

## Medical Care Solutions Company

We provide patient centered solutions that integrate our unique technologies, contributing to the advancement of high quality, innovative medical care.

**Itaru Sakaguchi**  
 Group Managing Executive Officer  
 President, Medical Care Solutions Company  
 Division President, Hospital Care Solutions Division,  
 Medical Care Solutions Company



### External environment (opportunities and risks)

External environment	
Opportunities	Risks
<ul style="list-style-type: none"> <li>• Expanding the scope of healthcare to home settings due to the growing elderly population and the increase in complex and chronic diseases</li> <li>• Evolving healthcare needs in the post-COVID-19 era</li> <li>• Increasing the value of data-driven solutions through digital transformation of healthcare environments</li> <li>• Continuous advancement of drug innovations, especially the growing use of biopharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing downward pressure on healthcare expenditures and the prices of medical devices and pharmaceuticals in various countries</li> <li>• Rising cost of goods and expenses due to inflation and FX fluctuation risks</li> <li>• Intensifying competition due to the entry of companies from different industries and startups with strengths in digital technology</li> <li>• Strengthening regulations and quality standards for medical devices and pharmaceuticals across different countries</li> </ul>

### Strengths

- Capability to provide products and solutions to address various challenges in medical settings and hospital management
- Trust-based relationships with customers, cultivated over many years by adapting to changes in healthcare, including the provision of drug delivery solutions that enhance medical safety and efficiency
- Capability to provide solutions that align with the patient journey, encompassing in-hospital and in-home care for chronic diseases, as well as treatments and therapies
- Possessing a proven track record in developing devices that integrate drug-compatible materials, as well as designing and manufacturing combination products of medical devices and pharmaceuticals using advanced manufacturing technologies
- Capability and proven track record in the stable production and supply of high-quality medical devices and pharmaceuticals

### Strengths of the Medical Care Solutions Company

The Medical Care Solutions Company has the longest history among the three companies in Terumo. Our strengths lie in our ability to develop, manufacture, and stably supply high-quality products, which we have acquired through many years of business experience and customer trust by addressing challenges in medical settings. At the core of our strengths are drug-delivery technologies that enhance medical safety and efficiency. Leveraging these technologies, we offer a range of products and solutions. These include an advanced infusion system with infusion and syringe pumps equipped with drug libraries and wireless communication capabilities that can be integrated with the clinical information system (CIS), insulin pumps specifically designed to improve the quality of life for people with diabetes, and comprehensive support services from initial product development to commercial

manufacturing through partnerships with pharmaceutical companies. In this way, we help ensure that patients receive the medication they need safely and reliably.

Today, the world of medicine is at a major turning point. Several factors are converging to increase the value of systems and support tailored to each patient's journey and solutions that leverage digital technologies. These factors include changes in the nature of diseases faced by aging populations, the need for efficient, long-term care for patients with chronic disease, and the optimization of personalized medical care. We are actively providing solutions that leverage digital technologies to address various medical challenges in both the hospital and home care settings. For instance, in perioperative drug administration, we provide a solution that connects drug infusion systems to clinical information systems. This solution helps improve workflow efficiency and safety and facilitates early patient discharge, thereby contributing to better

hospital management. In addition, in response to the expansion of medical care into the home due to the growing elderly population and the complexity and chronicity of diseases, we offer solutions that connect in-home care and hospital care. These solutions include an application that supports self-management of chronic diseases such as chronic kidney failure and diabetes.

In the pharmaceutical business, demand for contract development and manufacturing organization (CDMO) services is increasing driven by the growing biopharmaceutical market. We specialize in creating medical devices that incorporate materials suited to pharmaceutical use. Leveraging cutting-edge manufacturing technologies, we design and produce sophisticated combination products that merge medical devices and pharmaceuticals. We boast a rich history of collaboration with pharmaceutical companies in Japan. Utilizing this experience, we have initiated the promotion of our services to global pharmaceutical companies, with the aim of globally expanding our successful CDMO business, which was first established in Japan. We will persist in capitalizing on these strengths, adjusting to the evolving requirements of hospitals, patients, and pharmaceutical companies, and concentrate on addressing the challenges faced by our customers.

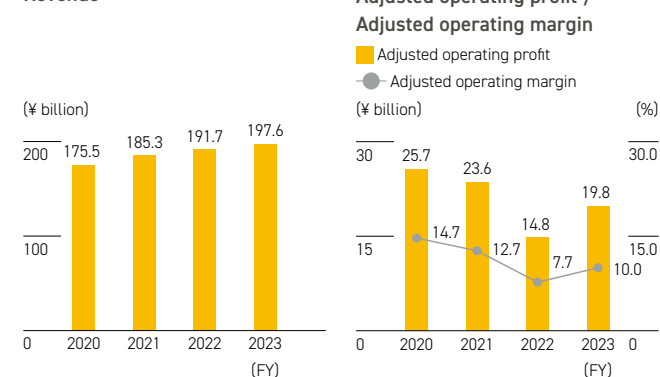
### Progress of GS26

In the first two years of our five-year growth strategy, we faced challenges due to the prolonged impact of COVID-19 and external factors such as currency fluctuations and inflation. Both our revenue and profits were affected, leading us to optimize our portfolio with a focus on market growth and profitability, including discontinuing and transferring certain products and businesses. For our continuing businesses, we implemented a more strategic allocation of management resources and revised our pricing policies to reflect inflation in order to improve profitability.

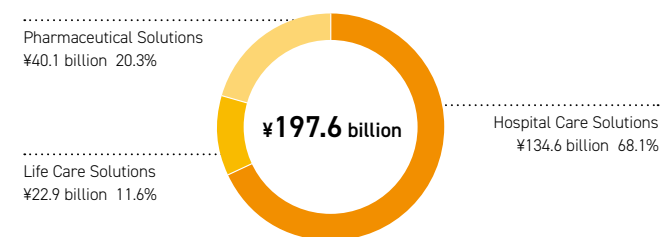
As we enter the third year of our five-year growth strategy, advancements in digital healthcare and the expansion of the biopharmaceutical market have progressed more rapidly than anticipated. While overseas markets, particularly in the U.S., are showing steady growth, the impact of inflation is lingering. The

expansion of the CDMO market is driving companies to increase production capacity, and more companies from different industries are entering the healthcare field. To respond to these changes in the business environment, we are actively considering developing digital solutions through cross-industry collaboration and expanding overseas markets, including OEM supply. In addition, we aim to differentiate ourselves through polymer syringes to expand our CDMO business for biopharmaceuticals. We are also optimizing and streamlining our global production and supply systems to improve profitability. As we continue to adapt to these environmental changes, we aim to achieve the financial targets of GS26 (a mid-single-digit five-year CAGR in revenue and an adjusted operating margin of 15%) through sales expansion, business and product mix improvements, and cost reductions.

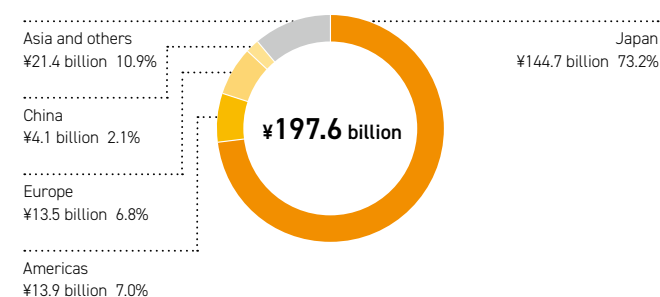
Revenue



Revenue by business (FY2023)



Revenue by region (FY2023)



Note: Revenue composition ratios by business and region are rounded to the first decimal place, and the total may not equal 100%.

TOPICS

**Perioperative solutions that leverage our strength in drug administration technologies to support early discharge of patients and hospital management**

The Medical Care Solutions Company offers a variety of “Perioperative Solutions” to support early discharge. These solutions include drug administration during operations, early postoperative recovery, pain management, complication prevention, and early nutritional support after operations.

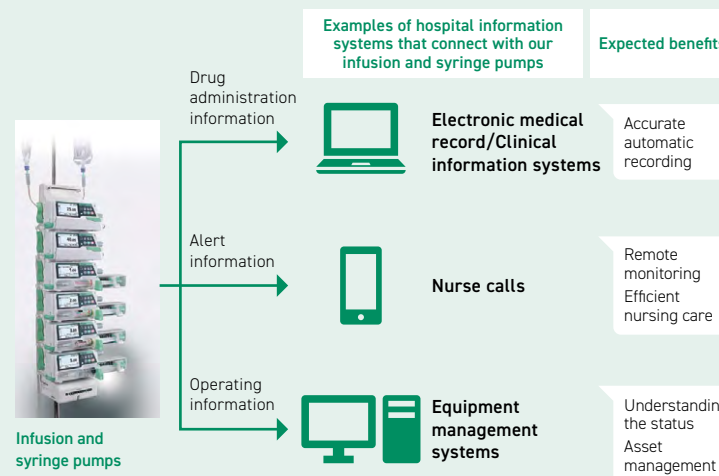
The products that form the basis of this solution are infusion pumps and syringe pumps, for which Terumo boasts the top market share in Japan. Infusion and syringe pumps deliver water, electrolytes, and nutrients to patients through an indwelling needle inserted into a vein and connected to an infusion line. This process helps maintain the normal condition of patients during treatment and recovery. These pumps also administer a combination of various medications, including general anesthetics and circulatory drugs required for operations. When administering drugs and infusion solutions using gravity, where a tube is connected directly to an infusion bag, the rate of administration can vary based on factors such as bed height, drug characteristics, and the passage of time. For patients who require more precise control of drug dosage and timing, infusion pumps or syringe pumps can be used for delivery while controlling the rate of flow. The burden on healthcare professionals in operating rooms and intensive care units (ICUs) is extremely heavy, as they must perform a variety of procedures on multiple critically and acutely ill patients, while at the same time accurately and safely handling a wide variety of drugs and recording their administration. Infusion pumps and syringe pumps can be used to reduce this workload and ensure the accuracy and safety of drug administration.

Among the tasks related to perioperative drug administration, the “anesthesia record,” which chronologically summarizes the information necessary for safety management during operations, is crucial. The anesthesia record includes vital signs such as blood pressure, pulse, respiratory rate, body temperature, urine output, and level of consciousness, as well as information on the drugs used, the amount of bleeding, and the volume of infusions. Reviewing the anesthesia record makes it possible to make timely and comprehensive assessments of the patient’s condition and respond promptly. In recent years, more hospitals have adopted “automated anesthesia record systems” that utilize IT to create these records accurately and with simple operations.

As hospitals advance in IT integration, Terumo is leveraging information and communication technology (ICT) to offer advanced drug management solutions. These solutions connect infusion and syringe pumps to hospital information systems, such as electronic medical records and automated anesthesia record systems. These pumps are equipped with a drug library with a list of appropriate dosages for each medication and wireless communication capabilities. This setup enables automatic recording and monitoring of drug administration information. By linking the automated anesthesia record system to the infusion and syringe pumps, timely and accurate administration records can be generated by pump operation alone, increasing data reliability. During operations, the patient’s condition can be monitored in real-time using vital signs and pump data. After operations, the chronological records of vital signs and pump data can be used to verify intraoperative changes in the patient’s condition. This contributes to the efficiency and standardization of hospital operations and improves patient safety during treatment. In addition to providing advanced drug management solutions that can be linked to the automated anesthesia record system, we are developing solutions to support work style reforms for healthcare professionals and promote team-based medical care through a capital and business alliance with MEDCOM, Inc., announced in March 2024.

Recently, the shortage of healthcare professionals has become a significant issue not only in Japan but also in many other countries. In response to this challenge, there has been an increase in adoption of electronic medical record systems to improve workflow efficiency in hospitals while enhancing patient care. We are promoting the introduction of solutions such as infusion pumps, syringe pumps, and pump monitoring systems

that can be connected to hospitals’ in-house systems to meet these needs in medical facilities, particularly in Asia and other overseas markets. The Medical Care Solutions Company will continue to propose new solutions that address challenges in medical facilities and support patients, thereby providing more quality time for all people involved in healthcare.



Examples of hospital information systems that connect with our infusion and syringe pumps, along with the anticipated benefits