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

November 7, 2024

Jin Hagimoto
Chief Financial Officer
Terumo Corporation

I am Terumo's CFO, Hagimoto. I will give an overview of the financial results for the first half 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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Highlights

- **Revenue**
  - Highest ever result for the first half
  - Demand continued across all companies, which together with foreign exchange contributed to company-wide growth of +15%
- **Profit**
  - Operating profit, adjusted operating profit, and profit for the period all reached record highs for the first half
  - Growth significantly outpaced that of sales due to appropriate cost control measures
- **Upward revision of FY24 Guidance**
  - Reflects strong performance and changes in foreign exchange assumptions
  - Expects to reach record highs in both revenue and profits

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These are the highlights of this financial statement.
In the first half of the year, we were able to achieve record half-year highs in all areas: net sales, operating income, adjusted operating income, and net income.
Revenue growth was 15% against the previous year as a result of continued demand in all Companies and the contribution of foreign exchange effects.
Profits grew faster than sales growth, due in part to ongoing cost control efforts.
Free cash flow has also been added to the disclosure in this report, and it too has reached a record half-year high.
Taking into account the strong performance in the first half of the year, we have also revised our full-year forecast upward.
As a result, we expect to achieve record highs in sales and profits, and we believe that we are making steady progress toward achieving the financial targets of GS26.
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P&L, FCF

- Revenue: Global demand remained strong, even when including one-time factors. Driven by TIS and blood center business
- Operating Profit: Improved profit margins through increased sales, pricing measures, and appropriate cost control

100M JPY	FY23 Q2 YTD	FY24 Q2 YTD	Change	Change excluding FX impact	FY23 Q2	FY24 Q2	Change
Revenue	4,439	5,087	15%	8%	2,286	2,505	10%
Gross Profit	2,283	2,770	21%	12%	1,185	1,395	18%
(%)	(51.4%)	(54.5%)			(51.8%)	(55.7%)	
SG&A Expenses	1,315	1,480	13%	6%	664	732	10%
(%)	(29.6%)	(29.1%)			(29.0%)	(29.2%)	
R&D Expenses	318	368	16%	10%	164	194	18%
(%)	(7.2%)	(7.2%)			(7.2%)	(7.7%)	
Other Income and Expenses	15	-46	-	-	12	-38	-
Operating Profit	665	877	32%	15%	368	431	17%
(%)	(15.0%)	(17.2%)			(16.1%)	(17.2%)	
Adjusted Operating Profit	756	1,040	38%	22%	411	529	29%
(%)	(17.0%)	(20.4%)			(18.0%)	(21.1%)	
Profit before Tax	664	851	28%		366	395	8%
(%)	(15.0%)	(16.7%)			(16.0%)	(15.8%)	
Profit for the Year	501	632	26%		275	293	7%
(%)	(11.3%)	(12.4%)			(12.0%)	(11.7%)	
FCF	175	621	255%				
Average exchange rate (USD/EUR)	141JPY/153JPY	153JPY/166JPY			145JPY/157JPY	149JPY/164JPY	

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These are our P&L Results.
All Companies saw double-digit revenue growth, which reached a record high of 508.7 billion yen.
In addition to continued demand amid a generally favorable business environment, the effects of the pricing measures also contributed. More details will be provided later in the Region and Company pages.
Operating income and adjusted operating income also grew significantly faster than sales growth, reaching record highs of 87.7 billion yen and 104.0 billion yen, respectively.
This was due to improved profit margins achieved through appropriate cost control relative to sales growth.
We will continue to closely monitor changes in the macro environment, such as increased raw material prices and transportation costs, as we recognize that the situation remains unpredictable.
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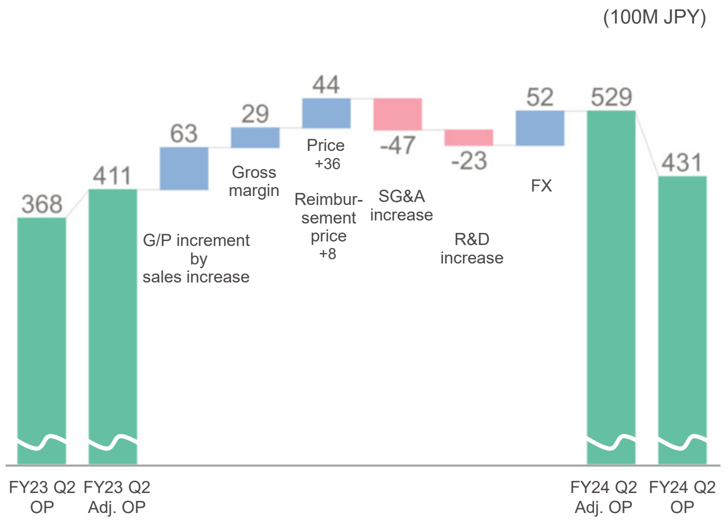
OP Variance Analysis (Q2): Continued demand and foreign exchange effects contributed



- G/P increment by sales increase: Driven by TIS and the blood center business
- Gross margin: Mitigation of inflationary and cost reduction effects
- Price: Negative impact of China VBP offset by the effects of pricing measures
- SG&A and R&D increase: Increase due to business expansion, in line with planned figures
- FX: Flow +2.2 B JPY, Stock +3.0 B JPY

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This is an analysis of changes in profit in the second quarter compared to the same period of the previous year.
First, "Increased gross profit from higher sales" was driven by TIS and Blood Center Business.

The "Gross margin effect" benefited from the effects of easing inflation and cost-reduction measures such as streamlining production.

Turning to "price," the effects of revised pricing measures, which were expanded in the previous fiscal year, is evident. The price revision was implemented in Japan in the second half of last year, and has contributed to the increase in profit up to the first half of this fiscal year.

The "Increased SG&A and R&D expenses" are due to business expansion and are generally as planned.

"Foreign exchange effects" were +2.2 billion yen for flow and +3.0 billion yen for stock.
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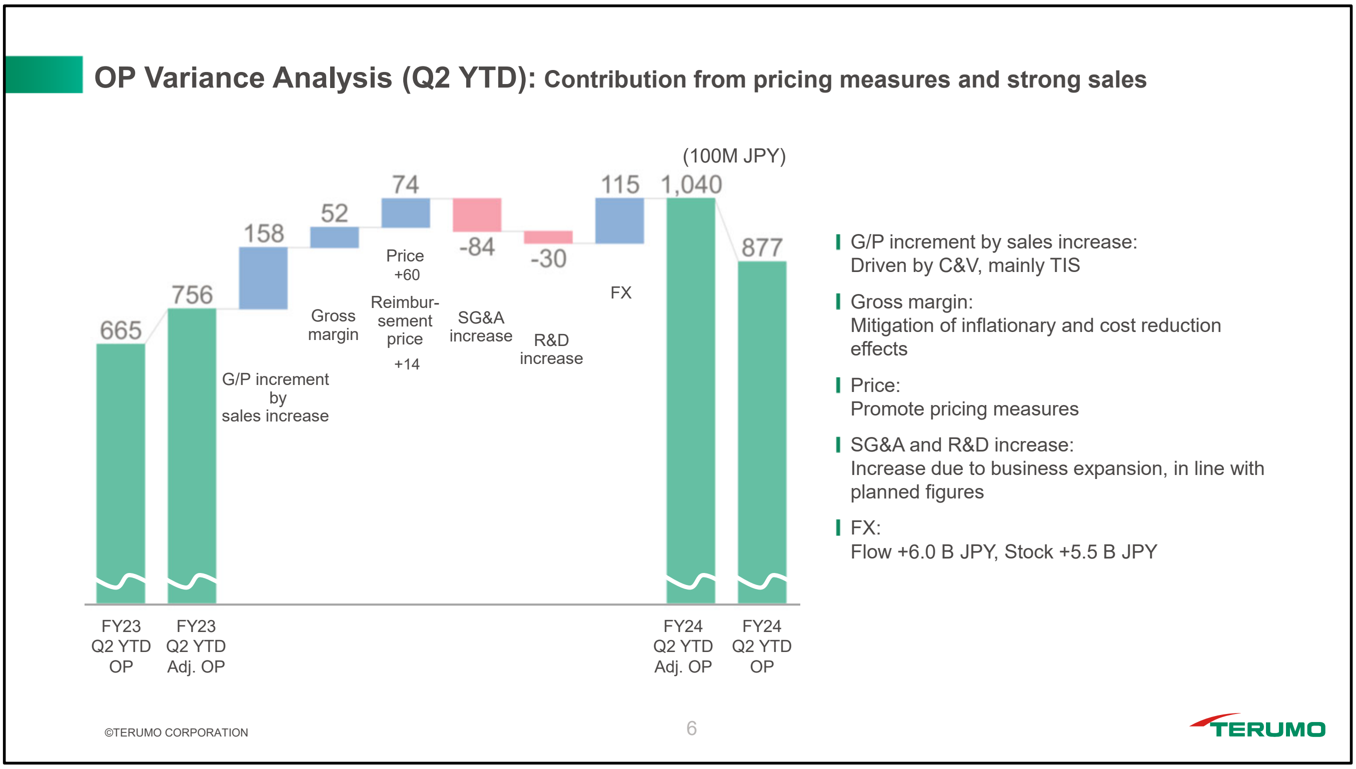

The following is an analysis of changes in profit for the first half of the fiscal year.
Overall, the increase in sales was largely due to continued demand.
The trend is almost the same as I explained earlier as a factor influencing Q2, but the Cardiovascular Company, especially TIS, has been making a larger contribution to sales.

"Foreign exchange effects" consisted of +6.0 billion yen in flow and +5.5 billion yen in stock.
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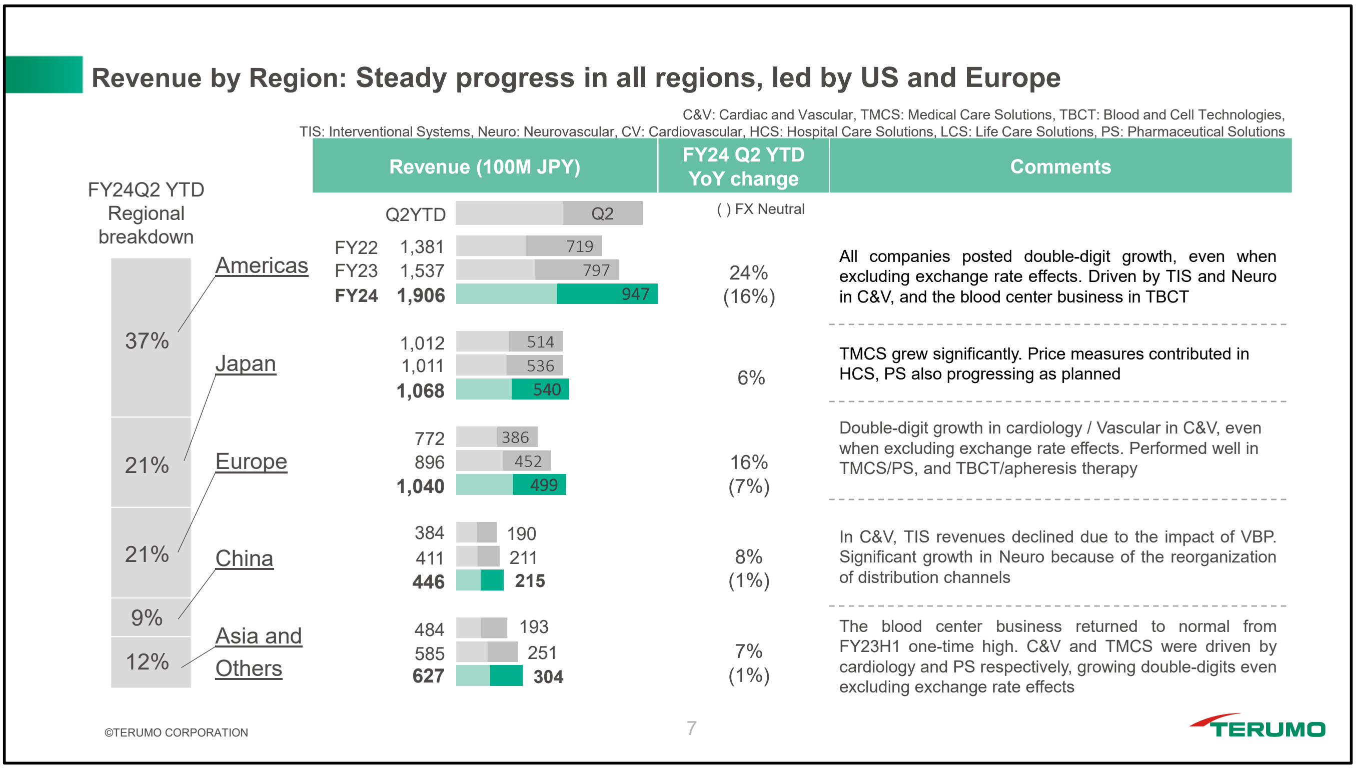

This shows revenue by region.
Steady progress is being made in all regions, particularly in the U.S. and Europe.
In the U.S., all companies posted double-digit growth, even on a local currency basis, with the largest growth rate of all regions. In Cardiovascular, TIS, which had been experiencing supply issues with some products in the same period of the previous year, saw a recovery in sales, and Neuro sales were strong. In Blood and Cell Technologies, growth was driven by the Blood Center Business.
In Japan, Medical Care Solutions grew substantially. This was due to the effect of pricing measures implemented in Hospital Care Solutions, and solid progress in Pharmaceutical Solutions.
In Europe, Cardiovascular grew by double digits on a local

currency basis. At TMCS, Pharmaceutical Solutions performed well, and in Blood and Cell Technologies, therapeutic apheresis performed well.
In China, TIS sales declined due to the effects of centralized purchasing, but this was offset by strong growth in Neuro.
In emerging markets such as Asia and the Middle East, the Blood Center Business, which performed well in the same period of the previous year, saw a decline in sales, while Cardiovascular sales were driven by cardiology and Medical Care Solutions by double-digit growth in Pharmaceutical Solutions, even on a local-currency basis.
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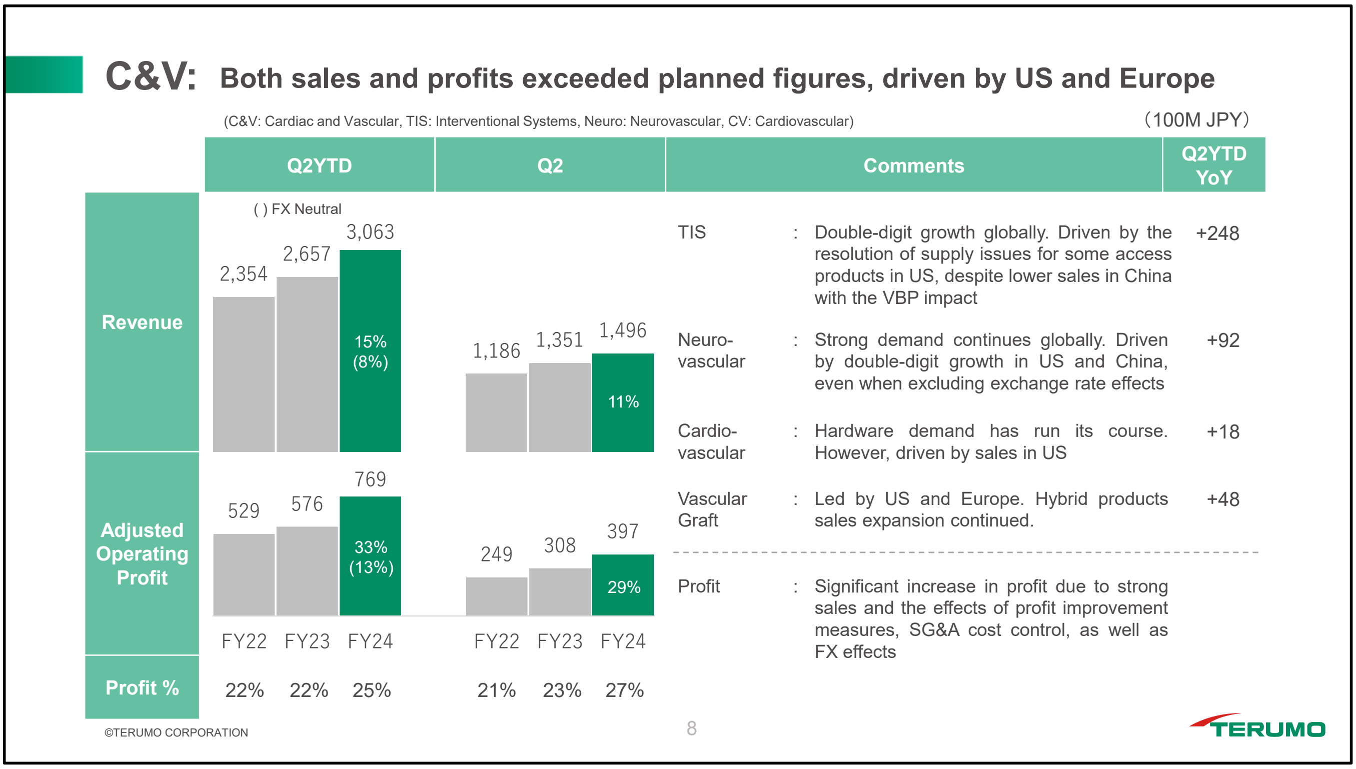

I will now review our business performance by company. First is the Cardiovascular Company.
Sales revenue grew by 8% on a local-currency basis and was strong globally, especially in Europe and the U.S.
In terms of growth by division, Neurovascular and Vascular led the way.
Neurovascular was driven by continued strong global demand, especially in the U.S. and China, which saw double-digit growth.
Profits increased significantly due to higher revenues, the effects of profit improvement measures, and steady progress in controlling SG&A expenses.
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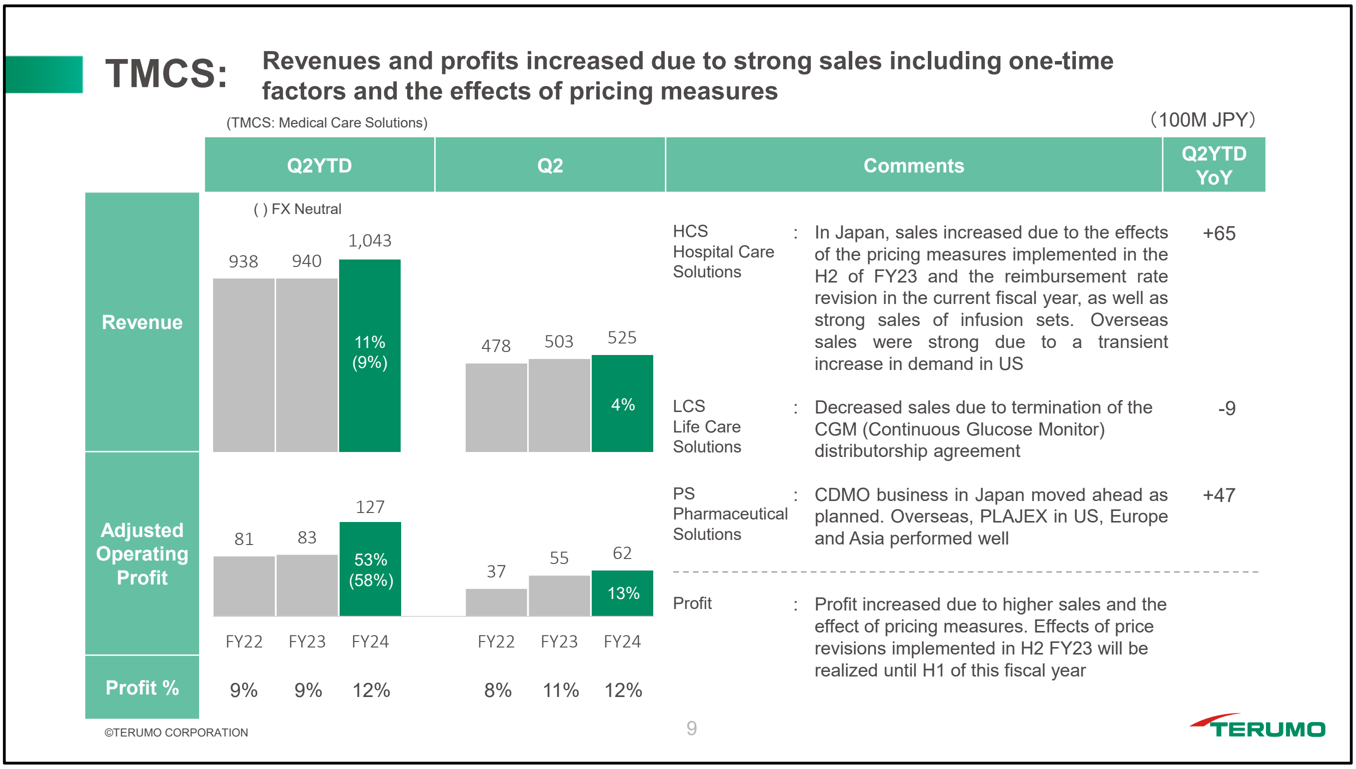

This is TMCS, Medical Care Solutions.
Revenue was driven by Hospital Care Solutions and Pharmaceutical Solutions.
In Hospital Care, the effects of pricing measures and strong sales of infusion sets contributed. The price revision in Japan implemented last year, together with increased demand in the U.S. were the main contributing factors.
In Pharmaceuticals, the CDMO business is making good progress. Overseas, PLAJEX performed well in Europe, the U.S. and Asia.
These increases in sales and the effects of pricing measures resulted in increased income.
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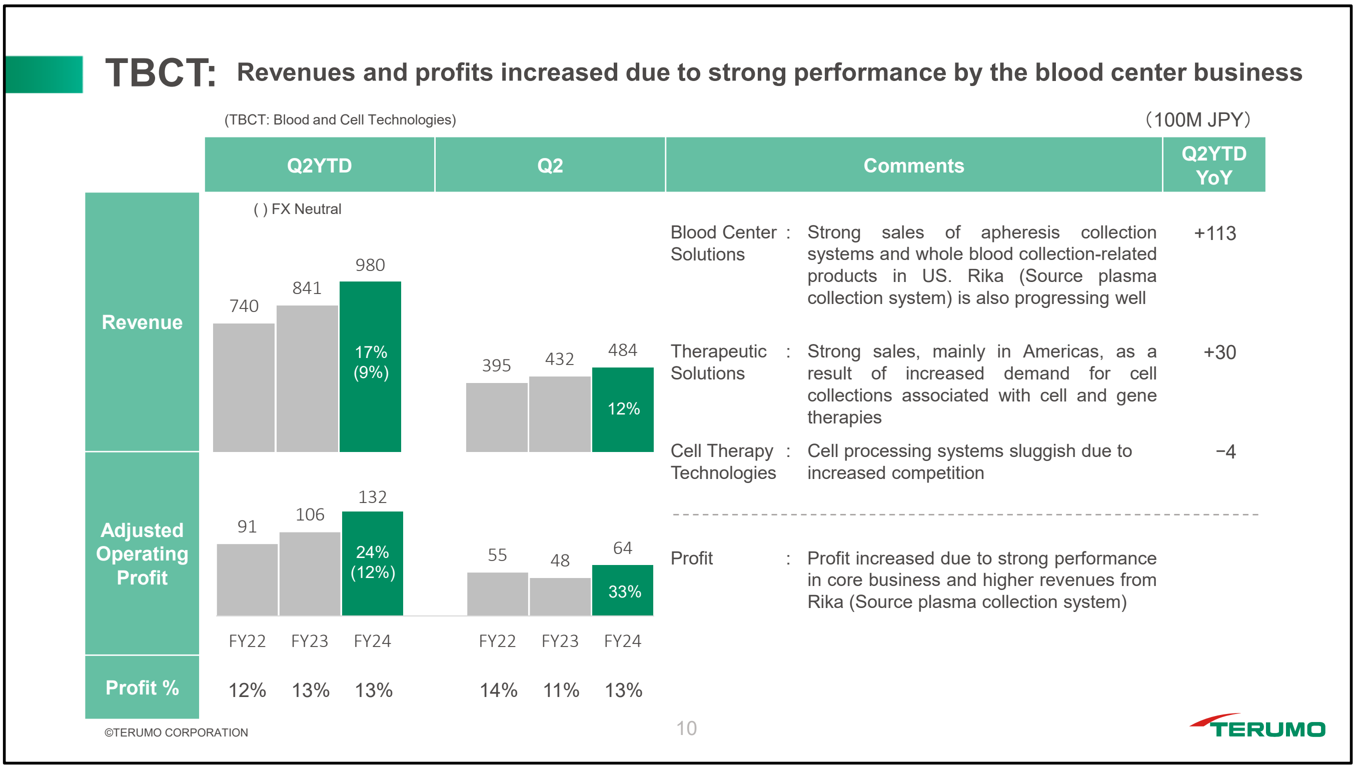

This is TBCT, Terumo Blood and Cell Technologies.
Revenue was driven by the Blood Center Business and therapeutic apheresis.
In the Blood Center Business, sales of whole blood collection systems and blood component collection-related products were strong in Europe and the U.S. Rika is also developing well.
Therapeutic apheresis sales were strong, mainly in the U.S. and Europe, due to growing demand for cell collection for cell and gene therapies.
Profits were boosted by higher sales in core businesses and improved profitability accompanying the rollout of Rika.
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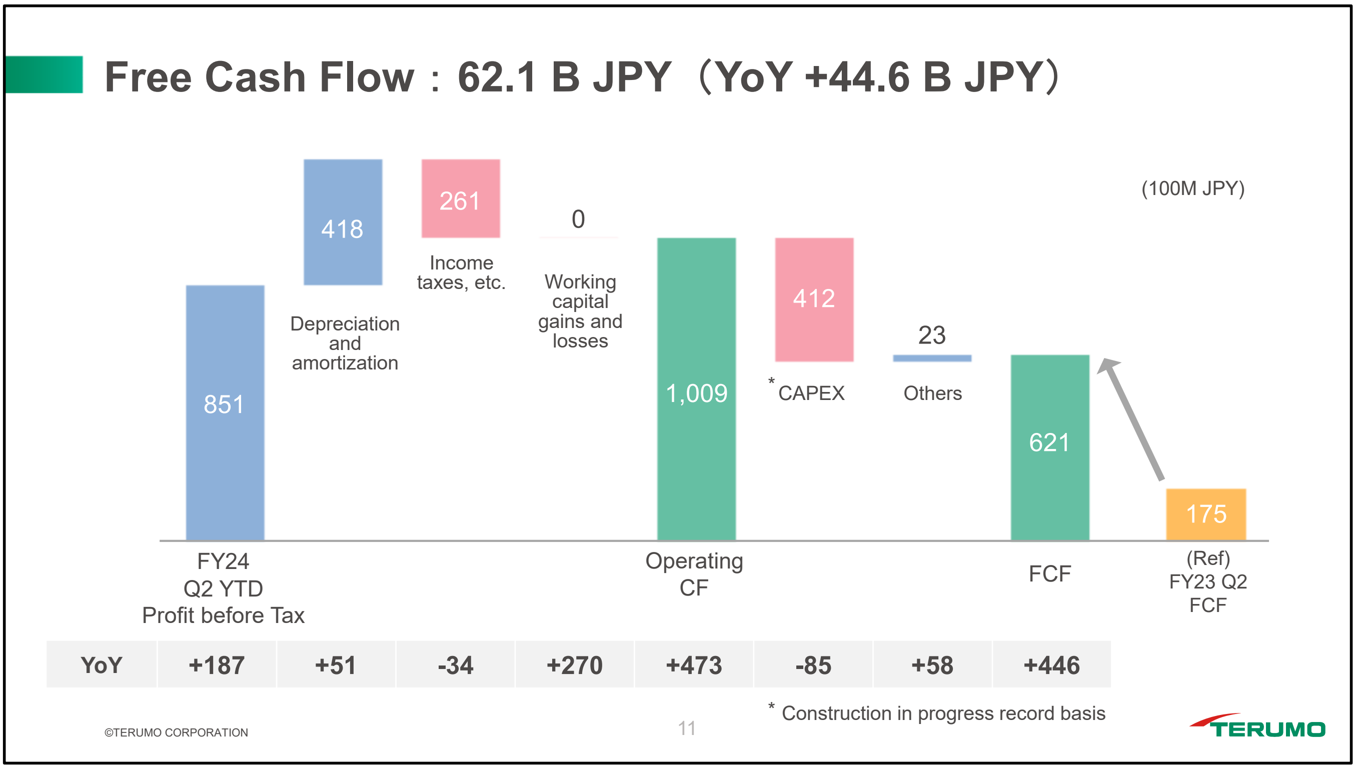

This is our free cash flow.

This increased by 44.6 billion yen from the same period last year, also reaching a record half-year high.

In addition to the increase in profits, operating cash flows have increased significantly compared to the previous year due to successful working capital management despite the increased scale of business, which contributed to improved free cash flow.

Upward revision of FY24 guidance due to strong performance and FX effects

( ) FX Neutral

100M JPY	FY23 results (A)	FY24 Previous guidance (B)	FY24 revised forecast (C)	Revision (C)-(B)	Change (C)÷(A)
Revenue	9,219	9,800	10,100	+300	+10% (+8%)
Operating Profit (%)	1,401 (15.2%)	1,650 (16.8%)	1,720 (17.0%)	+70	+23% (+16%)
Adjusted Operating Profit (%)	1,568 (17.0%)	1,850 (18.9%)	2,000 (19.8%)	+150	+28% (+22%)
Profit for the Year	1,064	1,220	1,245	+25	
ROIC	7.1%	7.6%	7.9%		
ROE	8.7%	8.9%	9.2%		
Full Year Earnings Forecast Assumptions Rate(USD/EUR)		145JPY/155JPY	149JPY/163JPY		
H2 Earnings Forecast Assumptions Rate(USD/EUR)		145JPY/155JPY	145JPY/160JPY		

By Company	Revenue					Revised Operating Profit				
	FY23 results (A)	FY24 Previous guidance(B)	FY24 revised forecast(C)	Revision (C)-(B)	Change (C)÷(A)	FY23 results (A)	FY24 Previous guidance(B)	FY24 revised forecast(C)	Revision (C)-(B)	Change (C)÷(A)
C&V	5,557	5,818	6,030	+212	+9% (+6%)	1,239	1,415	1,517	+98	+22%
TMCS	1,976	2,100	2,110	+10	+7% (+6%)	198	235	246	+11	+24%
TBCT	1,683	1,880	1,960	+80	+16% (+14%)	164	235	248	+13	+51%

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I'd now like to look at forecast earnings.
We have revised our full-year forecast upwards to reflect the strong performance seen in the first half of the year.
As a result, we expect to achieve record highs in sales and profits.
Each company is making upward revisions to both sales and profits.
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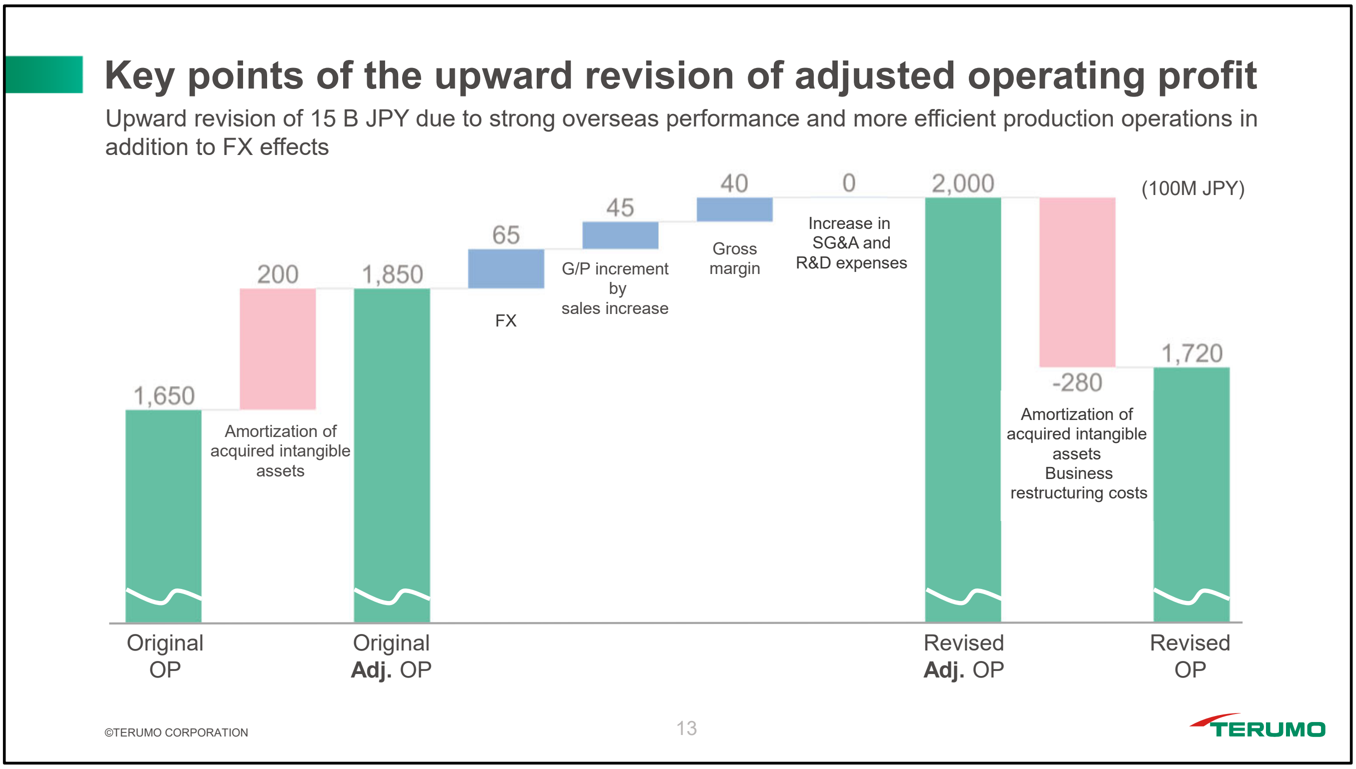

We have revised our adjusted operating income forecast upward, from 185 billion yen at the beginning of the year to 200 billion yen. This revision takes into account the favorable foreign exchange rate compared to that assumed at the start of the year, as well as steady business operations and business expansion.

The value of adjustments is being increased by 8.0 billion yen.

This was a provision for restructuring expenses to improve efficiency in the Cardiovascular Company, but there are still ongoing aspects of subsequent reforms, so I would like to refrain from explaining further details at this time.

We must continue to monitor changes in the business environment closely, and promptly consider corrective measures if required. Nonetheless, we recognize that business fundamentals have been stable since the first quarter, and we will continue management efforts to reach our financial target of 19.8% adjusted operating income this year, as well as the targets set out in GS26.

That's all from me. Thank you for your time.

Reference

P&L (QoQ)

(100M JPY)

	FY23 Q2 (Jul-Sep)		Q3 (Oct-Dec)		Q4 (Jan-Mar)		FY24 Q1 (Apr-Jun)		Q2 (Jul-Sep)	
Revenue	2,286		2,391		2,389		2,582		2,505	
Gross Profit	1,185	(51.8%)	1,266	(52.9%)	1,243	(52.0%)	1,376	(53.3%)	1,395	(55.7%)
SG&A Expenses	664	(29.0%)	707	(29.6%)	737	(30.9%)	748	(29.0%)	732	(29.2%)
R&D Expenses	164	(7.2%)	173	(7.3%)	199	(8.3%)	174	(6.7%)	194	(7.7%)
Other Income and Expenses	12		5		39		-8		-38	
Operating Profit	368	(16.1%)	390	(16.3%)	346	(14.5%)	446	(17.3%)	431	(17.2%)
Adjusted Operating Profit	411	(18.0%)	441	(18.5%)	371	(15.5%)	511	(19.8%)	529	(21.1%)
Quarterly Average Rate USD	145JPY		148JPY		149JPY		156JPY		149JPY	
Quarterly Average Rate EUR	157JPY		159JPY		161JPY		168JPY		164JPY	

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SG&A (QoQ)

(100M JPY)

		FY23 Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY24 Q1 (Apr-Jun)	Q2 (Jul-Sep)
Salaries & Wages		349	371	373	398	384
Sales Promotion		44	54	54	52	47
Logistics Costs		46	49	51	51	59
Depreciation and Amortization		61	65	66	70	68
Others		164	168	192	178	175
SG&A Expenses Total		664	707	737	748	732
(%)		(29.0%)	(29.6%)	(30.9%)	(29.0%)	(29.2%)
R&D Expenses		164	173	199	174	194
(%)		(7.2%)	(7.3%)	(8.3%)	(6.7%)	(7.7%)
Total		828	881	937	922	926
(%)		(36.2%)	(36.8%)	(39.2%)	(35.7%)	(37.0%)
Quarterly Average Rate	USD	145JPY	148JPY	149JPY	156JPY	149JPY
	EUR	157JPY	159JPY	161JPY	168JPY	164JPY

SG&A (YoY)

(100M JPY)

	FY23 Q2 YTD	FY24 Q2 YTD	YoY	YoY%	YoY% excluding FX impact	FY23 Q2	FY24 Q2	YoY	YoY%
Salaries & Wages	685	782	97	14%	7%	349	384	35	10%
Sales Promotion	93	99	6	6%	1%	44	47	3	7%
Logistics Costs	94	109	16	17%	11%	46	59	13	28%
Depreciation and Amortization	119	137	18	15%	9%	61	68	6	11%
Others	325	353	28	9%	3%	164	175	11	7%
SG&A Expenses Total	1,315	1,480	165	13%	6%	664	732	68	10%
(%)	(29.6%)	(29.1%)				(29.0%)	(29.2%)		
R&D Expenses	318	368	50	16%	10%	164	194	30	18%
(%)	(7.2%)	(7.2%)				(7.2%)	(7.7%)		
Total	1,633	1,847	215	13%	7%	828	926	98	12%
(%)	(36.8%)	(36.3%)				(36.2%)	(37.0%)		

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Adjusted Operating Profit: Adjustments

(100M JPY)

	FY23 Q2 YTD	FY24 Q2 YTD	FY23 Q2	FY24 Q2
Adjusted Operating Profit	756	1,040	411	529
Adjustment 1. Amortization of acquired intangible assets	-97	-109	-50	-53
Adjustment 2. Non-recurring profit or loss	6	-54	8	−45
Operating Profit	665	877	368	431

<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 Q2 YTD	FY24 Q2 YTD
Restructuring loss	-7	-66
Gain on sale of shares of Olympus Terumo Biomaterials	13	-
Gain on sale of TBCT land	-	14
Others	-	- 1

CAPEX, Depreciation and Amortization, R&D Expenses

(100M JPY)

	FY21	FY22	FY23	FY24Q2 YTD	FY24 Guidance
CAPEX	692	758	784	412	930
Depreciation and Amortization	532	635	702	382	770
Amortization of acquired intangible assets	161	188	200	105	200
Others	371	447	502	277	570

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

- FY2024 Q2 results (41.2 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	FY24Q2 YTD	FY24 Guidance
R&D Expenses	518	616	691	368	715

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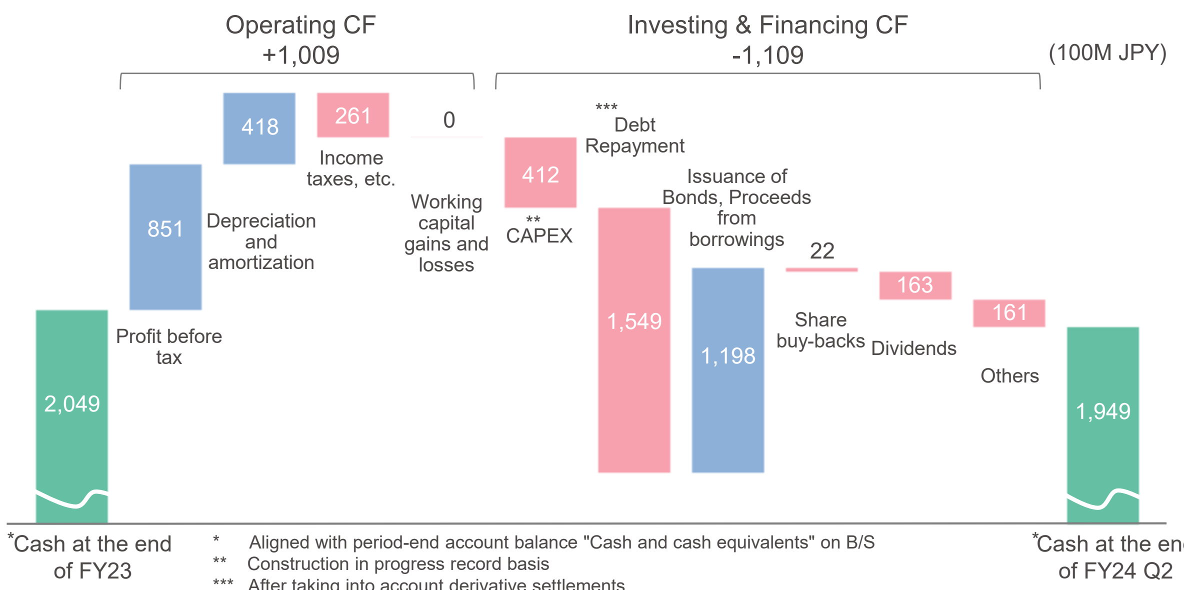
Cash Flow (Q2 YTD)



* Aligned with period-end account balance "Cash and cash equivalents" on B/S
** Construction in progress record basis
*** After taking into account derivative settlements

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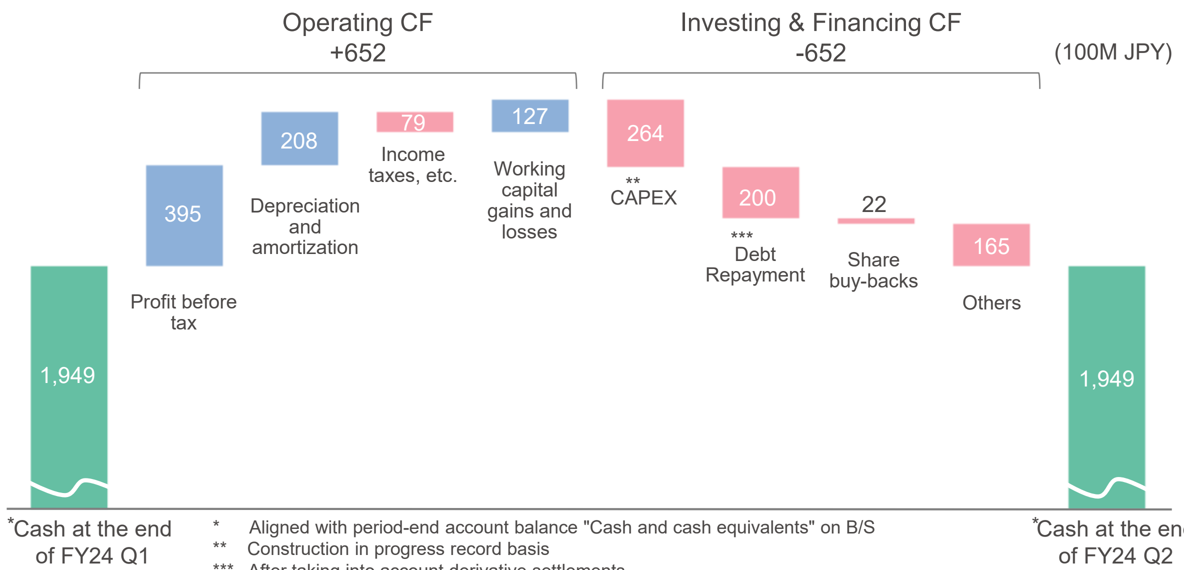
Cash Flow (Q2)



* Aligned with period-end account balance "Cash and cash equivalents" on B/S
** Construction in progress record basis
*** After taking into account derivative settlements

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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