

Outline of the GS26 five-year growth strategy

GS26, our five-year growth strategy launched in FY2022, sets forth a mid- to long-term vision of evolving “From Devices to Solutions,” based on a mid- to long-term perspective that considers changes in the environment surrounding healthcare. Based on this vision, we aim to maximize our corporate value by contributing to the creation of social value by providing innovative, comprehensive solutions to medical issues.

Terumo’s Focus: “Paradigm shifts in healthcare”

Changes in disease structure	Changes in timeline	Changes in technology
<ul style="list-style-type: none"> • Rapid increase in living with chronic diseases, due to global improvement in average life span and super-aging population in developed countries • Overcoming the deterioration of organs and body functions that accompanies aging 	<ul style="list-style-type: none"> • Improvement of long-term QOL • Prevention and prognosis monitoring • Personalized disease management (Patient Journey) 	<ul style="list-style-type: none"> • Increasing adoption of biopharmaceuticals, regenerative medicine, cell and gene therapies • Wide adoption of personalized medicine through evolution of genomic medicine and AI

Paradigm shifts in healthcare

Healthcare is undergoing major changes. Aging societies and rising standards of living around the world have led to changes in disease structure, bringing an increase in chronic diseases. Factors including the long-term management of these chronic diseases are changing the “healthcare timeline.” At the same time, the shift to biopharmaceuticals, cell and gene therapies, and regenerative medicine, as well as the development of digital and AI technologies, are changing the technology supporting medicine. These are important environmental changes that Terumo must respond to over the next decade.

Vision for the next 10 years

From Devices to Solutions

Delivering solutions to 21st-century healthcare challenges

Focus in solutions: The 3Ds

01. Delivery	02. Digital	03. Deviceuticals
High-value-added biological access and delivery for advanced medical care	Disease-based approach focused on improving long-term patient QOL (patient journey)	Maximize drug effectiveness through innovative devices

Vision for the next 10 years: “From Devices to Solutions”

In light of this paradigm shift in the medical field, our vision for the next 10 years is “From Devices to Solutions.”

Devices will remain Terumo’s core products, but the development direction is changing. By shifting our focus from the product to the customer and disease, we aim to become a company that can more actively engage with the entire healthcare ecosystem, identify issues faced by customers and patients, and propose solutions. The three focus areas that will guide the direction of solutions development are as follows:

The first is Delivery. This refers to in-vivo access and delivery functions, and their supporting technologies, typified by the catheter product line that supports Radial Approach*¹, a growth-driver for the Cardiac and Vascular Company. This basic technology is our primary advantage in developing new solutions.

The second is Digital. The use of digital technology is essential to improving efficiency and optimizing and personalizing diagnosis and treatment through the use of data. One pioneering example of such solutions is the Medical Care Solutions Company working to improve safety and healthcare professionals’ operational efficiency by digitizing and linking perioperative drug management, centered on infusion pumps and syringe pumps, with vital records from bedside care devices such as thermometers and blood pressure monitors.

The third is Deviceuticals. This term was coined to describe Terumo’s goal of combining Devices and Pharmaceuticals, and refers to solutions that add value to the use and manufacture of drugs. Examples include the CDMO business*², a partnership business with pharmaceutical companies that we are currently promoting, and the plasma innovation business*³.

*1 Vascular intervention performed via the radial artery in the wrist

*2 Contracted development and manufacturing business

*3 Details of plasma innovation business are below

<https://www.terumo.com/business/blood-and-cell-technologies>

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Financial KPIs

GS26 sets the following goals for growth, profitability, and capital efficiency, which we are working to achieve.

Five-year financial targets

Growth	Profitability	Capital efficiency
Revenue growth High single-digit (5-year CAGR) Aiming for revenue of 1 trillion yen through continued growth	Operating margin 20%+* (As of FY26) * Calculated based on operating profit before adjustments	ROIC 10%+ (As of FY26) ROE of 10% or higher

Growth:

We aim to achieve high single-digit revenue growth by steadily increasing sales from the growth drivers of each of the three companies within the Terumo Group. Please see below for the growth drivers for each company.

"Vision for the next 10 years" disclosed on Dec. 16, 2021 (page 11, refer to Growth Drivers in GS26)
https://www.terumo.com/system/files/document/2022-02/Presentation_211216_GS26_1_E_1.pdf

Profitability:

We aim to achieve an operating margin of 20% or higher through group-wide profit improvement measures (price revisions, cost reduction, etc.) in addition to improving the business mix by expanding sales of high-profit growth drivers.

Capital efficiency:

In addition to improving profitability, we are working to improve the efficiency of invested capital through appropriate control of working capital, mainly inventories, and aim to achieve ROIC of 10% or higher (ROE of 10% or higher).

Commitment to sustainability management

In the GS26, we aim to increase corporate value over the medium to long term by practicing sustainability management. To achieve this, we have established specific activity themes and key performance indicators (KPIs) related to Creating Shared Value (CSV) and Environmental, Social, and Governance (ESG) criteria, and we are promoting these initiatives throughout the company. (For more information on Terumo's Sustainability Priorities, please refer to page 29, "Sustainability at the Terumo Group." For details on the CSV and ESG activity advanced in the GS26, please see "CSV/ESG themes of the GS26" on pp. 17-19.)