

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

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I'm Hagimoto, Terumo's CFO. This presentation provides an overview of Terumo's financial results for the third quarter 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.

Highlights

Revenue

- Record highs both for the quarter and Q3 YTD
- Global demand continues to expand, driven by US; foreign exchange effects also contributed to company-wide growth of +13%

Profit

- Record highs in all areas of operating profit, adjusted operating profit, and profit for the period for both the quarter and Q3 YTD
- Higher growth than sales growth due to steady progress in pricing measures and profit improvement measures

These are the highlights of this financial statement.

In the third quarter, we achieved all-time highs for revenue, operating income, adjusted operating income, and net income, both for the quarter and for the cumulative period up to the end of Q3.

Revenue growth was 13% compared to the previous year, driven by the U.S. and continued global demand growth, with foreign exchange effects also contributing.

Profit growth exceeded sales growth, due in part to the effects of our pricing policy and ongoing efforts to improve profitability.

Next slide, please.

P&L, FCF

- Revenue: Expanding global demand, led by TIS and blood center business
- Operating Profit: Improved profit margins due to sales growth, steady progress in pricing measures and profit improvement measures

100M JPY	FY23 Q3 YTD	FY24 Q3 YTD	Change	Change excluding FX impact	FY23 Q3	FY24 Q3	Change
Revenue	6,830	7,722	13%	8%	2,391	2,636	10%
Gross Profit (%)	3,548 (52.0%)	4,221 (54.7%)	19%	12%	1,266 (52.9%)	1,451 (55.1%)	15%
SG&A Expenses (%)	2,022 (29.6%)	2,257 (29.2%)	12%	7%	707 (29.6%)	777 (29.5%)	10%
R&D Expenses (%)	491 (7.2%)	554 (7.2%)	13%	9%	173 (7.3%)	187 (7.1%)	8%
Other Income and Expenses	20	-76	-	-	5	-30	-
Operating Profit (%)	1,055 (15.5%)	1,335 (17.3%)	27%	14%	390 (16.3%)	458 (17.4%)	17%
Adjusted Operating Profit (%)	1,197 (17.5%)	1,593 (20.6%)	33%	22%	441 (18.5%)	553 (21.0%)	25%
Profit before Tax (%)	1,057 (15.5%)	1,318 (17.1%)	25%		393 (16.4%)	467 (17.7%)	19%
Profit for the Year (%)	799 (11.7%)	986 (12.8%)	23%		298 (12.5%)	354 (13.4%)	19%
FCF	381	939	146%				

Average exchange rate (USD/EUR) 143JPY/155JPY 153JPY/165JPY

148JPY/159JPY 152JPY/163JPY

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4



These are our P&L results.

Revenues reached a record high of 772.2 billion yen in the cumulative period up to the end of Q3.

In addition to continued demand growth in a generally favorable business environment, foreign exchange effects also contributed.

Operating income and adjusted operating income also grew significantly faster than sales growth, reaching record highs of 133.5 billion yen and 159.3 billion yen, respectively.

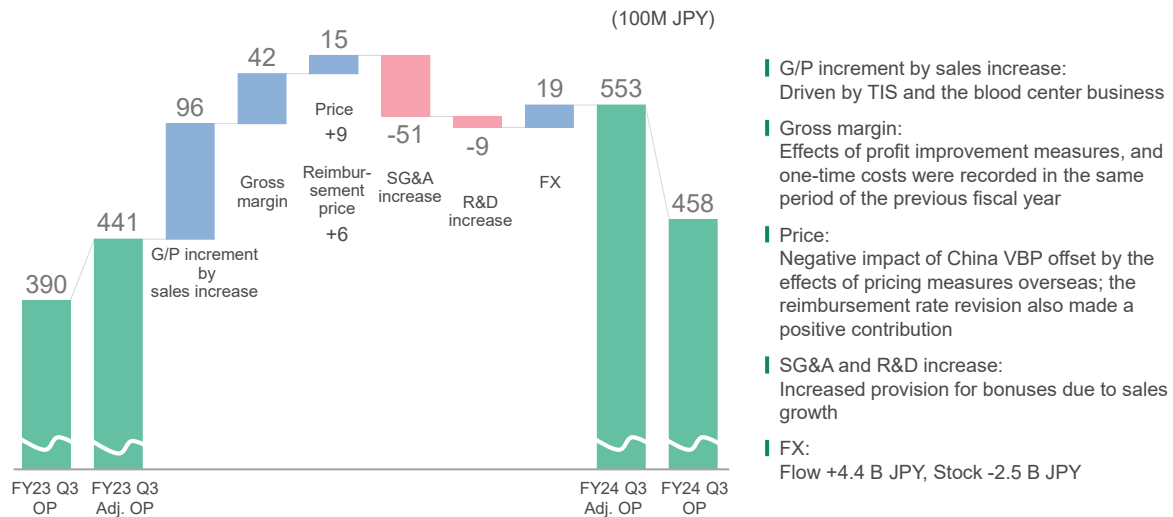
The improvement in profit margins was achieved through steady progress in pricing policies and profit improvement measures.

On the other hand, we will continue to closely monitor changes in the macro environment, such as surging raw material prices and trends in the U.S. tariff policies.

In addition, a one-time cost of 3.0 billion yen was recorded in the third quarter. This includes costs associated with the portfolio review that has been underway since the start of the current fiscal year, but we will continue our efforts to review and optimize our business structure.

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OP Variance Analysis (Q3): Higher sales driven by continued demand



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5



This is an analysis of changes in profit for the third quarter compared to the same period of the previous year.

First, the increase in gross profit from higher sales was driven by TIS and the blood center business.

Gross margin effect benefited from the effects of profit improvement measures, as well as one-time expenses recorded in the previous year.

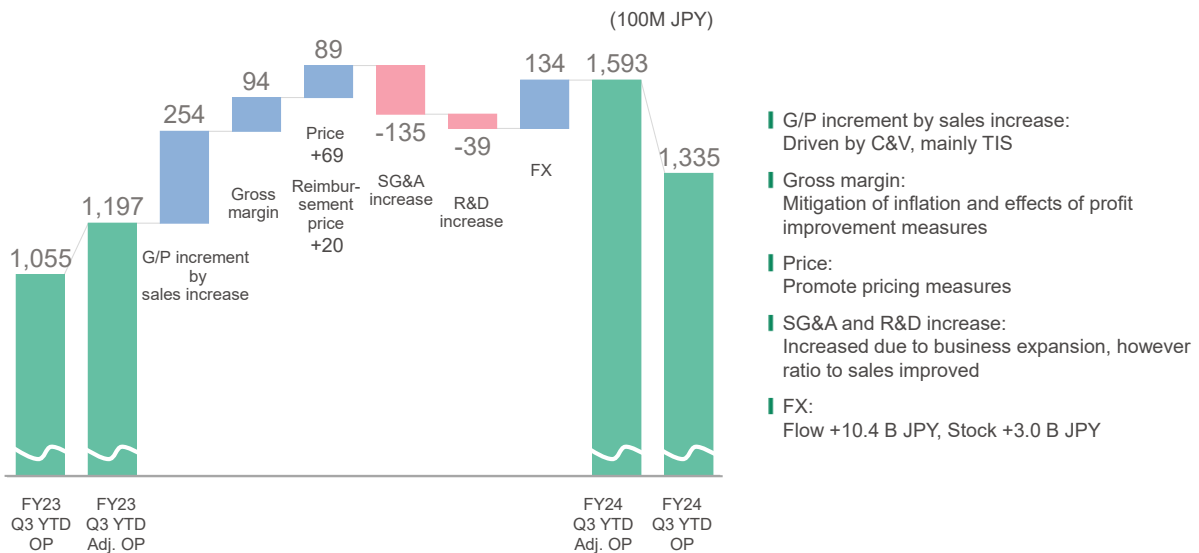
Turning to price, price declines due to the China VBP were offset by the effect of price increases overseas. The reimbursement price revision this fiscal year in Japan is also having a positive effect.

Increased SG&A expenses and R&D expenses is due to additional provisions for bonuses resulting from higher-than-expected sales.

Foreign exchange effects saw a 4.4 billion yen increase for flow and -2.5 billion yen decrease for stock.

Next slide, please.

OP Variance Analysis (Q3 YTD): Contribution from pricing measures and strong sales



The following is an analysis of profit increase/decrease for the cumulative period up to the end of Q3.

Overall, the increase in sales was largely due to continued growth in demand.

The trend is similar to what I explained earlier as a factor affecting Q3, but the Cardiovascular Company, especially TIS, is making a growing contribution to sales.

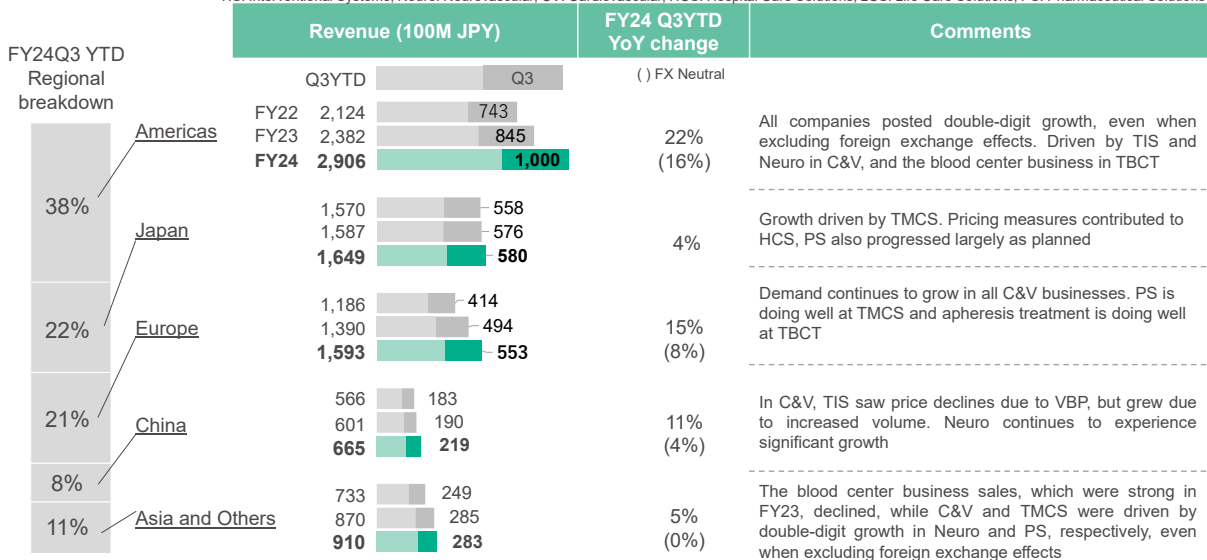
SG&A expenses increased in line with business expansion, but remained in line with plans for the cumulative Q3 period, and the ratio to sales also improved.

Foreign exchange effects saw a 10.4 billion yen increase in flows and a 3.0 billion yen increase in stocks.

Next slide, please.

Revenue by Region: Steady progress globally, driven by US and Europe

C&V: Cardiac and Vascular, TMCS: Medical Care Solutions, TBCT: Blood and Cell Technologies, TIS: Interventional Systems, Neuro: Neurovascular, CV: Cardiovascular, HCS: Hospital Care Solutions, LCS: Life Care Solutions, PS: Pharmaceutical Solutions



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7



This is revenue by region.

Steady progress is being made in all regions, particularly in the U.S. and Europe.

The U.S. saw the highest growth rate among all regions, with all companies posting double-digit growth even in local currency terms. At the Cardiac & Vascular Company, TIS, which experienced supply problems with some access products in the same period of the previous year, recovered, while Neuro saw strong sales. In Blood and Cell Technologies, growth was driven by the plasma innovation business, which is included under blood center business.

In Japan, growth was led by Medical Care Solutions. This was largely due to the effect of pricing measures in hospital care.

In Europe, sales were strong as demand continued to grow across the Cardiac & Vascular Company. Growth was driven by Pharmaceuticals at TMCS and apheresis therapeutics in Blood and Cell Technologies.

In China, TIS rebounded from the price decline caused by VBP with an increase in volume. Neuro also continued to grow substantially.

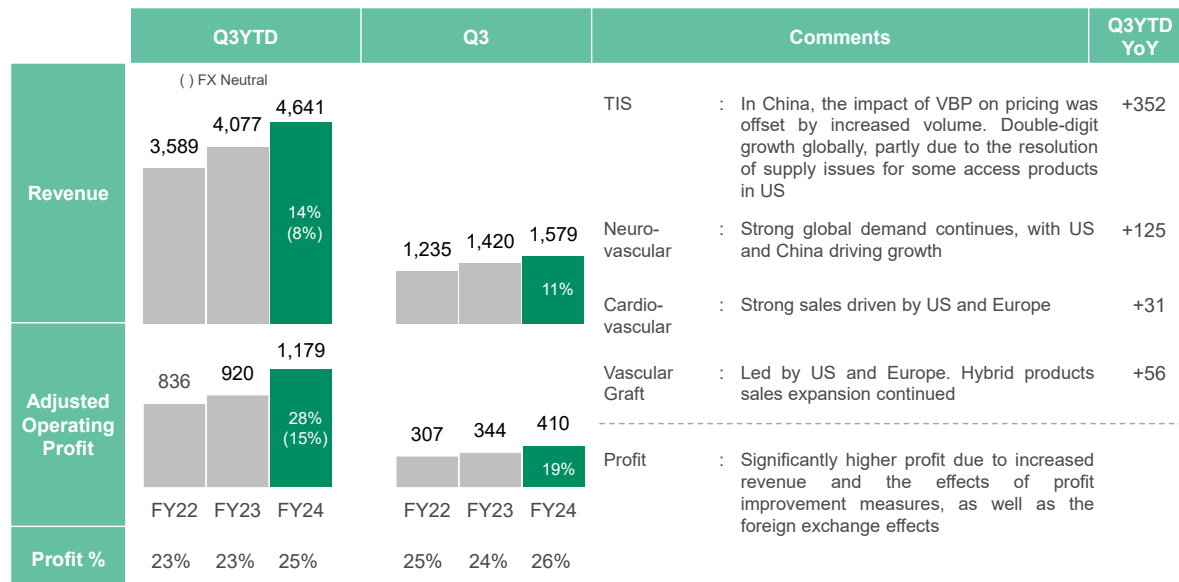
In emerging markets such as Asia and the Middle East, the blood center business, which had been strong in the same period of the previous year, saw a decline in sales, but Cardiac & Vascular sales were led by Neuro, and Medical Care Solutions by Pharmaceuticals, which both grew by double digits on a local currency basis.

Next slide, please.

C&V: Global sales and profit exceeded planned figures, driven by US

(C&V: Cardiac and Vascular, TIS: Interventional Systems, Neuro: Neurovascular, CV: Cardiovascular)

(100M JPY)



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8



I will now review our business performance by company. First is the Cardiac & Vascular Company.

Sales revenue grew by 8% on a local currency basis and was strong globally, especially in the U.S.

Neuro and Aortic led the way in terms of per-business growth.

Neuro has continued to see strong growth in demand globally, most notably in the U.S. and China.

Profits increased significantly due to higher revenues and the effects of profit improvement measures, as well as foreign exchange effects.

Next slide, please.

TMCS: Revenues and profits increased due to strong sales including one-time factors and the effects of pricing measures

(TMCS: Medical Care Solutions) (100M JPY)

	Q3YTD			Q3			Comments	Q3YTD YoY
Revenue	() FX Neutral						HCS Hospital Care Solutions : In Japan, sales increased due to the effects of the pricing measures implemented in the H2 of FY23 and the reimbursement rate revision in the current fiscal year, as well as strong sales of infusion sets. Overseas sales were strong, due in part to increased US demand LCS Life Care Solutions : Decreased sales due to termination of the CGM (Continuous Glucose Monitor) distributorship agreement	+91
	1,455	1,473	1,597	517	533	555		
Adjusted Operating Profit	126	160	192	45	77	65	PS Pharmaceutical Solutions : The CDMO business in Japan is developing largely as planned, while overseas, PLAJEX is performing well in Europe, US and Asia Profit : Increased due to the effects of pricing measures and control of SG&A expenses	+47
	8% (7%)	4%	-16%	9%	14%	12%		
Profit %	9%	11%	12%	9%	14%	12%		

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9



Next is TMCS, Medical Care Solutions.

Revenue was driven by Hospital Care Solutions and Pharmaceutical Solutions.

In Hospital Care Solutions, the main contributors were the effects of domestic pricing measures and strong sales of infusion sets. Demand in the U.S. is also increasing.

In Pharmaceuticals, despite some delays in the CDMO business, progress was generally in line with plans. Overseas, PLAJEX performed well in Europe, the U.S. and Asia.

Profits increased due to the effects of pricing measures and steady progress in controlling SG&A expenses.

Next slide, please.

TBCT: Both sales and income increased due to accelerated development of the plasma innovation business

(TBCT: Blood and Cell Technologies)

(100M JPY)

	Q3YTD			Q3			Comments	Q3YTD YoY
Revenue	() FX Neutral						Blood Center : Sales of whole blood and component blood collection systems were strong in Europe and US. Rika (source plasma collection system) is also making good progress	+157
	1,134	1,278	1,482					
Adjusted Operating Profit							Therapeutic Solutions : Strong sales due to increased demand for cell collection associated with cell and gene therapies, mainly in Europe and US	+49
	129	139	198	394	437	501		
Profit %							Cell Therapy Technologies : Cell processing systems sluggish due to increased competition	-2
	11%	11%	13%	10%	7%	13%		

Profit : Profit increased due to strong performance in core business and higher revenues from Rika (source plasma collection system)								
	FY22	FY23	FY24	FY22	FY23	FY24		

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10



Lastly we have TBCT, Terumo Blood and Cell Technologies.

Revenue was driven by the plasma innovation business, which is included under the blood center business.

As of the end of January this year, Rika has been installed in approximately 70% of plasma collection centers, and is steadily being rolled out.

In the core blood center business, sales of whole blood collection systems and component blood collection-related products were strong in Europe and the U.S.

Apheresis therapy also grew steadily with expanding demand for cell collection for cell and gene therapies, especially in the U.S. and Europe.

Profits were boosted by higher sales in the core business and improved profitability accompanying the rollout of Rika.

Nonetheless, the impairment loss on some equipment associated with the start-up of a new production line in Q3 of the previous fiscal year also contributed to the significant increase in profit this fiscal year.

This concludes the financial summary.

Thank you for your time.

Reference

P&L (QoQ)

(100M JPY)

		FY23 Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY24 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Revenue		2,391	2,389	2,582	2,505	2,636
Gross Profit		1,266 (52.9%)	1,243 (52.0%)	1,376 (53.3%)	1,395 (55.7%)	1,451 (55.1%)
SG&A Expenses		707 (29.6%)	737 (30.9%)	748 (29.0%)	732 (29.2%)	777 (29.5%)
R&D Expenses		173 (7.3%)	199 (8.3%)	174 (6.7%)	194 (7.7%)	187 (7.1%)
Other Income and Expenses		5	39	-8	-38	-30
Operating Profit		390 (16.3%)	346 (14.5%)	446 (17.3%)	431 (17.2%)	458 (17.4%)
Adjusted Operating Profit		441 (18.5%)	371 (15.5%)	511 (19.8%)	529 (21.1%)	553 (21.0%)
Quarterly Average Rate	USD	148JPY	149JPY	156JPY	149JPY	152JPY
	EUR	159JPY	161JPY	168JPY	164JPY	163JPY

SG&A (QoQ)

(100M JPY)

		FY23 Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY24 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Salaries & Wages		371	373	398	384	406
Sales Promotion		54	54	52	47	54
Logistics Costs		49	51	51	59	56
Depreciation and Amortization		65	66	70	68	70
Others		168	192	178	175	190
SG&A Expenses Total (%)		707 (29.6%)	737 (30.9%)	748 (29.0%)	732 (29.2%)	777 (29.5%)
R&D Expenses (%)		173 (7.3%)	199 (8.3%)	174 (6.7%)	194 (7.7%)	187 (7.1%)
Total (%)		881 (36.8%)	937 (39.2%)	922 (35.7%)	926 (37.0%)	963 (36.6%)
Quarterly Average Rate	USD	148JPY	149JPY	156JPY	149JPY	152JPY
	EUR	159JPY	161JPY	168JPY	164JPY	163JPY

SG&A (YoY)

(100M JPY)

	FY23 Q3 YTD	FY24 Q3 YTD	YoY	YoY%	YoY% excluding FX impact	FY23 Q3	FY24 Q3	YoY	YoY%
Salaries & Wages	1,056	1,188	132	12%	7%	371	406	35	9%
Sales Promotion	147	153	6	4%	0%	54	54	0	0%
Logistics Costs	142	166	23	17%	12%	49	56	8	16%
Depreciation and Amortization	184	207	24	13%	8%	65	70	5	8%
Others	493	543	50	10%	6%	168	190	22	13%
SG&A Expenses Total	2,022	2,257	235	12%	7%	707	777	70	10%
(%)	(29.6%)	(29.2%)				(29.6%)	(29.5%)		
R&D Expenses	491	554	63	13%	9%	173	187	13	8%
(%)	(7.2%)	(7.2%)				(7.3%)	(7.1%)		
Total	2,513	2,811	298	12%	7%	881	963	83	9%
(%)	(36.8%)	(36.4%)				(36.8%)	(36.6%)		

Adjusted Operating Profit: Adjustments

(100M JPY)

	FY23 Q3 YTD	FY24 Q3 YTD	FY23 Q3	FY24 Q3
Adjusted Operating Profit	1,197	1,593	441	553
Adjustment 1. Amortization of acquired intangible assets	-147	-161	-50	-52
Adjustment 2. Non-recurring profit or loss	5	-97	-1	-43
Operating Profit	1,055	1,335	390	458

<General examples of adjustment items>

	Adjustment 2. Non-recurring profit or loss	FY23 Q3 YTD	FY24 Q3 YTD
• Acquisition related cost			
• Lawsuit settlement			
• Impairment loss			
• Restructuring loss			
• Nonlife insurance income			
• Loss on disaster			
• Other one-time profit & loss			
	Restructuring loss	-11	-79
	Gain on sale of shares of Olympus Terumo Biomaterials	13	-
	TBCT Impairment loss	-	-25
	Gain on sale of TBCT land	-	14
	Others	3	-7

CAPEX, Depreciation and Amortization, R&D Expenses

(100M JPY)

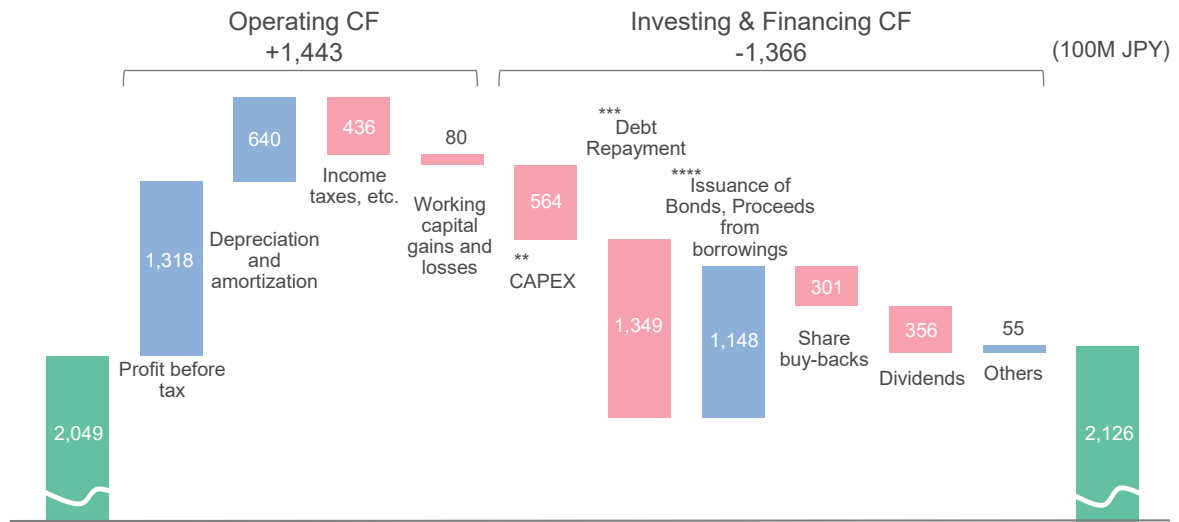
	FY21	FY22	FY23	FY24Q3 YTD	FY24 Guidance
CAPEX	692	758	784	564	930
Depreciation and Amortization	532	635	702	585	770
Amortization of acquired intangible assets	161	188	200	157	200
Others	371	447	502	428	570

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

■ FY24 Q3 Results (56.4 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	FY24Q3 YTD	FY24 Guidance
R&D Expenses	518	616	691	554	715

Cash Flow (Q3 YTD)

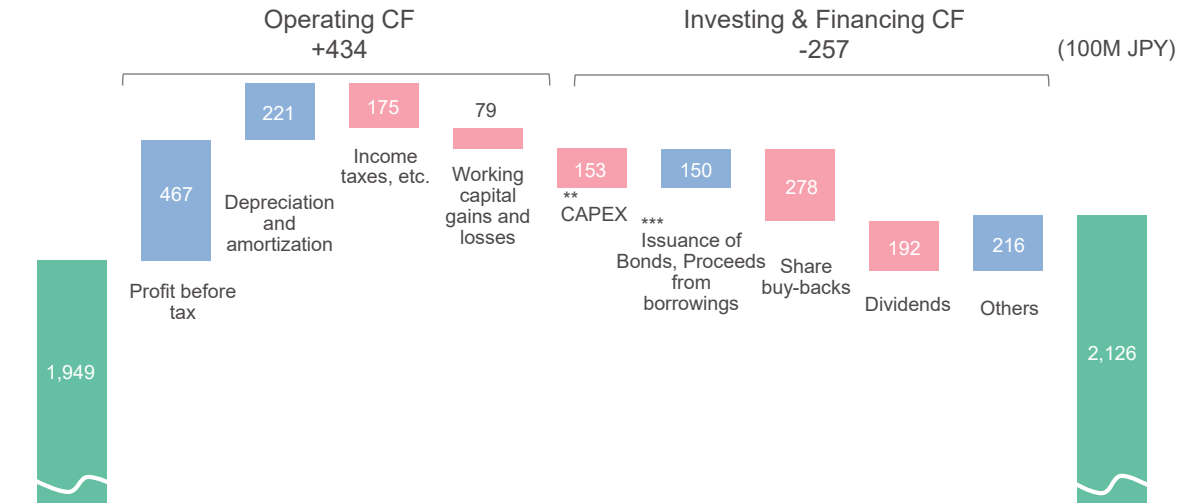


*Cash at the end of FY23

- * Aligned with period-end account balance "Cash and cash equivalents" on B/S
- ** Construction in progress record basis
- *** After taking into account derivative settlements
- **** Including "Increase/(decrease) in short-term borrowings and commercial paper"

*Cash at the end of FY24 Q3

Cash Flow (Q3)

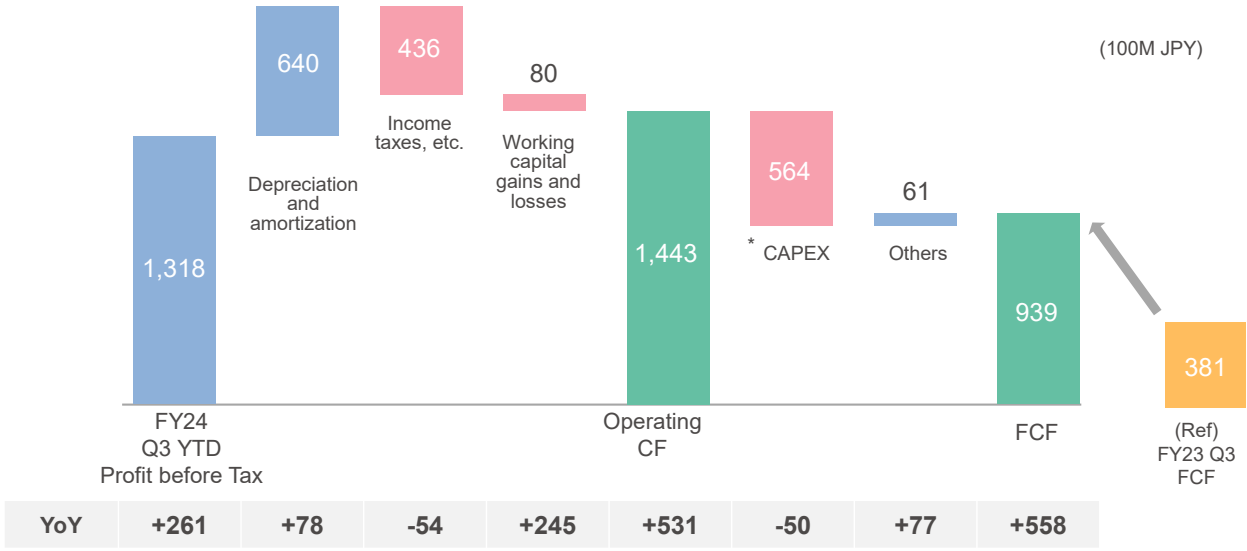


*Cash at the end of FY24 Q2

* Aligned with period-end account balance "Cash and cash equivalents" on B/S
 ** Construction in progress record basis
 *** Including "Increase/(decrease) in short-term borrowings and commercial paper"

*Cash at the end of FY24 Q3

Free Cash Flow : 93.9 B JPY (YoY +55.8 B JPY)



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

