

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

February 7, 2024

Naoki Muto

Chief Accounting and Financial Officer
Terumo Corporation



Hello. I am the CAFO, Muto. I will give an overview of our earnings results for the 3rd quarter 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 quarterly and YTD results
- Drivers were C&V and TBCT with double-digit growth

Operating profit

- Highest-ever quarterly and YTD results
- Profitability improvement (price policy and cost reduction) progressed as planned

Upward revision of FY23 annual guidance

- Revise both revenue and profit to reflect FX impact (Q4 rate assumption: USD 144 / EUR 157)
- Aim for the highest-ever revenue and profit

Here are the highlights of this earnings report.

Q3 exhibited highest ever results across all past quarters in both revenue and operating profit. For Q3 YTD, both revenue and operating profit were highest ever for the period.

Maintained strong sales performance globally as Q3 YTD revenue grew 11% YoY; 6% YoY when excluding FX.

Q3 YTD operating profit grew 9% when excluding FX. Positive impacts from our price increases and profitability improvement measures, as well as ease of inflation, resulted in strong progress towards the annual guidance.

We have upwardly revised our annual guidance due to continuing positive impacts from yen depreciation on our business performances. Both our revenue and profit set new records for being highest-ever.

Next slide, please.

P&L

- Revenue: Strong global demand continued; drivers TIS, blood center business, Vascular Graft grew in double digits
- Operating profit: Profitability improvement on schedule. SG&A expenses increased due to sales force expansion for growth of therapeutic devices sales in the US

100M JPY	FY22 Q3 YTD	FY23 Q3 YTD	Change	Change excluding FX impact	FY22 Q3	FY23 Q3	Change
Revenue	6,180	6,830	11%	6%	2,147	2,391	11%
Gross Profit (%)	3,183 (51.5%)	3,548 (52.0%)	11%	7%	1,114 (51.9%)	1,266 (52.9%)	14%
SG&A Expenses (%)	1,785 (28.9%)	2,022 (29.6%)	13%	8%	615 (28.6%)	707 (29.6%)	15%
R&D Expenses (%)	456 (7.4%)	491 (7.2%)	8%	4%	159 (7.4%)	173 (7.3%)	9%
Other Income and Expenses	-7	20	-	-	35	5	-86%
Operating Profit (%)	935 (15.1%)	1,055 (15.5%)	13%	9%	375 (17.5%)	390 (16.3%)	4%
Adjusted Operating Profit (%)	1,096 (17.7%)	1,197 (17.5%)	9%	6%	392 (18.2%)	441 (18.5%)	13%
Profit before Tax (%)	921 (14.9%)	1,057 (15.5%)	15%		375 (17.5%)	393 (16.4%)	5%
Profit for the Year (%)	702 (11.4%)	799 (11.7%)	14%		299 (13.9%)	298 (12.5%)	-0%

Average exchange rate (USD/EUR) 136JPY/141JPY 143JPY/155JPY

142JPY/144JPY 148JPY/159JPY

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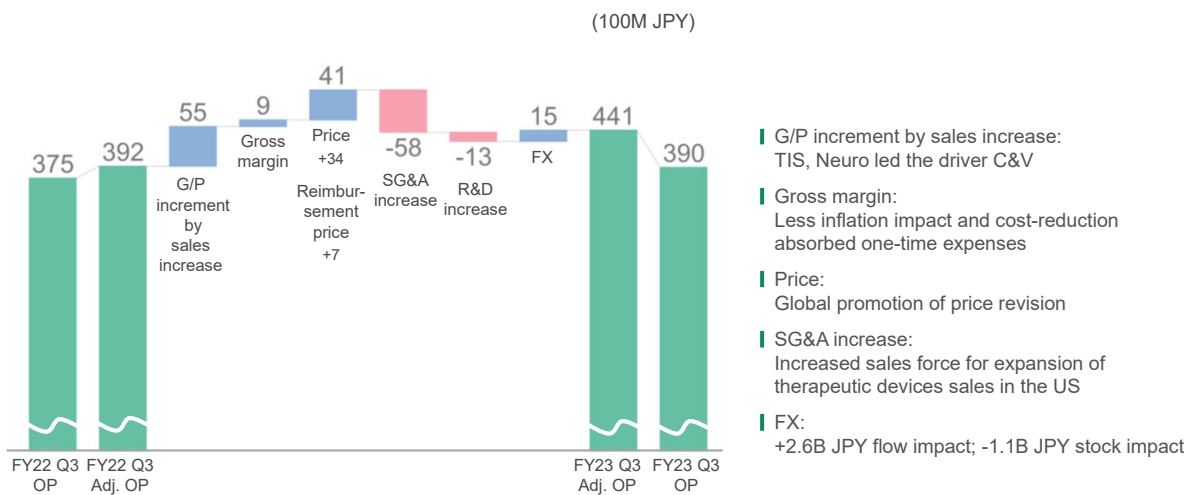
Here are the P&L results.

Revenue was driven by the TIS and Vascular Graft 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.

Operating profit saw the expected effects of price revisions and Group-wide cost reductions, as we continued to strengthen the North America sales force to expand therapeutic devices there.

Continuing from Q2, the gross profitability and adjusted operating profitability of the three months of Q3 were improved year-on-year. I will explain this in detail on the next slide.

OP Variance Analysis (Q3): Further profitability improvement



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Next is the profit variance analysis comparing the three months of Q3 against the same quarter of the previous year.

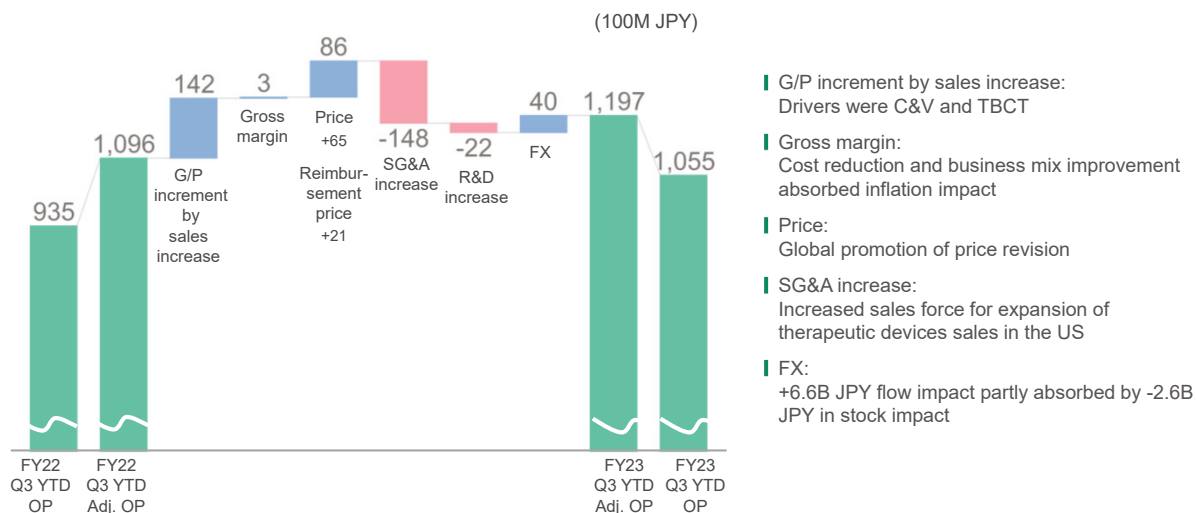
In “Gross margin,” a one-time expense was the impairment booked for the stoppage of use in some production equipments belonging to Blood and Cell Technologies. However, the easing of inflation impact and expected positive effects of cost reduction and business mix improvement cancelled this out.

In “price,” the effects of the expanded price policy revision of the 2nd half began to appear.

“SG&A increase”, continuing from the 1st half, advanced as planned as we strengthened our sales force in North America toward expanding therapeutic devices such as neurovascular products and stent grafts.

With these Q3 results, Q3 YTD profit variance items are each progressing as planned. The next slide explains this.

OP Variance Analysis (Q3 YTD): As planned in all areas



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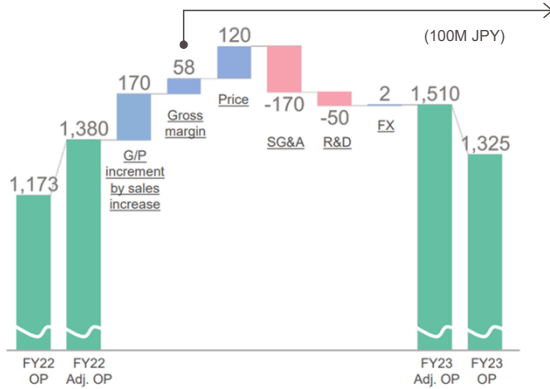
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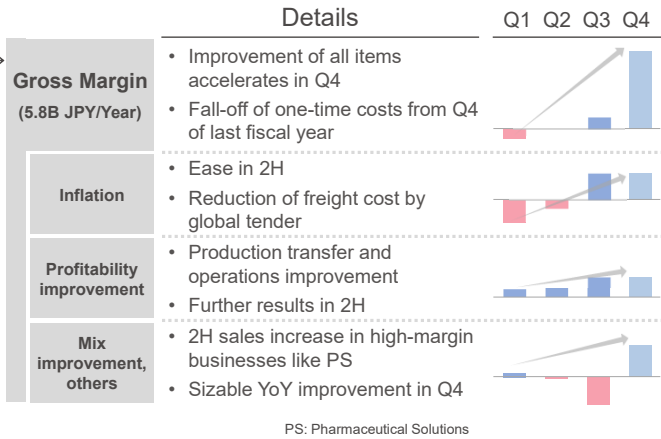
Here is the Q3 YTD adjusted operating profit variance analysis. “G/P increment by sales increase,” progressed better than expected thanks to strong performance by Cardiac and Vascular and Blood and Cell Technologies. Due to the Q3 circumstances I just explained, “Gross margin” turned positive after having been negative in the 1st half. “SG&A increase” factors were the same that I just explained. The FX breakdown is 6.6 billion yen positive in flow, and 2.6 billion yen negative in stock. Next slide, please.

Quarterly Gross Margin Trend

FY23 guidance OP variance (disclosed in May 2023)



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 2023. The “Gross Margin” results from Q1 to Q3, and outlook for Q4, are shown on the upper right bar graph of the slide.

Continuing the upward trend of improvement for each quarter, Q4 is anticipated to reach an even larger positive number, due to the previous fiscal year including the impact of one-time expenses.

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

Plasma innovation business booked one-time expenses in Q3, but it was exceeded by the positive factors of easing of inflation impact, freight cost reduction by global tender, and reduced production cost, resulting in overall progress as planned. Next slide, please.

Revenue by Region: Therapeutic devices strong in Americas. Asia drove high growth rate

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

FY23 Q3 YTD Regional breakdown	Revenue (100M JPY)		FY23 Q3 YTD YoY change	Comments
	Q3 YTD	Q3		
Americas 35%	FY21	549	12% (7%) (7%)	Americas: In C&V, Neuro and CV grew in double digits. TBCT revenue increased due to orders scheduled for Q4 coming early
	FY22	743		
	FY23	845		
Japan 23%	FY21	526	1% (7%) (7%)	Japan: TIS and Vascular Graft of C&V and blood center business of TBCT were drivers. TMCS revenue down due to sale of Nutrition business and return to normal of thermometer demand
	FY22	558		
	FY23	576		
Europe 20%	FY21	357	17% (5%) (5%)	Europe: In C&V, TIS grew in double digits, while Neuro and Vascular Graft grew more than 20% as drivers
	FY22	414		
	FY23	494		
China 9%	FY21	145	6% (14%) (14%)	China: TIS and blood center business were drivers. TIS Access products slowed in Q3 as distributors held off on buying due to volume-based procurement (VBP). Neuro saw drop for Q3 and Q3 YTD due to FY22 2H initial inventory buildup by new distributors
	FY22	183		
	FY23	190		
Asia and Others 13%	FY21	212	19% (14%) (14%)	Asia and Others: Blood center business saw revenue increase as tender moved earlier from Q4. TIS and CV drove C&V
	FY22	249		
	FY23	285		

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Here is revenue by region. In the main markets of the United States and Europe, therapeutic devices including neurovascular products and stent grafts continued to be strong. In addition, emerging markets including Asian countries and the Middle East drove the growth rate.

In Japan, negative factors including the reduced sales of the sold-off Nutrition business and return to normal of thermometer demand continued, but Cardiac and Vascular and Blood and Cell Technologies drove the Group as a whole above the previous year.

In China, Access products of the TIS business became subject to volume-based procurement, resulting in Q3 impact from distributors holding off on buying. The application of new prices has been postponed and is expected to happen in March or later. In Asia, tenders in which the Blood and Cell Technologies Company participated occurred in the first half and Q3 instead of Q4, causing a drastic increase in revenue. Next slide, please.

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

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

(100M JPY)

	Q3 YTD			Q3			Comments	Q3 YTD YoY
Revenue	() FX Neutral						TIS:	+281
	2,944	3,589	4,077				Access and therapeutic demand expanded globally. Volume-based procurement (VBP) in China caused distributors to hold off from buying, but double-digit growth continued anyway	
Adjusted Operating Profit	723	836	920	1,001	1,235	1,420	Neuro-vascular:	+73
			14% (8%)			15%	Stroke device market share recovered in US and EU. China decrease due to return to normal after FY22 initial inventory buildup by new distributors; demand remains steady	
Profit%	25%	23%	23%	22%	25%	24%	Cardio-vascular:	+61
							Japan hardware demand returned to normal, but US and Asia sales stayed strong	
							Vascular Graft:	+72
							US and EU were drivers. Hybrid product and stent graft sales expansion continued	
							Profit :	
							Increased sales and profitability improvement. SG&A increased due to sales force expansion for growth 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 Vascular graft and Neurovascular businesses, and Americas and Europe regions, led strong global performance.

In profit, expanded cost reduction effects combined with increased sales to result in growth.

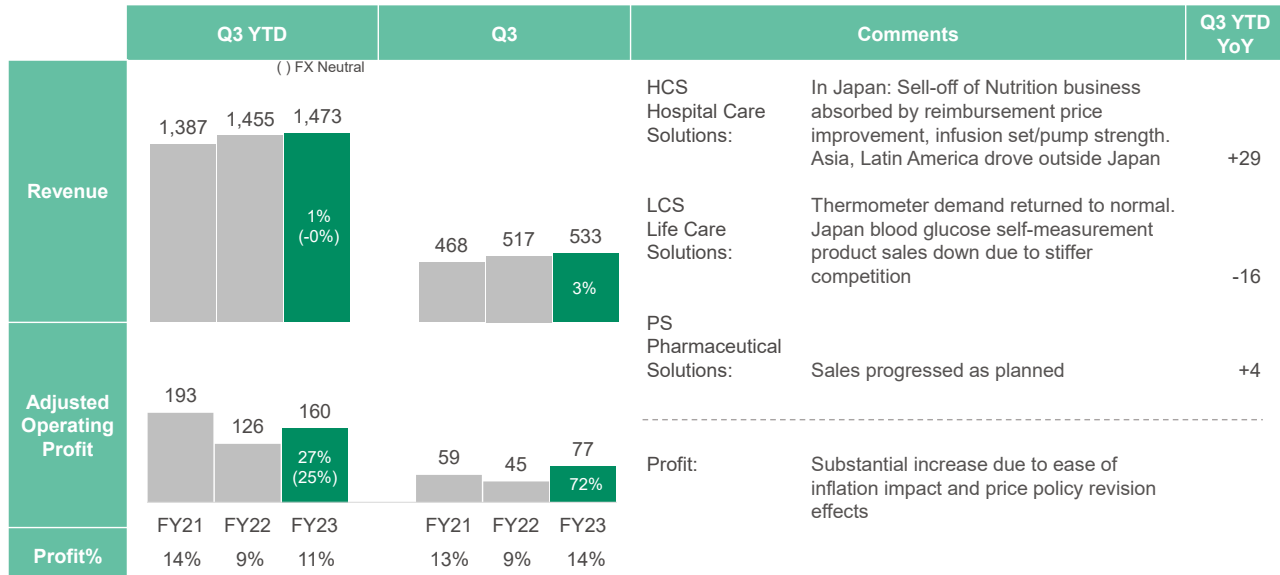
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TMCS:

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

(TMCS: Medical Care Solutions)

(100M JPY)



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“TMCS” is the Terumo Medical Care Solutions Company.

In revenue, although we have seen continuous negative impacts by the return to normal of infection prevention products demand, Hospital Care Solutions business maintained revenue increase owing to price actions carried out as a counter measure to inflation impact.

Pharmaceutical Solutions sales were also as planned, and as a whole, TMCS resulted in an almost flat growth to the same period of the last fiscal year.

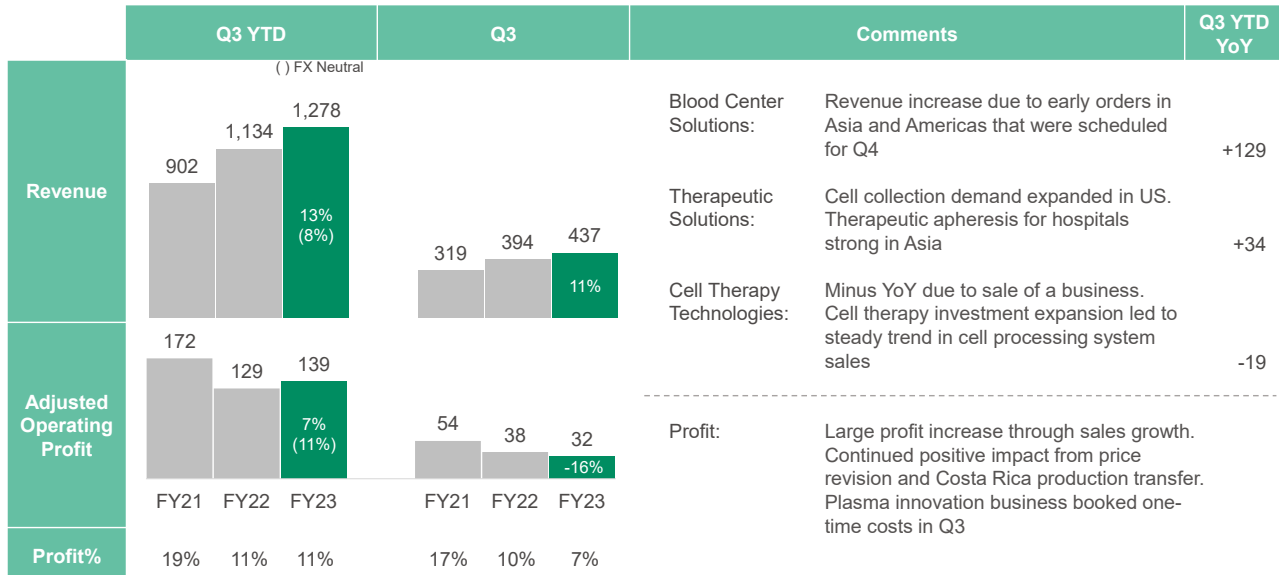
Profit increased in the double digits due to easing inflation and price revision effects.

Next slide, please.

TBCT: Strong blood center business drove large profit increase

(TBCT: Blood and Cell Technologies)

(100M JPY)



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

In revenue, the blood center business received orders in Asia and the U.S. that were expected in Q4 in the 1st half and Q3 instead, resulting in maintaining a higher growth rate than expected.

In profit, there were one-time expenses in Q3 that I explained earlier; however, the positive impacts of increased sales and profitability improvement led to Q3 YTD progress that was faster in both amount and margin than the annual guidance.

Next slide, please.

Annual Guidance Revision to Reflect FX Impact

Amount (100M JPY)	FY22 Actual (A)	FY23 Previous guidance (B)	FY23 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)
Revenue	8,202	8,540	9,060	+520	+10% (+6%)
Operating profit	1,173	1,325	1,400	+75	+19% (+14%)
(%)	14.3%	15.5%	15.5%		
Adjusted operating profit	1,380	1,510	1,575	+65	+14% (+10%)
(%)	16.8%	17.7%	17.4%		
Profit for the year	893	1,010	1,050	+40	+18%

() FX Neutral

Annual guidance rate (USD/EUR) 130JPY/145JPY 143JPY/156JPY
 Q4 guidance rate (USD/EUR) 130JPY/145JPY 144JPY/157JPY

By company Amount (100M JPY)	Revenue					Adjusted operating profit				
	FY22 Actual (A)	FY23 Previous guidance (B)	FY23 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)	FY22 Actual (A)	FY23 Previous guidance (B)	FY23 Revised guidance (C)	Revision amount (C)-(B)	YoY (C)÷(A)
C&V	4,806	5,038	5,445	+407	+13% (+8%)	1,122	1,205	1,240	+35	+11%
TMCS	1,917	2,000	1,973	-27	+3% (+2%)	148	205	210	+5	+42%
TBCT	1,476	1,500	1,640	+140	+11% (+6%)	112	125	153	+28	+37%

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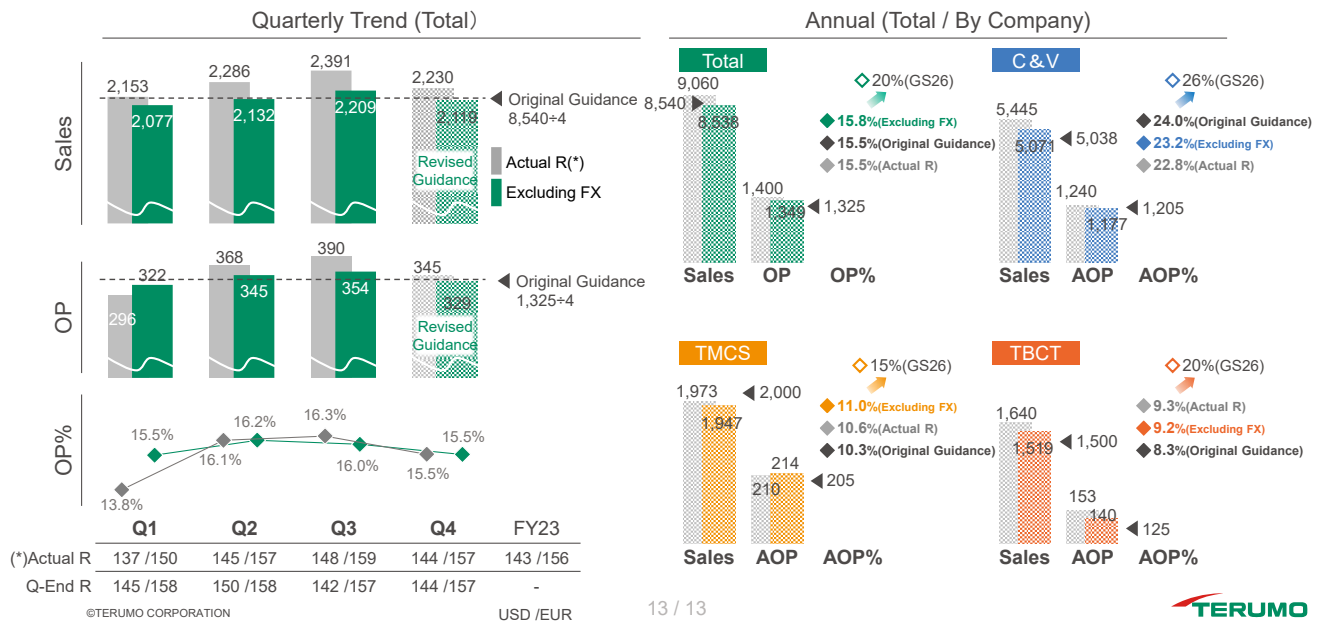
To reflect the positive FX impact up to Q3, we have revised our annual guidance upward.

Both the sales and profit of Cardiac and Vascular and Blood and Cell Technologies have been revised upward due to strong sales expansion.

In Medical Care Solutions, sales were revised downward due to the return to normal of demand for infection prevention products, but profit was revised upward to reflect the positive impacts of easing of inflation and global tenders for freight cost.

Next slide, please.

Upward Revision of Annual Guidance (FX Impact)



This is the last slide.

This guidance revision is primarily to reflect FX impact, but also takes into account individual quarterly and company-specific factors.

On this slide, gray bars represent the new guidance based on actual rates from Q1 to Q3, as well as on revised guidance rate in Q4. Colored bars indicate our new guidance based on the old guidance rates. This will allow a discrete analysis of impacts on guidance by FX, and by other factors excluding FX. I hope you find this useful..

In Q3, we showed solid progress in profitability improvement. In Q4 as well, we plan to keep showing positive effects as planned and achieve our guidance.

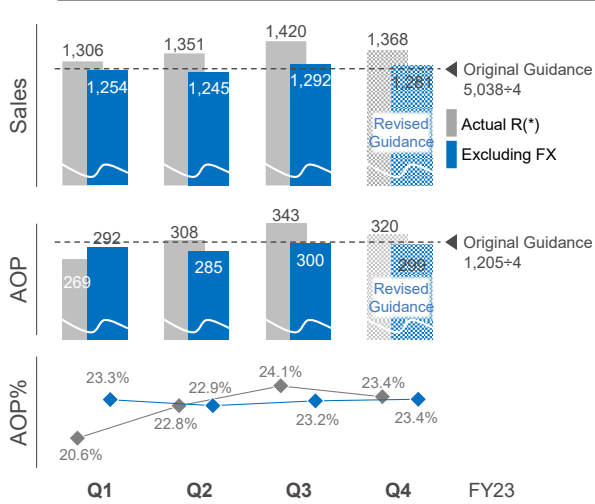
This concludes my explanation.

Thank you.

Reference

C&V: Upward Revision of Annual Guidance (FX Impact)

Quarterly Trend (C&V)

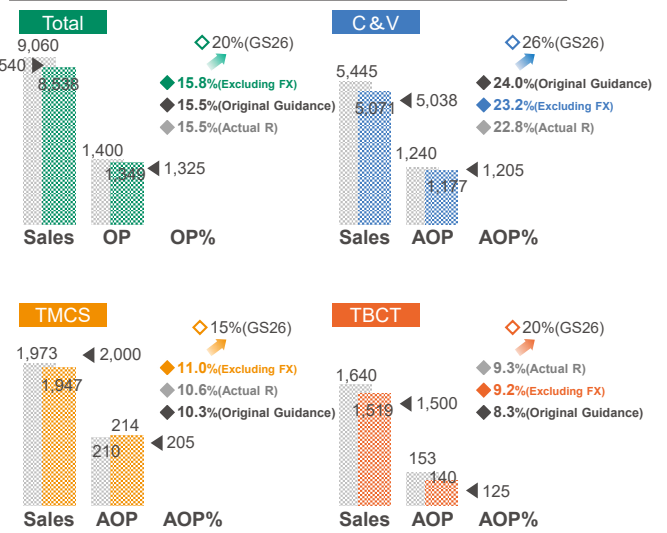


(*)Actual R	137 /150	145 /157	148 /159	144 /157	143 /156
Q-End R	145 /158	150 /158	142 /157	144 /157	-

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USD /EUR

Annual (Total / By Company)

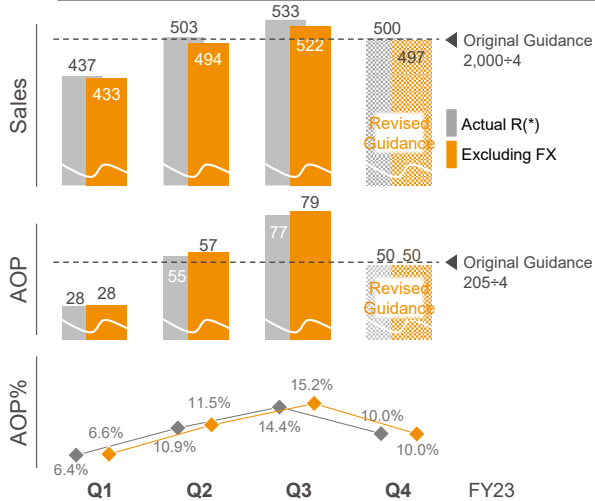


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TMCS: Upward Revision of Annual Guidance (FX Impact)

Quarterly Trend (TMCS)

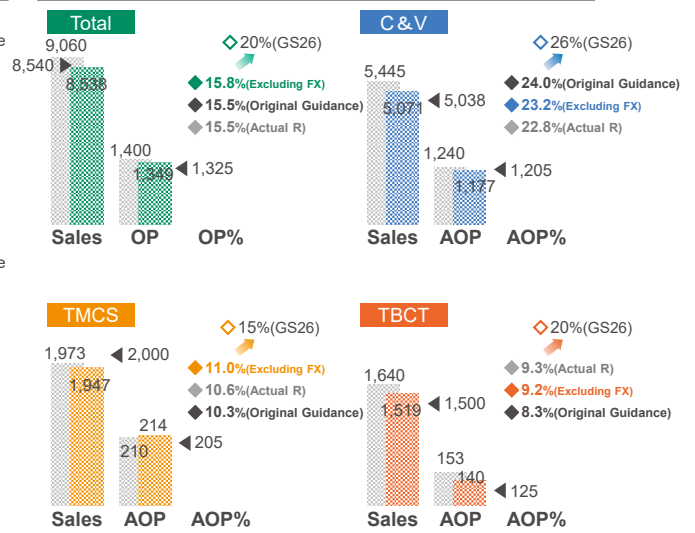


(*)Actual R	137 /150	145 /157	148 /159	144 /157	143 /156
Q-End R	145 /158	150 /158	142 /157	144 /157	-

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USD /EUR

Annual (Total / By Company)

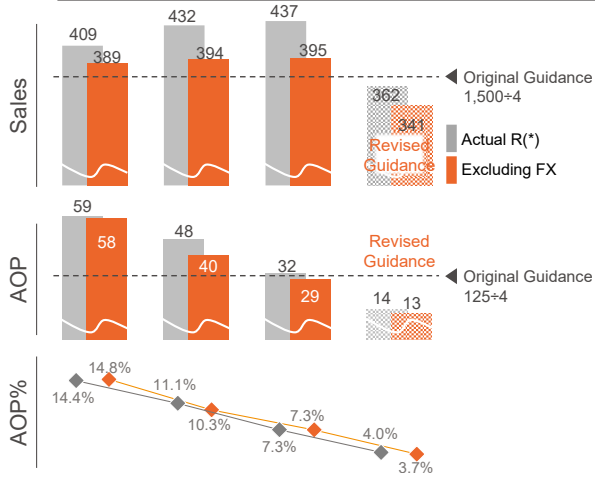


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TBCT: Upward Revision of Annual Guidance (FX Impact)

Quarterly Trend (TBCT)

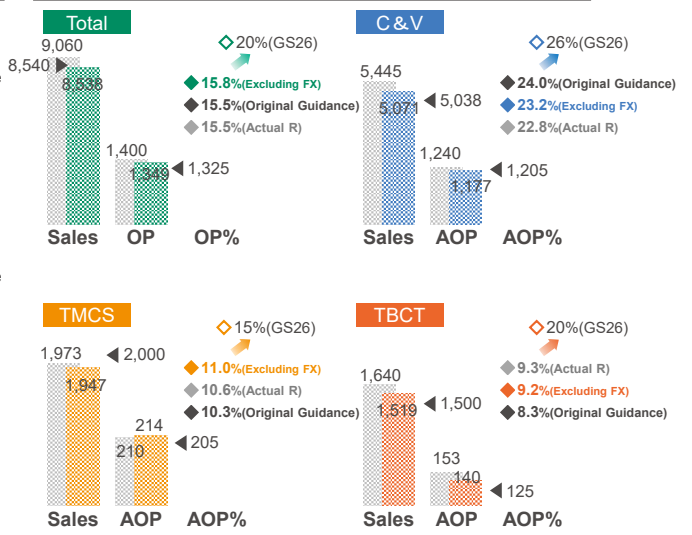


	Q1	Q2	Q3	Q4	FY23
(*)Actual R	137 /150	145 /157	148 /159	144 /157	143 /156
Q-End R	145 /158	150 /158	142 /157	144 /157	-

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USD /EUR

Annual (Total / By Company)



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Revenue by Segment and Region

2023年度 第3四半期 セグメント別売上収益

Revenue by Segment for the Third Quarter of FY2023

(百万円/millions of yen)

		Q3 YTD FY2023							Q3 YTD FY2022							増減 % Change					
		米国 America		欧州 Europe		中国 China	アジア Asia and others	海外 Overseas	日本 Japan	合計 World Wide	米国 America		欧州 Europe		中国 China		アジア Asia and others	海外 Overseas	日本 Japan	合計 World Wide	
		ndv	ndv	ndv	ndv	ndv	ndv	ndv	ndv	ndv	ndv	ndv	ndv	ndv	ndv		ndv	ndv	ndv	ndv	
心臓血管 カンパニー	TIS	189,338	18,443	14,897	27,249	216,133	28,925	245,058	112,727	11,275	62,539	17,081	27,263	10,076	89,242	18,074	245,264	22,274	245,970	4,270	1.7%
	ニューロvascular	22,791	14,031	8,722	3,812	48,400	4,146	83,868	22,999	18,375	17,672	22,074	7,542	11,076	4,411	55,627	14,074	42,519	4,215	9.9%	
	Cardiovascular	28,451	5,012	1,723	3,261	33,671	7,611	49,393	24,830	12,757	6,020	20,074	2,000	14,076	6,912	38,800	18,074	7,644	6,724	48,448	22.2%
	Vascular Graft	9,234	11,773	1,144	1,290	23,313	2,940	35,940	12,243	14,715	14,497	14,874	1,189	1,274	1,611	38,956	38,174	3,289	24,274	13,146	33.9%
	Cardiac and Vascular Company	232,999	51,249	45,797	37,462	329,929	39,739	388,907	174,942	14,076	109,928	19,136	45,496	6,076	45,288	187,842	14,076	40,158	407,700	19,076	4.8%
メディカルケア ソリューションズ カンパニー	ホスピタルケアソリューション	7,822	1,821	1,189	11,899	23,214	76,420	99,718	8,822	12,076	1,970	1,074	1,562	2,074	13,406	11,774	25,760	10,076	76,800	6,076	7.8%
	Life Care Solutions	-	394	917	899	2,411	16,778	19,189	33	-	389	-2,076	818	0,274	969	7,274	2,406	8,274	15,123	-8,274	-53.7%
	Pharmaceutical Solutions	2,188	6,076	203	1,056	9,631	16,920	26,888	1,176	-12,076	6,204	3,274	289	88,274	1,133	47,076	8,000	-8,274	17,401	2,274	12.9%
	Medical Care Solutions Company	10,010	8,244	2,191	23,953	50,343	110,149	146,815	10,010	-12,076	8,244	3,653	18,920	19,322	14,076	37,862	1,274	109,417	147,279	1,274	0.9%
血液・細胞 テクノロジー カンパニー	血液センター	88,991	19,714	6,793	18,979	76,480	7,865	84,346	13,277	14,274	22,890	13,076	7,170	5,074	28,004	25,074	88,741	16,076	8,457	7,274	8.3%
	Therapeutic Solutions	13,174	5,077	1,076	1,194	21,323	377	21,701	13,718	0,274	5,913	17,274	1,288	15,076	3,779	45,774	24,709	15,076	432	14,076	3.7%
	Cell Therapy Technologies	1,804	856	263	828	7,254	85	7,340	4,111	-28,274	897	4,274	113	-17,274	284	-18,076	5,411	-22,474	45	-46,076	-101.2%
	Blood and Cell Technologies Company	93,970	25,647	8,132	21,091	105,068	8,329	113,397	31,106	-23,076	29,242	14,076	8,322	4,076	27,862	113,863	8,936	1,274	127,799	12,799	10.0%
その他	Others	-	-	-	-	-	188	188	-	-	-	-	-	-	-	-	-	-	172	-7,274	-4.1%
合計	Total	222,963	228,615	56,638	78,342	469,945	187,844	617,993	248,282	12,076	139,822	17,274	68,862	4,076	86,888	18,076	624,247	22,274	158,684	483,951	19.0%
売上比率	% to Total	34.4%	19.2%	8.2%	11.8%	74.6%	28.4%	100.0%	34.9%	0.0%	28.4%	2.8%	11.2%	0.0%	13.7%	76.8%	22.2%	100.0%	100.0%		

(換算平均レート)

(Average Exchange Rate)

(USD)=¥136.00

(EUR)=¥161.00

(USD)=¥141.33

(EUR)=¥155.32

2023年度見通し

Guidance for FY2023

		FY2023		増減 % Change
		世界 World Wide	ndv	
心臓血管カンパニー	Cardiac and Vascular Company	644,500	13.3%	69.1%
メディカルケアソリューションズカンパニー	Medical Care Solutions Company	197,200	-2.9%	21.8%
血液・細胞テクノロジーカンパニー	Blood and Cell Technologies Company	164,000	11.3%	18.1%
その他	Others	200	-18.0%	0.0%
合計	Total	906,000	10.5%	100.0%

(換算平均レート)

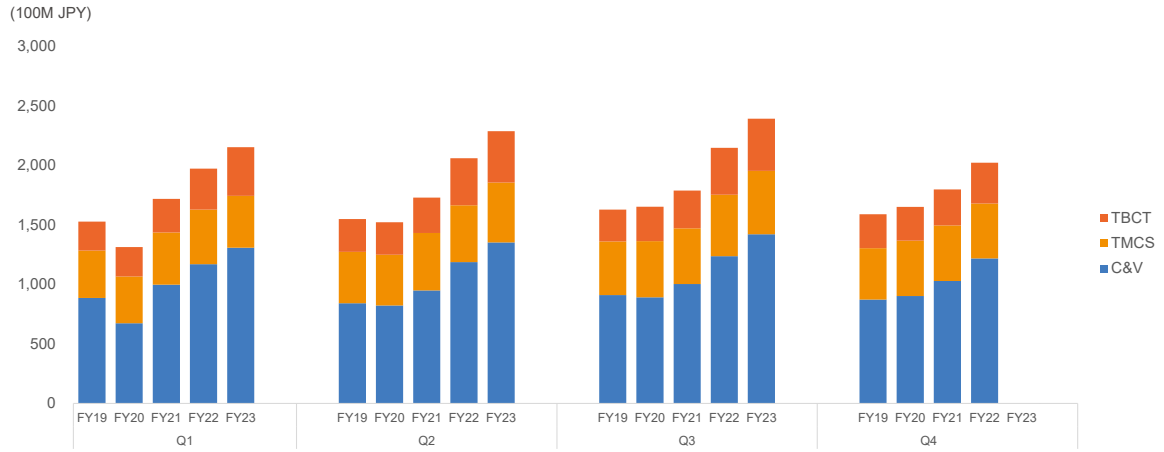
(Average Exchange Rate)

(USD)=¥141.00

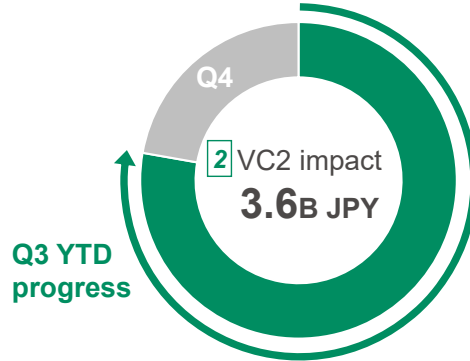
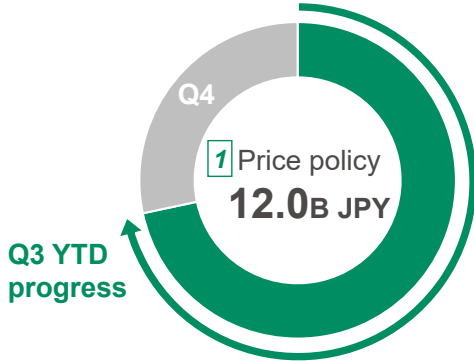
(EUR)=¥161.00

Quarterly Revenue Trend

FY23 Q3: +11% vs. FY22 Q3, +5% vs. FY23 Q2



Profitability Improvement Progress



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

Q3 YTD results

Global price policy revision

Costa Rica transfer cost reduction impact, along with operations improvement in Japan factories

Q4 expectation

continuous impact expected

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

P&L (QoQ)

(100M JPY)

		FY22 Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Revenue		2,147	2,022	2,153	2,286	2,391
Gross Profit		1,114 (51.9%)	990 (49.0%)	1,098 (51.0%)	1,185 (51.8%)	1,266 (52.9%)
SG&A Expenses		615 (28.6%)	597 (29.5%)	651 (30.2%)	664 (29.0%)	707 (29.6%)
R&D Expenses		159 (7.4%)	160 (7.9%)	154 (7.2%)	164 (7.2%)	173 (7.3%)
Other Income and Expenses		35	5	3	12	5
Operating Profit		375 (17.5%)	238 (11.8%)	296 (13.8%)	368 (16.1%)	390 (16.3%)
Adjusted Operating Profit		392 (18.2%)	284 (14.1%)	345 (16.0%)	411 (18.0%)	441 (18.5%)
Quarterly	USD	142JPY	132JPY	137JPY	145JPY	148JPY
Average Rate	EUR	144JPY	142JPY	150JPY	157JPY	159JPY

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SG&A (QoQ)

(100M JPY)

	FY22 Q3 (Oct-Dec)	Q4 (Jul-Sep)	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	
Salaries & Wages	316	307	336	349	371	
Sales Promotion	52	45	49	44	54	
Logistical Costs	49	44	47	46	49	
Depreciation and Amortization	60	58	58	61	65	
Others	138	143	161	164	168	
SG&A Expenses (%)	615 (28.6%)	597 (29.5%)	651 (30.2%)	664 (29.0%)	707 (29.6%)	
R&D Expenses (%)	159 (7.4%)	160 (7.9%)	154 (7.2%)	164 (7.2%)	173 (7.3%)	
Total (%)	774 (36.0%)	757 (37.4%)	805 (37.4%)	828 (36.2%)	881 (36.8%)	
Quarterly Average Rate	USD	142JPY	132JPY	137JPY	145JPY	148JPY
	EUR	144JPY	142JPY	150JPY	157JPY	159JPY

SG&A (YoY)

(100M JPY)

	FY22 Q3 YTD	FY23 Q3 YTD	YoY	YoY%	YoY% excluding FX impact	FY22 Q3	FY23 Q3	YoY	YoY%
Salaries & Wages	926	1,056	130	14%	9%	316	371	55	18%
Sales Promotion	142	147	5	3%	-1%	52	54	2	4%
Logistical Costs	140	142	2	1%	-3%	49	49	-0	-1%
Depreciation and Amortization	175	184	9	5%	2%	60	65	5	8%
Others	402	493	91	23%	18%	138	168	30	22%
SG&A Expenses	1,785	2,022	236	13%	8%	615	707	92	15%
(%)	(28.9%)	(29.6%)				(28.6%)	(29.6%)		
R&D Expenses	456	491	35	8%	4%	159	173	15	9%
(%)	(7.4%)	(7.2%)				(7.4%)	(7.3%)		
Total	2,241	2,513	272	12%	8%	774	881	107	14%
(%)	(36.3%)	(36.8%)				(36.0%)	(36.8%)		

Adjusted Operating Profit: Adjustment Items

(100M JPY)

	FY22 Q3 YTD	FY23 Q3 YTD	FY22 Q3	FY23 Q3
Adjusted Operating Profit	1,096	1,197	392	441
Adjustment 1. Amortization of acquired intangible assets	-144	-147	-49	-50
Adjustment 2. Non-recurring profit or loss	-17	5	32	-1
Operating Profit	935	1,055	375	390

<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 Q3 YTD	FY23 Q3 YTD
Restructuring loss	-16	-11
Goodwill amortization related to sale of part of cell processing business	-36	-
Profit from sale of nutrition business	39	-
Profit from sale of Olympus Terumo Biomaterials stock	-	13
Others	-4	3

CAPEX, Depreciation and Amortization, R&D Expenses

(100M JPY)

	FY20	FY21	FY22	FY23 Q3 YTD	FY23 Guidance
CAPEX	772	692	758	514	800
Depreciation and Amortization	484	532	635	510	680
Amortization of acquired intangible assets	146	161	188	147	190
Others	338	371	447	363	490

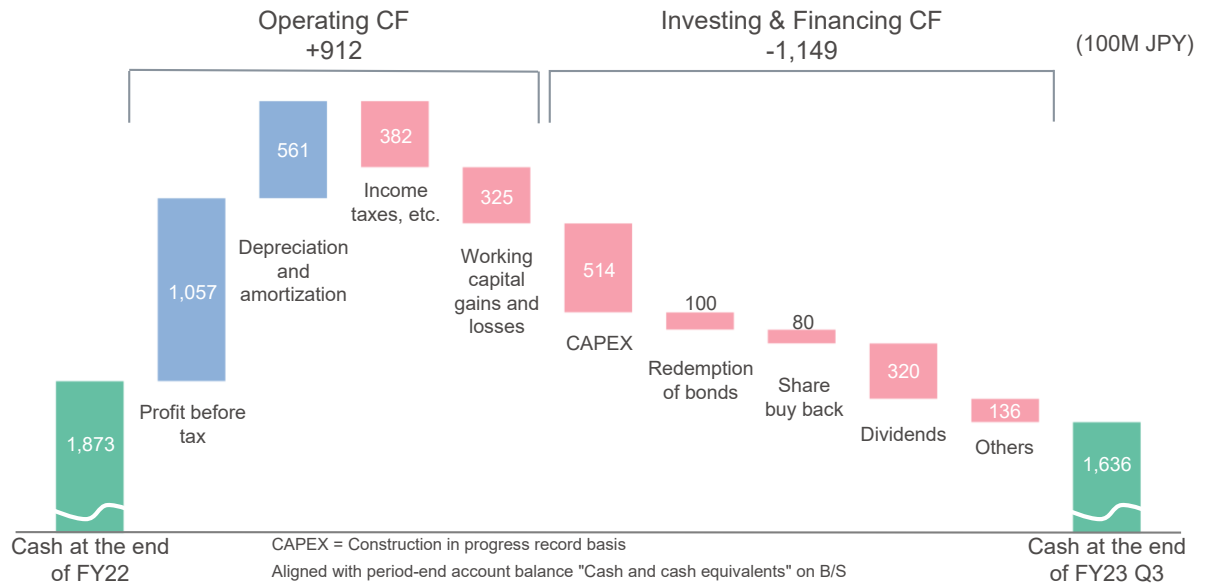
CAPEX = Construction in progress record basis, lease depreciation (IFRS16) is not included in Depreciation

| FY23 Q3 YTD (51.4B 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.

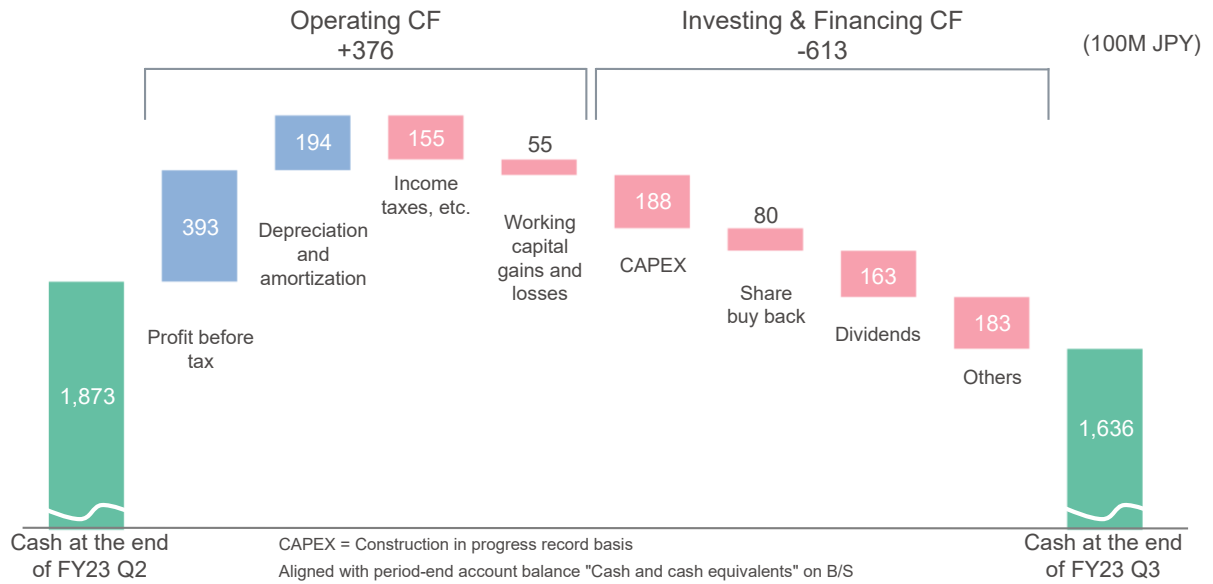
| FY23 Guidance ROE 8.8%, ROIC 7.2%

	FY20	FY21	FY22	FY23 Q3 YTD	FY23 Guidance
R&D Expenses	491	518	616	491	650

Cash Flows (Q3 YTD)



Cash Flows (Q3)



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FY23 Q3 YTD FX Impact Breakdown (Flow and Stock)

FX impact vs. FY22 Q3 YTD +4.0B JPY

Flow **+6.6B JPY**: USD and EUR appreciation positive impact

Rate (JPY)	FY22 Q3 YTD Average Rate	FY23 Q3 YTD Average Rate	Variation
USD	136	143	7
EUR	141	155	14
CNY	19.9	20.0	0.1

Stock **-2.6B JPY**: FX impact from elimination of unrealized profit on inventory assets

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

Rate (JPY)	FY22 End of March	FY23 End of December	Variation
USD	134	142	8
EUR	146	157	11

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

