

Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2024 (FY2023)

November 14, 2023

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Hello. I am the CAFO, Muto. I will explain our earnings results for the first half of the fiscal year ending March 31, 2024.

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.

Highlights

Revenue

- | Highest-ever result for a half
- | C&V and TBCT grew in double digits to drive the Group overall

Operating profit

- | Highest-ever result for a half
- | Profitability improvement (price policy and cost reduction) on schedule

Shareholder return

- | Will execute 20B JPY share repurchase this fiscal year

Here are the highlights of this earnings report. Both revenue and adjusted operating profit in the first half were our highest ever for a half. Business inquiries continued to be strong globally as revenue grew 6% when excluding FX. Operating profit increased 15% when excluding FX. Positive impact from our earnings improvement measures continued to exceed the negative impact of inflation, as we saw progress as planned toward achieving the annual guidance. In addition, the treasury stock acquisition of up to 20 billion yen that we have previously announced is scheduled to be performed within the fiscal year. Next slide, please.

P&L

■ Revenue: Strong global demand continued; drivers TIS, blood center business, Vascular Graft grew in double digits

■ Operating profit: One-time items and expected adjusted OP progress led to double-digit increase

| 100M JPY | FY22 Q2 YTD | FY23 Q2 YTD | Change | Change excluding FX impact | FY22 Q2 | FY23 Q2 | Change |
|-------------------------------|---------------|---------------|--------|----------------------------|-------------|-------------|--------|
| Revenue | 4,033 | 4,439 | 10% | 6% | 2,060 | 2,286 | 11% |
| Gross Profit (%) | (51.3%) | (51.4%) | 10% | 6% | (51.1%) | (51.8%) | 12% |
| SG&A Expenses (%) | 1,171 (29.0%) | 1,315 (29.6%) | 12% | 8% | 605 (29.4%) | 664 (29.0%) | 10% |
| R&D Expenses (%) | 297 (7.4%) | 318 (7.2%) | 7% | 3% | 157 (7.6%) | 164 (7.2%) | 5% |
| Other Income and Expenses | -42 | 15 | - | - | -37 | 12 | - |
| Operating Profit (%) | 560 (13.9%) | 665 (15.0%) | 19% | 15% | 255 (12.4%) | 368 (16.1%) | 44% |
| Adjusted Operating Profit (%) | 704 (17.5%) | 756 (17.0%) | 7% | 4% | 345 (16.8%) | 411 (18.0%) | 19% |
| Profit before Tax (%) | 546 (13.5%) | 664 (15.0%) | 22% | | 250 (12.1%) | 366 (16.0%) | 47% |
| Profit for the Year (%) | 403 (10.0%) | 501 (11.3%) | 24% | | 179 (8.7%) | 275 (12.0%) | 54% |

Average exchange rate (USD/EUR) 134JPY/139JPY 141JPY/153JPY

138JPY/139JPY 145JPY/157JPY

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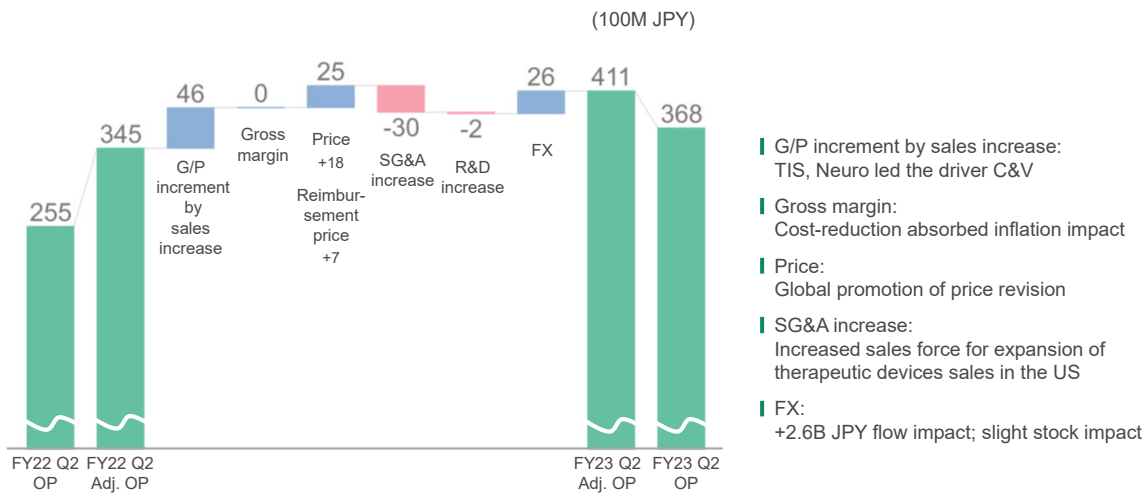


Here are the P&L results.

Revenue was driven by the TIS and TA businesses of the Cardiac and Vascular Company, and by the Blood Center business of the Blood and Cell Technologies Company, all of which grew in the double digits.

In operating profit, the positive impacts of price policy revisions outside Japan and cost reductions throughout the group occurred as anticipated, while one-time business portfolio optimization profits also contributed to large growth. Comparing the three months of Q2 against the previous year, both gross profitability and adjusted operating profitability improved. I will explain this in detail on the next slide.

OP Variance Analysis (Q2): Less inflation impact, profitability improvement progress



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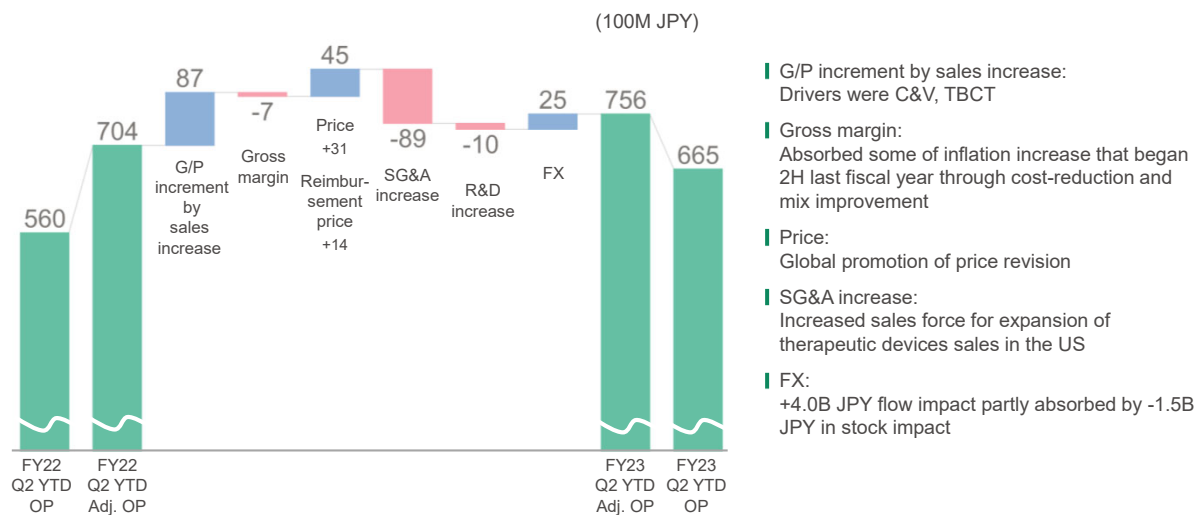
Next is the profit variance analysis comparing the three months of Q2 against the same quarter of the previous year. First, in gross profitability on revenue, the impact of inflation that worsened in the second half of the previous fiscal year was cancelled out by the positive impact of cost reductions and business mix improvement. Compared to the same quarter of previous year, Q2 improved to plus/minus zero, from negative 700 million yen in Q1.

In “Price,” the impact of price policies that were revised globally starting last fiscal year expanded, to combine with positive impact from the reimbursement price revision in Japan.

In SG&A, the effect of increased sales force continued from Q1 to expand therapeutic device sales in North America. In FX, the impact on stock was slight, resulting in positive impact on flow only.

With these Q2 results, Q2 YTD profit variance items are each progressing as planned.
The next slide explains this.

OP Variance Analysis (Q2 YTD): As planned in all areas



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Here is the Q2 YTD adjusted operating profit variance analysis.

Profit increment by revenue increase is 17 billion yen for the year, and therefore progressing as planned.

Gross Margin remains at the same negative level it was as of Q1.

Later, I will explain in detail the quarterly progress and outlook for Gross Margin.

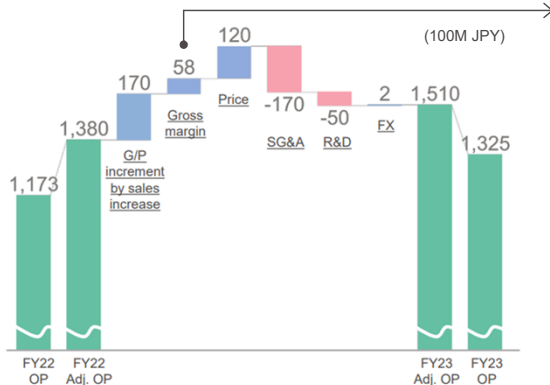
SG&A increase is also progressing as planned against the annual guidance.

In FX, the positive impact on flow exceeded the negative impact on stock. The FX breakdown is 4 billion yen positive in flow, and 1.5 billion yen negative in stock.

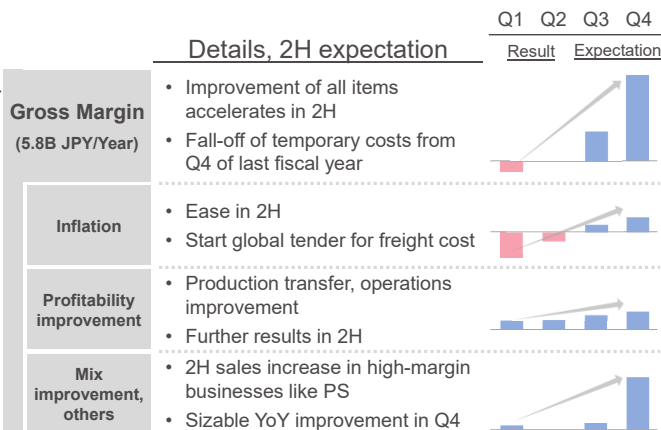
Next slide, please.

Gross Margin: Substantial 2H improvement expected

FY23 guidance OP variance analysis



Quarterly breakdown by item



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The variance analysis chart on the left of the slide is the annual guidance for profit variance that we announced in May of this year.

The Gross Margin results for Q1 and Q2, and outlook for Q3 and Q4, are shown on the upper right bar graph of the slide. Improvement is happening each quarter, and Q4 in particular will be an especially positive improvement as the one-time expenses of Q4 last fiscal year go away.

The breakdown of each item is shown on the lower portion. The three items shown are “inflation,” “profitability improvement,” and “mix improvement and other.”

In Inflation, impact worsened in the second half of last fiscal year as electricity prices rose in Japan, but they have trended flat since then, and are expected to ease going forward.

In freight cost, we began cost reduction efforts during the first half.

Freight contracts were previously executed separately in each region, but we will now consolidate them into global tenders. In the second half, we expect to see the positive effects of this.

In profitability improvement measures, the effects of the Costa Rica production transfer are already appearing, and in the second half we expect to see further gains as Japan factory operations improvements also bear fruit.

Regarding “mix improvement and others”: In addition to second-half increases in sales of high-profitability businesses such as Pharmaceutical Solutions, the absence of one-time expenses that occurred in Q4 last fiscal year—for example, emergency freight costs associated with Blood and Cell Technologies delivery delays, and the costs of transferring Cardiac and Vascular and Blood and Cell Technologies production to Costa Rica—lead us to anticipate drastic improvement in Q4.

Next slide, please.

Revenue by Region: Therapeutic devices strong in Americas, EU; Emerging drove high growth rate

C&V: Cardiac and Vascular, TMCS: Medical Care Solutions, TBCT: Blood and Cell Technologies, TIS: Interventional Systems, Neuro: Neurovascular

| FY23 Q2 YTD Regional breakdown | Revenue (100M JPY) | | FY23 Q2 YTD YoY change | Comments | |
|--------------------------------------|--------------------|-------|---------------------------|--------------|--|
| | Q2 YTD | Q2 | | | |
| Americas 35% | FY21 | 1,063 | 519 | 11% (6%) | Americas: Neuro of C&V grew in double digits; Vascular Graft grew over 30% |
| | FY22 | 1,381 | 719 | | |
| | FY23 | 1,537 | 797 | | |
| Japan 23% | FY21 | 1,024 | 532 | -0% | Japan: TIS, Vascular Graft of C&V were drivers; TBCT trended steadily. TMCS sales down due to sell-off of nutrition business, return to normal of thermometer demand |
| | FY22 | 1,012 | 514 | | |
| | FY23 | 1,011 | 536 | | |
| Europe 20% | FY21 | 683 | 338 | 16% (6%) | Europe: TIS of C&V grew in double digits; Neuro and Vascular Graft drove with double digit growth |
| | FY22 | 772 | 386 | | |
| | FY23 | 896 | 452 | | |
| China 9% | FY21 | 301 | 147 | 7% (8%) | China: TIS, blood center business were drivers. Slight impact by decrease in number of procedures with anti-corruption campaign. Neuro: distributor inventory adjustment impact eased in Q2. TIS access products subject to volume-based procurement (VBP) starting in Dec. or later |
| | FY22 | 384 | 190 | | |
| | FY23 | 411 | 211 | | |
| Asia and Others 13% | FY21 | 374 | 193 | 21% (16%) | Asia and Others: Sizable sales increase due to TBCT blood center business tender timing. C&V, TMCS also grew in double digits |
| | FY22 | 484 | 251 | | |
| | FY23 | 585 | 290 | | |

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Here is revenue by region. In the main markets of the United States and Europe, therapeutic devices including Neurovascular and stent grafts continued to be strong. In addition, emerging markets including China and other Asian countries drove the growth rate. In Japan, although negative factors continued including the revenue decrease due to selling off the nutrition business and the return to normal of thermometer demand, the reimbursement price revision and other factors had positive impact, returning the region as a whole to the previous year levels. In China, despite limitations on sales promotion activities under recent anti-corruption campaigns, there was only slight negative top-line impact due to a decreased number of procedures. Also, although there was impact from Neurovascular product sales being held back by distributors

during Q1, this eased in Q2 and revenue has recovered. Finally, regarding TIS Access product group purchasing: In September there was a joint tender held for 20 government ministries. The impact of this is expected to appear in the second half.

In Asia, a tender in which the Blood and Cell Technologies Company participated occurred in the first half instead of the second half, causing a drastic increase in revenue.

Next slide, please.

C&V: Americas, EU drove continuing strong sales; profit progress as planned

(C&V: Cardiac and Vascular, TIS: Interventional Systems)

(100M JPY)

| | Q2 YTD | | | Q2 | | | Comments | Q2 YTD YoY |
|---------------------------|---------------|-------|-------|-----|-------|----------|--|------------|
| Revenue | () FX Neutral | | | | | | TIS: | +186 |
| | 1,943 | 2,354 | 2,657 | 948 | 1,186 | 1,351 | Double-digit growth outside Japan; EU and China were drivers. Access products subject to volume-based procurement (VBP) in China starting in Dec. or later | |
| Adjusted Operating Profit | () FX Neutral | | | | | | Neuro-vascular: | +34 |
| | 508 | 529 | 576 | 214 | 249 | 308 | Double-digit growth in US, EU to continue strength. China distributor inventory adjustment impact eased in Q2 | |
| Profit% | 26% | 22% | 22% | 23% | 21% | 23% | Cardio-vascular: | +40 |
| | | | | | | | Vascular Graft: | |
| | | | | | | Profit : | Sales increase and profitability improvement pushed back inflation impact. Increased sales force for expansion of therapeutic devices sales in the US | |

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I will now explain the results by company. First, Cardiac and Vascular.

Revenue grew 8% when excluding FX; the TA and Neurovascular businesses, and Americas and Europe regions, led strong global performance.

Profit decreased in Q1 due to inflation and FX stock impact, but increased drastically in Q2 due not only to increased revenue, but also price policy revision impact.

Cost reduction effects will further increase in the second half, and we look to achieve the annual guidance margin rate of 24%.

Next slide, please.

TMCS:

Increased sales and profit despite impact of Nutrition business divestiture, return to normal of thermometers

(TMCS: Medical Care Solutions)

(100M JPY)

| | Q2 YTD | | | Q2 | | | Comments | Q2 YTD YoY |
|---------------------------|---------------|------|------|------|------|------|--|------------|
| Revenue | 920 | 938 | 940 | 482 | 478 | 503 | HCS Hospital Care Solutions: In Japan: Sell-off of Nutrition business absorbed by reimbursement price improvement, infusion set/pump strength. Asia, Latin America drove outside Japan LCS Life Care Solutions: Thermometer demand returned to normal. Japan blood glucose self-measurement product sales down due to stiffer competition PS Pharmaceutical Solutions: Sales impacted in all markets by delivery timing change. Steady progress in production investment toward mid- to long-term growth | +21 |
| | () FX Neutral | | | | | | | |
| Adjusted Operating Profit | 134 | 81 | 83 | 70 | 37 | 55 | | -6 |
| Profit% | FY21 | FY22 | FY23 | FY21 | FY22 | FY23 | Profit: Price policy effects absorbed the negative impacts of Japan power cost inflation that began 2H last fiscal year and temporary product mix issues | |
| | 15% | 9% | 9% | 15% | 8% | 11% | | |

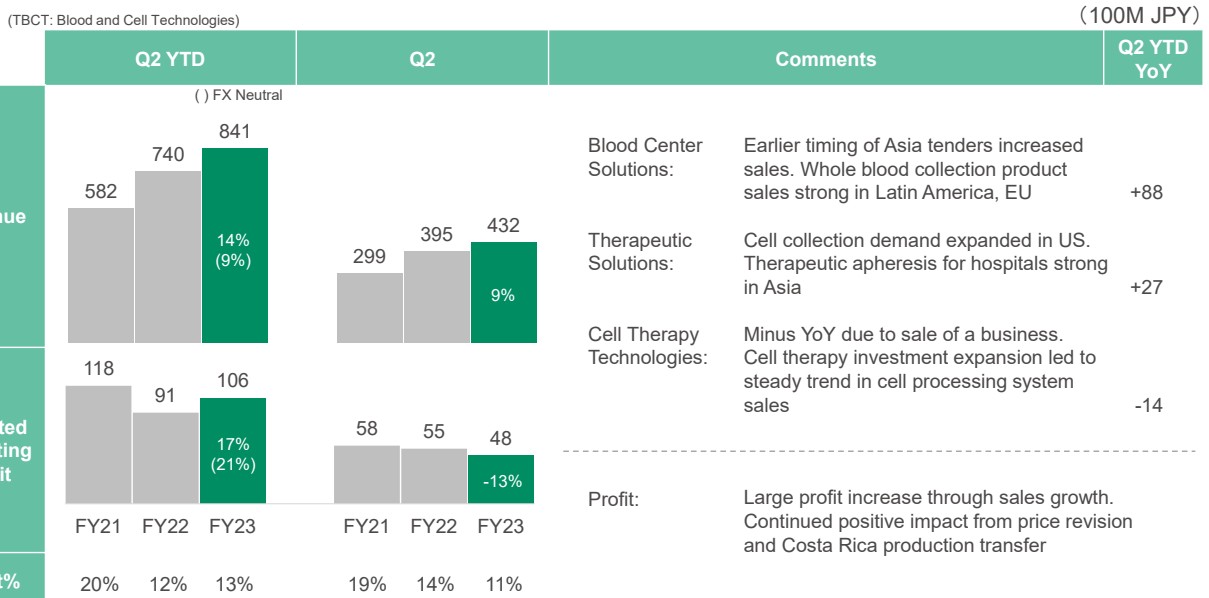
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“TMCS” is the Terumo Medical Care Solutions Company. In revenue, negative impacts included the return to normal of device demand in the Life Care Solutions business. The positive impact of reimbursement price revisions in the Hospital Care Solutions business helped to push back the negative impact of delivery timing changes in the Pharmaceutical Solutions business to result in a slight revenue decrease when excluding FX. In profit, Q2 saw a QonQ improvement due to inflation easing and product mix improvement, as well as a 1st Half YTD YoY profit increase. In the second half, the effect of the price policy revision we enacted on October 1st will appear, and we anticipate seeing progress as planned toward achieving the annual guidance margin rate of 10%. Next slide, please.

TBCT: Strong blood center business drove large profit increase



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The final company is TBCT, which is the Blood and Cell Technologies Company.

In revenue, a higher-than-anticipated growth was maintained, even though the revenue increase due to elimination of back orders that had continued from last fiscal year into Q1 was gone by Q2; this was because tenders scheduled for the second half were moved earlier into the first half.

In profit, there was a large increase in Q1 due to the one-time impact of inventory evaluation adjustment; however, this calmed in Q2.

In the first half, we were able as a Group to make progress as planned in both revenue and profit. In the second half, we aim to achieve the annual guidance by realizing further impact from our profitability improvement measures.

This concludes my explanation of our earnings.

Reference

Revenue by Segment and Region

2023年度 上期 セグメント別売上収益

Revenue by Segment for the First Half of FY2023

(百万円) (millions of yen)

| | 1st Half FY2022 | | | | | | | 1st Half FY2023 | | | | | | | 構成比 % to total |
|-------------------------------------|-----------------|--------------|-------------|---------------------------------|--------------|-----------|-----------|-----------------|--------------|-------------|---------------------------------|--------------|-----------|-----------|-------------------|
| | 米州 Americas | 欧州 Europe | 中国 China | アジア諸 国 Asia and others | 海外 Others | 日本 JPN | 合計 Sum | 米州 Americas | 欧州 Europe | 中国 China | アジア諸 国 Asia and others | 海外 Others | 日本 JPN | 合計 Sum | |
| 心臓血管 カンパニー | | | | | | | | | | | | | | | |
| TIS | 65,672 | 16,593 | 2,867 | 18,832 | 145,487 | 15,416 | 167,814 | 72,227 | 11,275 | 49,279 | 16,475 | 26,292 | 18,676 | 20,777 | 178,256 |
| ニューロバスキュラー | 14,212 | 6,384 | 3,187 | 8,018 | 35,195 | 2,722 | 64,617 | 16,226 | 18,875 | 11,444 | 28,075 | 4,787 | -6,676 | 2,763 | 65,254 |
| Cardiovascular | 13,824 | 6,174 | 2,951 | 8,201 | 30,887 | 5,995 | 56,983 | 15,818 | 17,175 | 8,882 | 27,275 | 1,404 | -17,476 | 4,492 | 62,291 |
| Cardiovascular | 5,700 | 7,657 | 797 | 637 | 14,806 | 1,883 | 16,590 | 7,728 | 14,275 | 8,243 | 22,275 | 749 | -6,776 | 1,864 | 38,381 |
| Vascular Graft | | | | | | | | | | | | | | | |
| Cardiac and Vascular Company | 99,299 | 54,884 | 31,098 | 25,196 | 210,487 | 24,917 | 235,404 | 112,835 | 18,776 | 64,945 | 18,276 | 33,439 | 7,976 | 28,480 | 239,721 |
| メディカルケア ソリューションズ カンパニー | | | | | | | | | | | | | | | |
| Hospital Care Solutions | 1,683 | 1,817 | 1,073 | 7,774 | 15,265 | 48,881 | 64,244 | 3,889 | 17,875 | 1,881 | -8,975 | 948 | -12,876 | 8,748 | 17,032 |
| Life Care Solutions | - | 878 | 399 | 368 | 1,545 | 11,361 | 13,997 | 11 | 144,776 | 172 | -1,475 | 687 | 20,876 | 1,699 | 8,995 |
| Pharmaceutical Solutions | 1,180 | 8,899 | 204 | 811 | 6,245 | 10,876 | 16,651 | 721 | 45,976 | 1,899 | -8,275 | 334 | 64,175 | 868 | 19,476 |
| Medical Care Solutions Company | 6,432 | 5,596 | 2,873 | 9,255 | 23,066 | 70,749 | 93,686 | 6,744 | 3,276 | 5,160 | -6,976 | 1,499 | 8,976 | 10,424 | 23,676 |
| 血液・細胞 テクノロジー カンパニー | | | | | | | | | | | | | | | |
| Blood Center Solutions | 28,179 | 12,822 | 4,541 | 12,899 | 49,623 | 5,124 | 64,748 | 22,927 | 8,975 | 14,636 | 14,275 | 4,817 | 6,275 | 16,800 | 38,381 |
| Therapeutic Solutions | 8,672 | 8,812 | 723 | 2,712 | 13,816 | 268 | 14,084 | 8,214 | 14,175 | 3,873 | 17,876 | 881 | 16,275 | 2,300 | 30,376 |
| Cell Therapy Technologies | 4,113 | 256 | 142 | 264 | 5,000 | 50 | 6,147 | 2,900 | -19,776 | 219 | -8,475 | 81 | -42,475 | 187 | -38,876 |
| Blood and Cell Technologies Company | 32,365 | 16,691 | 5,399 | 14,679 | 68,436 | 5,444 | 73,980 | 34,079 | 3,376 | 19,063 | 14,276 | 5,710 | 6,276 | 19,549 | 38,381 |
| その他 Others | - | - | - | - | - | 124 | 124 | - | - | - | - | - | - | - | 119 |
| 合計 Total | 138,696 | 77,181 | 38,371 | 48,439 | 302,080 | 101,238 | 403,316 | 153,699 | 18,376 | 89,389 | 16,376 | 41,889 | 7,776 | 58,454 | 238,381 |
| 売上比率 % to Total | 24.2% | 19.1% | 8.5% | 12.6% | 74.9% | 25.1% | 100.0% | 24.6% | 2.8% | 22.2% | 4.1% | 10.4% | 1.7% | 23.8% | 100.0% |

(換算平均レート)

(Average Exchange Rates)

(USD)=¥134.03
(EUR)=¥136.70

(USD)=¥141.00
(EUR)=¥152.43

2023年度見通し

Guidance for FY2023

| | FY2023 | | 構成比 % to total |
|----------------------|-----------|-------------|-------------------|
| | 合計 Sum | 売上 Sales | |
| 心臓血管カンパニー | 283,300 | 4.8% | 19.0% |
| メディカルケアソリューションズカンパニー | 200,000 | 4.3% | 23.4% |
| 血液・細胞テクノロジーカンパニー | 150,000 | 1.0% | 11.6% |
| その他 Others | 200 | -1.0% | 0.0% |
| 合計 Total | 634,000 | 4.1% | 100.0% |

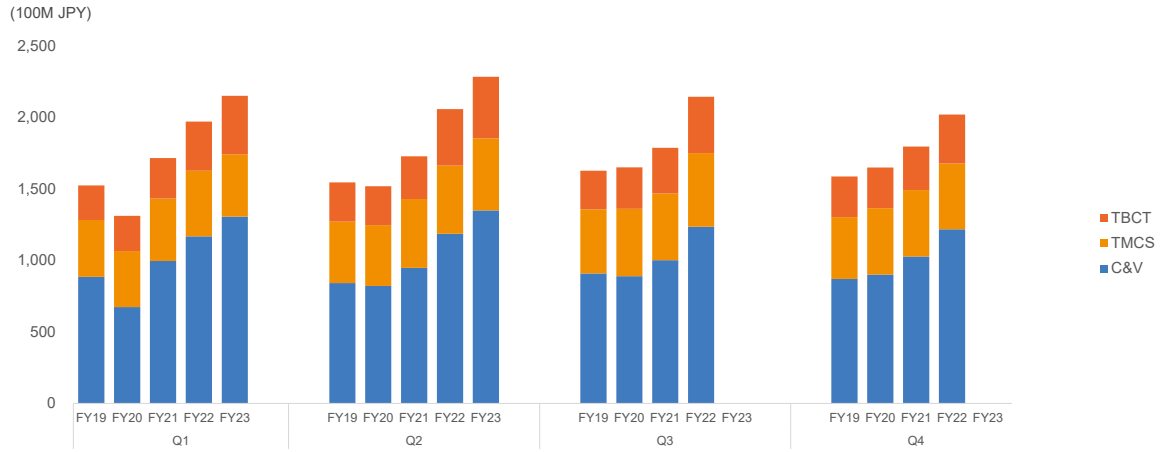
(換算平均レート)

(Average Exchange Rates)

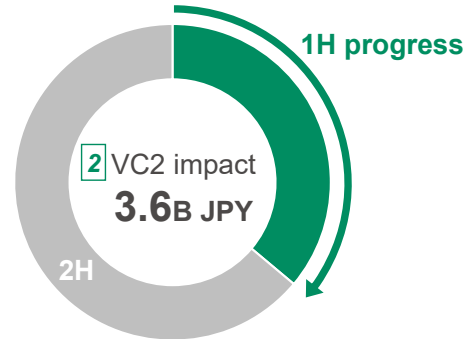
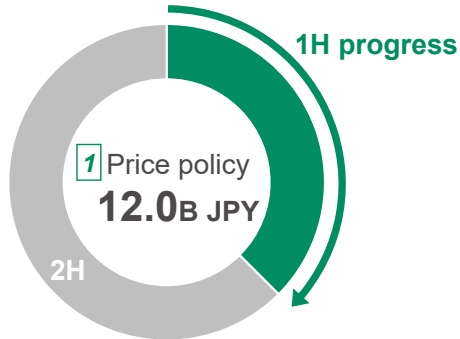
(USD)=¥132.00
(EUR)=¥143.00

Quarterly Revenue Trend

FY23 Q2: +11% vs. FY22 Q2, +6% vs. FY23 Q1



Profitability Improvement Progress



VC2: Group-wide production and SG&A cost-reduction project

1H
results

Reimbursement price revision
positive impact, along with
global price policy revision

2H
expectation

Expand to more products, regions
continuous impact expected

Costa Rica transfer
cost reduction impact

Further impact through **automation,**
optimization and **operations**
improvement in Japan factories

P&L (QoQ)

(100M JPY)

| | | FY22 Q2 (Jul-Sep) | Q3 (Oct-Dec) | Q4 (Jan-Mar) | FY23 Q1 (Apr-Jun) | Q2 (Jul-Sep) |
|---------------------------|-----|----------------------|-----------------|-----------------|----------------------|-----------------|
| Revenue | | 2,060 | 2,147 | 2,022 | 2,153 | 2,286 |
| Gross Profit | | 1,054 (51.1%) | 1,114 (51.9%) | 990 (49.0%) | 1,098 (51.0%) | 1,185 (51.8%) |
| SG&A Expenses | | 605 (29.4%) | 615 (28.6%) | 597 (29.5%) | 651 (30.2%) | 664 (29.0%) |
| R&D Expenses | | 157 (7.6%) | 159 (7.4%) | 160 (7.9%) | 154 (7.2%) | 164 (7.2%) |
| Other Income and Expenses | | -37 | 35 | 5 | 3 | 12 |
| Operating Profit | | 255 (12.4%) | 375 (17.5%) | 238 (11.8%) | 296 (13.8%) | 368 (16.1%) |
| Adjusted Operating Profit | | 345 (16.8%) | 392 (18.2%) | 284 (14.1%) | 345 (16.0%) | 411 (18.0%) |
| Quarterly | USD | 138JPY | 142JPY | 132JPY | 137JPY | 145JPY |
| Average Rate | EUR | 139JPY | 144JPY | 142JPY | 150JPY | 157JPY |

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SG&A (QoQ)

(100M JPY)

| | FY22 Q2 (Jul-Sep) | Q3 (Oct-Dec) | Q4 (Jan-Mar) | FY23 Q1 (Apr-Jun) | Q2 (Jul-Sep) | |
|-------------------------------|----------------------|-----------------|-----------------|----------------------|-----------------|--------|
| Salaries & Wages | 312 | 316 | 307 | 336 | 349 | |
| Sales Promotion | 44 | 52 | 45 | 49 | 44 | |
| Logistical Costs | 47 | 49 | 44 | 47 | 46 | |
| Depreciation and Amortization | 59 | 60 | 58 | 58 | 61 | |
| Others | 142 | 138 | 143 | 161 | 164 | |
| SG&A Expenses | 605 | 615 | 597 | 651 | 664 | |
| (%) | (29.4%) | (28.6%) | (29.5%) | (30.2%) | (29.0%) | |
| R&D Expenses | 157 | 159 | 160 | 154 | 164 | |
| (%) | (7.6%) | (7.4%) | (7.9%) | (7.2%) | (7.2%) | |
| Total | 761 | 774 | 757 | 805 | 828 | |
| (%) | (37.0%) | (36.0%) | (37.4%) | (37.4%) | (36.2%) | |
| Quarterly Average Rate | USD | 138JPY | 142JPY | 132JPY | 137JPY | 145JPY |
| | EUR | 139JPY | 144JPY | 142JPY | 150JPY | 157JPY |

SG&A (YoY)

(100M JPY)

| | FY22 Q2 YTD | FY23 Q2 YTD | YoY | YoY% | YoY% excluding FX impact | FY22 Q2 | FY23 Q2 | YoY | YoY% |
|-------------------------------|----------------|----------------|------------|------------|--------------------------------|------------|------------|-----------|------------|
| Salaries & Wages | 610 | 685 | 75 | 12% | 7% | 312 | 349 | 37 | 12% |
| Sales Promotion | 90 | 93 | 3 | 3% | -1% | 44 | 44 | -0 | -0% |
| Logistical Costs | 91 | 94 | 2 | 2% | -1% | 47 | 46 | -1 | -0% |
| Depreciation and Amortization | 115 | 119 | 4 | 3% | 0% | 59 | 61 | 2 | 0% |
| Others | 265 | 325 | 60 | 23% | 18% | 142 | 164 | 22 | 15% |
| SG&A Expenses | 1,171 | 1,315 | 144 | 12% | 8% | 605 | 664 | 59 | 10% |
| (%) | (29.0%) | (29.6%) | | | | (29.4%) | (29.0%) | | |
| R&D Expenses | 297 | 318 | 21 | 7% | 3% | 157 | 164 | 7 | 5% |
| (%) | (7.4%) | (7.2%) | | | | (7.6%) | (7.2%) | | |
| Total | 1,468 | 1,633 | 165 | 11% | 7% | 761 | 828 | 66 | 9% |
| (%) | (36.4%) | (36.8%) | | | | (37.0%) | (36.2%) | | |

Adjusted Operating Profit: Adjustment Items

(100M JPY)

| | FY22 Q2 YTD | FY23 Q2 YTD | FY22 Q2 | FY23 Q2 |
|---|----------------|----------------|---------|---------|
| Adjusted Operating Profit | 704 | 756 | 345 | 411 |
| Adjustment 1. Amortization of acquired intangible assets | -95 | -97 | -49 | -50 |
| Adjustment 2. Non-recurring profit or loss | -49 | 6 | -40 | 8 |
| Operating Profit | 560 | 665 | 255 | 368 |

<General examples of adjustment items>

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

| Adjustment 2. Non-recurring profit or loss | FY22 Q2 YTD | FY23 Q2 YTD |
|--|----------------|----------------|
| Restructuring loss | -10 | -7 |
| Goodwill amortization related to sale of part of cell processing business | -35 | - |
| Profit from sale of Olympus Terumo Biomaterials stock | - | 13 |
| Others | -4 | - |

CAPEX, Depreciation and Amortization, R&D Expenses

(100M JPY)

| | FY20 | FY21 | FY22 | FY23 Q2 YTD | FY23 Guidance |
|--|------|------|------|-------------|---------------|
| CAPEX | 772 | 692 | 758 | 327 | 800 |
| Depreciation and Amortization | 484 | 532 | 635 | 335 | 675 |
| Amortization of acquired intangible assets | 146 | 161 | 188 | 97 | 175 |
| Others | 338 | 371 | 447 | 238 | 500 |

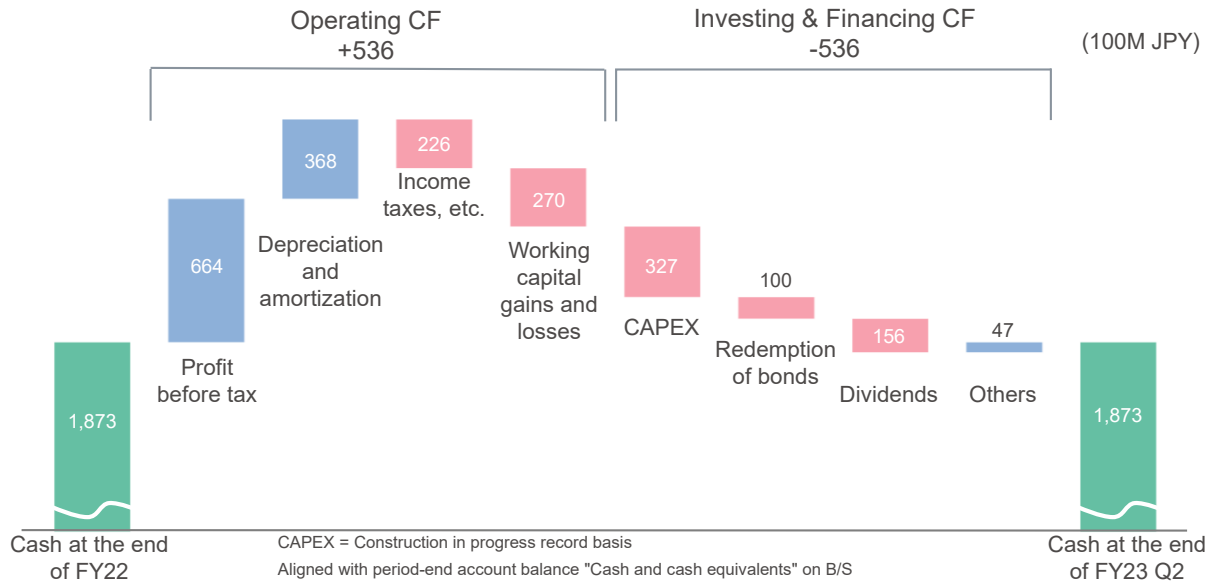
CAPEX = Construction in progress record basis, lease depreciation (IFRS16) is not included in Depreciation

| FY23 Q2 YTD (32.7B JPY): Continued investment mainly for TIS, Neurovascular, Pharmaceutical Solutions, TBCT in production capacity, Plasma Innovations, R&D as well as IT infrastructure (SAP). Investment on construction of a new plant building in the premises of the Kofu Factory to strengthen production system for CDMO (Contract Development and Manufacturing Organization) business etc.

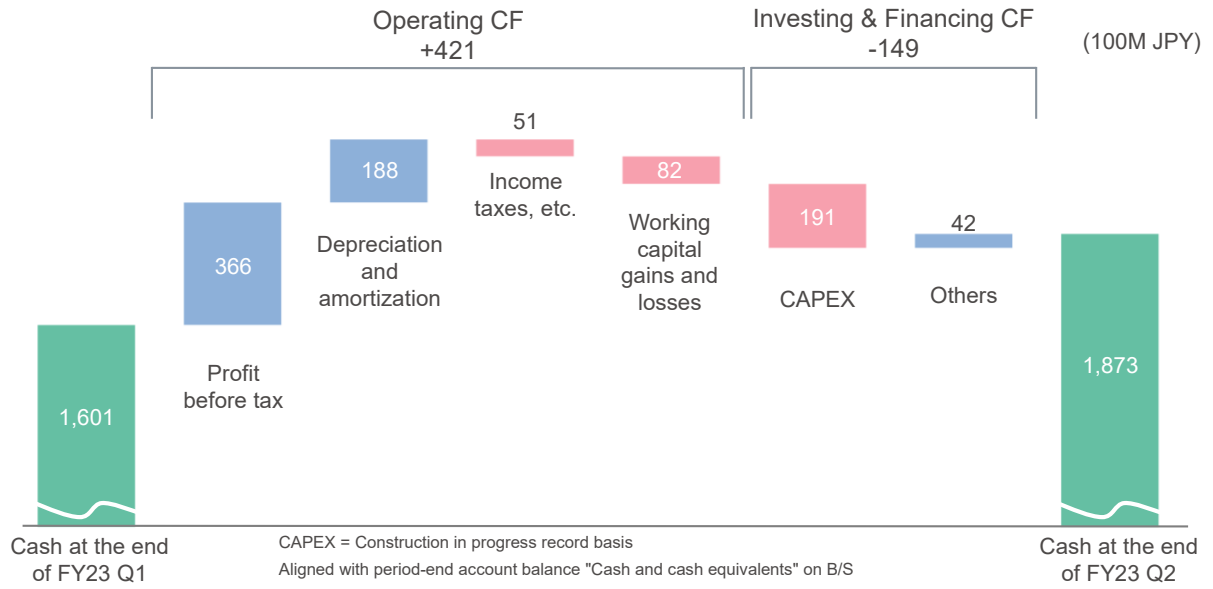
| FY23 Guidance ROE 8.5%, ROIC 7.0%

| | FY20 | FY21 | FY22 | FY23 Q2 YTD | FY23 Guidance |
|--------------|------|------|------|-------------|---------------|
| R&D Expenses | 491 | 518 | 616 | 318 | 650 |

Cash Flows (Q2 YTD)



Cash Flows (Q2)



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FY23 Q2 YTD FX Impact Breakdown (Flow, Stock)

FX impact vs. FY22 Q2 YTD +2.5B JPY

Flow **+4.0B JPY**: USD, EUR appreciation positive impact

| Rate (JPY) | FY22 Q2 YTD Average Rate | FY23 Q2 YTD Average Rate | Variation |
|------------|--------------------------|--------------------------|-----------|
| USD | 134 | 141 | 7 |
| EUR | 139 | 153 | 15 |
| CNY | 19.9 | 19.7 | -0.1 |

Stock **-1.5B JPY**: FX impact from elimination of unrealized profit on inventory assets

- Rapid JPY depreciation in September, variation between average rate and quarter-end rate resulted in negative impact

| Rate (JPY) | FY22 End of March | FY23 End of September | Variation |
|------------|-------------------|-----------------------|-----------|
| USD | 134 | 150 | 16 |
| EUR | 146 | 158 | 12 |

Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation (Flow) (100M JPY)

| | USD | EUR | CNY |
|---------------------------|-----|-----|-----|
| Revenue | 22 | 11 | 39 |
| Adjusted Operating Profit | 0 | 5 | 23 |

Impact of 1 JPY depreciation (Stock)

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

