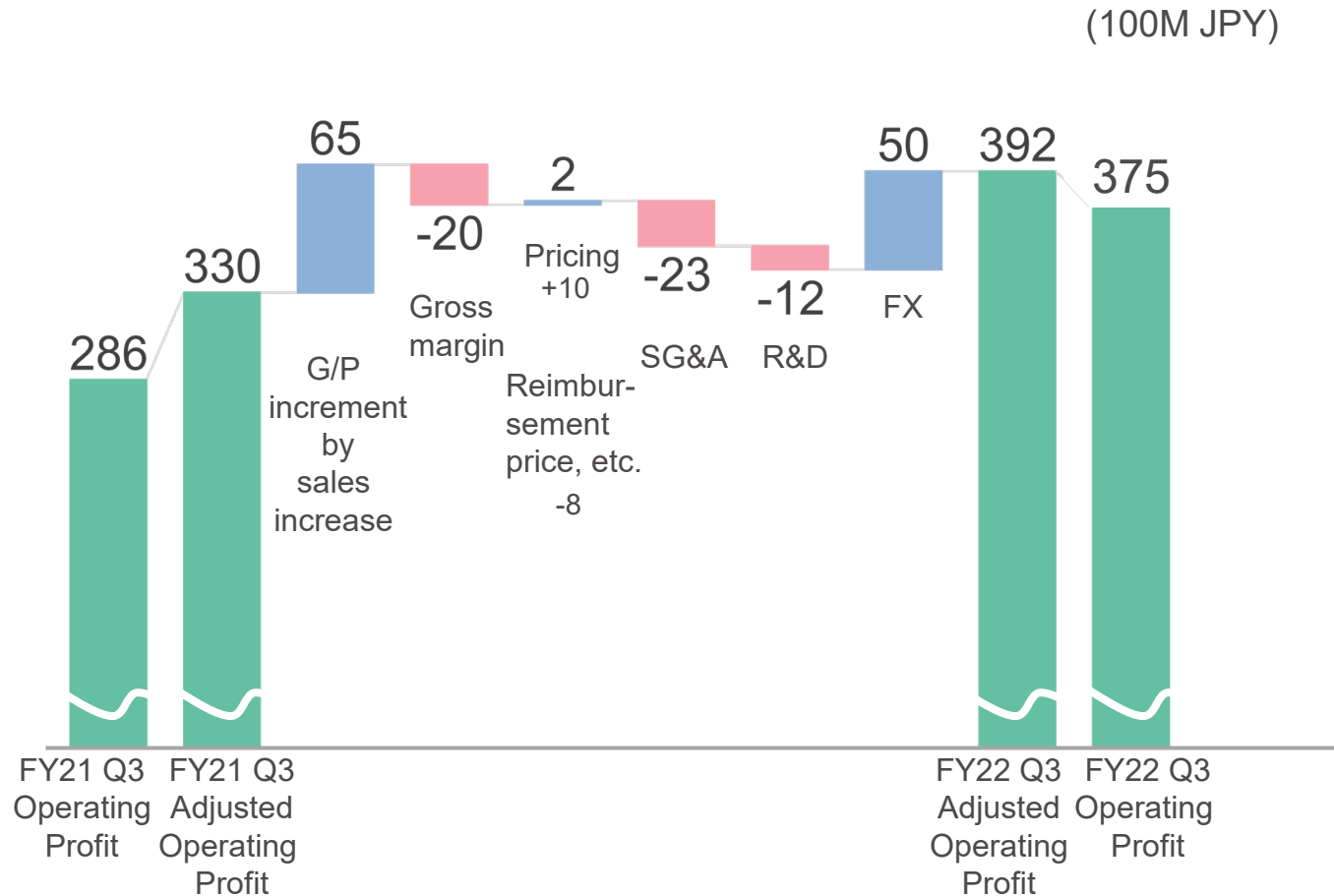
111JPY/131JPY

136JPY/141JPY

114JPY/130JPY

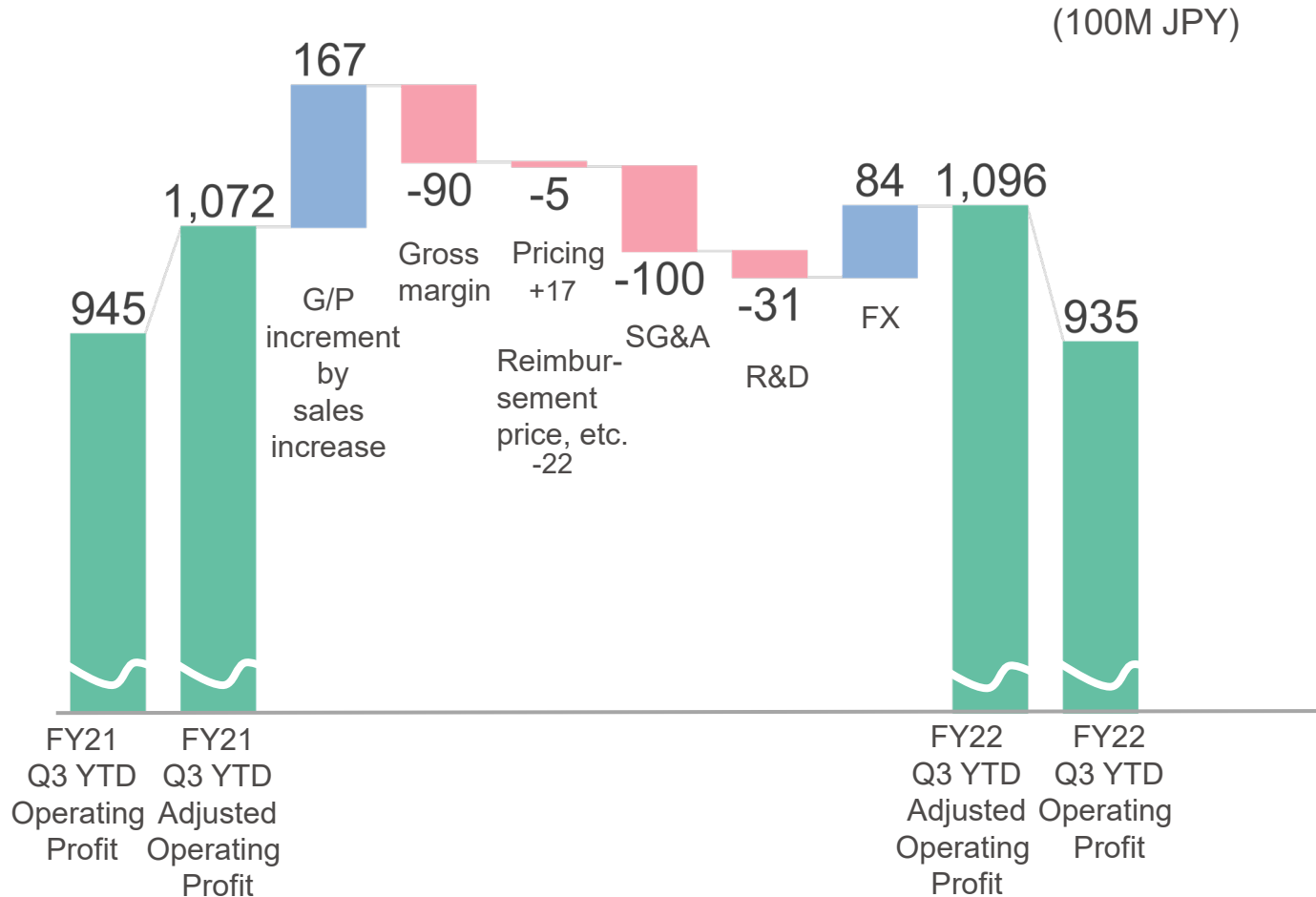
142JPY/144JPY

# Operating Profit Variance Analysis (Q3)



- G/P increment by sales increase:  
Because of demand recovery and new products
- Gross margin:  
Continuous macro environment impact
- Price:  
Price increase doubled compared to Q2
- SG&A, R&D increase:  
Enhanced SG&A control
- FX:  
Appreciating yen at end of Q3

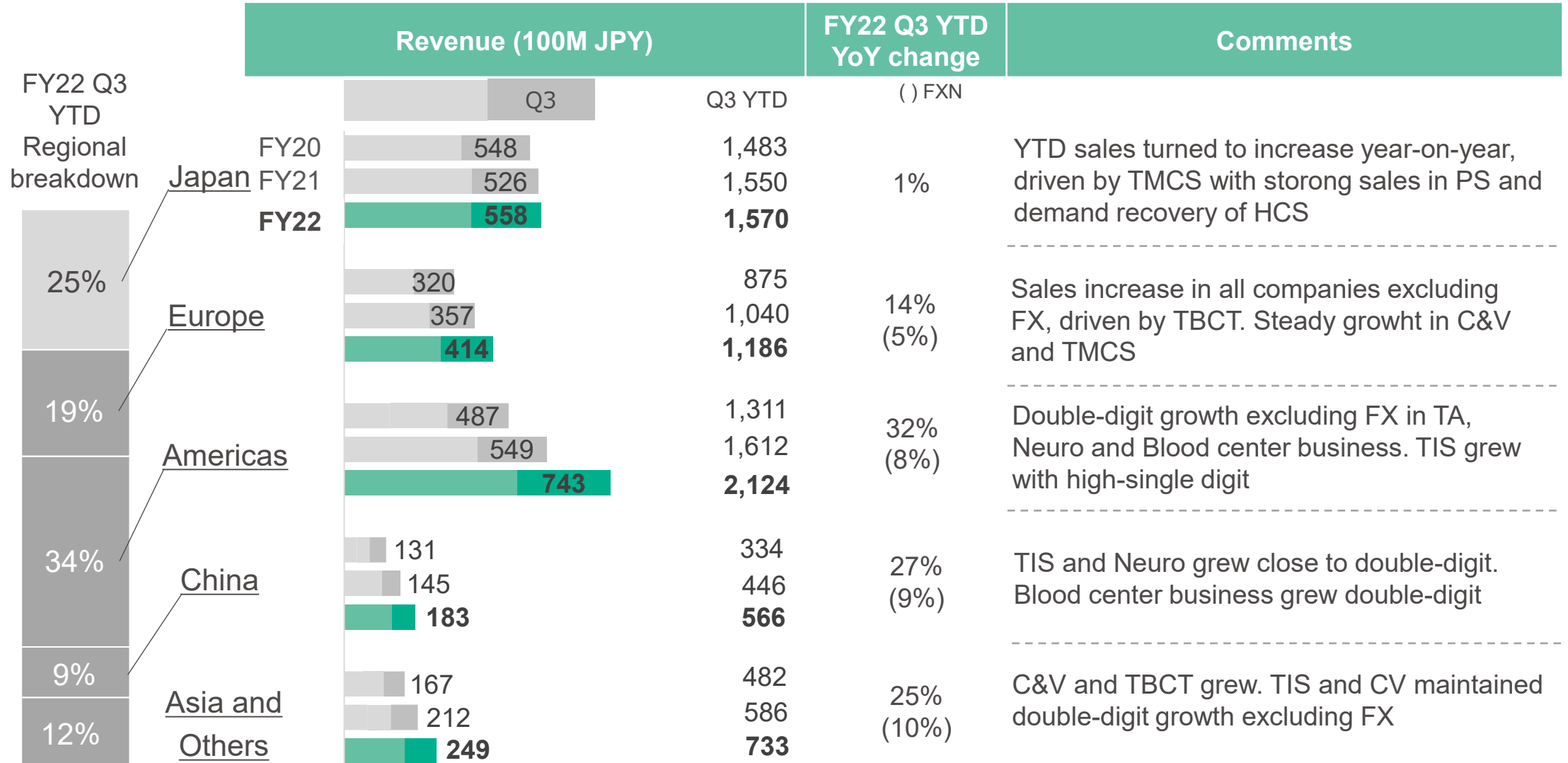
# Operating Profit Variance Analysis (Q3 YTD)



- G/P increment by sales increase:  
Because of demand recovery and new products
- Gross margin:  
Continuous macro environment impact
- Price:  
Assertive in pricing with expanding segments and regions in Q3
- SG&A, R&D increase:  
Promote SG&A control
- FX:  
Appreciating yen at end of Q3

# Revenue by Region

C&V: Cardiac & Vascular, TMCS: Medical Care Solutions, TBCT: Blood and Cell Technologies, TIS: Interventional Systems, CV: Cardiovascular, TA: Terumo Aortic (Vascular Graft), HCS: Hospital Care Soplutions, PS: Pharmaceutical Solutions



**C&V:** 6% growth excluding FX. China grew high-single digit  
 Segment profit improved both YoY and QoQ due to FX and expense control

(100M JPY)

	Q3 YTD			Q3			Comments	Q3 YTD YoY
Revenue	( ) FXN						TIS:	+441
	2,384	2,944	3,589	890	1,001	1,235	Expanded sales of PTCA guidewire including new products in the therapeutic field, closure device and sheath in access	
Segment Profit							Neuro-vascular:	+103
	560	723	836	240	215	307	China business increased due to distribution network expansion	
Profit%							CV:	+46
	24%	25%	23%	27%	22%	25%	Number of procedures in Japan not fully recovered due to COVID-19 impact	
							TA:	+55
							Strong revenue of Thoracic stent graft RelayPro, expanded application in Japan market. Thoraflex Hybrid and other products also strong	
							Profit:	Improvement due to FX and expense control



# TMCS:

HCS: Japan demand showing signs of recovery PS: New products added, rapid growth  
Pricing action in Japan to offset macro environment impact

(100M JPY)

	Q3 YTD			Q3			Comments	Q3 YTD YoY	
Revenue	( ) FXN						HCS Hospital Care Solutions:	In infusion area, medical devices and drugs are showing signs of recovery in Japan. Adhesion barrier also expanding. November 2022, medical device price increase also contributing	+30
	1,290	1,387	1,455 +5% (+2%)	472	468	517 +11%	LCS Life Care Solutions:	Revenue of SMBG dropped due to severer competition. Thermometer and blood pressure monitor demand recovered in Q3	-12
Segment Profit	205	193	126 -35% (-27%)	88	59	45 -25%	PS Pharmaceutical Solutions:	Sales launch of the combination product "G-lasta subcutaneous injection 3.6mg bodypod" we jointly developed with Kyowa Kirin Co., Ltd.	+49
							Profit:	Expanded macro environment impact in Japan in areas including rising electricity prices and continuous FX impact. Medical device price increase in Japan for HCS etc. from November	
Profit%	16%	14%	9%	19%	13%	9%			

# TBCT:

Blood centers outside Japan strong, maintaining double-digit growth excluding FX  
Update for plasma innovation; IDE approval for nomogram ver.2 last weekend

(100M JPY)

	Q3 YTD			Q3			Comments	Q3 YTD YoY	
Revenue	( ) FXN						Blood Centers: Outside Japan remains strong. Sales increased in products including component collection kits and whole blood collection automation innovation  Apheresis: Sales expansion due to increasing number of procedures using therapeutic apheresis and hematopoietic stem cell collection  Cell Processing: Steady demand from continuous growth in cell therapy	+180	
	810	902	1,134	291	319	394			+42
	+26% (+10%)			+23%					
Segment Profit	144	172	129	56	54	38	Profit: In the process of launching the new business, continuous macro environment impact	+10	
	-25% (-26%)			-30%					
	-			-					
Profit%	18%	19%	11%	19%	17%	10%			

# Guidance Revision

( ) excluding FX

Amount(\$100M)	FY21 Actual (A)	FY22 Previous guidance (B)	FY22 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)
Revenue	7,033	7,750	8,150	+400	+16% (+5%)
Operating profit	1,160	1,320	1,220	-100	+5% (-2%)
(%)	16.5%	17.0%	15.0%		
Adjusted operating profit	1,344	1,510	1,430	-80	+6% (-3%)
(%)	19.1%	19.5%	17.5%		
Profit for the year	888	1,000	915	-85	+3%

Annual guidance rate (USD/EUR)

125JPY/135JPY

135JPY/140JPY

Q4 guidance rate (USD/EUR)

125JPY/135JPY

130JPY/140JPY

( ) excluding FX

By company Amount(\$100M)	Revenue					Adjusted operating profit				
	FY21 Actual (A)	FY22 Previous guidance (B)	FY22 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)	FY21 Actual (A)	FY22 Previous guidance (B)	FY22 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)
C&V	3,971	4,445	4,752	+307	+20% (+7%)	932	1,134	1,115	-19	+20% (+3%)
TMCS	1,853	1,923	1,933	+10	+4% (+1%)	236	223	171	-52	-28% (-22%)
TBCT	1,206	1,380	1,463	+83	+21% (+4%)	208	182	151	-31	-28% (-29%)

# Dividend Guidance Revision

- Achieve 30% dividend payout ratio
- FY22 annual dividend of 40 yen (2 yen increase from the previous guidance)

	Previous guidance (Q2)	Current guidance
Dividend / share (yen)	38.0 yen Interim 19 yen Period end 19 yen	<b>40.0 yen</b> Interim 19 yen Period end 21 yen
Dividend payout ratio	28.4%	<b>32.8%</b>

\*FY22 Revised Guidance Profit for the Year: 91.5 billion yen; EPS: 121.90 yen

# New Measures to Raise Corporate Value

## ■ More assertive growth strategy

- More assertive M&A promotion
- Focus areas: While maintaining multidirectional perspective, focus on areas such as Vein, CDMO and Diabetes

## ■ Accelerate profitability improvement

- Continue worldwide price policy review in FY23
- Get VC2 results earlier to fight inflation pressure

## ■ Capital policy reinforcement

- Transition from dividend payout ratio toward total return ratio
- Improve capital efficiency/Raise financial leverage

## ■ Sustainability management

- Establish Sustainability Management Committee
- Implementation of future corporate value targets to executive officers

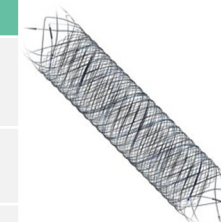
# Reference

# Product Pipeline and Major Topics

\*C&V: Cardiac and Vascular, TMCS: Medical Care Solutions, TBCT: Blood and Cell Technologies,  
TIS: Terumo Interventional Systems, TA: Terumo Aortic (Vacular Graft), HCS: Hospital Care Solutions, LCS: Life Care Solutions

## Major Product Launch, Approval Status

Field	General	Product name	Till FY21 (Complete all)	FY22 Complete / Update	FY23 and beyond
TIS	Drug-eluting coronary stent	Ultimaster Nagomi	Japan sales	EU launch	Asia, Latin America launch
Neurovascular	Flow diverter stent	FRED X	EU, US sales	<b>US sales expansion</b> , regional expansion	
TA	Thoracic aorta stent graft	Relay Series	EU sales, Aneurysm indication approval in US, Japan	In US, dissection and trauma; <b>in Japan, dissection indication approved</b>	Additional models, RelayBranch clinical trials conducted
HCS	General infusion pump	Terufusion infusion pump 18 model	Japan sales	<b>Launch in Asia</b>	Launch in EU, Latin America
LCS	Patch insulin pump	Medisafe WITH series	Current model Japan, EU sales	Version-up model Japan launch	AID system collaboration with Diabeloop, Planning regional expansion
TBCT	Cell expansion system	Quantum Flex	Quantum global sales	<b>Launch Quantum Flex additional model</b>	Cell processing business aims for double-digit growth



FRED X



RelayPro

## Major Topics

- Group: Finished acquisition of treasury stock and cancelled shares based on BOD decision (December 2022)
- C&V: Ultimaster, first stent to receive the mention 1-month DAPT in the reimbursement conditions in France(December 2022)
- TMCS: New indwelling needle Surflo ZERO launched (January 2023)

# Revenue by Segment and Region

2022年度 第3四半期 セグメント別売上収益

Revenue by Segment for the Third Quarter of FY2022

(百万円/ millions of yen)

			Q3 YTD FY2021							Q3 YTD FY2022											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	TIS	24,055	171,970	47,159	77,369	27,047	20,394	196,025	23,952	-0.4%	216,133	25.7%	53,465	13.4%	101,330	31.0%	34,087	26.0%	27,249	33.6%	240,086	22.5%	38.8%
	ニューロバスキュラー	Neurovascular	4,084	38,143	12,362	16,266	6,397	3,117	42,228	4,146	1.5%	48,409	26.9%	14,053	13.7%	21,791	34.0%	8,752	36.8%	3,811	22.3%	52,555	24.5%	8.5%
	カーディオバスキュラー	Cardiovascular	8,249	27,473	4,809	17,191	1,551	3,919	35,722	7,631	-7.5%	32,671	18.9%	5,023	4.4%	20,631	20.0%	1,753	13.0%	5,261	34.2%	40,302	12.8%	6.5%
	血管	Vascular Graft	2,088	18,336	10,134	6,075	1,225	880	20,425	2,649	26.8%	23,313	27.1%	11,773	15.9%	9,236	52.0%	1,144	-6.7%	1,160	31.8%	25,963	27.1%	4.2%
Cardiac and Vascular Company			38,478	255,924	74,487	116,903	36,221	28,312	294,403	38,379	-0.3%	320,528	25.2%	84,316	13.2%	152,990	30.9%	45,737	26.3%	37,483	32.4%	358,907	21.9%	58.1%
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	Hospital Care Solutions	75,932	20,810	2,076	6,006	1,008	11,720	96,743	76,420	0.6%	23,314	12.0%	1,951	-6.0%	7,832	30.4%	1,530	51.8%	11,999	2.4%	99,735	3.1%	16.1%
	ライフケアソリューション	Life Care Solutions	17,437	2,906	619	25	852	1,408	20,343	16,778	-3.8%	2,411	-17.0%	594	-4.1%	-	-100.0%	917	7.6%	899	-36.1%	19,189	-5.7%	3.1%
	ファーマシューティカルソリューション	Pharmaceutical Solutions	14,294	7,352	4,987	1,511	144	708	21,646	16,950	18.6%	9,635	31.1%	6,105	22.4%	2,168	43.4%	305	111.4%	1,056	49.0%	26,585	22.8%	4.3%
Medical Care Solutions Company			107,664	31,069	7,682	7,543	2,005	13,837	138,733	110,149	2.3%	35,361	13.8%	8,650	12.6%	10,001	32.6%	2,754	37.3%	13,955	0.9%	145,511	4.9%	23.5%
血液・細胞 テクノロジー カンパニー	血液センター	Blood Center Solutions	8,307	58,075	16,829	21,982	5,244	14,018	66,382	7,865	-5.3%	76,480	31.7%	19,714	17.1%	30,993	41.0%	6,793	29.3%	18,979	35.4%	84,346	27.1%	13.6%
	アフレスシス治療他	Therapeutic Solutions	300	17,161	4,363	9,645	904	2,248	17,462	377	25.8%	21,323	24.3%	5,077	16.4%	12,574	30.4%	1,076	19.0%	2,594	15.4%	21,701	24.3%	3.5%
	細胞処理	Cell Therapy Technologies	92	6,216	633	5,145	229	208	6,309	85	-7.8%	7,254	16.7%	856	35.1%	5,804	12.8%	265	15.7%	328	37.6%	7,340	16.3%	1.2%
Blood and Cell Technologies Company			8,700	81,453	21,827	36,772	6,378	16,475	90,154	8,329	-4.3%	105,058	29.0%	25,648	17.5%	49,372	34.3%	8,136	27.5%	21,901	32.9%	113,388	25.8%	13.3%
その他	Others		190	-	-	-	-	-	190	186	-2.4%	-	-	-	-	-	-	-	-	-	-	186	-2.4%	0.0%
合計	Total		155,034	368,447	103,997	161,219	44,605	58,625	523,482	157,044	1.3%	460,948	25.1%	118,615	14.1%	212,363	31.7%	56,628	27.0%	73,341	25.1%	617,993	18.1%	100.0%
売上比率	% to Total		29.6%	70.4%	19.9%	30.8%	8.5%	11.2%	100.0%	25.4%		74.6%	19.2%		34.4%		9.2%		11.9%		100.0%			

(期中平均為替レート)

(Average Exchange Rates)

(USD1=¥111.14)  
(EUR1=¥130.60)

(USD1=¥136.50)  
(EUR1=¥140.60)

\* 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、アライアンス事業が「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、2021年度につきましても、変更後の名称で記載しています。

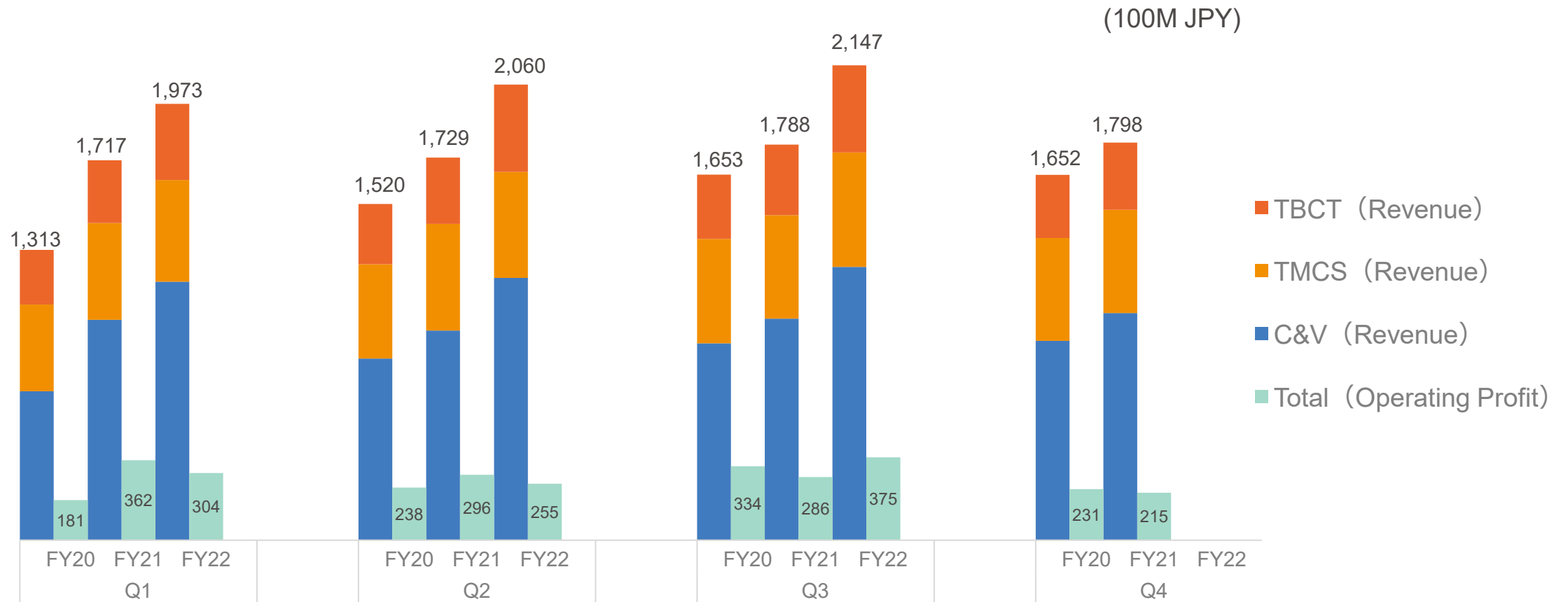
\* Effective fiscal 2022, the segment name of the former "General Hospital Company" has been changed to "Medical Care Solutions Company". As for sub-segments, the former "General Hospital Products" and "Pharmaceutical" have been combined into "Hospital Care Solutions", "DM and Consumer Healthcare" has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



# Quarterly Trend of Revenue and Operating Profit

Revenue: 20% growth YoY in Q3, highest-ever for a quarter. 4% growth QoQ

Operating profit: 31% growth YoY in Q3. 47% growth QoQ



# P&L (QoQ)

(100M JPY)

		FY21 Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY22 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Revenue		1,788	1,798	1,973	2,060	2,147
Gross Profit		926 (51.8%)	905 (50.3%)	1,016 (51.5%)	1,054 (51.1%)	1,114 (51.9%)
SG&A Expenses		507 (28.4%)	528 (29.4%)	566 (28.7%)	605 (29.4%)	615 (28.6%)
R&D Expenses		128 (7.2%)	144 (8.0%)	141 (7.1%)	157 (7.6%)	159 (7.4%)
Other Income and Expenses		-5	-18	-6	-37	35
Operating Profit		286 (16.0%)	215 (12.0%)	304 (15.4%)	255 (12.4%)	375 (17.5%)
Adjusted Operating Profit		330 (18.5%)	273 (15.2%)	359 (18.2%)	345 (16.8%)	392 (18.2%)
Quarterly	USD	114 JPY	116 JPY	130 JPY	138 JPY	142 JPY
Average Rate	EUR	130 JPY	130 JPY	138 JPY	139 JPY	144 JPY

# SG&A (QoQ)

(100M JPY)

		FY21 Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY22 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Labor		255	256	298	312	316
Promotion		44	45	46	44	52
Logistics		39	41	44	47	49
Depreciation		51	54	56	59	60
Others		118	132	123	142	138
SG&A total		507	528	566	605	615
(%)		(28.4%)	(29.4%)	(28.7%)	(29.4%)	(28.6%)
R&D		128	144	141	157	159
(%)		(7.2%)	(8.0%)	(7.1%)	(7.6%)	(7.4%)
Total		635	672	706	761	774
(%)		(35.5%)	(37.3%)	(35.8%)	(37.0%)	(36.0%)
Quarterly	USD	114JPY	116JPY	130JPY	138JPY	142JPY
Average rate	EUR	130JPY	130JPY	138JPY	139JPY	144JPY

# SG&A (YoY)

(100M JPY)

	FY21 Q3 YTD	FY22 Q3 YTD	+ / -	Change vs. FY21 Q3 YTD	Change excluding FX impact	FY21 Q3	FY22 Q3	+ / -	Change vs. FY21 Q3
Salaries & Wages	753	926	172	23%	7%	255	316	61	24%
Sales Promotion	114	142	27	24%	13%	44	52	8	17%
Logistical Costs	117	140	24	21%	9%	39	49	10	26%
Depreciation and amortization	149	175	26	18%	9%	51	60	9	19%
Others	330	402	73	22%	11%	118	138	20	17%
<b>SG&amp;A Expenses Total</b>	<b>1,463</b>	<b>1,785</b>	<b>323</b>	<b>22%</b>	<b>9%</b>	<b>507</b>	<b>615</b>	<b>108</b>	<b>21%</b>
(%)	(27.9%)	(28.9%)				(28.4%)	(28.6%)		
<b>R&amp;D Expenses</b>	<b>375</b>	<b>456</b>	<b>81</b>	<b>22%</b>	<b>8%</b>	<b>128</b>	<b>159</b>	<b>31</b>	<b>24%</b>
(%)	(7.2%)	(7.4%)				(7.2%)	(7.4%)		
<b>SG&amp;A Expenses Total</b>	<b>1,837</b>	<b>2,241</b>	<b>404</b>	<b>22%</b>	<b>8%</b>	<b>635</b>	<b>774</b>	<b>138</b>	<b>22%</b>
(%)	(35.1%)	(36.3%)				(35.5%)	(36.0%)		

# Adjusted Operating Profit amount

(100M JPY)

	FY 21 Q3 YTD	FY 22 Q3 YTD	FY21 Q3	FY22 Q3
Operating Profit	945	935	286	375
Adjustment 1. Amortization of acquired intangible assets	118	144	39	49
Adjustment 2. Non-recurring profit or loss	9	17	5	-32
Adjusted Operating Profit	1,072	1,096	330	392

<General examples of adjustment items>

- Acquisition related cost
- Impairment loss
- Nonlife insurance income
- Other one-time profits & losses
- Lawsuit settlement
- Restructuring loss
- Loss on disaster

Adjustment 2. Major one-time profits & losses	FY 21 Q3 YTD	FY 22 Q3 YTD
Restructuring loss	6	16
Goodwill amortization related to sale of part of cell processing business	-	36
Profit from sale of nutrition business	-	-39
Others	2	4

# CAPEX, Depreciation and R&D Expenses

(100M JPY)

	FY19	FY20	FY21	FY22 Q3 YTD	FY22 Guidance
CAPEX	895	772	692	511	750
Depreciation	477	484	532	474	635
Amortization of acquired intangible assets	157	146	161	144	173
Others	320	338	371	330	462

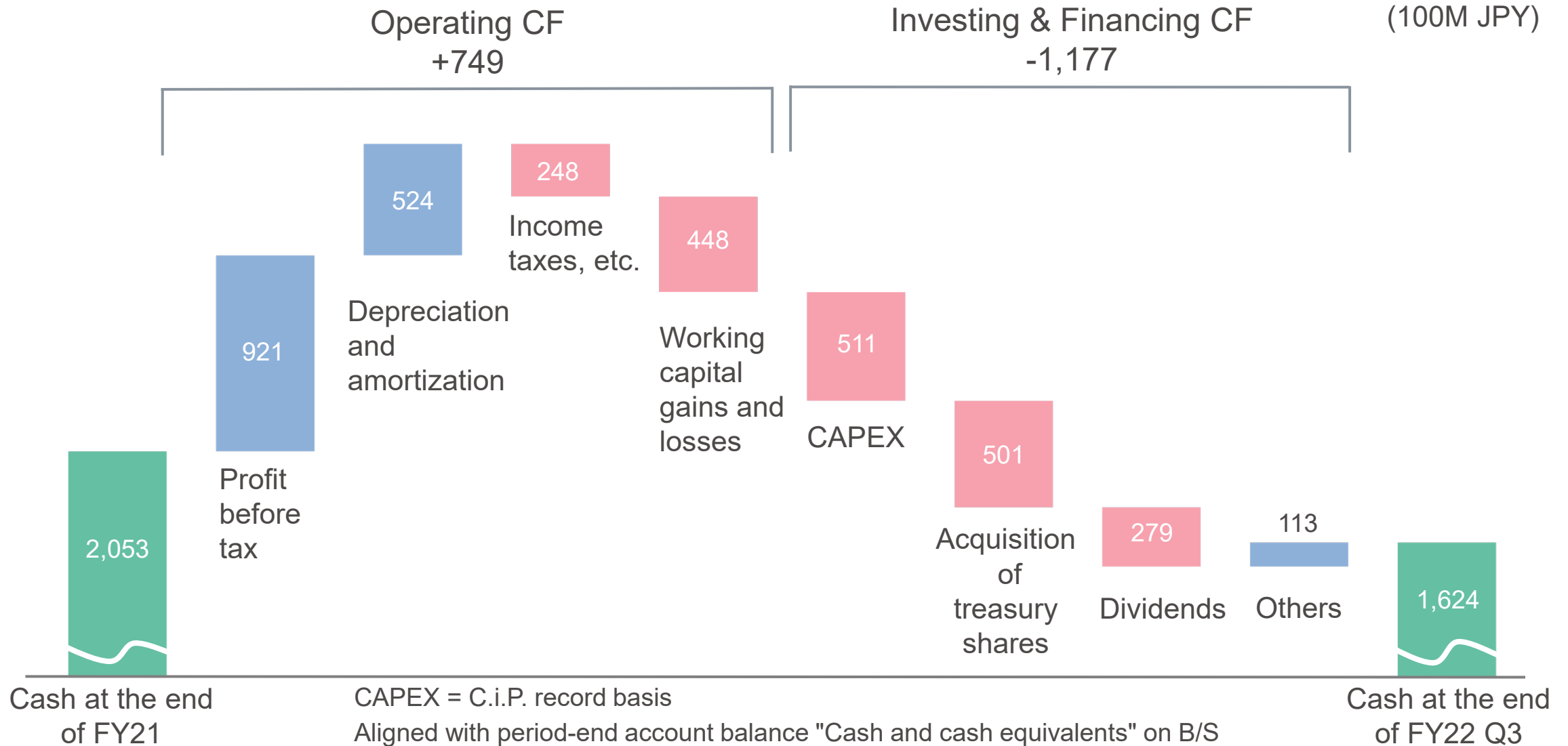
CAPEX = C.i.P. record basis, lease depreciation (IFRS16) is not included in Depreciation

- FY22 Q3YTD (51.1 BJPY): Continued investment mainly for TIS, Neurovascular, PS, and Blood & Cell Technologies in production capacity, source plasma collection, R&D, as well as IT infrastructure (SAP)
- “CAPEX” FY22 guidance revision: Due to progress of projects

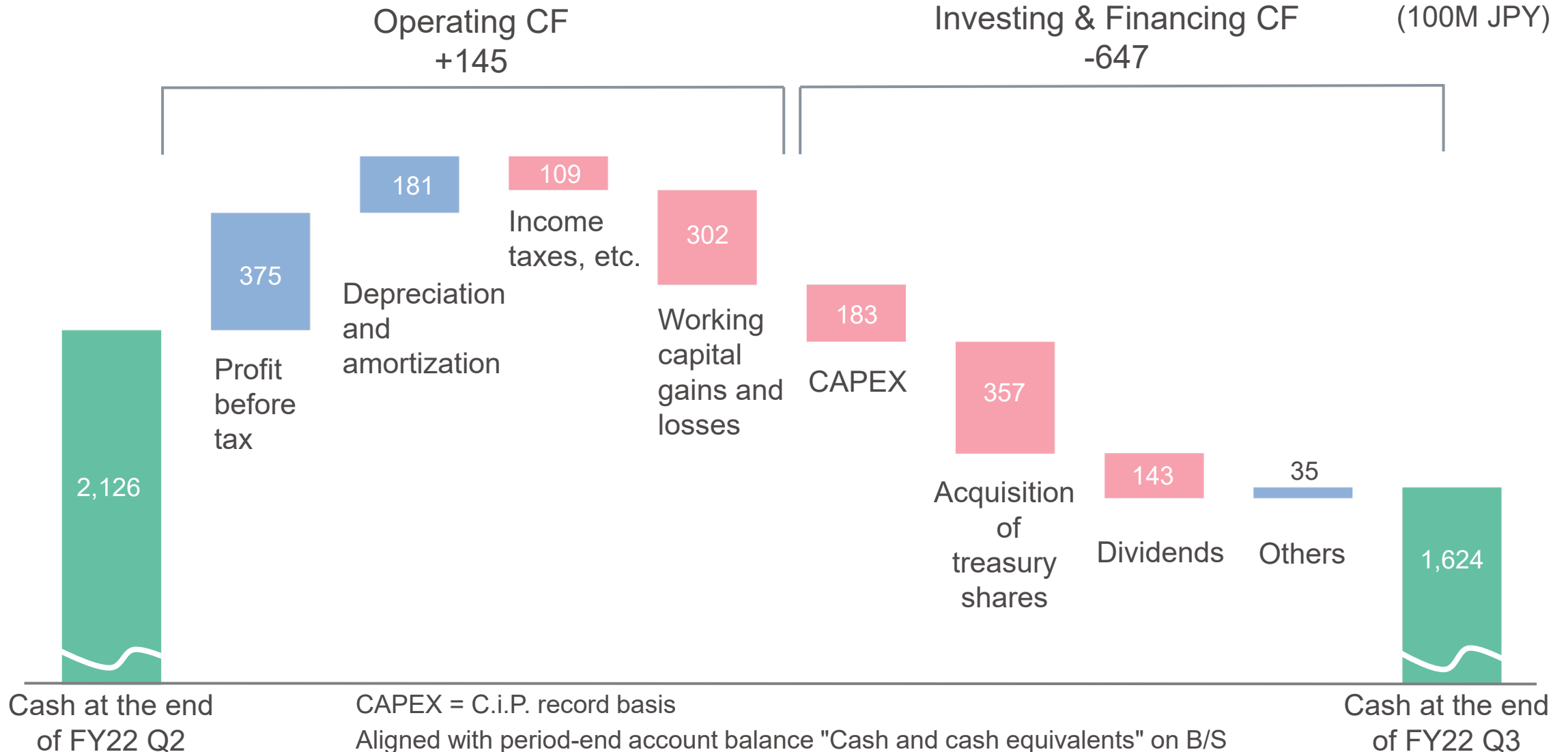
	FY19	FY20	FY21	FY22 Q3 YTD	FY22 Guidance
R&D Expenses	506	491	518	456	600

- FY22 guidance revision: Revision of FX rate

# Cash Flows (Q3 YTD)



# Cash Flows (Q3)





# FY22 FX Impact Breakdown (Flow, Stock)

## FX impact vs FY21 +8.4B JPY

Flow Q3 YTD **+9.0B JPY**: EUR, CNY appreciation positive impact

Rate (JPY)	FY21 Q3 YTD Average rate during period	FY22 Q3 YTD Average rate during period	Variation
EUR	131	141	10
CNY	17.3	19.9	2.6

Stock Q3 **+2.5B JPY**, Q3 YTD **-0.6B JPY**: FX impact from elimination of unrealized profit on inventory assets

- Yen appreciation progressed in December for positive effect in Q3 Annual impact reduced to minus 0.6B JPY

Rate (JPY)	FY22 Q3 YTD Average rate during period	FY22 End of December	Variation
USD	136	133	-4
EUR	141	142	1

# Foreign Exchange Sensitivity

(100M JPY)

Annual impact of 1 JPY depreciation

	USD	EUR	CNY
Revenue	20	9	38
Adjusted Operating Profit	1	5	16

<Reference> Impact when JPY depreciation 10%

	North America	Latin America	Europe		Asia	
			EUR Zone	Others	CNY	Others
Adjusted Operating Profit	7	10	74	13	31	36

