Financial Results for the First Quarter of Fiscal Year Ending March 31, 2025 (FY2024)

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I'm Hagimoto, Terumo's CFO. This presentation will provide an overview of the financial results for the first quarter of the fiscal year ending March 31, 2025.

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.

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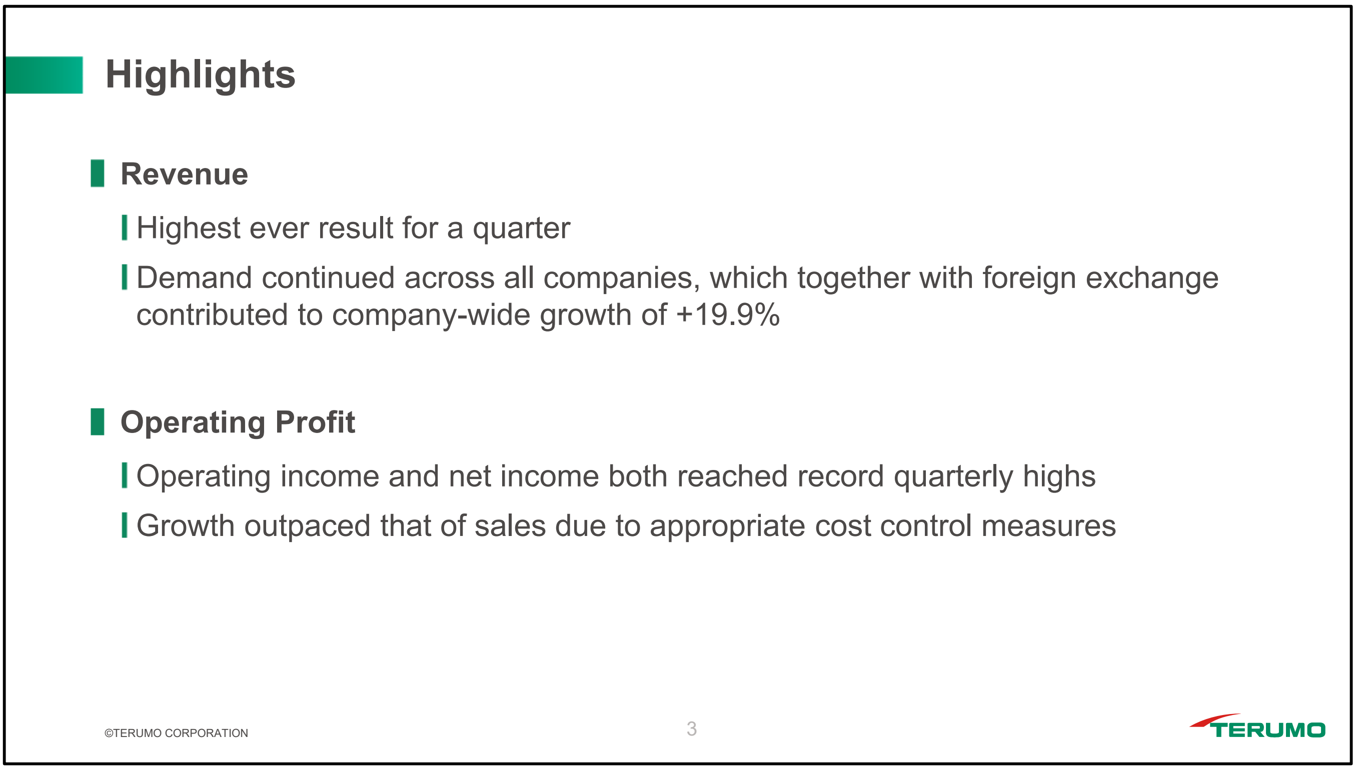


These are the highlights of this financial statement.
In the first quarter, revenue, operating income, and net income all reached record quarterly highs.
Revenue growth was approx. 20% companywide due to continued demand in all companies and the contribution of the exchange rate.
Profits grew faster than sales growth due to profit improvement measures and appropriate cost control.
Next slide, please.

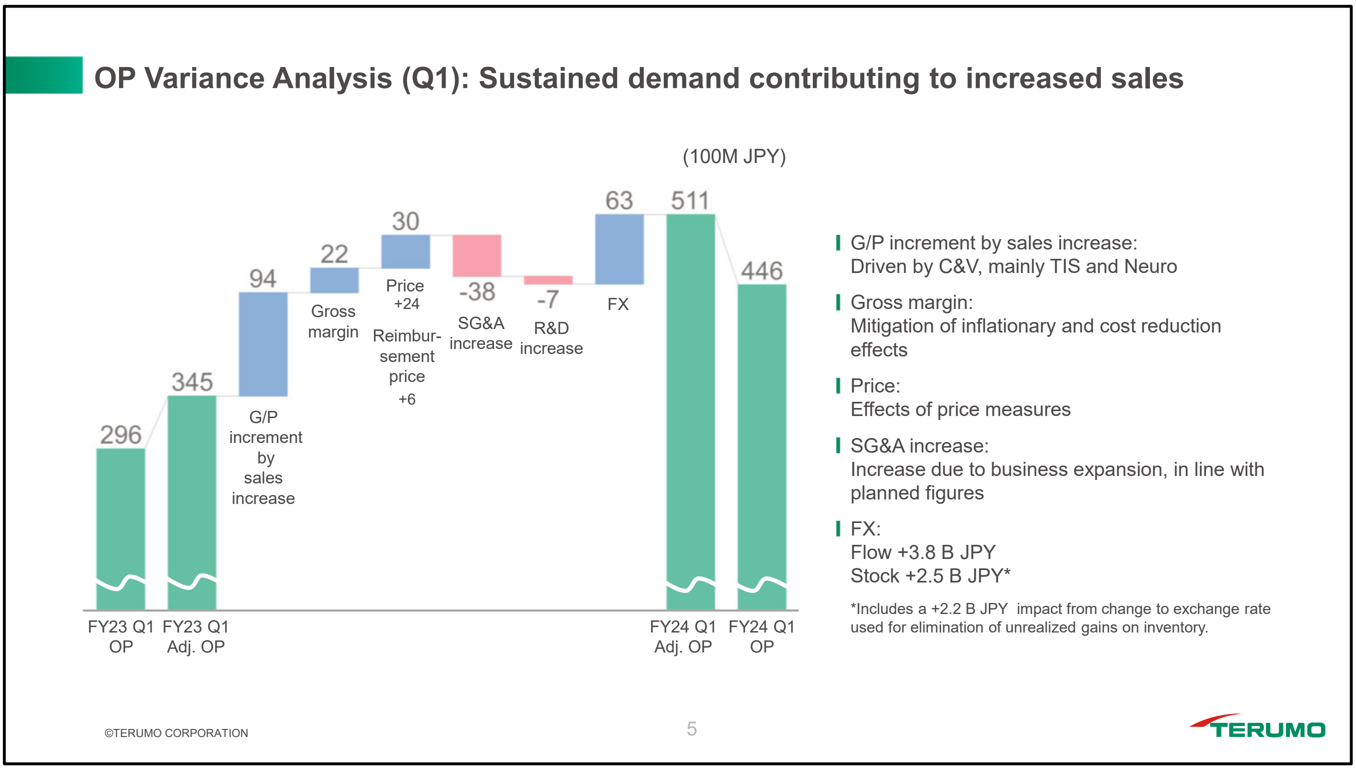
P&L

- Revenue: Strong inherent growth in all companies, plus effects of pricing measures and one-time factors
- Operating Profit: Improved profit margins due to contributions from increased sales and appropriate cost control

100M JPY	FY23 Q1	FY24 Q1	Change	Change excluding FX impact
Revenue	2,153	2,582	20%	10%
Gross Profit	1,098	1,376	25%	12%
(%)	(51.0%)	(53.3%)		
SG&A Expenses	651	748	15%	5%
(%)	(30.2%)	(29.0%)		
R&D Expenses	154	174	13%	5%
(%)	(7.2%)	(6.7%)		
Other Income and Expenses	3	-8	-	-
Operating Profit	296	446	51%	24%
(%)	(13.8%)	(17.3%)		
Adjusted Operating Profit	345	511	48%	24%
(%)	(16.0%)	(19.8%)		
Profit before Tax	298	456	53%	
(%)	(13.8%)	(17.7%)		
Profit for the Year	225	339	50%	
(%)	(10.5%)	(13.1%)		
Average exchange rate (USD/EUR)	137JPY/150JPY	156JPY/168JPY		

These are our P&L results.
Revenue growth was double-digit in all companies, reaching a record high of 258.2 billion yen. While some one time demand contributed to the increase revenue, pricing measures also contributed alongside continued demand in a generally favorable business environment. I will cover the details in the following region and company pages.

Operating income also grew outpacing sales growth, reaching a record high of 44.6 billion yen. This was due to improved profit margins achieved through appropriate cost controls in response to increased sales. Although inflation has eased, we will continue to monitor changes in the macro environment, such as rising raw material prices and transportation costs. Next slide, please.



This is an analysis of changes in profit in the first quarter compared to the same period of the previous year.

Overall, the sales increased largely due to sustained demand.

First, "G/P increment by sales increase," despite including some one-time factors, was driven by cardiovascular, especially TIS and Neurovascular.

The "Gross margin" benefited from the effects of easing inflation and cost reduction measures such as efficiency improvement in manufacturing.

As for "price," the effect of measures to revise pricing, which were expanded in the previous fiscal year, has become evident. The price review implemented in the second half of last fiscal year in Japan will have a positive impact over the first half of this fiscal year.

The "SG&A increase" is a healthy increase due to business expansion and is in line with planned figures.

"FX" were +3.8 billion yen in flow and +2.5 billion yen in stock. 2.2 billion of this +2.5 billion yen increase in stock is the effect of a change from this fiscal year in the exchange rate used to calculate elimination of unrealized gains on inventory. I shall explain the details of this in the following slide.
Next slide, please.

Change to Exchange Rate Used for Elimination of Unrealized Gains on Inventory

- Objective: Taking into account the recent volatilities in exchange rates, to avoid large fluctuations in business results based on closing rates

- Change: Exchange rate used for elimination of unrealized gain on inventory held by overseas subsidiaries

	Up to FY23	From FY24
Elimination of unrealized gains on inventory (Affects PL costs)	Closing rate	**Average rate during stock turnover period** *Based on average inventory turnover period
Inventory (BS)	Closing rate	Closing rate (No change)

- Effect :

(100M JPY)

	FY24 Q1		Change
	Before Rate on the last day of the fiscal year	After Average rate during the turnover period	
Gross profit	1,354	**1,376**	**+22**
Exchange rate（USD）	End of FY23: 151 End of FY24Q1: 161	FY24Q1: **156**	

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Here I will explain the effects of the exchange rate on P&L. The recent increase in exchange rate volatility has a significant impact on our business performance.

Until FY23, we have calculated the unrealized profit using the spot rate of the closing date, and this has had a possibility of a significant impact on our profitability.
From FY24, we have changed the exchange rate from the spot rate to the average rate during the inventory months supply.
As the unrealized profit included within the inventory is the total some of all the internal profits recorded throughout the inventory months supply period, we believe this change will be able to more accurately capture the profit situation for the given period.

As a result, due to the depreciation of the JPY, we have recorded an uplift of 2.2bil yen.
This change will not contribute to raising profitability at all times, but we believe will contribute to stabilizing the impact of foreign exchange rates to our profitability.

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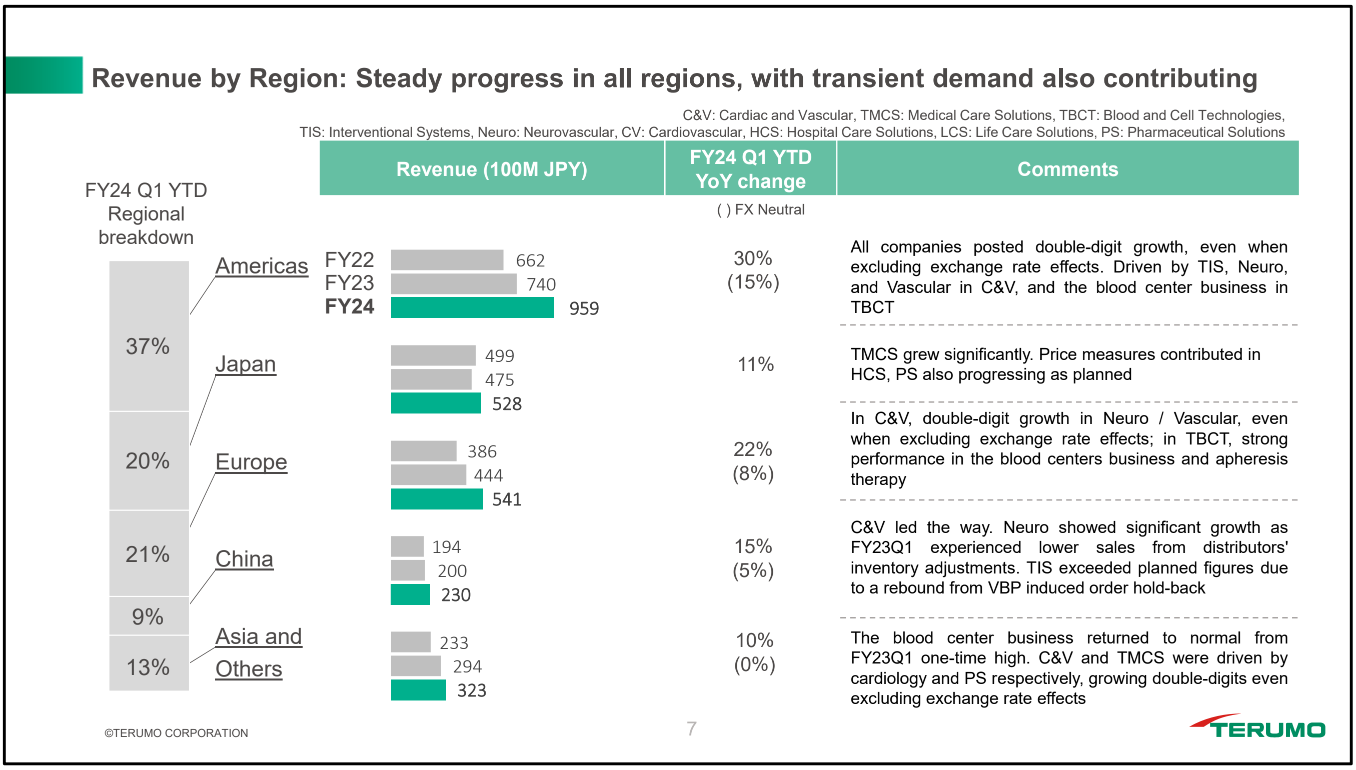

This slide shows earnings by region.
Although there some sales growth was due to transient demand, all regions are making steady progress.

In the Americas, all companies posted double-digit growth, even when excluding the exchange rate effects. In cardiovascular, sales of neurovascular and vascular products were strong, as was the recovery of TIS, which had experienced supply issues with some access products in the same period of the previous year. In blood and cell technology, the blood center business led the way.

In Japan, Medical Care Solutions grew substantially. This was due to the effect of pricing measures in Hospital Care Solutions as well as a temporary sales decrease in the same period of the last fiscal year due to a delay in deliveries, leading to a steady progress in Pharmaceutical Solutions.

In Europe, cardiovascular, neurovascular and vascular grew at double-digit rates, excluding exchange rate effects. In blood and cell technology, the blood center business and apheresis therapy performed well.

C&V led the way in China. Neuro showed significant growth as there was a decrease in sales in FY23Q1 due to inventory adjustments by distributors. In addition, TIS access products exceeded planned figures due to a rebound from order hold-back induced by the start of the application of new centralized purchasing-based pricing.

In emerging markets such as Asia and the Middle East, while revenues declined in the TBCT blood center business, which performed well in FY23Q1, C&V's cardiology and Medical Care Solutions' Pharmaceutical Solutions led the way with double-digit growth, even when excluding exchange rate effects.

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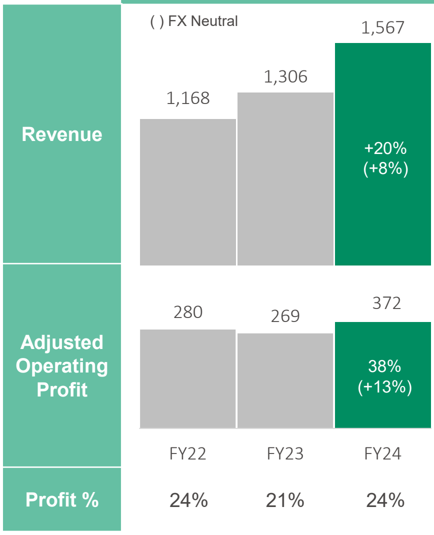
C&V: Both sales and profits exceeded planned figures, driven by Europe and the U.S.

(C&V: Cardiac and Vascular, TIS: Interventional Systems, Neuro: Neurovascular, CV: Cardiovascular) (100M JPY)

Q1



	Comments	Q1 YoY
TIS	: US saw double-digit growth, even when excluding exchange rate effects, driven by the resolution of supply issues for some access products	+148
Neuro-vascular	: Sustained demand led to growth in all global regions, even when excluding exchange rate effects. This accelerated growth was partly due to reduced sales in FY23Q1	+64
Cardio-vascular	: Hardware demand has run its course. However, driven by sales in US	+14
Vascular Graft	: Led by US and Europe. Strong sales expansion of stent grafts and surgical grafts, as well as hybrid products sales expansion continued	+35
Profit	: Increase in sales and the effect of profit improvement measures, as well as appropriate SG&A control, led to an increase in income	

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I will now explain our performance by company. First is the Cardiovascular Company.

Excluding exchange rate effects, sales revenue grew +8%, and was strong globally, especially in Europe and the U.S.
In terms of growth by business segment, neurovascular and vascular led the way.
In addition to continued strong demand, neuro showed a significant increase in revenues, partly due to one-time factors in the same period of the previous year.
In the vascular business, stent grafts and surgical grafts enjoyed strong sales growth, and hybrid products also expanded steadily, especially in North America and Europe.
In addition, some access products that had supply issues in North America have recovered.

Profits increased due to an increase in sales, including one-time factors, as well as the effects of profit improvement measures and steady progress in controlling SG&A expenses.

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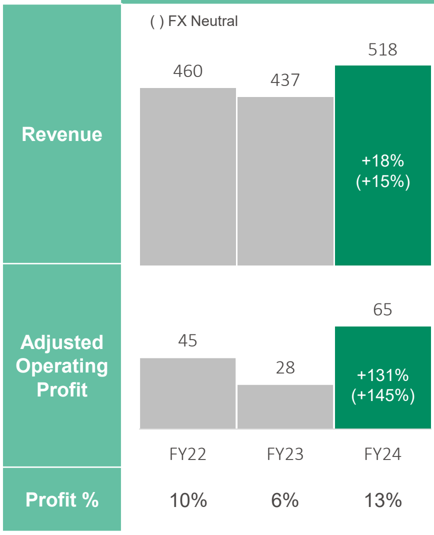
TMCS: Revenues and profits increased due to the effects of pricing measures, including sales increases due to one-time factors

(TMCS: Medical Care Solutions)

(100M JPY)

Q1



	Comments	Q1 YoY
HCS Hospital Care Solutions	: In Japan, revenues increased due to the effect of pricing measures implemented in the second half of FY23, the reimbursement rate revision this fiscal year, and strong sales of infusion sets and syringes. Overseas sales were strong due to a transient increase in demand in US	+46
LCS Life Care Solutions	: Decreased sales due to termination of the CGM (Continuous Glucose Monitor) distributorship agreement	-2
PS Pharmaceutical Solutions	: CDMO business in Japan moved ahead as planned. This accelerated growth was partly due to reduced sales in FY23Q1. Overseas, PLAJEX in US performed well	+37
Profit	: Profit increased due to higher sales and the effect of pricing measures. Price revisions implemented in the second half of FY23 are expected to produce effects in the first half of this fiscal year	

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This is TMCS, Medical Care Solutions.

Revenue growth was strong in Hospital Care Solutions and Pharmaceutical Solutions.

In Hospital Care, the effects of pricing measures and strong sales of infusion sets and syringes contributed. The price revision implemented in Japan in the second half of last fiscal year is expected to take effect in the first half of this fiscal year. In addition, a temporary increase in demand in North America was a factor that boosted sales.

In the Pharmaceuticals business, the CDMO business is making steady progress against the plan, which also factored in lower sales due to the delay in deliveries in the same period last year. Overseas, PLAJEX in North America performed well.

These increases in sales and the effects of pricing measures resulted in an increase in profit.

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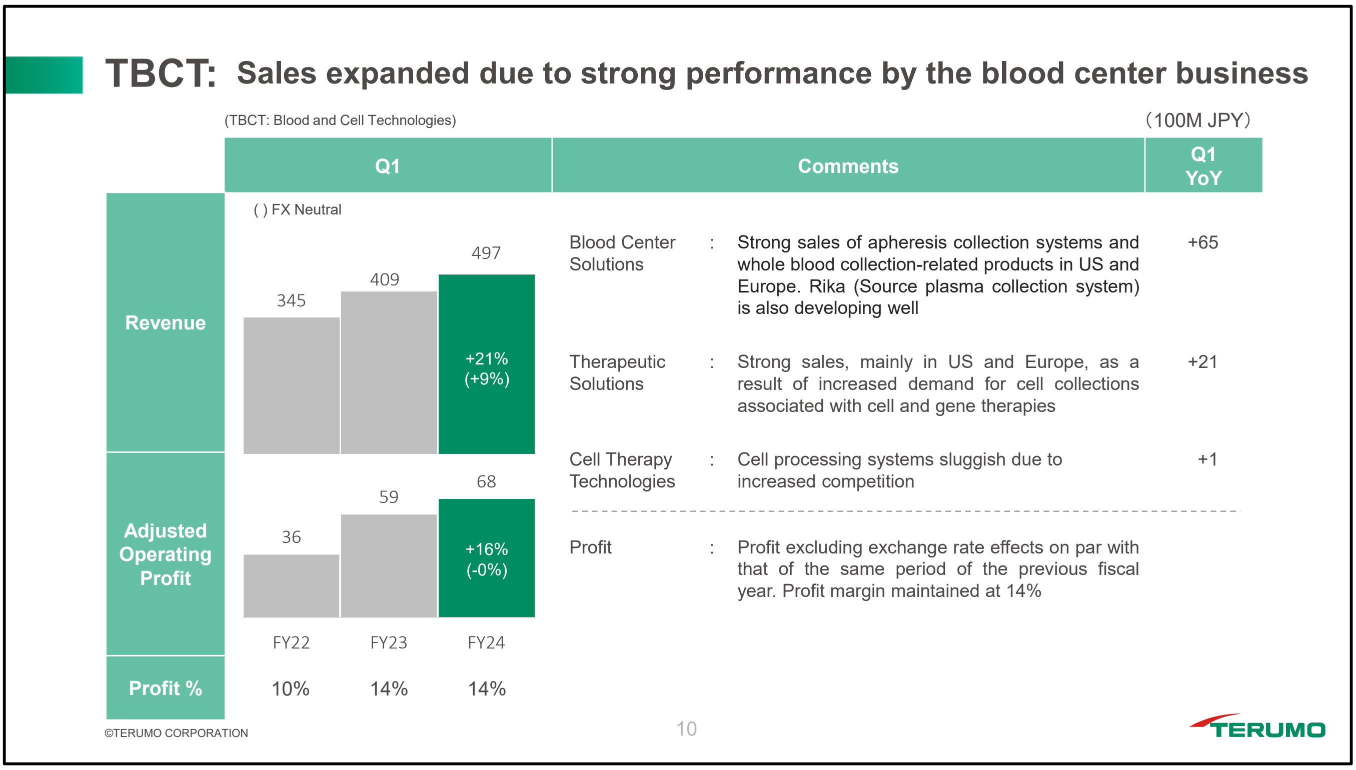

This is TBCT, Blood and Cell Technology.

Revenue was driven by the blood center business and therapeutic solutions.
In the blood center business, sales of apheresis collection systems and whole blood collection-related products were strong in Europe and the United States. Rika is also developing well.
Therapeutic Solutions saw strong sales, mainly in the US and Europe, as a result of growing demand for cell collection for cell and gene therapies.

Profits excluding exchange rate effects remained on par with FY23Q1, with profit margin at 14%.
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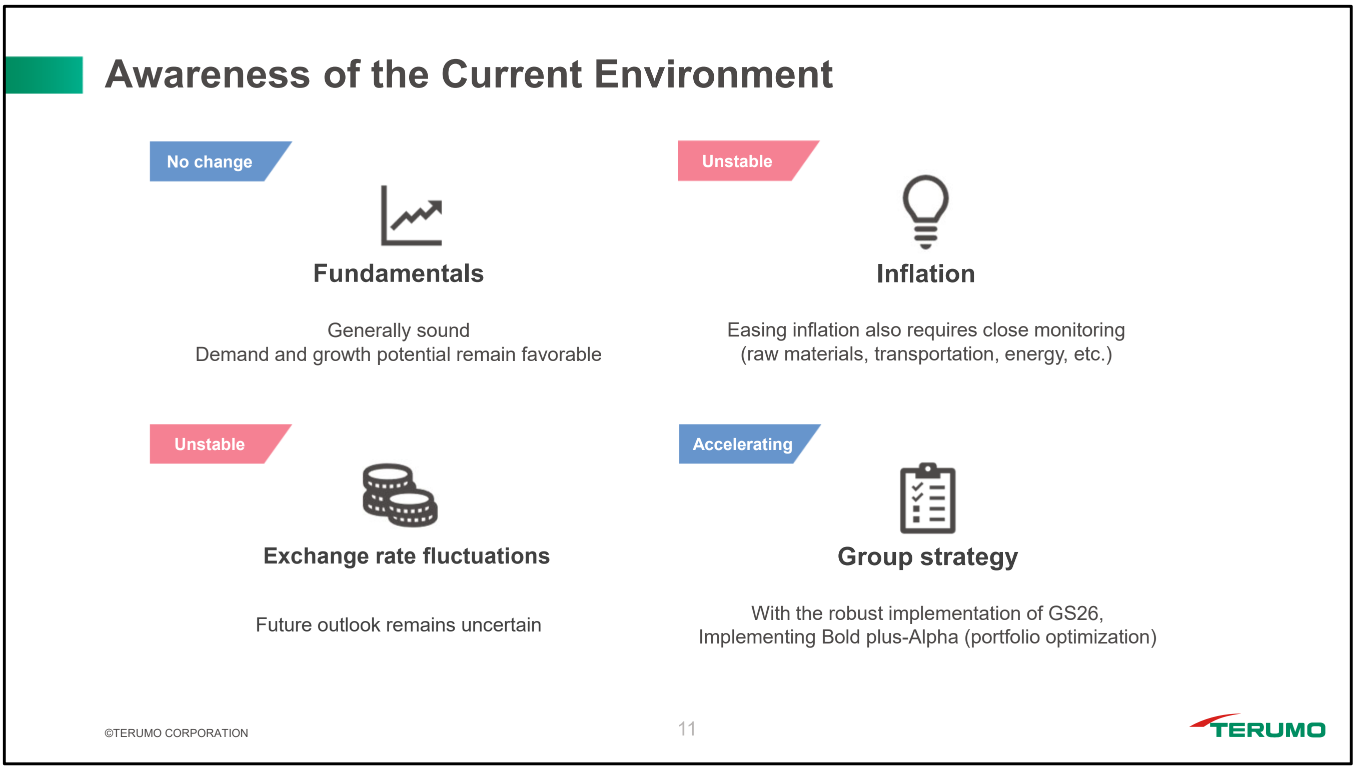

Finally, I will review our assessment of the environment surrounding Terumo.

First, Terumo's fundamentals are generally sound. Demand and growth potential remain unchanged, and the overall growth potential of the Cardiovascular Company and other Companies is unfaltering.

On the other hand, the macro environment, including inflation and exchange rate fluctuations, remains volatile, and will require close monitoring. Due to the uncertain outlook, we plan to revise our guidance cautiously as we assess these situations.

We will be accelerating our own strategy.
In addition to steadily implementing the strategies outlined in

GS26, we will thoroughly re-examine our business portfolio, and then work to rapidly optimize it. In addition, as part of our efforts to strengthen innovation, we have begun corporate venture capital activities. This will accelerate the speed with which we can acquire new technologies and create an M&A pipeline.

That's all from me. Thank you for attention.

Reference

P&L (QoQ)

(100M JPY)

	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY24 Q1 (Apr-Jun)
Revenue	2,153	2,286	2,391	2,389	2,582
Gross Profit	1,098 (51.0%)	1,185 (51.8%)	1,266 (52.9%)	1,243 (52.0%)	1,376 (53.3%)
SG&A Expenses	651 (30.2%)	664 (29.0%)	707 (29.6%)	737 (30.9%)	748 (29.0%)
R&D Expenses	154 (7.2%)	164 (7.2%)	173 (7.3%)	199 (8.3%)	174 (6.7%)
Other Income and Expenses	3	12	5	39	-8
Operating Profit	296 (13.8%)	368 (16.1%)	390 (16.3%)	346 (14.5%)	446 (17.3%)
Adjusted Operating Profit	345 (16.0%)	411 (18.0%)	441 (18.5%)	371 (15.5%)	511 (19.8%)

Quarterly Average Rate	USD	137JPY	145JPY	148JPY	149JPY	156JPY
	EUR	150JPY	157JPY	159JPY	161JPY	168JPY

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SG&A (QoQ)

(100M JPY)

	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY24 Q1 (Apr-Jun)
Salaries & Wages	336	349	371	373	398
Sales Promotion	49	44	54	54	52
Logistical Costs	47	46	49	51	51
Depreciation and Amortization	58	61	65	66	70
Others	161	164	168	192	178
SG&A Expenses	651	664	707	737	748
(%)	(30.2%)	(29.0%)	(29.6%)	(30.9%)	(29.0%)
R&D Expenses	154	164	173	199	174
(%)	(7.2%)	(7.2%)	(7.3%)	(8.3%)	(6.7%)
Total	805	828	881	937	922
(%)	(37.4%)	(36.2%)	(36.8%)	(39.2%)	(35.7%)
Quarterly Average Rate USD	137JPY	145JPY	148JPY	149JPY	156JPY
Quarterly Average Rate EUR	150JPY	157JPY	159JPY	161JPY	168JPY

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SG&A (YoY)

(100M JPY)

	FY23 Q1	FY24 Q1	YoY	YoY%	YoY% excluding FX impact
Salaries & Wages	336	398	62	18%	7%
Sales Promotion	49	52	3	6%	-2%
Logistics Costs	47	51	4	6%	-2%
Depreciation and Amortization	58	70	12	21%	9%
Others	161	178	17	10%	2%
SG&A Expenses Total	651	748	97	15%	5%
(%)	(30.2%)	(29.0%)			
R&D Expenses	154	174	14	13%	5%
(%)	(7.2%)	(6.7%)			
SG&A Expenses Total	805	922	117	15%	5%
(%)	(37.4%)	(35.7%)			

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Adjusted Operating Profit: Adjustments

(100M JPY)

	FY23 Q1	FY24 Q1
Adjusted Operating Profit	345	511
Adjustment 1. Amortization of acquired intangible assets	-46	-56
Adjustment 2. Non-recurring profit or loss	-2	-9
Operating Profit	296	446

<General examples of adjustment items>

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

Adjustment 2. Non-recurring profit or loss	FY23 Q1	FY24 Q1
Restructuring loss	-2	-11
Others	-	2

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CAPEX, Depreciation and Amortization, R&D Expenses

(100M JPY)

	FY21	FY22	FY23	FY24Q1	FY24 Guidance
CAPEX	692	758	784	147	930
Depreciation and Amortization	532	635	702	192	770
Amortization of acquired intangible assets	161	188	200	56	200
Others	371	447	502	136	570

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

- FY2024 Q1 results (14.7 B JPY): Construction of a new building in the Kofu Plant to strengthen production system for CDMO (contracted development and manufacturing) and others. Other investments include TIS and Blood and Cell Technology production increases, source plasma collection-related, R&D investments, and continued investment in IT, including core systems (SAP)

	FY21	FY22	FY23	FY24Q1	FY24 Guidance
R&D Expenses	518	616	691	174	715

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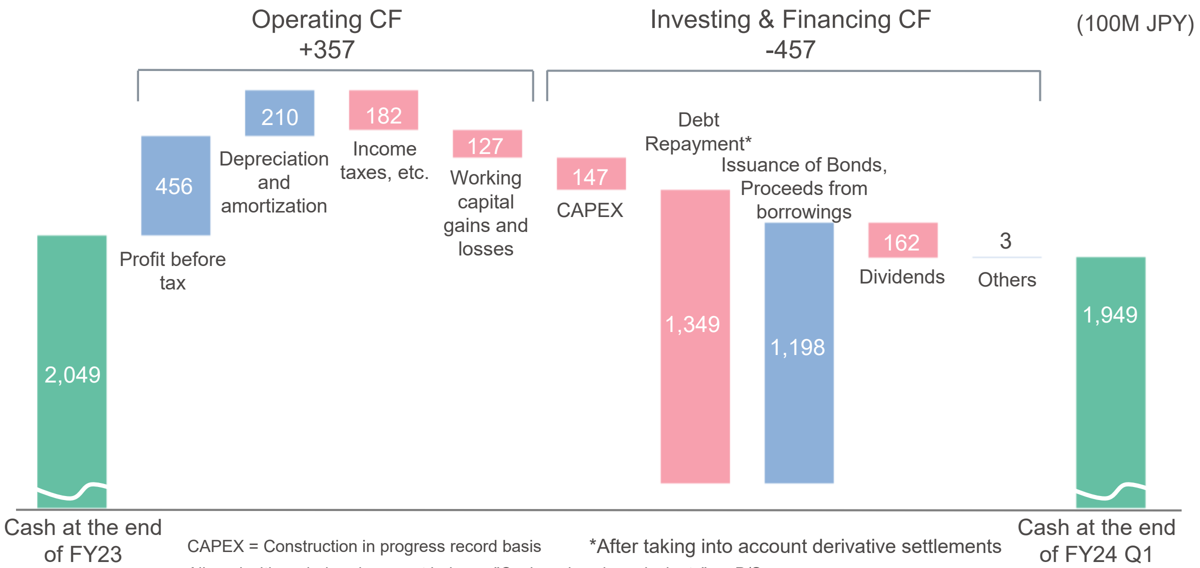
Cash Flows (Q1)



CAPEX = Construction in progress record basis

*After taking into account derivative settlements

Aligned with period-end account balance "Cash and cash equivalents" on B/S

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Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation (Flow)

(100M JPY)

	USD	EUR	CNY
Revenue	25	11	39
Adjusted Operating Profit	1	5	23

Impact of 1 JPY depreciation (Stock)

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

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