

Financial Results for the First Half of Fiscal Year Ending March 31, 2022 (FY2021)

November 4, 2021

Naoki Muto

Chief Accounting and Financial Officer
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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.

The market share information in this presentation is partly derived from our own independent research.

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

FY21 Q2/Q2 YTD results

- Revenue: Highest-ever quarterly and half-year revenue. Steady recovery in demand for Cardiac & Vascular and the revenue increased in the other two companies as well
- Adjusted Operating Profit: Highest-ever Q2 and half-year adjusted operating profit. Although there were some negative factors as expected, the revenue increased in all companies. Expenses utilized as planned in Q2

FY21 guidance

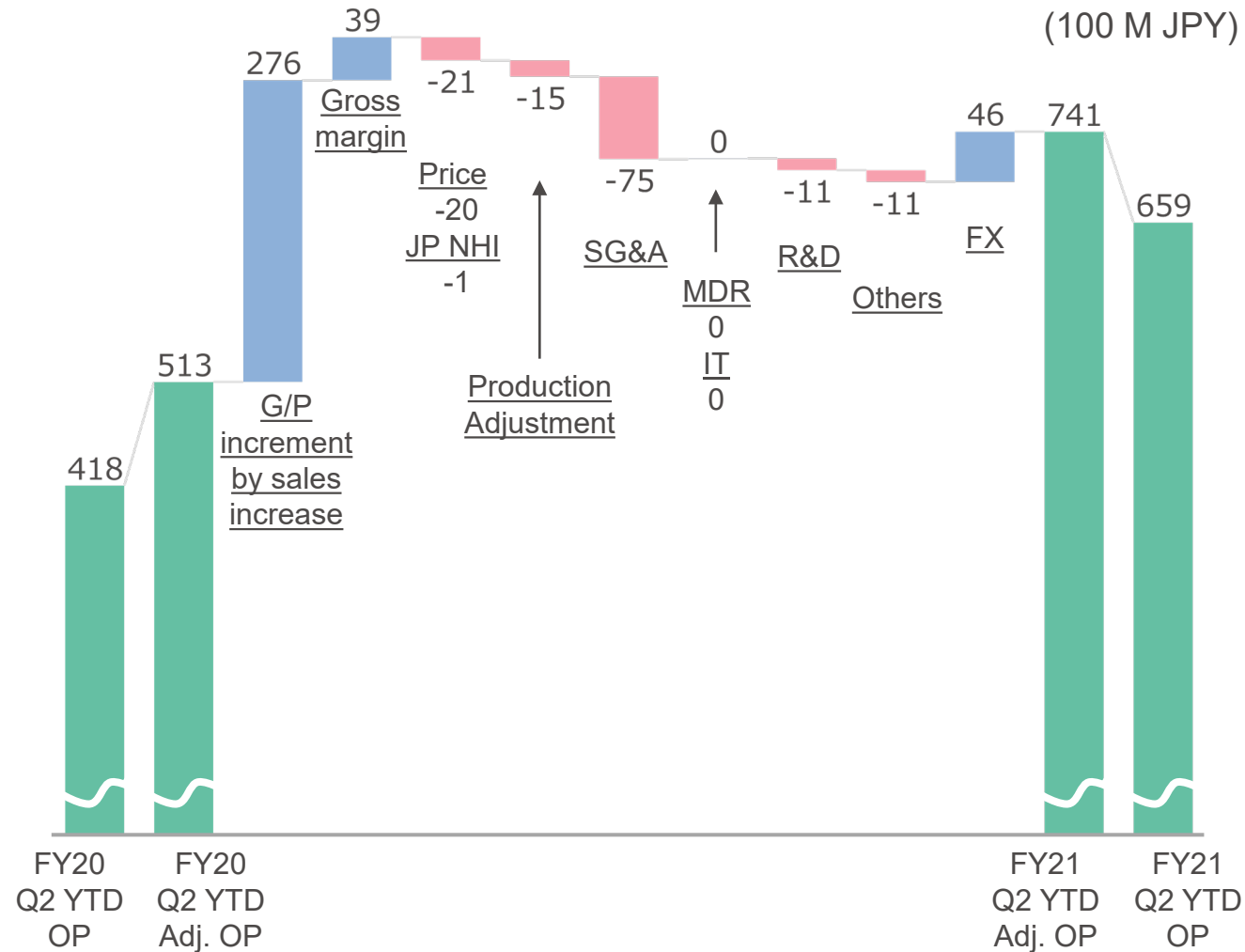
- The current guidance is reiterated. The annual dividend forecast per share increased by 2 JPY to 32 JPY
- Continuous recovery in healthcare demand, including the number of procedures anticipated. Although some risks remain such as supply chain interruption, increase in the cost of raw materials, shipping and freight, we aim to achieve the current guidance by expense control

P&L Results

- Revenue: Highest-ever quarterly and half-year revenue. Steady recovery in demand for Cardiac & Vascular, especially for TIS. Despite the negative impact on Cardiac & Vascular from the COVID-19 resurgence mainly in US and EU in Q2, the revenue increased in all companies
- Adjusted Operating Profit: Highest-ever Q2 and half year adjusted operating profit. The negative impacts of volume-based procurement (VBP) in China and lowered production level were as expected and the profit increased in all companies. In accordance with eased movement restrictions due to the spread of vaccines mainly in US and EU, expenses utilized as planned in Q2

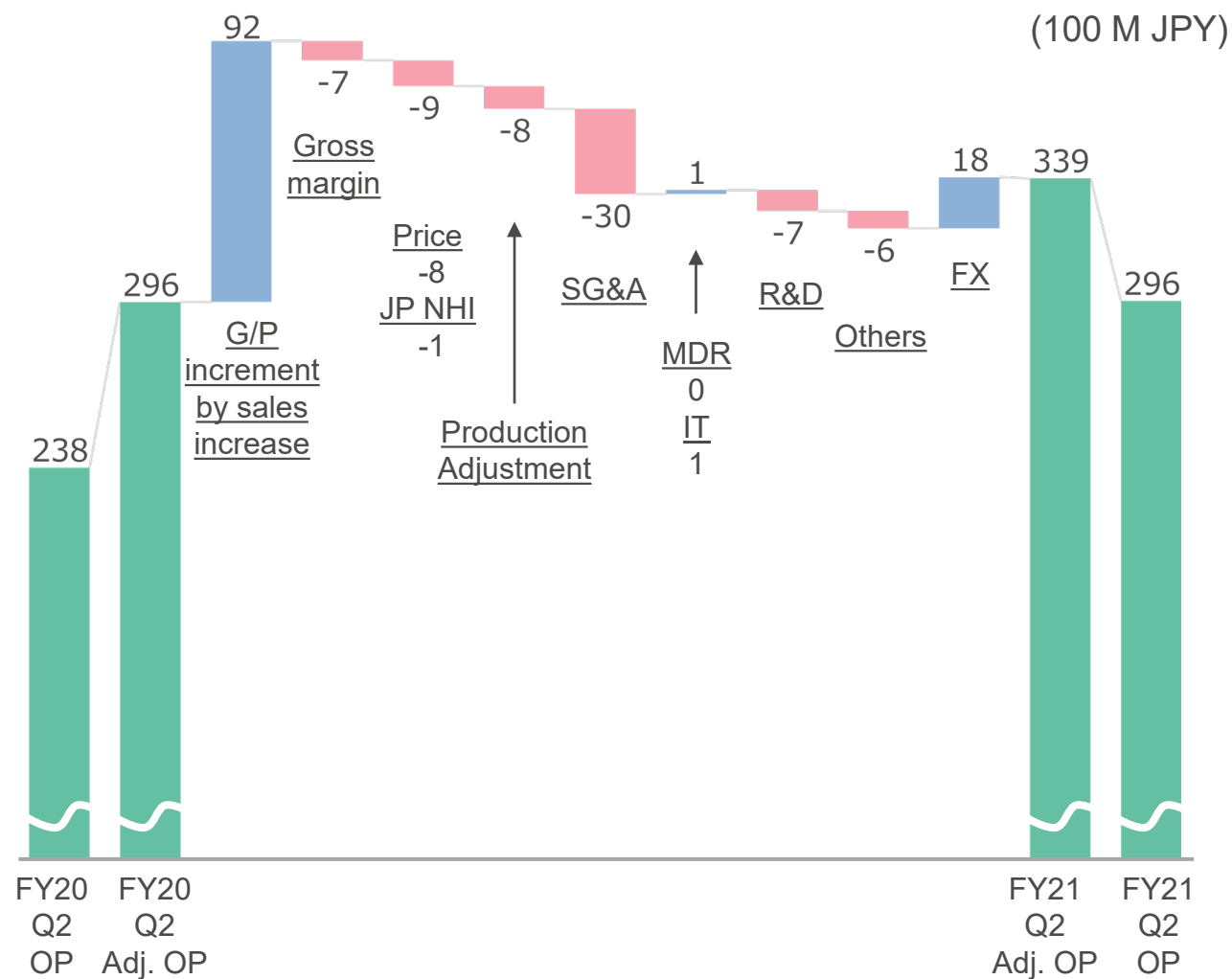
100 M JPY	FY20 Q2 YTD	FY21 Q2 YTD	YoY%	YoY% (FXN)	FY20 Q2	FY21 Q2	YoY%
Revenue	2,833	3,446	22%	17%	1,520	1,729	14%
Gross Profit (Gross Profit%)	1,505 (53.1%)	1,862 (54.0%)	24%	18%	816 (53.7%)	920 (53.2%)	13%
SG&A Expenses (SG&A Expenses%)	859 (30.3%)	955 (27.7%)	11%	7%	458 (30.2%)	490 (28.4%)	7%
R&D Expenses (R&D Expenses%)	231 (8.2%)	247 (7.2%)	7%	4%	119 (7.8%)	130 (7.5%)	9%
Other Income and Expenses	4	-2	-	-	-1	-3	-
Operating Profit (Operating Profit%)	418 (14.8%)	659 (19.1%)	57%	47%	238 (15.6%)	296 (17.1%)	25%
Adjusted Operating Profit (Adjusted Operating Profit%)	513 (18.1%)	741 (21.5%)	45%	36%	296 (19.5%)	339 (19.6%)	15%
Profit before Tax (Profit before Tax%)	407 (14.4%)	653 (18.9%)	61%		228 (15.0%)	293 (16.9%)	28%
Profit for the Year (Profit for the Year%)	318 (11.2%)	500 (14.5%)	57%		178 (11.7%)	221 (12.8%)	24%
Average Exchange Rate(USD/EUR)	107JPY/121JPY	110JPY/131JPY			106JPY/124JPY	110JPY/130JPY	

Adjusted Operating Profit Variance Analysis (Q2 YTD)



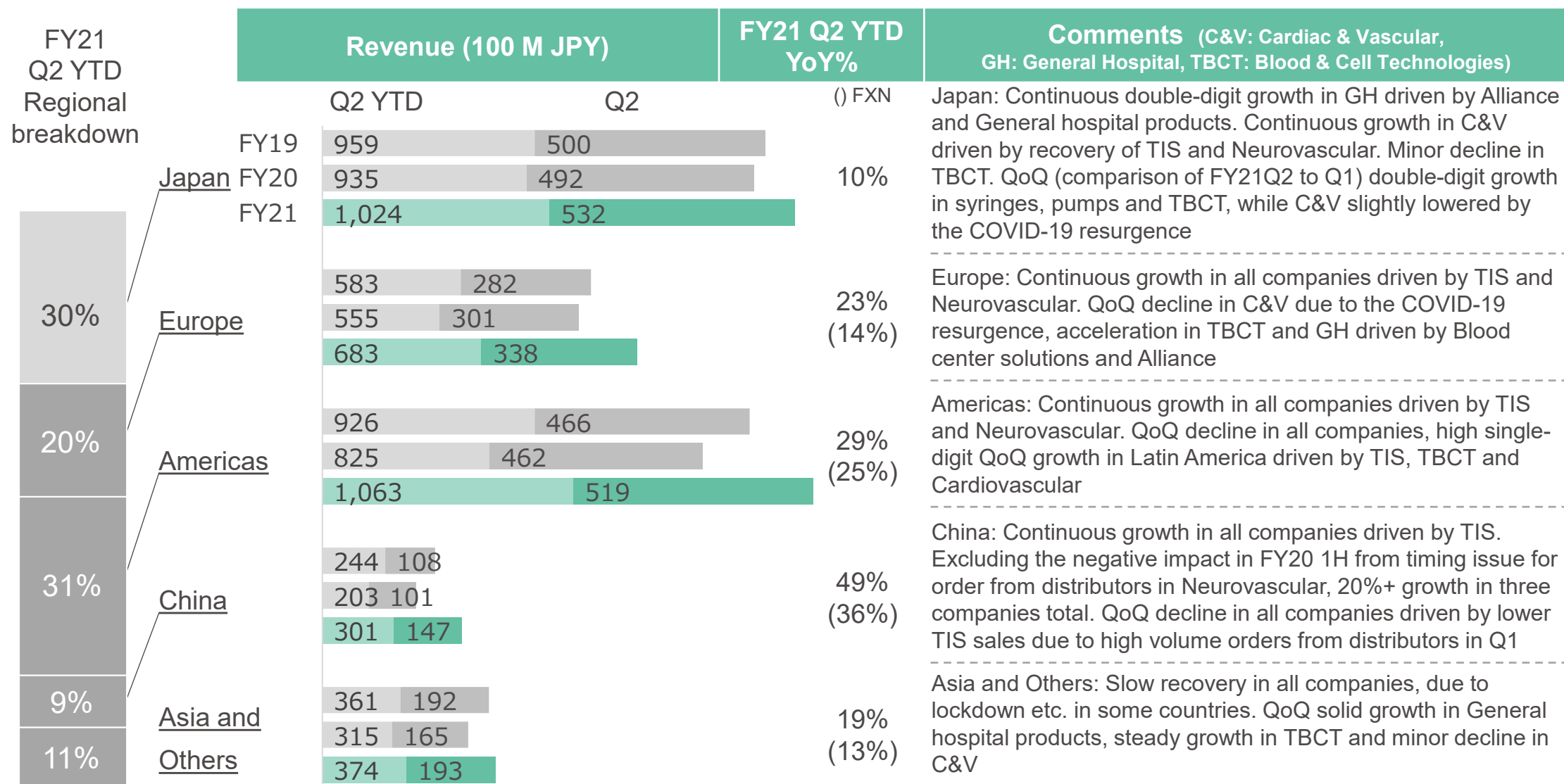
- G/P increment by sales increase:**
 The revenue increased in all companies compared with FY20 Q2 YTD impacted by COVID-19
- Gross margin:**
 Positive impact of product mix improvement from sales increase of Cardiac & Vascular, especially of TIS
- Price:**
 Decline mainly due to VBP in China for TIS products
- SG&A:**
 Large increase compared with FY20 Q2 YTD in which expense usage was slow due to COVID-19
- FX:**
 Positive impact from flow mainly by EUR and CNY. Small impact from stock

Adjusted Operating Profit Variance Analysis (Q2)



- G/P increment by sales increase:**
 Despite a slowdown due to the COVID-19 resurgence, positive revenue growth in all companies, especially in Cardiac & Vascular, compared with FY20 Q2 largely impacted by COVID-19
- Gross margin:**
 Decline driven by labor shortage in US factories, lowered operations in Vietnam factories due to the COVID-19 resurgence and increased cost of shipping and freight
- Price:**
 Decline mainly due to VBP in China for TIS products
- SG&A:**
 Large increase compared with FY20 Q2 in which expense usage was slow due to COVID-19
- FX:**
 Positive impact from flow mainly by EUR and CNY. Small impact from stock

Revenue by Region



C&V:

Significant revenue increase in all divisions with substantial recovery of procedures, especially in US and EU. Compared with FY21 Q1, revenue decline due to the COVID-19 resurgence and expenses utilized as planned

(100 M JPY)

	Q2 YTD			Q2			Comments	Q2 YTD Rev. YoY
Revenue	() FXN							
	1,726	1,494	1,943	841	821	948	TIS: Remaining COVID-19 impact in Asia and JP, significant recovery in US and EU. QoQ (comparison of FY21Q2 to Q1) decline in China due to high volume orders from distributors in Q1 as well as in EU and US due to the COVID-19 resurgence, double-digit QoQ growth in Latin America and the same level as Q1 in Asia	+274
			+30% (+24%)			+15%	Neurovascular: Significant recovery in the number of aneurysm treatments in US and EU. Continuous high growth of aspiration catheters. QoQ decline in EU and US, increase in China, Latin America and Asia	+102
Adjusted Operating Profit	472	320	508	227	196	214	Cardiovascular: Steady hardware sales generated by reopening of hospital investments in addition to significant recovery of procedures in US and EU. QoQ decline especially in US due to the COVID-19 resurgence, increase in EU and Latin America driven by recovery of procedures and hardware sales	+38
			+59% (+43%)			+9%	Vascular graft: Significant recovery in US and EU. QoQ decline especially in US and EU due to the COVID-19 resurgence, increase in Latin America	+35
							Adj. OP: The positive impact from product mix improvement surpassed the negative impact from VBP of TIS products in China, lowered production level for inventory level optimization and labor shortage in US factories. Expenses utilized as planned in Q2	
Adj. OP%	FY19	FY20	FY21	FY19	FY20	FY21		
	27%	21%	26%	27%	24%	23%		

GH:

Increase driven by pumps and daily use General hospital products.

Increase in both revenue and profit compared with FY21 Q1, driven by General hospital products

(100 M JPY)

	Q2 YTD			Q2			Comments	Q2 YTD Rev. YoY
Revenue	828	818	920 (+12% (+11%)) () FXN	431	426	482 (+13%)	General hospital products: Double-digit growth driven by a recovery of daily use products in JP, US, and Asia as well as increased demand for pumps due to COVID-19. Special demand for infection control products ran its course. QoQ (comparison of FY21Q2 to Q1) double-digit growth driven by pumps and syringes for vaccines in JP, daily use products in Asia	+50
							Pharmaceutical: Mid single-digit growth in IV solutions despite a slow demand recovery. Continuous double-digit growth in pain management and adhesion barrier. QoQ low single-digit growth driven by adhesion barrier	+9
Adjusted Operating Profit	126	117	134 (+15% (+16%))	74	65	70 (+7%)	DM & consumer healthcare: Increase driven by thermometers and blood pressure monitors due to the special demand generated by infection control and side effects of vaccines. QoQ double-digit growth driven by thermometers	+15
							Alliance: 20%+ growth driven by CDMO business	+28
Adj. OP%	FY19	FY20	FY21	FY19	FY20	FY21	Adj. OP: Mitigated the negative impact from increased shipping and freight cost by product mix improvement. SG&A expenses utilized as planned in Q2	
	15%	14%	15%	17%	15%	15%		

TBCT:

Continued increase in revenue and profit with product mix improvement and expense control.
 Revenue increase in Blood center solutions compared with FY21 Q1

(100 M JPY)

	Q2 YTD			Q2			Comments	Q2 YTD Rev. YoY
Revenue	() FXN							
	518	520	582	275	272	299	Blood center solutions: Double-digit growth in whole blood collection products with a recovery in US and EU. Solid sales of blood component collection system in US and Asia. Fully mitigated the negative impact from decline of COVID-19 convalescent plasma demand as a whole. QoQ (comparison of FY21Q2 to Q1) high single-digit growth driven by component collection and whole blood collection products in EU and JP	+38
			+12% (+7%)			+10%		
Adjusted Operating Profit	67	89	118	41	50	58	Therapeutic solutions: Double-digit growth in US and EU driven by investment at hospitals to support higher number of procedures. QoQ decline in US, increase in Latin America, China and the same level with Q1 as a whole	+18
			+32% (+18%)			+15%	Cell therapy technologies: Despite the delay in deployment due to the COVID-19 impact in FY20 1H, recovered in 2H and came back to the growth trajectory	+6
Adj. OP%	13%	17%	20%	15%	18%	19%	Adj. OP: Positive effects from product mix improvement and expense control surpassed negative impacts of the normalized product mix due to the recovery in whole blood collection and lowered operation in Vietnam factory due to the COVID-19 resurgence	

Upward Revision of Dividend Forecast

- Stably increasing, and aim for the target dividend payout ratio of 30% over the mid to long term
- FY21 annual dividend: 32.0 JPY (increased by 2.0 JPY from the original forecast)

	Original Forecast	Revised Forecast
Dividend/share	30.0 JPY Interim 15.0 Year-end 15.0	32.0 JPY Interim 16.0 Year-end 16.0
Dividend payout ratio	24.7%	26.3%

FY21 Guidance Profit for the Year: 92 B JPY, EPS: 122 JPY

The interim dividend amount was decided as described in the news released on November 4, 2021, "Terumo Revises Interim Dividend Distribution and Year-End Dividends Forecast for Fiscal Year Ending March 31, 2022"

Major Topics

Corporate

- Resolved the selection of the new “Prime Market” segment on the Tokyo Stock Exchange, Inc.
- Has received “GOOD DESIGN AWARD” for twenty-six consecutive years



High condensed liquid nutrition “PG series” “F2 series” and four other products won the award

Cardiac & Vascular

- Released final results of MASTER DAPT, a trial on abbreviated DAPT for patients at high risk of bleeding
- Launched the stent graft for thoracic aortic aneurysm “RelayPro” in US



Stent graft for thoracic aortic aneurysm “RelayPro”

General Hospital

- Released the blood glucose management application “MEDISAFE Data Share”
- Launched the 100th anniversary limited thermometer in JP



Blood glucose management application “MEDISAFE Data Share” (smart phone version image)

Blood & Cell Technologies

- First-of-its-kind study published on the positive health economic impact of overcoming blood shortages to treat maternal bleeding in sub-Saharan Africa
- Opened manufacturing facility in Costa Rica



100th anniversary thermometer “S100”

Reference

FY21 New Product Pipeline

Category	Products	Region	Launch
Coronary	Drug-eluting stent	JP	
Oncology	Biodegradable drug-eluting microsphere	EU	
	Peripheral embolization coil	JP	
	Peripheral embolization plug	US	Launched
Neuro-vascular	Flow diverter	EU, US	
	Balloon guide catheter	EU, US	
	Coil assist stent	EU, US	EU: Launched
Vascular graft	Stent graft for thoracic aortic aneurysm	US	Launched
	Surgical hybrid stent graft	US	
	Stent graft for abdominal aortic aneurysm	JP	Launched

Category	Products	Region	Launch
General hospital products	Infusion pump	JP	
	Small size syringe pump	JP	
	FN syringe (16mm needle)	JP	Launched
Pharmaceutical	Flumazenil I.V. infusion	JP	Launched
	Sterile connecting device	JP	Launched
	Gelclair	JP	
DM and consumer healthcare	Continuous glucose monitoring system	JP	Launched
	Insulin patch pump	EU	Launched
	100th anniversary thermometer	JP	Launched
	Non-contact data link thermometer	JP	
Blood and cell technologies	Automated blood processing system	Global	
	Value-added services	Global	Launched

Revenue by Segment and Region

2021年度 上期 セグメント別売上収益

Revenue by Segment for the First Half of FY2021

(百万円 / millions of yen)

		1st Half FY2020							1st Half FY2021										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	14,449	88,485	24,561	38,565	14,828	10,529	102,935	15,564	7.7%	114,817	29.8%	31,333	27.6%	51,580	33.7%	18,501	24.8%	13,397	27.2%	130,382	26.7%	37.8%
	ニューロバスキュラー	2,003	15,611	6,139	7,414	-	2,057	17,615	2,695	34.5%	25,115	60.9%	8,038	30.9%	10,659	43.8%	4,512	-	1,904	-7.4%	27,811	57.9%	8.1%
	カーディオバスキュラー	5,233	14,345	2,449	8,876	750	2,268	19,578	5,441	4.0%	17,928	25.0%	3,053	24.6%	11,429	28.8%	1,049	39.8%	2,396	5.7%	23,370	19.4%	6.8%
	血管	1,176	8,119	4,732	2,346	574	466	9,295	1,303	10.8%	11,473	41.3%	6,288	32.9%	3,820	62.8%	774	34.8%	591	26.7%	12,777	37.5%	3.7%
Cardiac and Vascular Company		22,862	126,562	37,883	57,202	16,153	15,322	149,424	25,005	9.4%	169,335	33.8%	48,718	28.6%	77,490	35.5%	24,837	53.8%	18,289	19.4%	194,341	30.1%	56.4%
ホスピタル カンパニー	医療器	24,189	11,207	1,248	2,947	546	6,464	35,396	26,739	10.5%	13,638	21.7%	1,380	10.6%	4,065	37.9%	589	7.8%	7,603	17.6%	40,378	14.1%	11.7%
	医薬品	22,110	-	-	-	-	-	22,110	23,031	4.2%	-	-	-	-	-	-	-	-	-	-	23,031	4.2%	6.7%
	DM・ヘルスケア	11,255	1,348	391	7	399	550	12,604	12,212	8.5%	1,871	38.8%	406	3.9%	13	89.0%	528	32.5%	921	67.4%	14,084	11.7%	4.1%
	ホスピタルシステム小計	57,555	12,555	1,639	2,954	946	7,015	70,111	61,983	7.7%	15,510	23.5%	1,787	9.0%	4,078	38.1%	1,118	18.2%	8,525	21.5%	77,494	10.5%	22.5%
	アライアンス	7,269	4,410	2,933	1,161	69	244	11,680	9,742	34.0%	4,724	7.1%	3,178	8.3%	963	-17.1%	65	-5.0%	516	111.4%	14,466	23.9%	4.2%
General Hospital Company		64,825	16,966	4,575	4,115	1,015	7,259	81,791	71,726	10.6%	20,234	19.3%	4,966	8.5%	5,042	22.5%	1,184	16.0%	9,042	24.5%	91,961	12.4%	26.7%
血液・細胞 テクノロジー カンパニー	血液センター	5,411	33,608	10,341	12,960	2,722	7,584	39,019	5,297	-2.1%	37,529	11.7%	11,419	10.4%	14,129	9.0%	3,397	24.8%	8,583	13.2%	42,826	9.8%	12.4%
	アフェシス治療他	196	9,232	2,318	5,365	328	1,220	9,428	186	-4.9%	11,062	19.8%	2,802	20.9%	6,296	17.4%	560	70.9%	1,402	14.9%	11,249	19.3%	3.3%
	細胞処理	86	3,418	406	2,837	58	115	3,504	71	-16.9%	4,062	18.8%	400	-1.5%	3,384	19.3%	144	149.1%	132	14.5%	4,134	18.0%	1.2%
Blood and Cell Technologies Company		5,693	46,259	13,067	21,162	3,108	8,920	51,952	5,555	-2.4%	52,655	13.8%	14,622	11.9%	23,811	12.5%	4,102	32.0%	10,118	13.4%	58,210	12.0%	16.9%
その他	Others	127	-	-	-	-	-	127	124	-1.8%	-	-	-	-	-	-	-	-	-	-	124	-1.8%	0.0%
合計		93,508	189,788	55,525	82,481	20,278	31,502	283,296	102,412	9.5%	242,225	27.6%	68,307	23.0%	106,343	28.9%	30,124	48.6%	37,449	18.9%	344,637	21.7%	100.0%
売上比率		33.0%	67.0%	19.6%	29.1%	7.2%	11.1%	100.0%	29.7%		70.3%		19.8%		30.9%		8.7%		10.9%		100.0%		

(期中平均為替レート)

(Average Exchange Rates)

(USD1=¥106.93)
(EUR1=¥121.34)

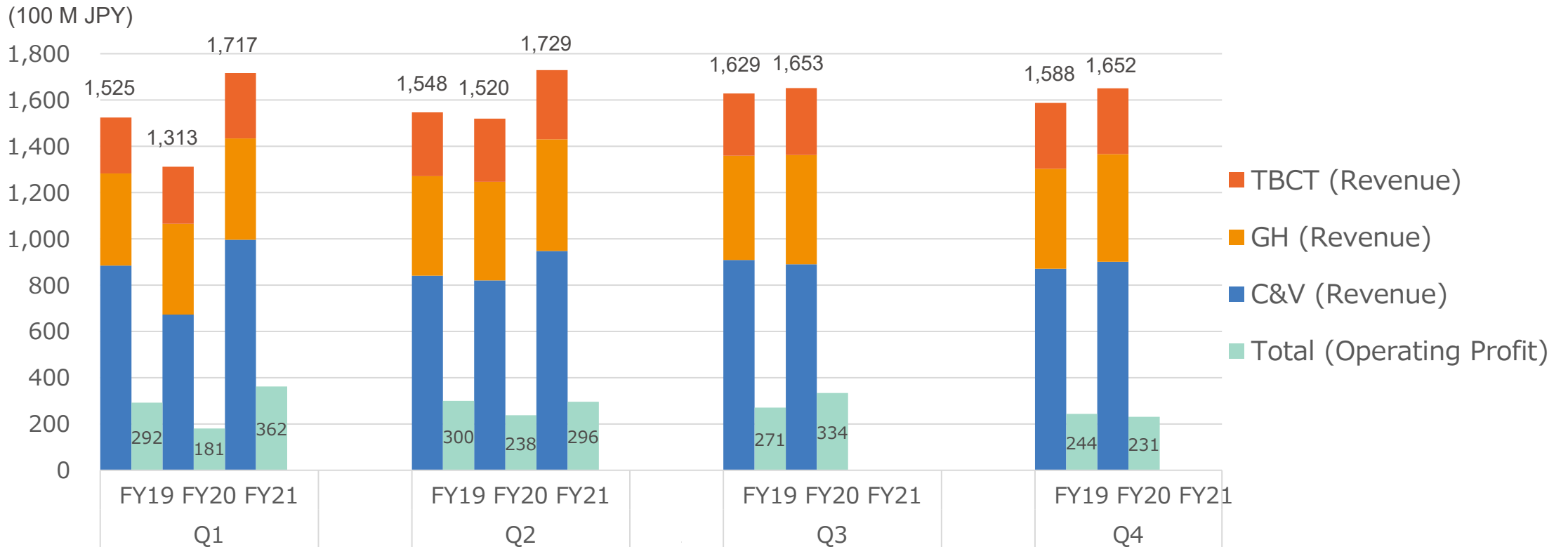
(USD1=¥109.81)
(EUR1=¥130.88)

* FY2021より「中国」の売上を開示しているため、「アジア他」から「中国」の売上を除いております。

* Sales in China is not included in "Asia and others" from this reportable segment.

Quarterly Trend of Revenue and Operating Profit

- Revenue: Increase by +14% YoY and by +12% against FY19 Q2. Large increase in C&V by +13% against FY19 Q2 with positive impact of FX such as EUR
- Operating Profit: In addition to the negative GP impact of VBP in China and lowered production level, decline driven by labor shortage in US factories, lowered operations in Vietnam factories due to the COVID-19 resurgence, and increased cost of shipping and freight. Expenses utilized as planned especially in US, EU, and JP



P&L (Quarterly Results)

(100 M JPY)

		FY20 Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY21 Q1 (Apr-Jun)	Q2 (Jul-Sep)
Revenue		1,520	1,653	1,652	1,717	1,729
Gross Profit		816 (53.7%)	908 (54.9%)	854 (51.7%)	943 (54.9%)	920 (53.2%)
SG&A Expenses		458 (30.2%)	447 (27.1%)	488 (29.5%)	465 (27.1%)	490 (28.4%)
R&D Expenses		119 (7.8%)	128 (7.7%)	132 (8.0%)	117 (6.8%)	130 (7.5%)
Other Income and Expenses		-1	2	-2	1	-3
Operating Profit		238 (15.6%)	334 (20.2%)	231 (14.0%)	362 (21.1%)	296 (17.1%)
Adjusted Operating Profit		296 (19.5%)	372 (22.5%)	274 (16.6%)	402 (23.4%)	339 (19.6%)
Average Rate	USD	106 JPY	105 JPY	106 JPY	110 JPY	110 JPY
	EUR	124 JPY	125 JPY	128 JPY	132 JPY	130 JPY

Operating Expenses (Quarterly Results)

(100 M JPY)

		FY20 Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY21 Q1 (Apr-Jun)	Q2 (Jul-Sep)
Salaries & Wages		232	231	240	249	249
Sales Promotion		31	35	43	30	40
Logistical Costs		36	38	37	38	39
Depreciation & Amortization		49	47	49	48	50
Others		110	97	119	99	112
SG&A Expenses Total (SG&A Expenses%)		458 (30.2%)	447 (27.1%)	488 (29.5%)	465 (27.1%)	490 (28.4%)
R&D Expenses (R&D Expenses%)		119 (7.8%)	128 (7.7%)	132 (8.0%)	117 (6.8%)	130 (7.5%)
Operating Expenses Total (Operating Expenses%)		578 (38.0%)	575 (34.8%)	620 (37.5%)	581 (33.9%)	621 (35.9%)
Average Rate	USD	106 JPY	105 JPY	106 JPY	110 JPY	110 JPY
	EUR	124 JPY	125 JPY	128 JPY	132 JPY	130 JPY

Operating Expenses (YTD and Quarterly Results)

(100 M JPY)

	FY20 Q2 YTD	FY21 Q2 YTD	YoY	YoY%	YoY% (FXN)
Salaries & Wages	456	498	42	9%	5%
Sales Promotion	51	70	19	38%	34%
Logistical Costs	69	77	9	12%	9%
Depreciation & Amortization	95	98	3	3%	0%
Others	188	211	23	12%	9%
SG&A Expenses Total	859	955	96	11%	7%
(SG&A Expenses%)	(30.3%)	(27.7%)			

R&D Expenses	231	247	16	7%	4%
(R&D Expenses%)	(8.2%)	(7.2%)			

Operating Expenses Total	1,090	1,202	112	10%	7%
(Operating Expenses Total%)	(38.5%)	(34.9%)			

FY20 Q2	FY21 Q2	YoY	YoY%
232	249	17	7%
31	40	9	31%
36	39	3	9%
49	50	1	2%
110	112	2	1%
458	490	32	7%
(30.2%)	(28.4%)		

119	130	11	9%
(7.8%)	(7.5%)		

578	621	43	7%
(38.0%)	(35.9%)		

Adjusted Operating Profit: Adjustments

(100 M JPY)

	FY20 Q2 YTD	FY21 Q2 YTD	FY20 Q2	FY21 Q2
Operating Profit	418	659	238	296
Adjustment 1. Amortization of acquired intangible assets	72	79	37	40
Adjustment 2. Non-recurring profit or loss	23	4	21	3
Adjusted Operating Profit	513	741	296	339

<General examples of adjustment items>

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

Main items in Adjustment 2. Non-recurring profit or loss	FY21 Q2 YTD	FY21 Q2
Business reorganizing cost	4	3

CAPEX, Depreciation and R&D Expenses

(100 M JPY)

	FY18	FY19	FY20	FY21 Q2 YTD	FY21 Guidance
CAPEX	608	895	772	324	850
Depreciation	440	477	484	256	530
Amortization of acquired intangible assets	146	157	150	71	155
Others	294	320	334	185	375

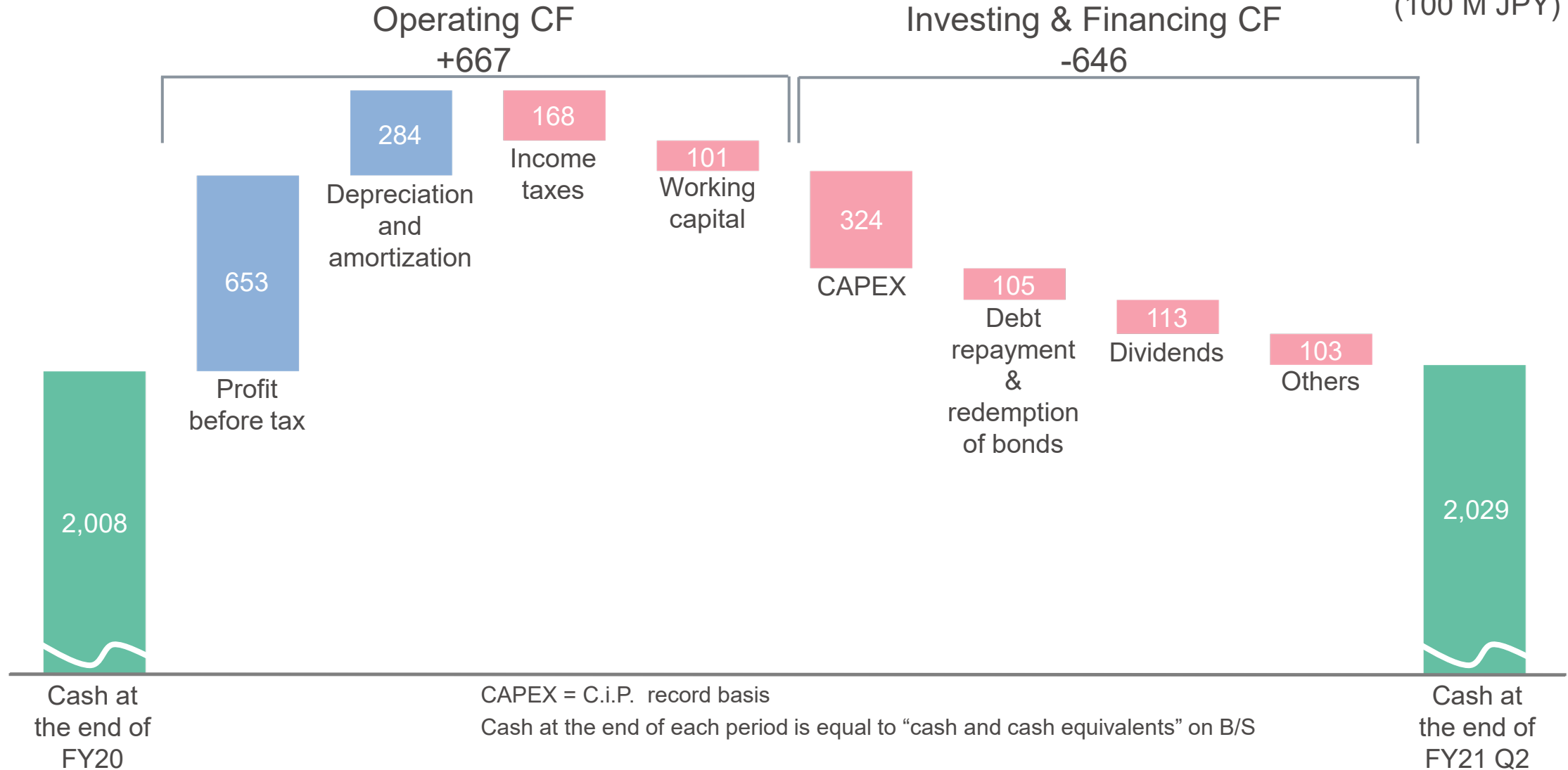
CAPEX = C.i.P. record basis, lease depreciation (IFRS16) is not included in Depreciation

- FY21 Q2 YTD (32.4 B JPY): Continued investment mainly for TIS, Neurovascular, Alliance, and Blood & Cell Technologies in production capacity and space, R&D as well as IT infrastructure (SAP)
- FY21 guidance (85.0 B JPY): Other than above, investment for plasma collection and production facilities for vaccine syringes, etc. Controlling investment considering FY21 performance

	FY18	FY19	FY20	FY21 Q2 YTD	FY21 Guidance
R&D Expenses	477	506	491	247	529

Cash Flows (Q2 YTD)

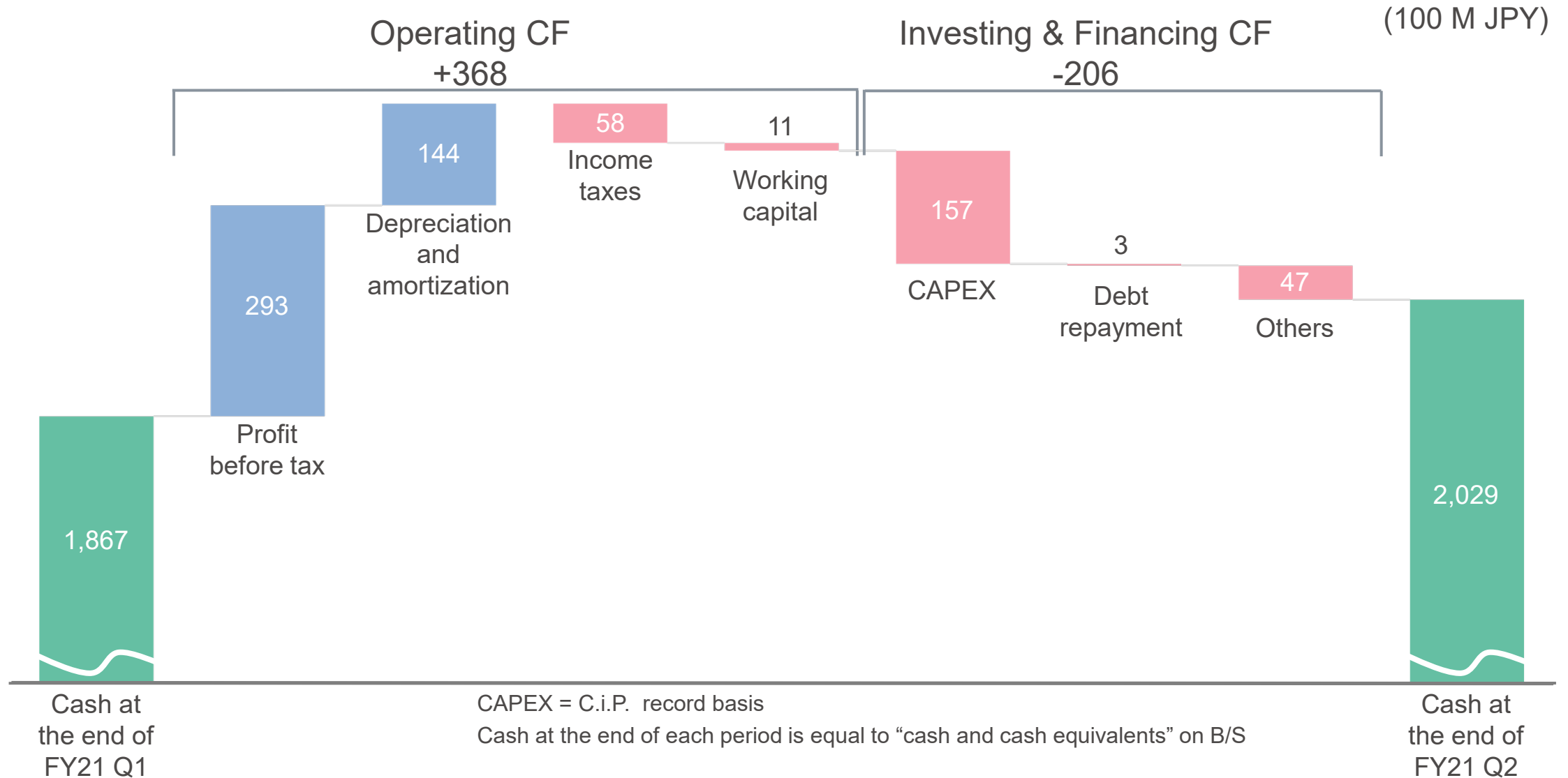
(100 M JPY)



CAPEX = C.i.P. record basis

Cash at the end of each period is equal to "cash and cash equivalents" on B/S

Cash Flows (Q2)



Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation

(100 M JPY)

	USD	EUR	CNY
Revenue	17	8	35
Adjusted Operating Profit	0	5	15

<Reference> Impact when JPY is depreciated by 10%

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Adjusted Operating Profit	-1	10	65	13	23	36



Stride Ahead
100th