

Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2024 (FY2023)

February 7, 2024

Naoki Muto

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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 quarterly and YTD results
- | Drivers were C&V and TBCT with double-digit growth

■ Operating profit

- | Highest-ever quarterly and YTD results
- | Profitability improvement (price policy and cost reduction) progressed as planned

■ Upward revision of FY23 annual guidance

- | Revise both revenue and profit to reflect FX impact (Q4 rate assumption: USD 144 / EUR 157)
- | Aim for the highest-ever revenue and profit

P&L

- Revenue: Strong global demand continued; drivers TIS, blood center business, Vascular Graft grew in double digits
- Operating profit: Profitability improvement on schedule. SG&A expenses increased due to sales force expansion for growth of therapeutic devices sales in the US

100M JPY	FY22 Q3 YTD	FY23 Q3 YTD	Change	Change excluding FX impact	FY22 Q3	FY23 Q3	Change
Revenue	6,180	6,830	11%	6%	2,147	2,391	11%
Gross Profit (%)	3,183 (51.5%)	3,548 (52.0%)	11%	7%	1,114 (51.9%)	1,266 (52.9%)	14%
SG&A Expenses (%)	1,785 (28.9%)	2,022 (29.6%)	13%	8%	615 (28.6%)	707 (29.6%)	15%
R&D Expenses (%)	456 (7.4%)	491 (7.2%)	8%	4%	159 (7.4%)	173 (7.3%)	9%
Other Income and Expenses	-7	20	-	-	35	5	-86%
Operating Profit (%)	935 (15.1%)	1,055 (15.5%)	13%	9%	375 (17.5%)	390 (16.3%)	4%
Adjusted Operating Profit (%)	1,096 (17.7%)	1,197 (17.5%)	9%	6%	392 (18.2%)	441 (18.5%)	13%
Profit before Tax (%)	921 (14.9%)	1,057 (15.5%)	15%		375 (17.5%)	393 (16.4%)	5%
Profit for the Year (%)	702 (11.4%)	799 (11.7%)	14%		299 (13.9%)	298 (12.5%)	-0%

Average exchange rate (USD/EUR) 136JPY/141JPY 143JPY/155JPY

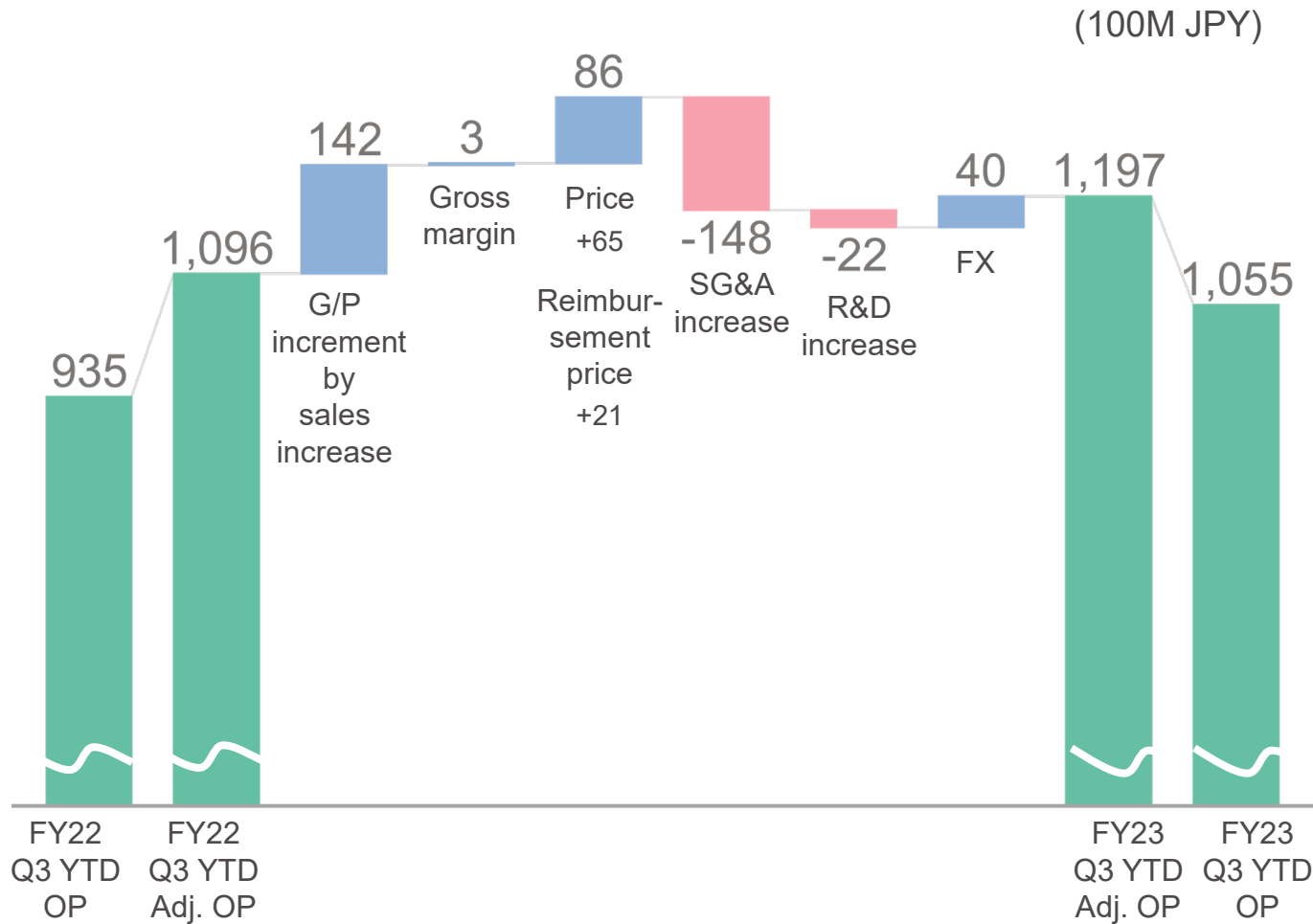
142JPY/144JPY 148JPY/159JPY

OP Variance Analysis (Q3): Further profitability improvement



- G/P increment by sales increase: TIS, Neuro led the driver C&V
- Gross margin: Less inflation impact and cost-reduction absorbed one-time expenses
- Price: Global promotion of price revision
- SG&A increase: Increased sales force for expansion of therapeutic devices sales in the US
- FX: +2.6B JPY flow impact; -1.1B JPY stock impact

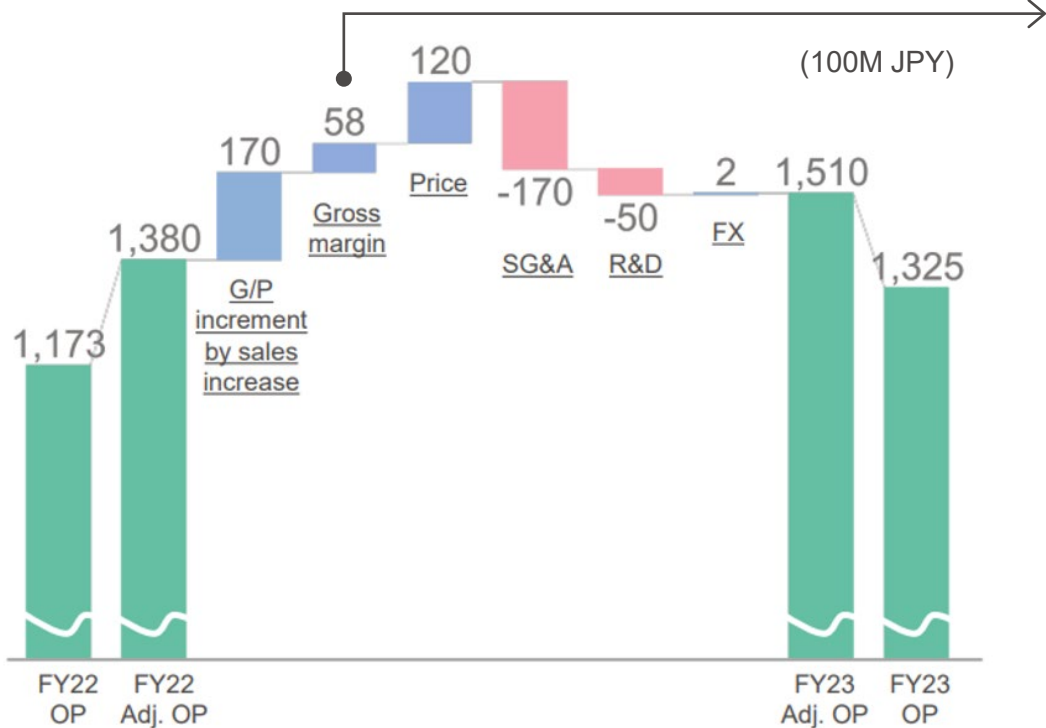
OP Variance Analysis (Q3 YTD): As planned in all areas



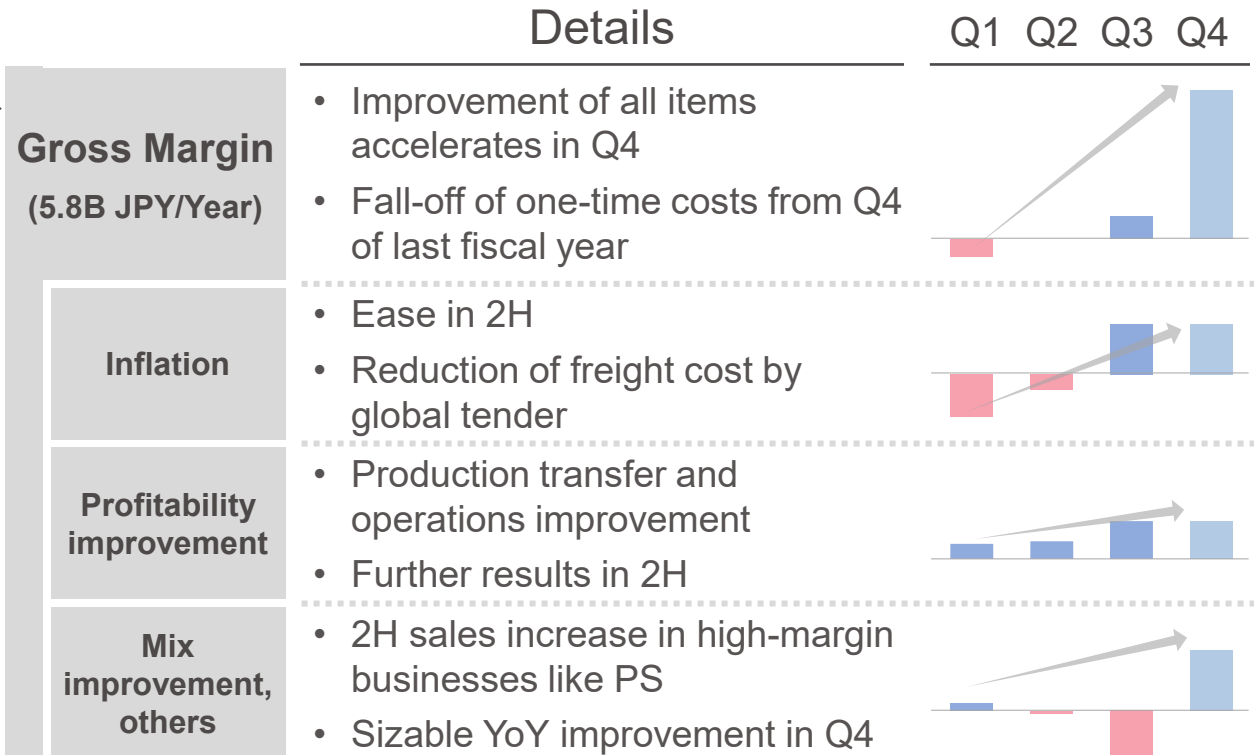
- G/P increment by sales increase: Drivers were C&V and TBCT
- Gross margin: Cost reduction and business mix improvement absorbed inflation impact
- Price: Global promotion of price revision
- SG&A increase: Increased sales force for expansion of therapeutic devices sales in the US
- FX: +6.6B JPY flow impact partly absorbed by -2.6B JPY in stock impact

Quarterly Gross Margin Trend

FY23 guidance OP variance (disclosed in May 2023)



Quarterly breakdown by item



PS: Pharmaceutical Solutions

Revenue by Region: Therapeutic devices strong in Americas. Asia drove high growth rate

C&V: Cardiac and Vascular, TMCS: Medical Care Solutions, TBCT: Blood and Cell Technologies, TIS: Interventional Systems, Neuro: Neurovascular, CV: Cardiovascular

FY23 Q3 YTD Regional breakdown	Revenue (100M JPY)		FY23 Q3 YTD YoY change	Comments
	Q3 YTD	Q3	() FX Neutral	
Americas 35%	FY21	1,612	549	12% (7%) Americas: In C&V, Neuro and CV grew in double digits. TBCT revenue increased due to orders scheduled for Q4 coming early
	FY22	2,124	743	
	FY23	2,382	845	
Japan 23%		1,550	526	1% Japan: TIS and Vascular Graft of C&V and blood center business of TBCT were drivers. TMCS revenue down due to sale of Nutrition business and return to normal of thermometer demand
		1,570	558	
	FY23	1,587	576	
Europe 20%		1,040	357	17% (7%) Europe: In C&V, TIS grew in double digits, while Neuro and Vascular Graft grew more than 20% as drivers
		1,186	414	
	FY23	1,390	494	
China 9%		446	145	6% (5%) China: TIS and blood center business were drivers. TIS Access products slowed in Q3 as distributors held off on buying due to volume-based procurement (VBP). Neuro saw drop for Q3 and Q3 YTD due to FY22 2H initial inventory buildup by new distributors
		566	183	
	FY23	601	190	
Asia and Others 13%		586	212	19% (14%) Asia and Others: Blood center business saw revenue increase as tender moved earlier from Q4. TIS and CV drove C&V
		733	249	
	FY23	870	285	

C&V: Americas and EU drove continuing strong sales; profit progress as planned

(C&V: Cardiac and Vascular, TIS: Interventional Systems)

(100M JPY)

	Q3 YTD			Q3			Comments	Q3 YTD YoY
Revenue	() FX Neutral						TIS: Access and therapeutic demand expanded globally. Volume-based procurement (VBP) in China caused distributors to hold off from buying, but double-digit growth continued anyway	+281
	2,944	3,589	4,077	1,001	1,235	1,420		
Adjusted Operating Profit							Neuro-vascular: Stroke device market share recovered in US and EU. China decrease due to return to normal after FY22 initial inventory buildup by new distributors; demand remains steady	+73
	723	836	920	215	307	344		
Profit%							Cardio-vascular: Japan hardware demand returned to normal, but US and Asia sales stayed strong	+61
	25%	23%	23%	22%	25%	24%		
							Vascular Graft: US and EU were drivers. Hybrid product and stent graft sales expansion continued	+72
Profit :								
							Profit : Increased sales and profitability improvement. SG&A increased due to sales force expansion for growth of therapeutic devices sales in the US	

TMCS:

Increased sales and profit despite impact of Nutrition business divestiture, return to normal of thermometers

(TMCS: Medical Care Solutions)

(100M JPY)

	Q3 YTD			Q3			Comments	Q3 YTD YoY
Revenue	() FX Neutral						HCS Hospital Care Solutions: In Japan: Sell-off of Nutrition business absorbed by reimbursement price improvement, infusion set/pump strength. Asia, Latin America drove outside Japan LCS Life Care Solutions: Thermometer demand returned to normal. Japan blood glucose self-measurement product sales down due to stiffer competition	+29
	1,387	1,455	1,473	468	517	533		
Adjusted Operating Profit							PS Pharmaceutical Solutions: Sales progressed as planned Profit: Substantial increase due to ease of inflation impact and price policy revision effects	+4
	193	126	160	59	45	77		
Profit%	14%	9%	11%	13%	9%	14%		

TBCT: Strong blood center business drove large profit increase

(TBCT: Blood and Cell Technologies)

(100M JPY)

	Q3 YTD			Q3			Comments	Q3 YTD YoY
	() FX Neutral							
Revenue	902	1,134	1,278	319	394	437	<p>Blood Center Solutions: Revenue increase due to early orders in Asia and Americas that were scheduled for Q4</p> <p>Therapeutic Solutions: Cell collection demand expanded in US. Therapeutic apheresis for hospitals strong in Asia</p> <p>Cell Therapy Technologies: Minus YoY due to sale of a business. Cell therapy investment expansion led to steady trend in cell processing system sales</p>	+129 +34 -19
			13% (8%)			11%		
Adjusted Operating Profit	172	129	139	54	38	32		
			7% (11%)			-16%		
	FY21	FY22	FY23	FY21	FY22	FY23		
Profit%	19%	11%	11%	17%	10%	7%		

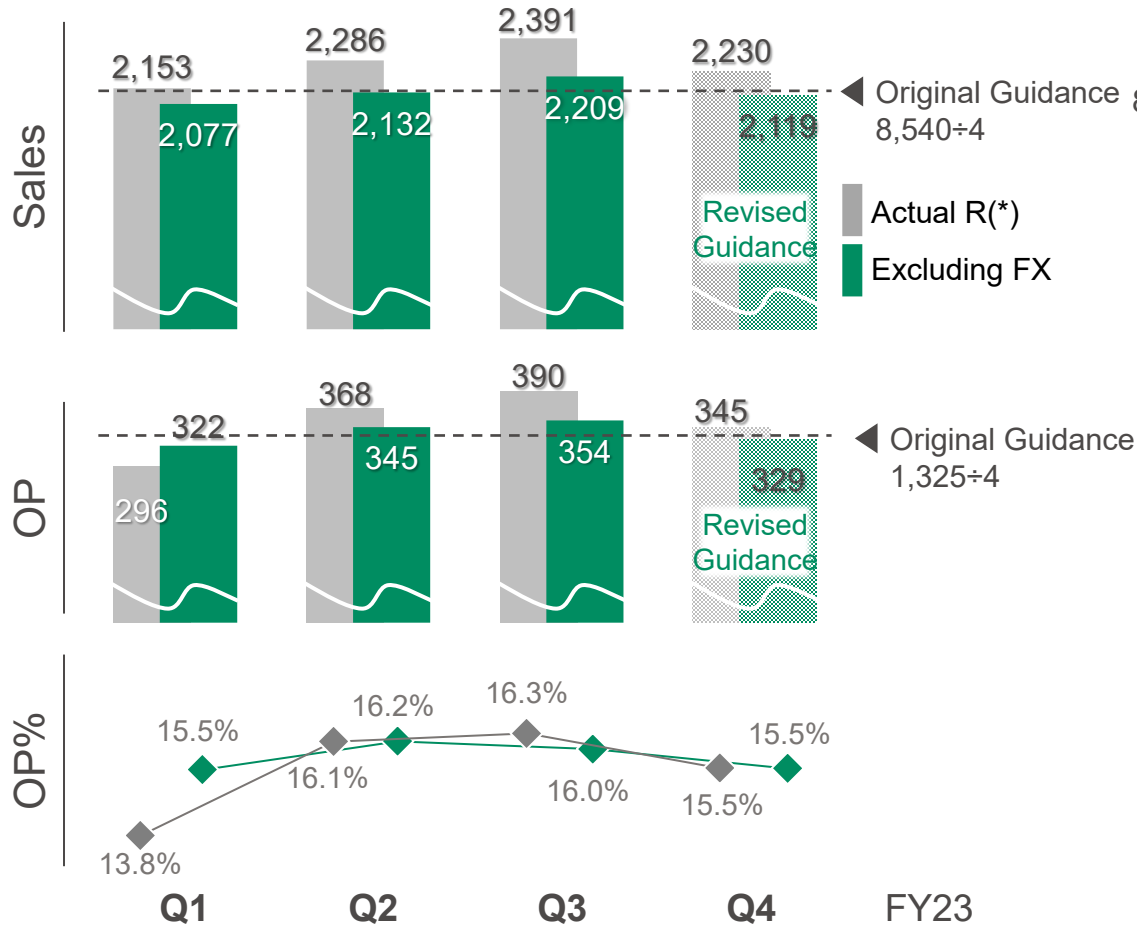
Annual Guidance Revision to Reflect FX Impact

Amount (100M JPY)	FY22 Actual (A)	FY23 Previous guidance (B)	FY23 Revised guidance (C)	Revision amount (C)-(B)	() FX Neutral
					YoY (C)÷(A)
Revenue	8,202	8,540	9,060	+520	+10% (+6%)
Operating profit	1,173	1,325	1,400	+75	+19% (+14%)
(%)	14.3%	15.5%	15.5%		
Adjusted operating profit	1,380	1,510	1,575	+65	+14% (+10%)
(%)	16.8%	17.7%	17.4%		
Profit for the year	893	1,010	1,050	+40	+18%
Annual guidance rate (USD/EUR)		130JPY/145JPY	143JPY/156JPY		
Q4 guidance rate (USD/EUR)		130JPY/145JPY	144JPY/157JPY		

By company Amount (100M JPY)	Revenue					Adjusted operating profit				
	FY22 Actual (A)	FY23 Previous guidance (B)	FY23 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)	FY22 Actual (A)	FY23 Previous guidance (B)	FY23 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)
C&V	4,806	5,038	5,445	+407	+13% (+8%)	1,122	1,205	1,240	+35	+11%
TMCS	1,917	2,000	1,973	-27	+3% (+2%)	148	205	210	+5	+42%
TBCT	1,476	1,500	1,640	+140	+11% (+6%)	112	125	153	+28	+37%

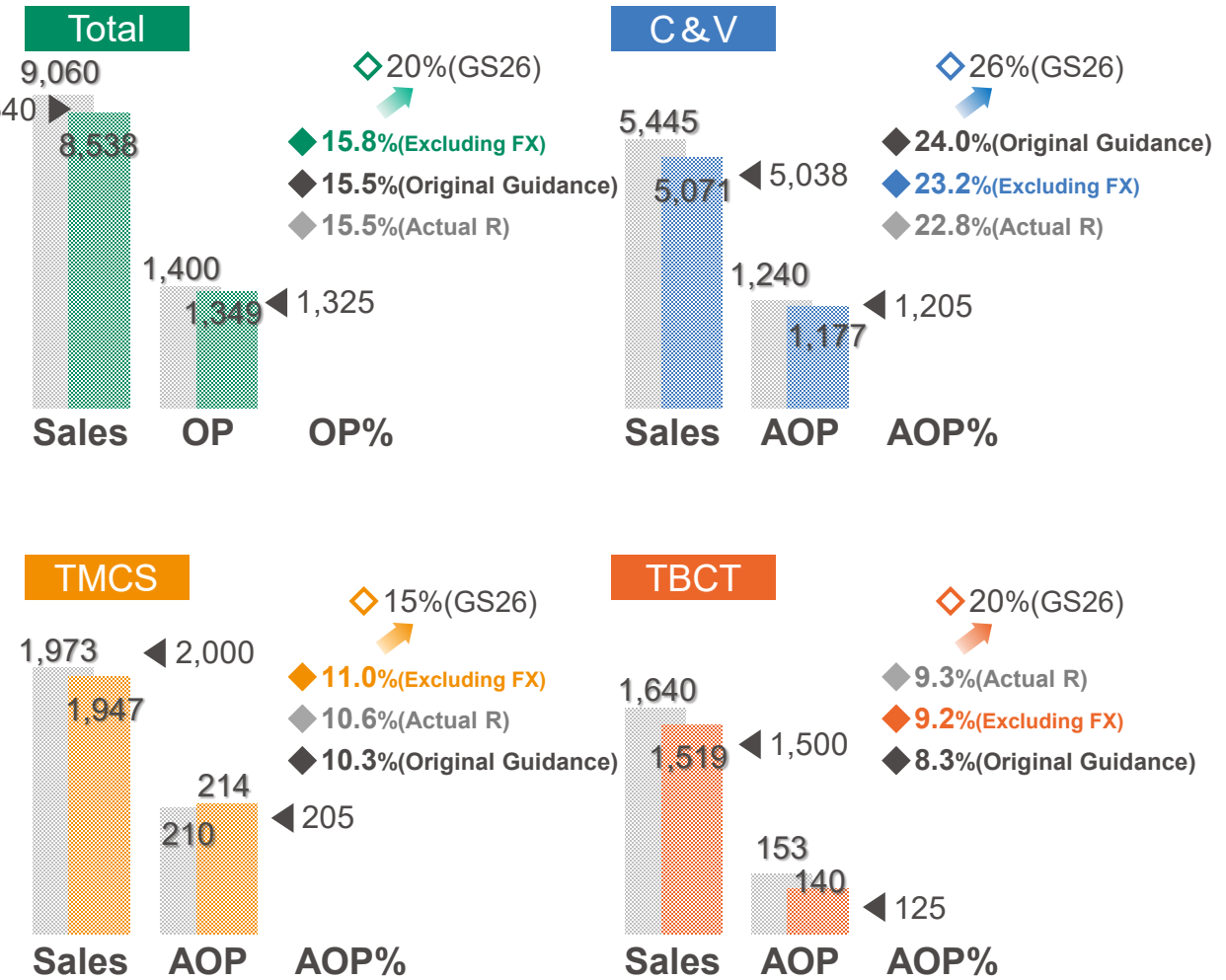
Upward Revision of Annual Guidance (FX Impact)

Quarterly Trend (Total)



(*)Actual R	Q1	Q2	Q3	Q4	FY23
	137 / 150	145 / 157	148 / 159	144 / 157	143 / 156
Q-End R	145 / 158	150 / 158	142 / 157	144 / 157	-

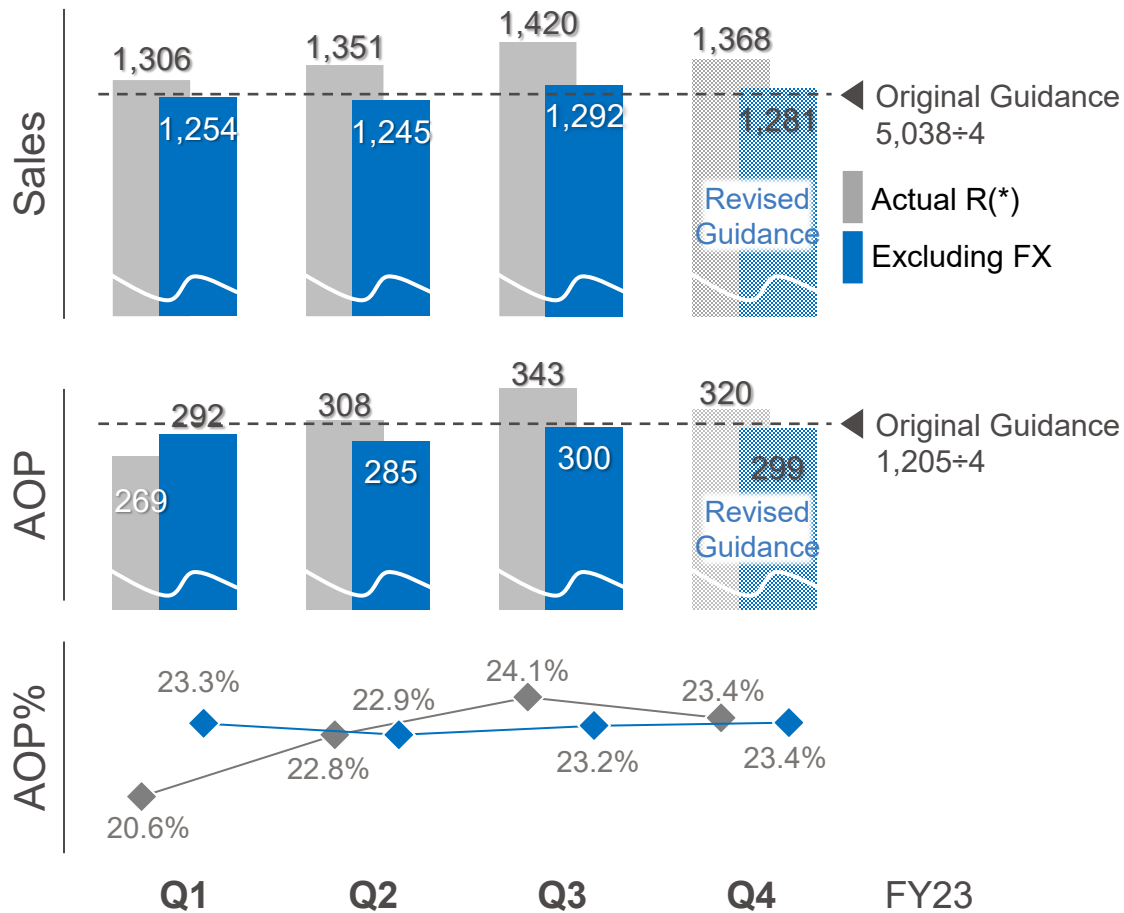
Annual (Total / By Company)



Reference

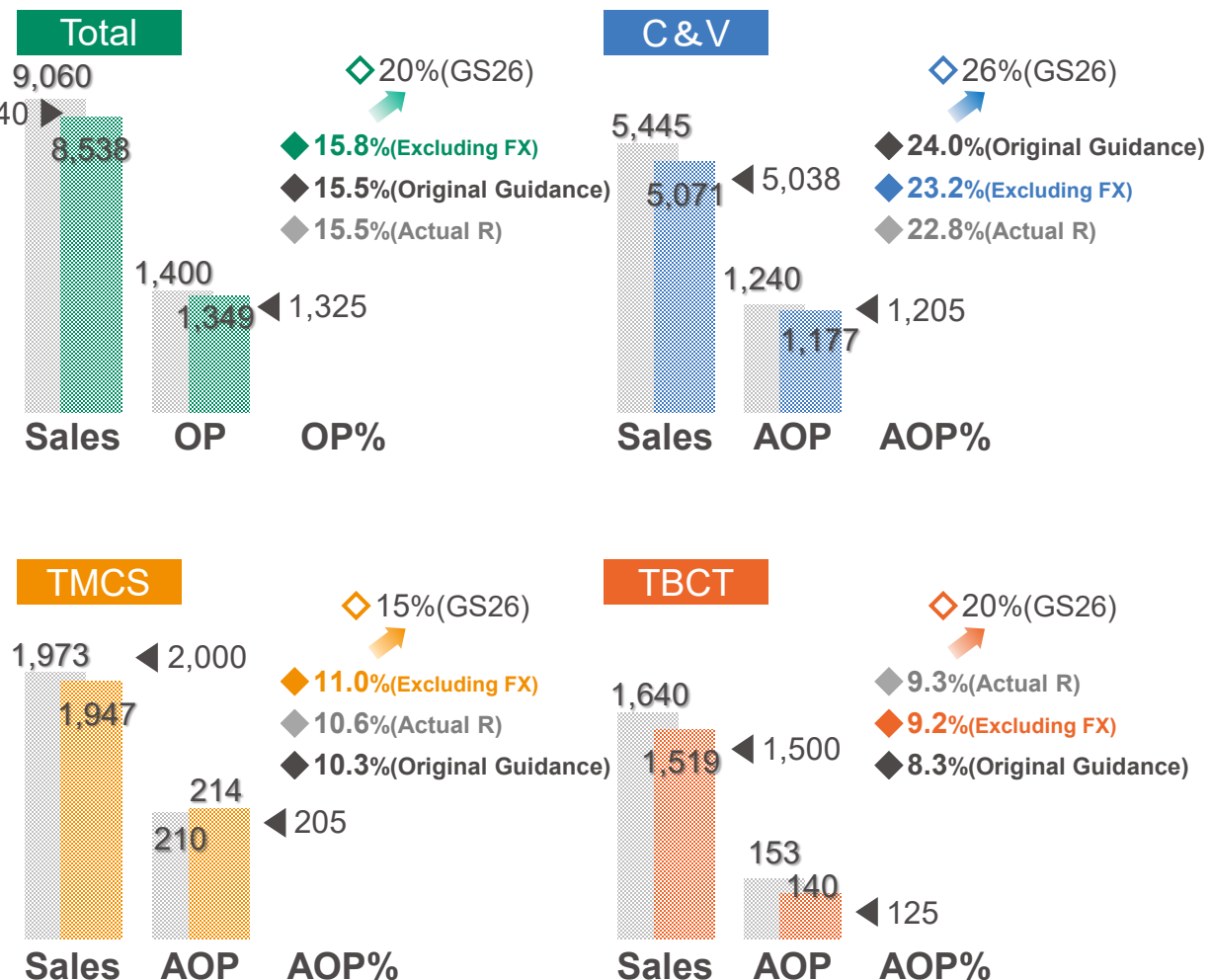
C&V: Upward Revision of Annual Guidance (FX Impact)

Quarterly Trend (C&V)



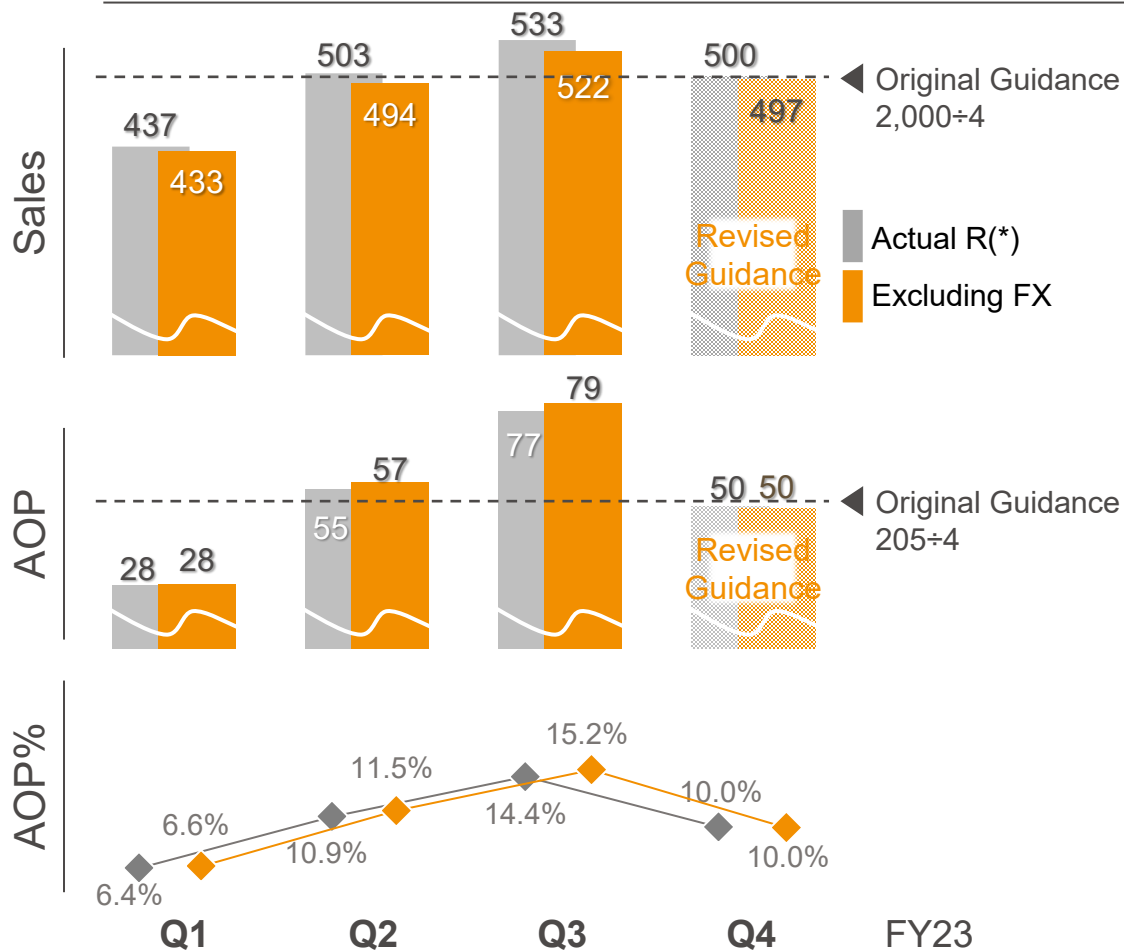
(*)Actual R	Q1	Q2	Q3	Q4	FY23
	137 / 150	145 / 157	148 / 159	144 / 157	143 / 156
Q-End R	145 / 158	150 / 158	142 / 157	144 / 157	-

Annual (Total / By Company)



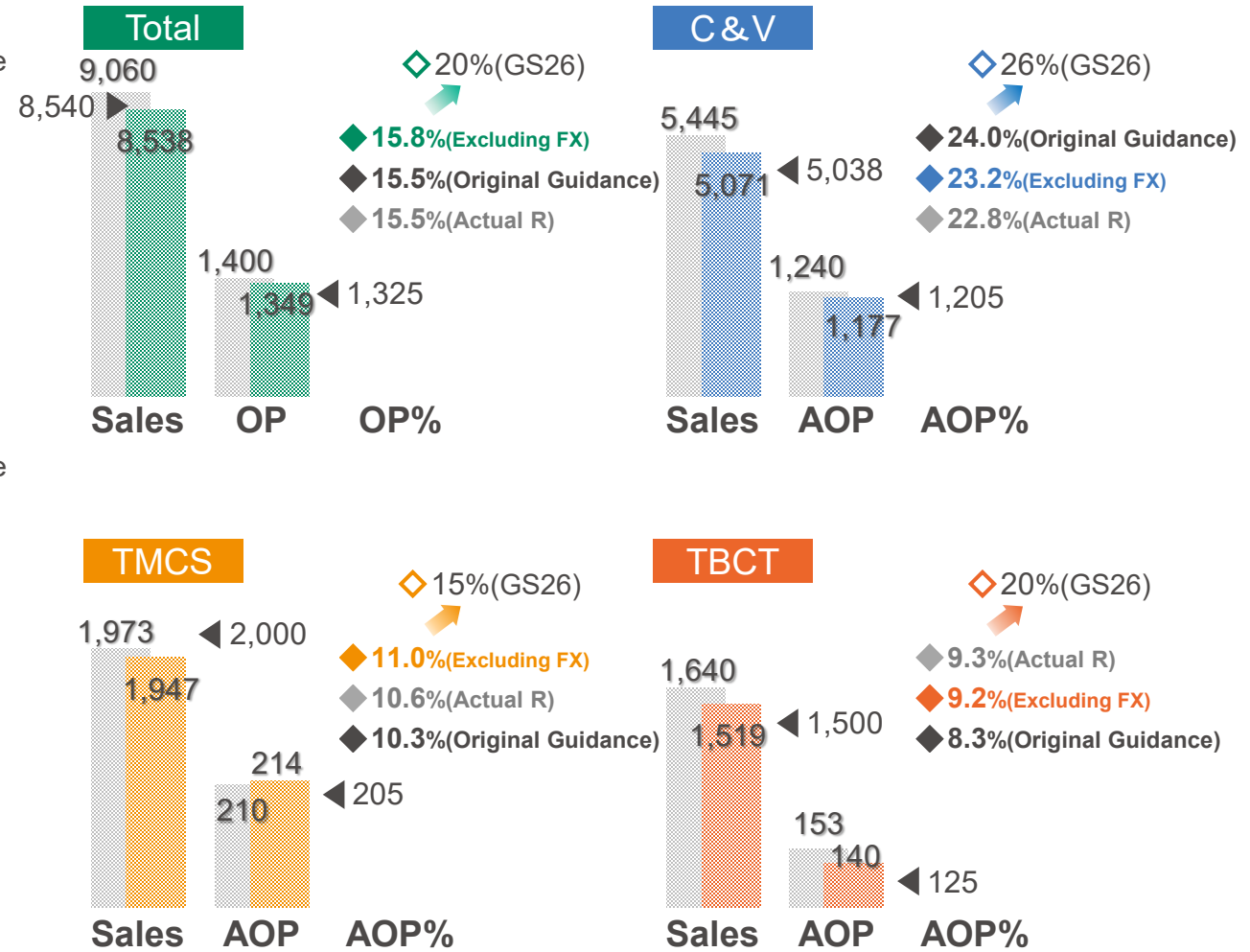
TMCS: Upward Revision of Annual Guidance (FX Impact)

Quarterly Trend (TMCS)



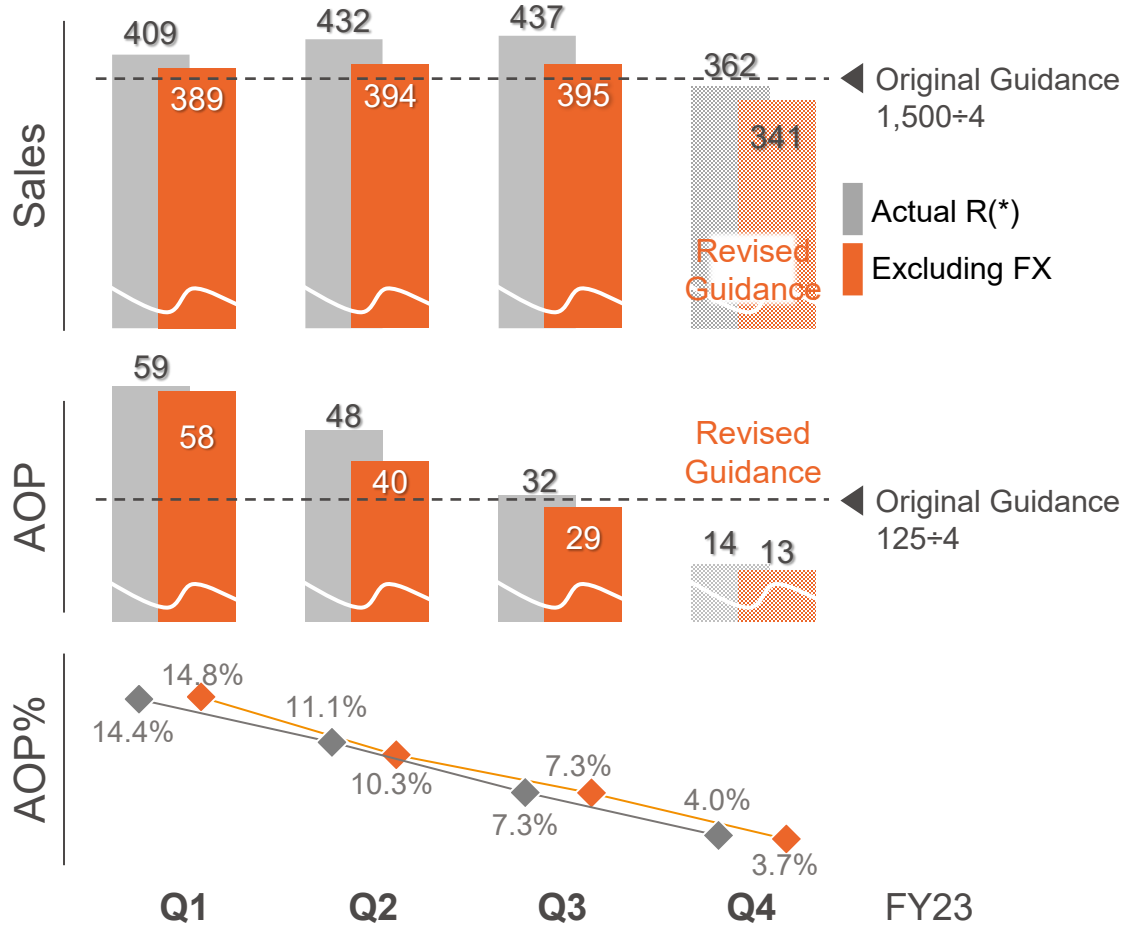
(*)Actual R	Q1	Q2	Q3	Q4	FY23
Actual R	137 / 150	145 / 157	148 / 159	144 / 157	143 / 156
Q-End R	145 / 158	150 / 158	142 / 157	144 / 157	-

Annual (Total / By Company)



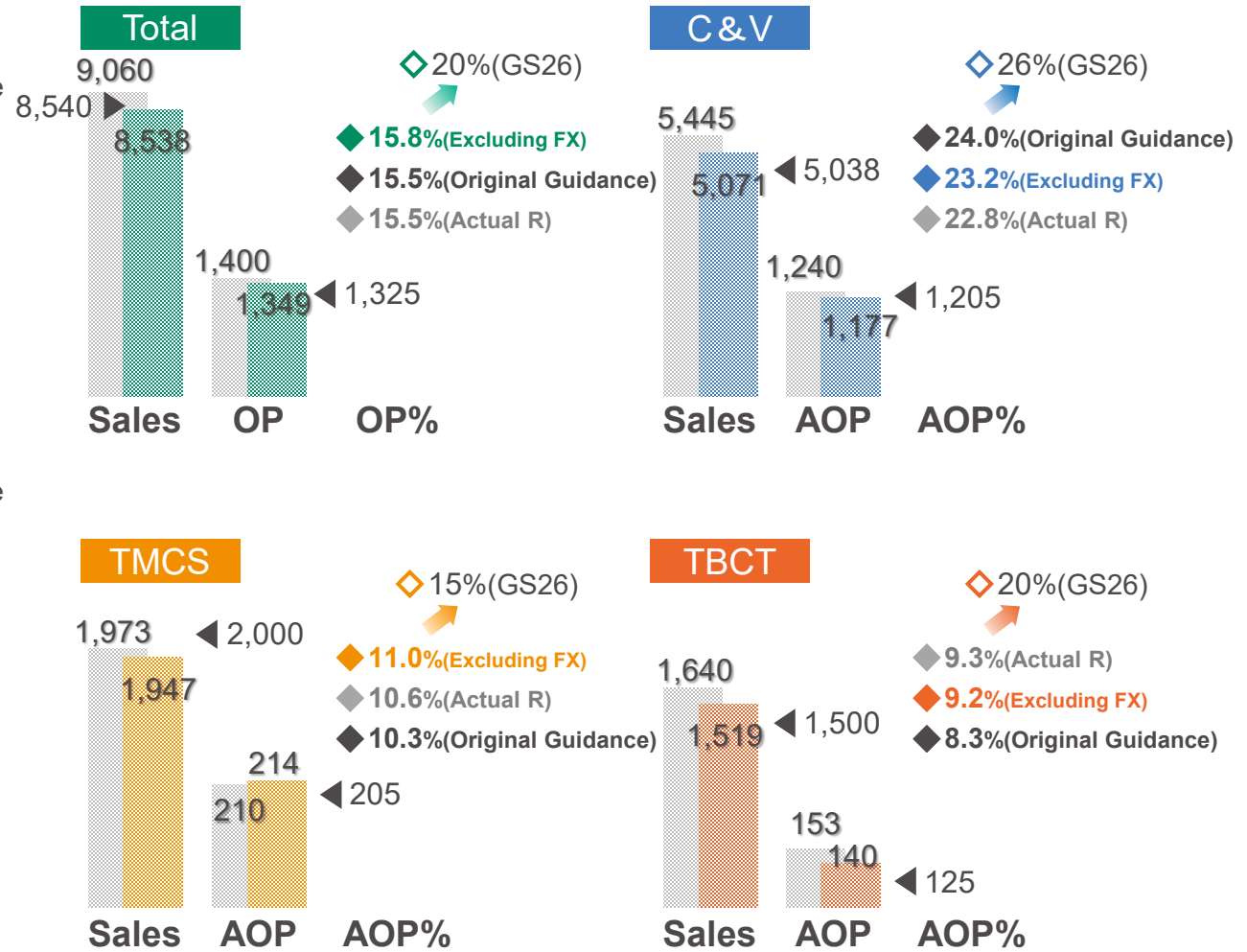
TBCT: Upward Revision of Annual Guidance (FX Impact)

Quarterly Trend (TBCT)



(*)Actual R	Q1	Q2	Q3	Q4	FY23
Actual R	137 / 150	145 / 157	148 / 159	144 / 157	143 / 156
Q-End R	145 / 158	150 / 158	142 / 157	144 / 157	-

Annual (Total / By Company)



Revenue by Segment and Region

2023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 FY2023

(百万円 / millions of yen)

		Q3 YTD FY2022							Q3 YTD FY2023							構成比 % to total								
		米州 Americas	欧州 Europe	中国 China	アジア他 Asia and others	海外 Overseas	日本 Japan	合計 World Wide	米州 Americas	%YoY	欧州 Europe	%YoY	中国 China	%YoY	アジア他 Asia and others		%YoY	海外 Overseas	%YoY	日本 Japan	%YoY	合計 World Wide	%YoY	
心臓血管 カンパニー	TIS	TIS	101,330	33,463	34,087	27,249	216,133	23,952	240,086	112,727	11.2%	62,530	17.0%	37,765	10.8%	30,232	10.9%	243,256	12.5%	24,970	4.2%	268,227	11.7%	39.3%
	ニューロバスキュラー	Neurovascular	21,791	14,053	8,752	3,811	48,409	4,146	52,555	25,909	19.3%	17,673	25.8%	7,542	-13.8%	4,411	15.7%	55,627	14.9%	4,253	2.0%	59,881	13.9%	8.8%
	カーディオバスキュラー	Cardiovascular	20,631	5,023	1,753	5,261	32,671	7,631	40,302	23,830	15.5%	6,029	20.0%	2,008	14.0%	6,933	31.8%	38,802	18.8%	7,644	0.2%	46,446	15.2%	6.8%
	血管	Vascular Graft	9,236	11,773	1,144	1,160	23,313	2,649	25,963	12,383	34.1%	14,692	24.8%	1,169	2.2%	1,611	38.8%	29,856	28.1%	3,289	24.2%	33,145	27.7%	4.9%
Cardiac and Vascular Company			152,990	84,316	45,737	37,483	320,528	38,379	358,907	174,941	14.3%	100,926	19.7%	48,486	6.0%	43,188	15.2%	367,542	14.7%	40,158	4.6%	407,700	13.0%	59.7%
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	7,832	1,951	1,530	11,999	23,314	76,420	99,735	8,821	12.0%	1,970	1.0%	1,562	2.3%	13,406	11.7%	25,763	10.5%	76,890	0.0%	102,653	2.9%	15.0%
	ライフケアソリューション	Life Care Solutions	-	394	917	899	2,411	16,778	19,189	33	-	380	-2.4%	918	0.1%	963	7.1%	2,496	3.5%	15,125	-9.9%	17,621	-8.2%	2.6%
	ファーマシューティカルソリューション	Pharmaceutical Solutions	2,168	6,105	303	1,056	9,635	16,950	26,585	1,176	-43.8%	6,304	3.3%	569	86.3%	1,533	47.0%	9,602	-0.3%	17,401	2.7%	27,004	1.6%	4.0%
Medical Care Solutions Company			10,001	8,650	2,754	13,955	35,361	110,149	145,511	10,030	0.3%	8,854	2.4%	3,053	10.9%	15,922	14.1%	37,862	7.1%	109,417	-0.7%	147,279	1.2%	21.0%
血液・細胞 テクノロジー カンパニー	血液センター	Blood Center Solutions	30,993	19,714	6,793	18,979	76,480	7,865	84,346	35,377	14.1%	22,390	13.0%	7,170	5.6%	23,804	25.4%	88,741	16.0%	8,457	7.5%	97,199	15.2%	14.2%
	アフェレシス治療他	Therapeutic Solutions	12,574	5,077	1,076	2,594	21,323	377	21,701	13,738	9.3%	5,953	17.3%	1,238	15.0%	3,779	45.7%	24,709	15.9%	432	14.0%	25,142	15.9%	3.7%
	細胞処理	Cell Therapy Technologies	3,804	856	265	328	7,254	85	7,340	4,115	-29.1%	897	4.8%	113	-57.2%	284	-13.3%	5,411	-25.4%	45	-46.4%	5,457	-25.7%	0.8%
Blood and Cell Technologies Company			49,372	25,648	8,136	21,901	105,058	8,329	113,388	53,230	7.8%	29,241	14.0%	8,522	4.8%	27,868	27.2%	118,863	13.1%	8,936	7.3%	127,799	12.7%	18.7%
その他	Others		-	-	-	-	186	186	-	-	-	-	-	-	-	-	-	-	172	-7.2%	172	-7.2%	0.0%	
合計	Total		212,363	118,615	56,628	73,341	460,948	157,044	617,993	238,202	12.2%	139,022	17.2%	60,062	6.1%	86,980	18.0%	524,267	13.7%	158,684	1.0%	682,951	10.5%	100.0%
売上比率	% to Total		34.4%	19.2%	9.2%	11.9%	74.6%	25.4%	100.0%	34.9%		20.4%		8.8%	12.7%		76.8%		23.2%		100.0%			

(期中平均為替レート)

(Average Exchange Rates)

(USD1=¥136.50)
(EUR1=¥140.60)

(USD1=¥143.33)
(EUR1=¥155.32)

2023年度見通し

Guidance for FY2023

		FY2023		構成比 % to total
		合計 World Wide	%YoY	
心臓血管カンパニー	Cardiac and Vascular Company	544,500	13.3%	60.1%
メディカルケアソリューションズカンパニー	Medical Care Solutions Company	197,300	2.9%	21.8%
血液・細胞テクノロジーカンパニー	Blood and Cell Technologies Company	164,000	11.1%	18.1%
その他	Others	200	-18.0%	0.0%
合計	Total	906,000	10.5%	100.0%

(期中平均為替レート)

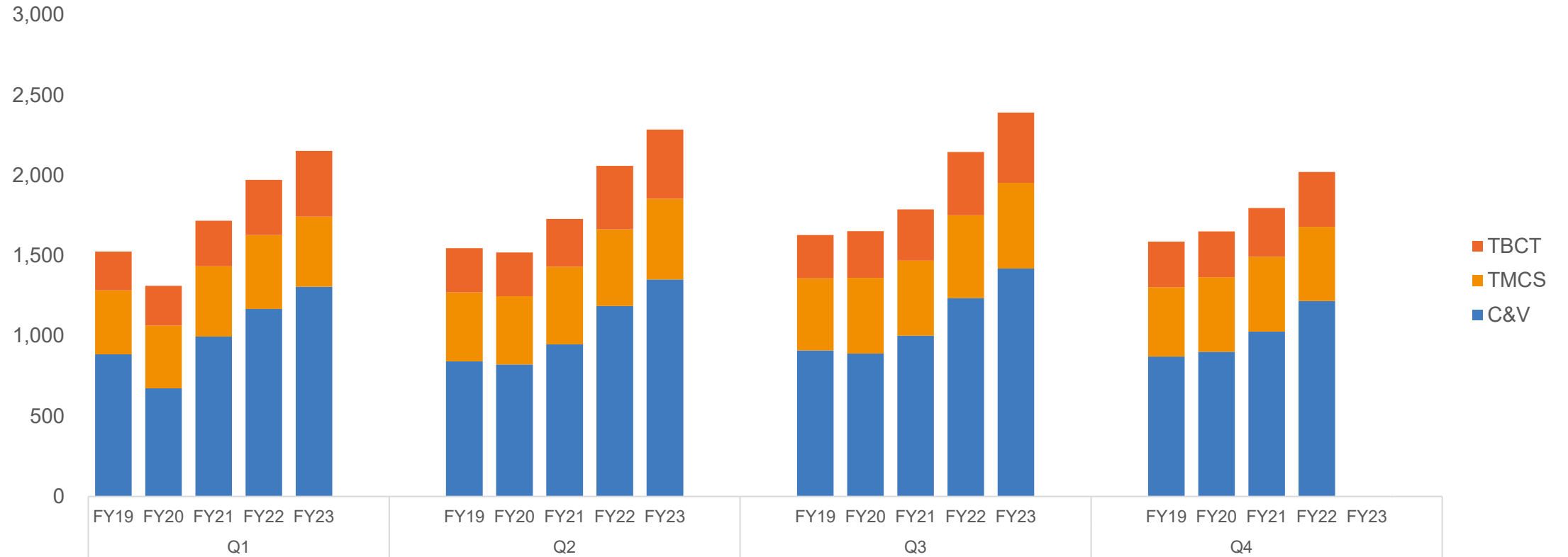
(Average Exchange Rates)

(USD1=¥143)
(EUR1=¥156)

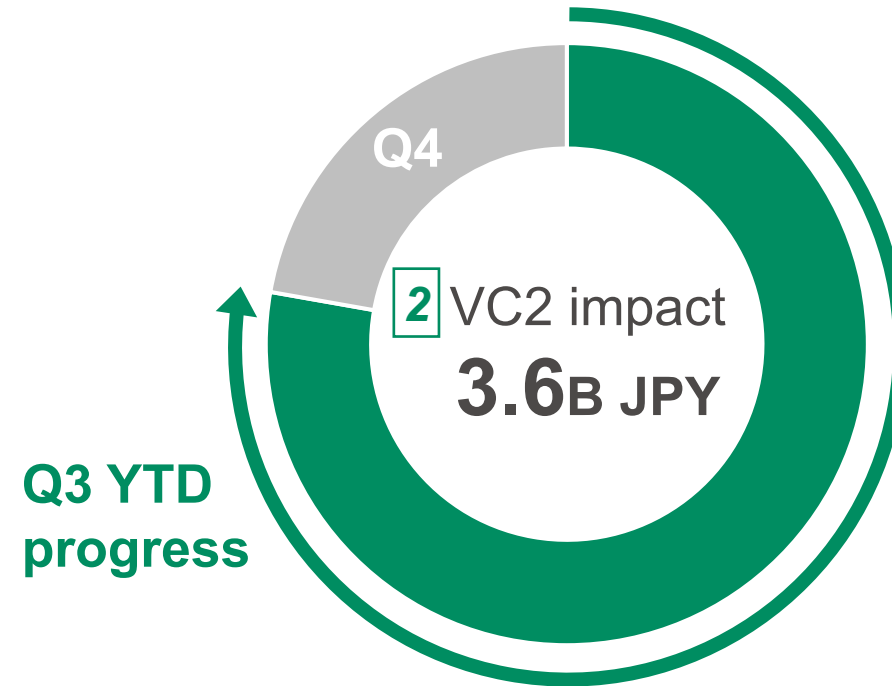
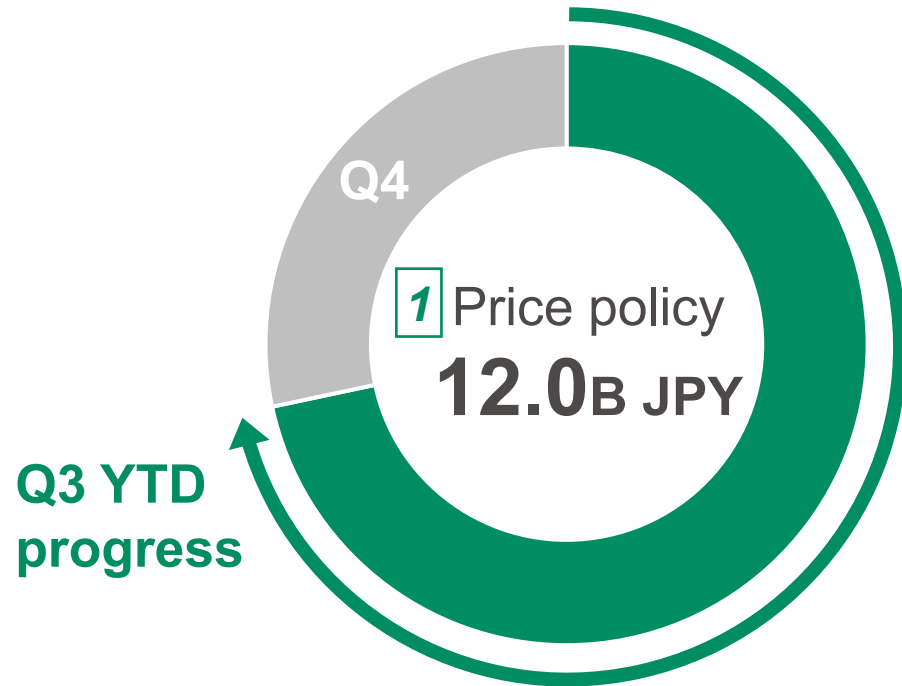
Quarterly Revenue Trend

FY23 Q3: +11% vs. FY22 Q3, +5% vs. FY23 Q2

(100M JPY)



Profitability Improvement Progress



VC2: Group-wide production and SG&A cost-reduction project

Q3 YTD results

Global price policy revision

Costa Rica transfer cost reduction impact, along with operations improvement in Japan factories

Q4 expectation

continuous impact expected

Further impact through automation, optimization and operations improvement in Japan factories

P&L (QoQ)

(100M JPY)

	FY22 Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Revenue	2,147	2,022	2,153	2,286	2,391
Gross Profit	1,114 (51.9%)	990 (49.0%)	1,098 (51.0%)	1,185 (51.8%)	1,266 (52.9%)
SG&A Expenses	615 (28.6%)	597 (29.5%)	651 (30.2%)	664 (29.0%)	707 (29.6%)
R&D Expenses	159 (7.4%)	160 (7.9%)	154 (7.2%)	164 (7.2%)	173 (7.3%)
Other Income and Expenses	35	5	3	12	5
Operating Profit	375 (17.5%)	238 (11.8%)	296 (13.8%)	368 (16.1%)	390 (16.3%)
Adjusted Operating Profit	392 (18.2%)	284 (14.1%)	345 (16.0%)	411 (18.0%)	441 (18.5%)

Quarterly	USD	142JPY	132JPY	137JPY	145JPY	148JPY
Average Rate	EUR	144JPY	142JPY	150JPY	157JPY	159JPY

SG&A (QoQ)

(100M JPY)

		FY22 Q3 (Oct-Dec)	Q4 (Jul-Sep)	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Salaries & Wages		316	307	336	349	371
Sales Promotion		52	45	49	44	54
Logistical Costs		49	44	47	46	49
Depreciation and Amortization		60	58	58	61	65
Others		138	143	161	164	168
SG&A Expenses		615	597	651	664	707
(%)		(28.6%)	(29.5%)	(30.2%)	(29.0%)	(29.6%)
R&D Expenses		159	160	154	164	173
(%)		(7.4%)	(7.9%)	(7.2%)	(7.2%)	(7.3%)
Total		774	757	805	828	881
(%)		(36.0%)	(37.4%)	(37.4%)	(36.2%)	(36.8%)
Quarterly Average Rate	USD	142JPY	132JPY	137JPY	145JPY	148JPY
	EUR	144JPY	142JPY	150JPY	157JPY	159JPY

SG&A (YoY)

(100M JPY)

	FY22 Q3 YTD	FY23 Q3 YTD	YoY	YoY%	YoY% excluding FX impact
Salaries & Wages	926	1,056	130	14%	9%
Sales Promotion	142	147	5	3%	-1%
Logistical Costs	140	142	2	1%	-3%
Depreciation and Amortization	175	184	9	5%	2%
Others	402	493	91	23%	18%
SG&A Expenses	1,785	2,022	236	13%	8%
(%)	(28.9%)	(29.6%)			
R&D Expenses	456	491	35	8%	4%
(%)	(7.4%)	(7.2%)			
Total	2,241	2,513	272	12%	8%
(%)	(36.3%)	(36.8%)			

	FY22 Q3	FY23 Q3	YoY	YoY%
	316	371	55	18%
	52	54	2	4%
	49	49	-0	-1%
	60	65	5	8%
	138	168	30	22%
SG&A Expenses	615	707	92	15%
(%)	(28.6%)	(29.6%)		
R&D Expenses	159	173	15	9%
(%)	(7.4%)	(7.3%)		
Total	774	881	107	14%
(%)	(36.0%)	(36.8%)		

Adjusted Operating Profit: Adjustment Items

(100M JPY)

	FY22 Q3 YTD	FY23 Q3 YTD	FY22 Q3	FY23 Q3
Adjusted Operating Profit	1,096	1,197	392	441
Adjustment 1. Amortization of acquired intangible assets	-144	-147	-49	-50
Adjustment 2. Non-recurring profit or loss	-17	5	32	-1
Operating Profit	935	1,055	375	390

<General examples of adjustment items>

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

Adjustment 2. Non-recurring profit or loss	FY22 Q3 YTD	FY23 Q3 YTD
Restructuring loss	-16	-11
Goodwill amortization related to sale of part of cell processing business	-36	-
Profit from sale of nutrition business	39	-
Profit from sale of Olympus Terumo Biomaterials stock	-	13
Others	-4	3

CAPEX, Depreciation and Amortization, R&D Expenses

(100M JPY)

	FY20	FY21	FY22	FY23 Q3 YTD	FY23 Guidance
CAPEX	772	692	758	514	800
Depreciation and Amortization	484	532	635	510	680
Amortization of acquired intangible assets	146	161	188	147	190
Others	338	371	447	363	490

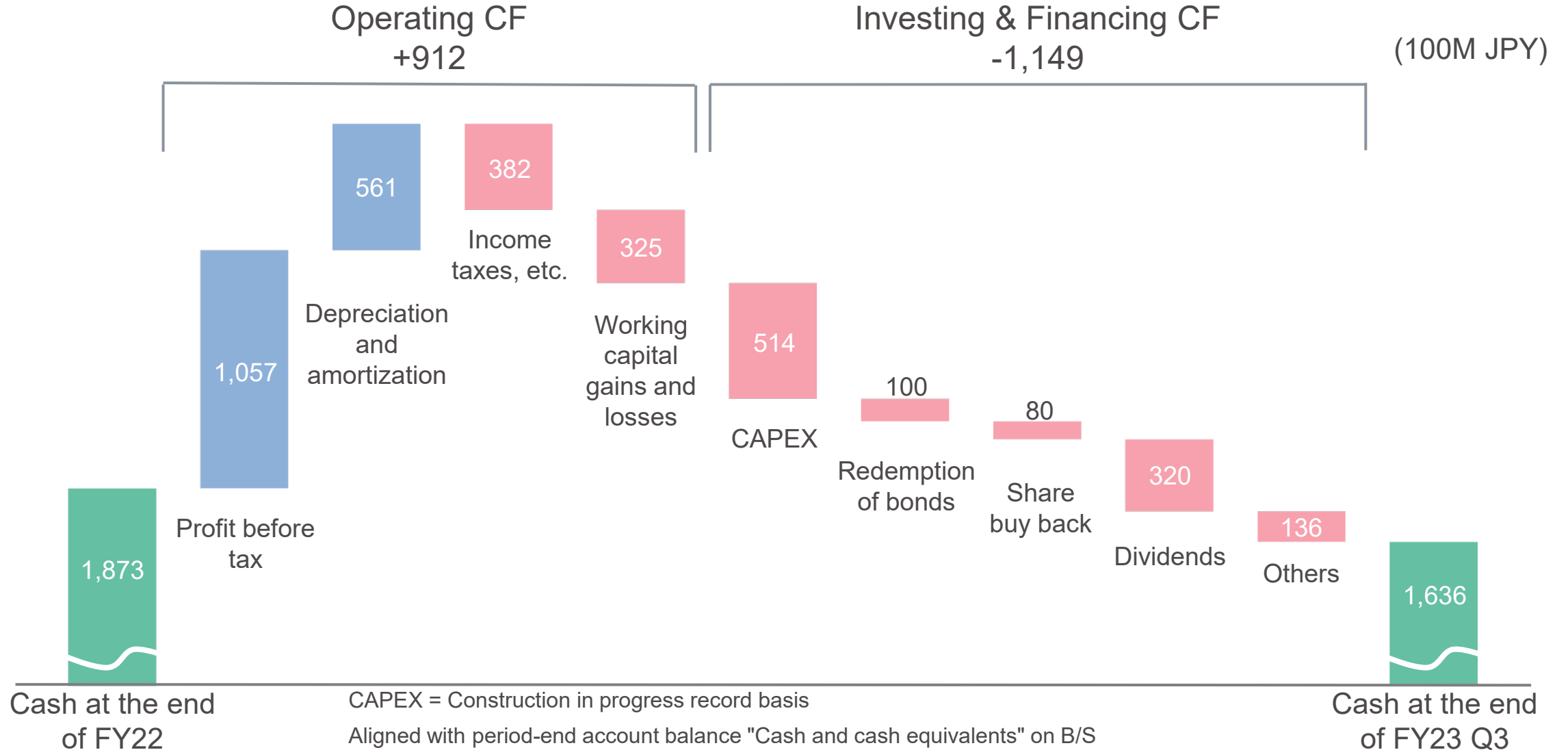
CAPEX = Construction in progress record basis, lease depreciation (IFRS16) is not included in Depreciation

■ FY23 Q3 YTD (51.4B JPY): Continued investment mainly for TIS, Neurovascular, Pharmaceutical Solutions, TBCT in production capacity, Plasma Innovations, R&D as well as IT infrastructure (SAP). Investment on construction of a new plant building in the premises of the Kofu Factory to strengthen production system for CDMO (Contract Development and Manufacturing Organization) business etc.

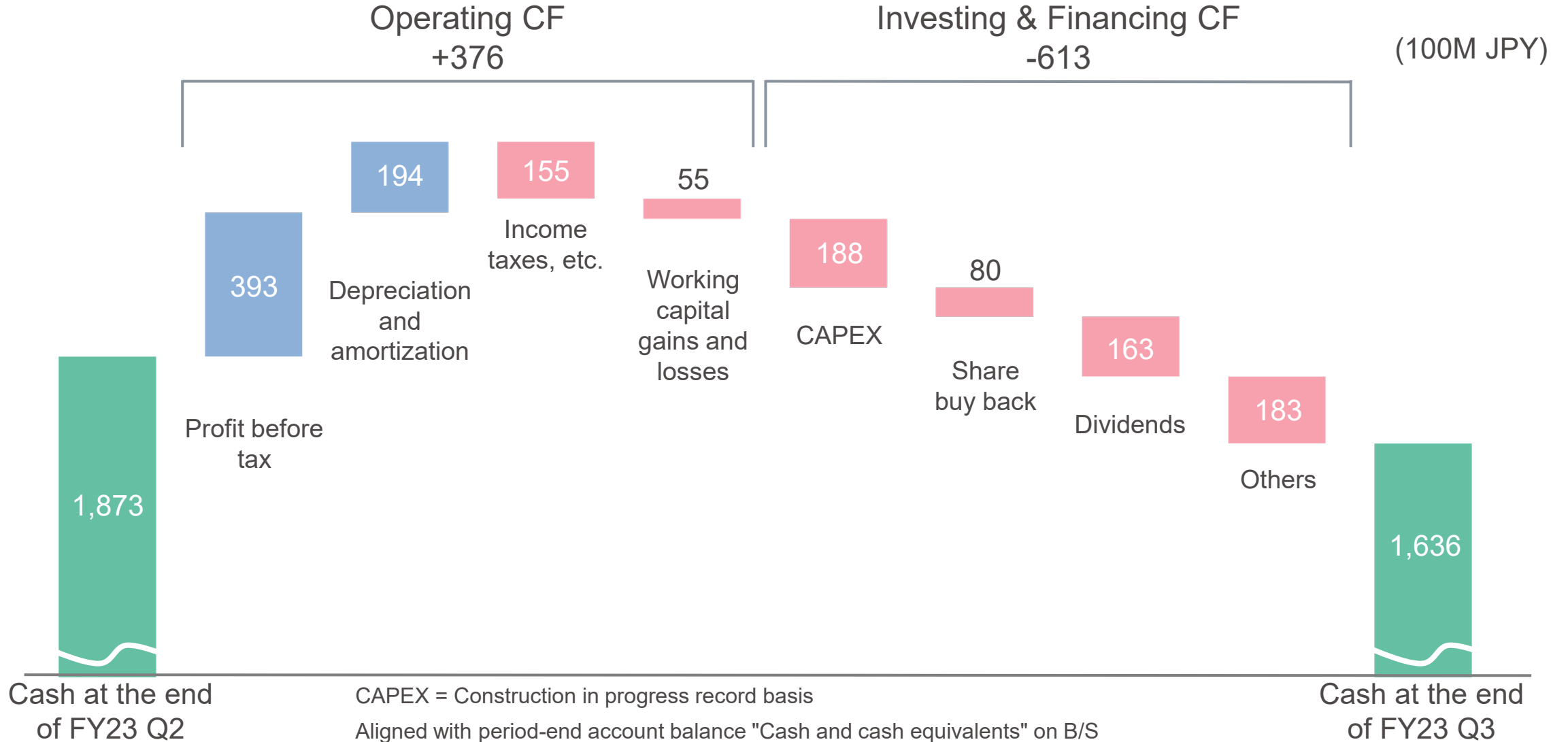
■ FY23 Guidance ROE 8.8%, ROIC 7.2%

	FY20	FY21	FY22	FY23 Q3 YTD	FY23 Guidance
R&D Expenses	491	518	616	491	650

Cash Flows (Q3 YTD)



Cash Flows (Q3)



FY23 Q3 YTD FX Impact Breakdown (Flow and Stock)

FX impact vs. FY22 Q3 YTD +4.0B JPY

Flow **+6.6B JPY**: USD and EUR appreciation positive impact

Rate (JPY)	FY22 Q3 YTD Average Rate	FY23 Q3 YTD Average Rate	Variation
USD	136	143	7
EUR	141	155	14
CNY	19.9	20.0	0.1

Stock **-2.6B JPY**: FX impact from elimination of unrealized profit on inventory assets

- JPY depreciation in December, variation between average rate and quarter-end rate resulted in negative impact

Rate (JPY)	FY22 End of March	FY23 End of December	Variation
USD	134	142	8
EUR	146	157	11

Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation (Flow)

(100M JPY)

	USD	EUR	CNY
Revenue	22	11	39
Adjusted Operating Profit	0	5	23

Impact of 1 JPY depreciation (Stock)

	USD	EUR	CNY
Adjusted Operating Profit	-2.5	-0.6	-2.0

