



**Terumo Report
2023**

Group Mission

Contributing to Society through Healthcare

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

Core Values

Respect – Appreciative of others

We show respect and appreciation toward associates, customers, and business partners.

We value individuality and diverse cultures, and listen widely and carefully to different opinions and the voice of society.

Integrity – Guided by our mission

As associates of Terumo Group, responsible for life and health, we always act with sincerity and a sense of mission.

Through our daily efforts, we build trust among all stakeholders.

Care – Empathetic to patients

We are mindful that everything we do ultimately connects us to patients.

We strive to understand healthcare providers deeply and work together with them to give patients a better future.

Quality – Committed to excellence

To ensure safety and reliability in healthcare, we view each issue from a "gemba" perspective in order to find the optimal solution.

As well as product quality, we pursue excellence in all we do, from product supply to customer care.

Creativity – Striving for innovation

We promote a mindset that embraces challenge for the future, and work with curiosity and passion.

We respond to the needs of "gemba" by delivering products and services that create meaningful value in a timely manner.

*Terumo uses the term "associates" to refer to our employees, emphasizing the idea of employees as partners with whom we work together.

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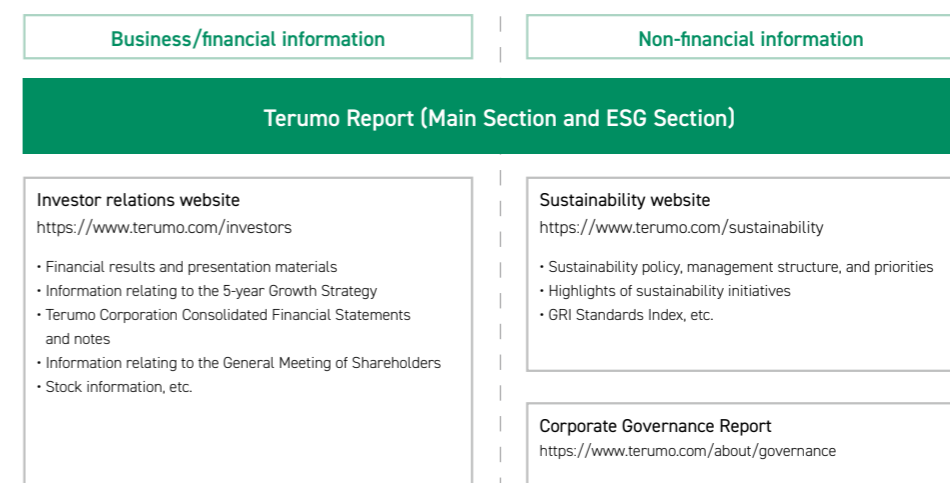
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Editorial Policy

At Terumo, we prepare the Terumo Report as the integrated report to provide stakeholders with an overview of our initiatives for creating medium- to long-term value and increasing corporate value. Terumo Report consists of the Main Section and the ESG Section. In the Main Section, we present the management policy for the Terumo Group, our medium- to long-term growth strategy, and initiatives to create social value (CSV) through solving healthcare challenges. In the ESG Section, we present, in a comprehensive manner, our approach to sustainability management and priority themes, organizational structure for promoting sustainability, and ESG initiatives, which serve as the foundation to support our creation of social value, together with related data.

Information Disclosure System



Coverage

Report coverage includes, in principle, those elements of the global Terumo Group falling within the scope of consolidated earnings statements. When the scope differs from that described above, notification will be provided.

Covered Period

The covered period is fiscal 2022 (April 1, 2022–March 31, 2023), but it includes some activities conducted before and after this period.

Adoption of International Financial Reporting Standards

Beginning with its financial results announcement for fiscal 2017, the Company has adopted International Financial Reporting Standards (IFRS) with the goal of making its financial information more easily comparable to that of companies around the world and to improve management accuracy and strengthen corporate governance through the global application of uniform rules.


Cautionary Statement Regarding Forward-looking Statements

Forward-looking statements in this report, including financial projections, are based upon assumptions using information available at the time and are not intended to be a guarantee of future events or performance. Accordingly, it should be noted that actual results may differ from forecasts and projections due to various factors. Factors affecting actual results include, but are not limited to, changes in the economic conditions surrounding Terumo, fluctuations in foreign exchange rates, and the state of competition. Information on market share in this report is partly derived from our own independent research. Information about products (including products currently in development) included in this report is not intended to constitute advertising or medical advice.

Referenced Guidelines (ESG Section)

- GRI Sustainability Reporting Standards
- SASB Standards
- Task Force on Climate-related Financial Disclosures (TCFD)
- Japanese Ministry of the Environment, Environmental Reporting Guidelines 2018

CEO Message



Shinjiro Sato
President and CEO

Face the needs of medical settings with a spirit of challenge and bring about a new healthcare

Looking back on the first year of the GS26 five-year growth strategy

In our fiscal 2022 results, strong global demand in the cardiac and vascular field, centered in the largest market of the United States, drove our highest-ever performance in both sales revenue and operating profit. The cost of goods increased due to inflation and other factors, causing an earnings headwind as we began the five-year plan; however, the demand fundamentals that support growth trended well.

Under the GS26 vision of From Devices to Solutions, we have shifted our focus from products to customers as we work to discover customer and patient needs and propose comprehensive solutions to those needs that merge diverse kinds of value. We are now seeing this challenge of building a new solutions-development business model become a reality in specific ways. Below we introduce some of the latest such cases.

The first is about leveraging digital technology in diagnosis and treatment. ePRISM, which Terumo is offering in the United States, is a software that supports clinical decision-making in cardiovascular treatment. In cardiac treatment, the solution quantifies each patient's personalized risk of complications, based not on generalized information, but rather the clinical data of that patient and factors including their other illnesses. In coronary artery interventional therapy, it provides information about the risk of bleeding complications to enable physicians to determine an appropriate treatment plan. Terumo already offers Terumo Business Edge as a consulting service for hospital management, and by adding digital solutions, it will promote personalized healthcare to give patients even better prognoses and contribute to reducing healthcare costs.

The next case is about building an ecosystem that leads to greater value in plasma collection. In 2022, Terumo began sales of the plasma collection system Rika in the United States. As the demand for treatments using plasma fractionation products increases worldwide, Terumo has partnered with CSL to develop a system for use in that company's plasma collection centers. Rika was developed to reduce the burdens of both the donors from whom plasma is collected, and the medical professionals who perform the collection. The system uses control functionality to constantly monitor the collection process, and is designed for safety, through ways including alert functions. We will continue to provide solutions that build an ecosystem that includes IT platforms, in order to comprehensively improve plasma collection operations.

The final case is about a new business that utilizes drug delivery technologies. Terumo is continually evolving its diverse technologies, including needles and syringes, as it aims to develop solutions that bring greater value to pharmaceuticals. In the pharmaceutical field, innovative new drugs are appearing one after another in fields that apply technologies like recombinant genetics and cell expansion. Because these biologics are mainly in injectable form, there are strong needs for delivery technologies that bring the drug to the intended location with certainty and efficiency. Amid these needs, the industry that provides solutions to pharmaceutical companies who consign a portion of their manufacturing and development is growing on a global scale. This business model is called "CDMO" (contract development and manufacturing organization). Terumo will leverage its unique technologies, high quality, and sterling customer service to accelerate growth in this new business field.

The starting point of Terumo's GS26 strategy is its awareness that a paradigm shift is happening in the healthcare world. In contrast to the 20th century, when information was unevenly distributed in medical settings, healthcare information is now more open. Now, we must not wait for specific requests from medical settings, but instead more actively and proactively take on healthcare needs as a medtech

company. Maintaining its priority on quality, Terumo will utilize diverse technologies to meet new healthcare needs for the benefit of patients and medical settings.

Promoting initiatives to raise corporate value, toward GS26 achievement

While healthcare demand is steadily expanding, uncertainty in the business environment is increasing around the world. To achieve GS26, Terumo will continue to promote new measures that increase corporate value, while flexibly adapting to changes in the business environment.

The first such measure is to be more proactive in the internal development that sustains growth. We will continue to explore M&A opportunities as well, but strengthening our internal development capability will be a top management priority. To successfully enhance the pipeline of new products scheduled for GS26, we will strengthen the development capability of each company and manage launch schedules, including regulatory matters. At the same time, to ensure long-term growth beyond 10 years into the future, we have realigned our corporate R&D organization, centered in the Shonan Center. In addition, we are moving forward initiatives including group-wide information sharing, talent coordination, and development process standardization. Fundamentally reviewing development themes, we will strengthen programs that align with the GS26 strategic vision by investing in themes focused on the three Ds of Delivery, Deviceuticals, and Digital.

The second measure is to accelerate earnings improvement throughout the Group. To achieve our GS26 goals amid difficult earnings conditions and ensure sustainable, profitable growth, Terumo launched the VC2 (Value Creation through Collaboration) Group-wide earnings improvement project at the commencement of GS26. The quantitative goal of the project is to improve operating profitability by two percentage points. We aim to leverage economies of scale and the benefits of an overall optimization of headquarters functions, production, and indirect costs.

The third measure is to strengthen our capital policy. Terumo seeks growth investment opportunities that exceed capital cost, and our basic policy commits to striving to raise corporate value. In keeping with this policy, we are making progress in raising capital efficiency and building the right capital structure, to then appropriately and proactively reinvest profit. Regarding the distribution of profits to shareholders, we have decided to aim for a total payout ratio of around 50% by utilizing the repurchase of our own shares, in addition to stably increasing dividends. We expect that this will spur capital efficiency improvement and also positively affect ROE during the GS26 period. In addition, we will increase financial leverage in growth acceleration investments.

The fourth measure is to promote sustainability management. In 2023, Terumo established the Sustainability Committee, directly under the highest decision-making body regarding the business of Terumo, the Executive Management Meeting. As President and CEO, I serve as the Sustainability Committee Chairman, and we fulfill the role of monitoring the status of CSV and ESG initiatives and reporting regularly to the Executive Management Meeting and Board of Directors. We have also revised the performance evaluation system for executives. As a new executive performance evaluation indicator, we will adopt Future Corporate Value Targets. For the CSV and ESG focus themes of the GS26, we have listed Future Corporate Value Targets, and executives commit to each of these. These measures have created a system in which the management can unite in their efforts to promote sustainability.



Cultivate a culture of proactive challenge, contribute to the new 21st-century healthcare

To bring about the vision of From Devices to Solutions and achieve our GS26 goals, we must have a strong will to transform our business model and an unflinching spirit of challenge. Along with promotion of GS26, Terumo has globally deployed an awareness transformation movement called Growth Mindset. In the end, it is talent that sustains continuous corporate growth. We can draw up a wonderful strategy, but it must be carried out by each associate. We are working to foster a culture of not setting limits for our capabilities, and of encouraging and praising those who take on the challenge of realizing new growth.

In addition to instilling the Growth Mindset, we seek to achieve high-productivity and flexible work styles that fit in the new normal of this era. In Japan, we introduced starting fiscal 2022 a job-based HR policy centered in management positions. We are currently studying how to expand this to all levels of the organization. By realizing more self-directed career planning and creation of workplace environments with higher productivity, we want to raise associates' motivation and grow Terumo itself into a more competitive global firm.

At this opportune time when the pandemic has largely subsided, we need to once again boost a growth mindset throughout the organization. We are fostering a culture of assertive challenge to realize the future of healthcare and accelerate our strategy outlined in GS26. We ask each valued stakeholder for your continued understanding and support.

Shinjiro Sato
President and CEO

Value Creation Process

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

Group Mission

Contributing to Society through Healthcare

Core Values/Terumo Group Code of Conduct

Healthcare paradigm shift that Terumo is focusing on

Changing disease patterns

- Learning to coexist with chronic diseases, the prevalence of which is increasingly rapidly due to rising global living standards and the emergence of a hyper-aging society in the developed nations
- Combating the decline in organ function and other bodily functions that accompany aging

Changing timescale

- Improving of long-term quality of life
- Increasing adoption of prevention and prognosis monitoring
- Personalized disease management (Patient Journey)

Changes in technology

- Increasing adoption of biopharmaceuticals, regenerative medicine, cell and gene therapies
- Wide adoption of personalized medicine through evolution of genomic medicine and AI

Terumo's Strengths

Corporate Activities

Social value creation

Cardiac and Vascular Company

- Contributing toward early discharge and reduced complications, in response to the growing need for healthcare to be more cost-effective
- Full-scale expansion of the therapeutic product pipeline in growth markets

Medical Care Solutions Company

- Providing patient-focused value that covers every aspect of care, not only in hospitals but also in the home
- Accelerating global expansion as the domestic market reaches maturity
- Providing solutions for pharmaceuticals manufacturers to maximize the value provided by their drugs
- Responding to market competition from low-priced products with proposals that provide value through new solutions

Blood and Cell Technologies Company

- Responding to changes in the market, such as the commercialization of cellular therapy products and an unstable blood supply, by building a presence in cell therapy processes and by providing innovative systems and services
- Responding to competitors' actions, such as the optimization of their portfolios, by promoting a shift away from selling products toward selling solutions, developing high-value-added services and diversifying our portfolio

R&D / M&A

- Accelerating innovation by strategically and consistently combining short-, medium-, and long-term internal R&D with M&A and startup investments

Digital transformation

- Providing comprehensive care and solutions to support the patient journey

Corporate

- Implementation of a company-wide revenue improvement project (aiming to increase profitability by at least 2 percentage points by FY2026)
 - Focusing on the four key areas of production, procurement, logistics and management, and working to optimize these across the board on a global scale
 - Optimizing global production

Foundation supporting social value creation

People strategy

- Realizing reforms and changes
 - Developing global leaders, enhancing organizational efficiency and effectiveness, and targeting critical skills development
 - Enhancing Associate Experience
 - Fostering Growth Mindset, cultivating a DE&I culture, nurturing associate well-being, and recognizing the contributions made by its associates

Total quality (ensuring quality, safety, and stable supply)

- Ensuring the quality, safety and stable supply of products and services
- Sustainable supply chain management
- Promoting safety measures for the working environment

Reducing the burden on the environment

- Initiatives to realize carbon neutrality
- Effective use of resources

Human Rights

- Promoting safety measures for the working environment
- Established Terumo Group Human Rights Policy
- Became a signatory to the United Nations Global Compact

Governance and Compliance

- Group mission and Core Values forming foundations of governance
- Enhancing global management system (implementation of a group executive officer system)
- Group-wide code of conduct and continuous compliance education

Capital Invested

Financial capital

- Stable financial situation
 - Credit rating **AA-** (Rated by Rating and Investment Information, Inc.)

Manufactured capital

- Global production network **34** production sites (8 production sites in Japan and 26 outside Japan)
- Overseas production ratio **60.6%**
- Capital expenditure **¥75.8 billion**

- Cross-company and cross-business production collaboration

Intellectual capital

- R&D expenses/Ratio to revenue **¥61.6 billion/7.5%**
- Global R&D network
- Provision of various types of training for health care professionals in each region, including at Terumo Medical Pranex in Japan
- Patents held **Approx. 8,600** (inc. Overseas subsidiaries)

Social and relationship capital

- Trust and a strong brand, built up over a period of a century in which Terumo has developed alongside Japan's healthcare providers
- Open innovation initiatives
- Communication with stakeholders

Human capital

- Associates (Terumo Group) **30,207**
- Ratio of non-Japanese in group executive officers **33.3%**
- Ratio of non-Japanese in global key positions **54.0%***
 - * As of April 1, 2023
- Ratio of female managers (Terumo Group) **30.8%**
- Ratio of female managers (Terumo Corporation) **9.6%**
- Ratio of male associates taking childcare leave **68.8%**
- Appointment of a CXO to strengthen global management infrastructure

* Unless noted otherwise, data is for FY2022 or as of the end of FY2022

Outputs

Targets of the Five-year Growth Strategy GS26

Realize revenue growth that is superior to the market average growth rate, while also enhancing profitability and aiming to shift to a new growth model to help bring about a paradigm shift in healthcare

Growth

- Revenue growth rate
 - Realize high **single-digit** growth (5-year CAGR)

Profitability

- Operating margin
 - Achieve a margin of **20% or higher** (in 5 years)

Capital efficiency

- ROIC
 - Achieve a ratio of **10% or higher** (in 5 years)
- ROE
 - Maintain **10% or higher**

Cash allocation

- Operating cash flow
 - FY2022-2026 **¥800-900 billion**

+
Financing
↓

- Capital investment **¥430-480 billion**

- Dividend **¥130-180 billion**

- Acquisitions, shareholder returns*, etc.

* Aiming for total payout ratio of 50% or higher

Sustainability management: CSV

- Further adoption of the radial procedures
 - Ratio of radial procedures (FY2026)
- Coronary artery **75% or higher**
- Peripheral artery **20% or higher**
- Interventional oncology **15% or higher**
- Neurovascular **15% or higher**

Sustainability management: ESG

- CO₂ emissions (Scope 1+2)
 - FY2030 **50.4% reduction** (vs. FY2018)
 - FY2040 **Carbon neutrality**
- No. of critical market shortages: **Zero**
- No. of critical findings from regulatory authorities: **Zero**

* For all themes related to CSV/ESG of the GS26, please refer to pp. 14-17.

Medium- to Long-term Vision

From Devices to Solutions

Focus in solutions: the 3Ds

Delivery

High value-added biological access and delivery for advanced medical care

- Aiming for a world with 100% adoption of minimally invasive treatments

Deviceuticals™

Maximize drug effectiveness through innovative devices

- Accelerating the evolution of combination products through delivery technology innovation, with the aim of raising the share of total sales held by combination products that integrate pharmaceuticals with devices to at least 50%

Digital

Disease-based approach focused on improving long-term patient quality of life (Patient journey)

- Aiming to raise the treatment completion rate for chronic diseases to 100% through the effective utilization of digital technology

Outcome

Solving problems of medical settings

- Optimization of intra-hospital infrastructures
- Building ecosystems for new therapies such as cell and gene therapies
- Evaluation systems that contribute to health economics

Developing healthcare Ecosystem

- Further improvement of less-invasive treatments
- Infection control
- Data utilization for diagnostics and therapy optimization
- Optimal delivery for new drugs

Improving patient quality of life

- Disease management:
 - Endovascular therapy for whole body
 - Diabetes, kidney diseases, cancer, etc.
 - Overcoming deterioration of body functions
- Personalized care that accompanies the patient journey

CAFO Message



Naoki Muto

Group Executive Officer
 Chief Accounting and Financial Officer (CAFO)
 Controller Dept., Treasury Dept., Tax Dept.,
 CAFO Office, J-SOX Office

Maximizing profits and optimizing cash allocation toward sustainably raising corporate value

Looking Back on Fiscal 2022

Fiscal 2022 marked the first year of our GS26 growth strategy, which we announced in fiscal 2021, the year of our 100th founding anniversary. That strategy set three financial goals as KPIs:

Growth	Revenue growth..... High-single-digits (5-year CAGR)	
Profitability	Operating margin (Before adjustment)..... 20% or higher (in 5 years)	
Capital efficiency	ROIC..... 10% or higher (in 5 years)	*ROE of 10% or higher

In the first year of fiscal 2022, sales revenue was 820.2 billion yen and operating profit was 117.3 billion yen; each was our highest-ever result, and we also secured an increase in profit for the year. Revenue was driven by strong global demand in the cardiovascular field, particularly in the largest market, the United States, resulting in 5% growth when excluding FX.

In profit, we achieved an increase, although multiple factors—the rising costs of purchased materials due to the supply chain disruption that began during COVID-19, increased electricity, gas, and other energy costs, and inflation such as labor cost in the United States, along with a temporary earnings downturn at the end of the fiscal year—combined to result in an operating margin decrease to 14.3%. The profit amount also unfortunately fell below our February 2023 guidance. The temporary earnings downturn was caused by an increase in fixed costs due to delays in standing up our new Plasma Innovation business, and increased costs of transferring production of the Blood and Cell Technologies and Cardiac and Vascular companies to Costa Rica.

The impact of these negative factors brought our ROIC to 6.8% and ROE to 8.4%. We will strengthen our management controls toward better guidance accuracy as we strive to restore the trust of the market.

Efforts Toward Maximizing Profitability

Promotion of profitability improvement measures

To achieve our GS26 goal of 20% or higher operating margin, we are working to improve profitability through the Group-wide VC2 (Value Creation through Collaboration) project. In previous acquisitions, our management mentality was to prioritize the development capability and speed of business expansion, and we refrained from absorbing the organizations and operations of the acquired companies. With VC2, we are partially revising that policy to optimize and raise efficiency across the Group through control of operations like production, procurement, and logistics under the guidance of corporate. One aspect of this is that we created the internal organization Global Business Services (GBS) in November 2022 and integrated the order and payment functions of Europe and the United States into the GBS. We will continue to expand the GBS functions and scope going forward, taking the lead in improving profitability by standardizing and raising the efficiency of shared Group operations. We also continue to implement SAP, to integrate the core Group functions that support operations standardization and efficiency, and centralize information management.

Capital efficiency (ROIC) improvement

Toward the GS26 goal of 10% or higher ROIC, we are working to improve both the numerator, which is profit expansion, and the denominator, which is efficiency of invested capital.

We will right-size invested capital through solid control of working capital. Specifically, we will normalize our inventory levels, which we had built up to avoid sales opportunity loss from COVID-19 and supply chain disruptions. Beyond inventory, we will also work to strengthen control of working capital in the form of accounts receivable and payable.

To raise our capability to create profit, we will not only make continual and timely investment in strengthening production capacity, but also consider M&A investments that promise greater future value and synergy with existing businesses. In judging investments, we will set a hurdle rate based on the weighted average cost of capital (WACC), with uncertainty risk added, confirming the business strategy and risk, to compare the hurdle rate with net present value (NPV) and internal rate of return (IRR), to strictly select and execute investments that have the highest probability of generating return.

To achieve GS26 financial goals, beginning with ROIC, we need to align the direction of the businesses and corporate, taking into account changes in business environments and performance status to carry out appropriate measures in a timely manner. Guiding the Group as a whole toward this is the role of the CAFO, and I consider this responsibility to be very large. To support this role, we established the Financial Planning & Analysis (FP&A) organization in 2022. It takes a high-level view of the entire Group's management status and closely monitors the progress of medium- to long-term profit improvement, along with the progress of short-term fiscal year planning, to speedily identify and analyze issues so that the CAFO and management team can make timely and accurate decisions.

Cash Flow

The source of investment capital for growth is ultimately cash flow from the businesses. In fiscal 2022, net cash provided by operating activities was 117.5 billion yen; net cash used in investment activities was 59.1 billion yen; and shareholder return was 78.0 billion yen.

In GS26, we aim by fiscal 2026 to create cumulative operating cash flow of 800 to 900 billion yen. We anticipate utilizing approximately half of that toward GS26 growth and infrastructure investments. In addition, when we need to procure capital from external sources, we will strive to balance capital efficiency and financial health to make the optimal and expeditious combination of borrowings from financial institutions and corporate bonds, etc., to ensure that we take advantage of growth opportunities.

Shareholder Return

In fiscal 2022, we enacted new measures toward raising corporate value going forward. One of these is to strengthen capital policy. In addition to improving capital efficiency and raising financial leverage, we announced that we will shift our shareholder return indicator from the previous dividend payout ratio to total payout ratio. Our target for dividend payout ratio has been 30%; going forward, we will utilize both stable increases in dividends as well as acquisition of our own shares as we aim for a 50% or higher level of total payout ratio. Regarding acquisition of our own shares, we executed a 50-billion-yen buyback and share retirement in fiscal 2022, and have earmarked 20 billion yen for acquisition in fiscal 2023. Through these measures, the fiscal 2022 total payout ratio was 90%, and we plan to achieve 52% in fiscal 2023.

Fiscal 2023 Plan

In fiscal 2023, we plan to grow the high-margin growth drivers of each company, while also strengthening and accelerating Group-wide measures to achieve solid profitability improvement. By company, we aim to return the Medical Care Solutions Company to double-digit profitability.

We anticipate that revenue will continue to grow globally, at the rate of 6%, to exceed the growth of the previous year when excluding FX. In operating profit, we look to improve both the profit amount and percentage by (1) expanding sales of high-margin products, (2) becoming more proactive regarding price policy, and (3) optimizing and raising efficiency in production globally. In price policy, to counteract regarding pharmaceutical products sold in Japan whose reimbursement price revisions have given them low margins, as well as inflation impacts that we could not absorb, we will gain the understanding of customers in passing these costs on to them, expanding both the number of businesses and regions where we do so. In optimizing and raising the efficiency of global production, we are reaping the benefits of the transfer to Costa Rica, while also promoting projects to bring yet another level of efficiency to Ashitaka Factory, which sustains the TIS business core.

In the first quarter, strong demand continued globally for the Cardiac and Vascular Company, resulting in the highest-ever quarter of revenue to start the year. Operating profit saw a slight decrease when excluding FX, but the good effects of the aforementioned Costa Rica production transfer are beginning to appear. Also, on a standalone quarterly basis, the positive profit improvement efforts outweighed negative inflation impacts for the first time; all this means that progress is as planned to achieve the annual guidance.

Fiscal 2023 Guidance (As of November 14, 2023)

Revenue.....	¥854.0 billion	+4.1% year-on-year
Operating Profit.....	¥132.5 billion	+12.9% year-on-year
Operating Margin.....	15.5%	+1.2% points year-on-year (Before adjustment)
Profit for the Year.....	¥101.0 billion	+13.1% year-on-year

In order to achieve our fiscal 2023 performance goals, we will strengthen our Group and make the investments necessary to steadily take advantage of growth opportunities. Through these efforts we will raise our sustained corporate value and contribute to our Terumo Purpose of advancing healthcare and enhancing patients' quality of life, fulfilling the expectations of shareholders and investors, and of course our customers and society at-large.

CSV and ESG Themes of the GS26

At Terumo, we position the creation of social value (CSV) through contributing to Advancing Healthcare and Enhancing Patients' Quality of Life, which is Terumo's purpose, as the most important theme of our sustainability management. Furthermore, we have set our sustainability priorities related to ESG as the foundation to support the promotion of CSV and are working towards achieving them while promoting CSV. (For more information on the sustainability priorities for the Terumo Group, please refer to p. 35.)

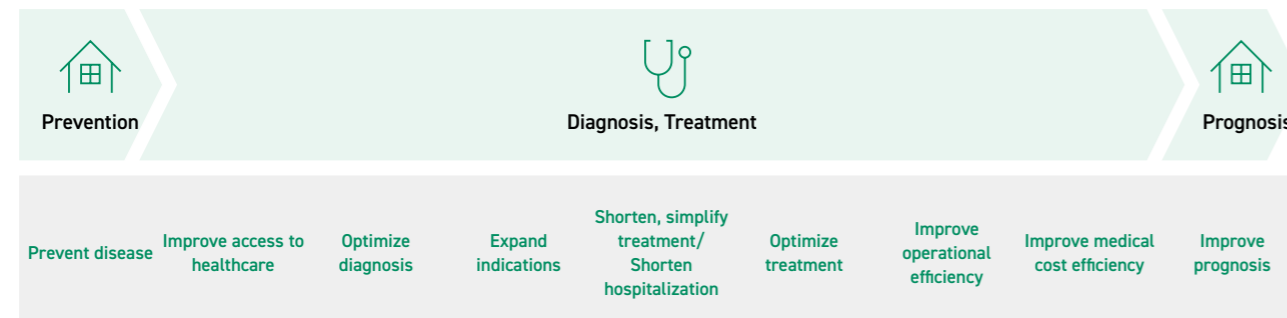
Under our five-year growth strategy GS26 starting from fiscal 2022, we have set specific initiatives to be monitored and key performance indicators (KPIs) for CSV and ESG based on the above-mentioned sustainability priorities. Regarding the CSV themes, we will provide valuable solutions to medical settings and patients by leveraging our broad range of products and technologies to create social and economic value in the patient journey, from prevention to diagnosis, treatment, and prognosis. As for the ESG themes, we are working on efforts that support CSV, such as ensuring the quality, safety, and stable supply of our products and services, creating an organization where diverse associates can make the most of their full potential, and promote social initiatives to meet societal demands, such as achieving carbon neutrality.

Progress on these initiatives and the KPIs will be monitored by the Sustainability Committee and reported regularly to the Executive Management Meeting and the Board of Directors. In addition, we have introduced Future Corporate Value Targets since fiscal 2023, based on the CSV and ESG themes of GS26, as performance evaluation indicators for executive directors, group executive officers, and executive officers. By appropriately reflecting their contribution to these initiatives in their performance evaluation and compensation, we will enhance our corporate value by practicing sustainability management.

CSV Themes of the GS26

At the Terumo Group, each of the three Companies has identified its own CSV themes and is working on them by leveraging its distinctive products and technologies, as well as the experience and knowledge gained from solving medical issues. By providing unique solutions that leverage each company's strengths in the patient journey from prevention to diagnosis, treatment, and prognosis, we will contribute to creating healthcare value in broad areas, such as reducing treatment and hospitalization time, improving operational efficiency in the medical settings, and improving medical cost efficiency.

Key Medical Value Offered by Terumo Group



Cardiac and Vascular Company

We are committed to promoting the broader adoption of radial access procedures (Transradial intervention: TRI), where a catheter is inserted through a blood vessel in the wrist (radial artery) for vascular interventional therapy. In comparison to the transfemoral intervention (TFI), in which a catheter is inserted through the femoral artery in the groin, the radial access procedures have the following advantages: shorter hemostasis time, lower risk of complications, and allowing patients to walk immediately following the procedures. These benefits contribute to improving patients' quality of life. In addition, the radial access procedures contribute to reducing healthcare costs* by enabling early recovery of patients and same-day discharge after the treatment. To leverage these benefits, we also strive to expand the use of radial access procedures from treating coronary artery disease to peripheral arterial disease, interventional oncology, and neurovascular disease. To this end, we are working to expand our product portfolio and offer medical training tailored to each treatment area.

We are also working to develop products and solutions to enable personalized therapies, which provide optimal medical care based on each patient's specific characteristics and risks.

* According to the results of the research below, the TRI is estimated to cost \$916 less per case than the TFI. Amit P Amin et al. JACC Cardiovascular Interventions, Amin AP, et al. J Am Coll Cardiol Intv. 2017 Feb, 10 (4)

CSV themes	<ol style="list-style-type: none"> 1. Further adoption of radial access procedures 2. Training 3. Promotion of personalized therapies
Monitoring items and KPIs	<ol style="list-style-type: none"> 1. Ratio of radial approach (FY2026) <ul style="list-style-type: none"> • Coronary artery: 75% or higher • Peripheral artery: 20% or higher • Interventional oncology: 15% or higher • Neurovascular: 15% or higher 2. Total number of medical professionals participated in training (TIS Division) 3. Drive personalized therapies by promoting stent grafts, radioactive microspheres, HeartSheet autologous skeletal myoblast sheets, and intrasaccular devices to be used for more treatments
Initiatives and results for FY2022	<ol style="list-style-type: none"> 1. Advanced initiatives to introduce devices for radial access procedures and promoted collaboration with the TIS division by the Neurovascular division (Ratio of radial access procedures in fiscal 2022: 73% for coronary, 6% for peripheral, 9% for interventional oncology, and 5% for neurovascular) 2. The proportion of face-to-face training, which had declined during the COVID-19 pandemic, increased to between 80% and 90% in each region. The number of training sessions also increased by more than 30% compared to the previous year. However, the number of participants decreased by just over 20% due to the increased proportion of face-to-face training. (The total number of participants in fiscal 2022 was about 62,000.) 3. Completed the case registration of HeartSheet required for the manufacture and sales approval application in Japan

Medical Care Solutions Company

We are committed to creating unique solutions that provide more quality time in every phase of healthcare, as our brand promise. By leveraging our experience and capabilities accumulated over many years of addressing issues in medical settings, we will offer solutions that enhance operational efficiency and safety in hospitals, reduce the length of hospital stays and visits for patients, and alleviate the burden and improve the safety of treatment at home. In doing so, we strive to ensure that the time spent on healthcare is as short and high-quality as possible.

CSV themes	<ol style="list-style-type: none"> 1. Perioperative solution 2. Outpatient chemotherapy solution 3. Renal care solution
Monitoring items and KPIs	<ol style="list-style-type: none"> 1. Deliver the solution to 1,000 medical institutions in Japan and overseas 2. Introduce the solution to 20% of the designated cancer hospitals in Japan 3. Introduce the solution to 20,000 patients in Japan and overseas
Initiatives and results for FY2022	<ol style="list-style-type: none"> 1. Completed the introduction of the smart pump system overseas (in Thailand, Italy, and Mexico) 2. Initiated full-scale promotion of the outpatient chemotherapy system throughout Japan 3. Made steady progress in the development of a new peritoneal dialysis monitoring system and the clinical trial for a new peritoneal dialysis solution

Blood and Cell Technologies Company

In blood transfusions and blood and cell therapies, we strive to expand therapeutic applications and geographical areas in which our products and solutions are used, thereby increasing the treatment options available and bringing needed therapies to previously unreachable patients. We are also focused on enabling more efficient healthcare delivery with our revolutionary system to automate the entire process of whole blood collection and component preparation.

CSV themes	<ol style="list-style-type: none"> 1. Expand the impact of innovation by increasing the number of patients treated 2. Bring lifesaving technology to previously unreachable patients 3. Enhance efficiencies in the infrastructure of healthcare delivery
Monitoring items and KPIs	<ol style="list-style-type: none"> 1. Status of reimbursement obtained and disposable unit sales of major product platforms*: Double-digit annual growth of disposable unit sales *Whole blood bags and disposable sets for Reveos, TACSI, Trima Accel, Spectra Optia, Finia, and Quantum 2. Sales amount in China and Africa: Increased sales amount 3. Total number of whole blood automation devices installed: Increased the total number of devices installed
Initiatives and results for FY2022	<ol style="list-style-type: none"> 1. Status of reimbursement obtained and disposable unit sales of major product platforms Achieved 16% sales growth for disposable unit sales, an indicator of patients treated using major product platforms Two reimbursement wins in South Korea and the UK for red blood cell exchange 2. Sales amount in China and Africa China: 7% sales growth despite extensive lockdowns due to COVID-19 Received Spectra Optia approval, which will enable more patients to receive increased therapeutic applications Africa: 18% sales growth Introduced whole blood automation in Zambia and apheresis collections in Tanzania 3. Whole blood automation 32% sales growth

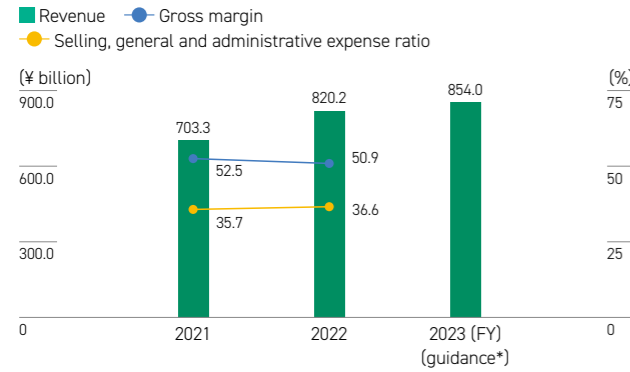
ESG Themes of the GS26

Theme	KPI	FY2022 results	
Achieve carbon neutrality	CO ₂ emissions (Scope 1 and 2, compared to FY2018)	Reduce by 50.4% (FY2030) Achieve carbon neutrality (FY2040)	Reduced by 21.7%
	Ratio of renewable energy use to total electricity use	50% (FY2030)	32.1%
Effective use of resources	Water use (Per unit of revenue, compared to FY2018)	Reduce by 20% (FY2030)	Reduced by 30.5%
	Recycling rate	90% (FY2030)	90.4%
Ensure the quality, safety, and stable supply of products and services	Number of critical findings from regulatory authorities	Zero	1* ²
Sustainable supply chain management	Critical market shortages	Zero	Zero
	Transactions with critical deviations from Terumo's Supplier Guidelines	Zero	Zero
Promote safety measures for the work environment	Number of fatal and serious work-related accidents	Zero	Fatalities: zero Serious accident: 2* ³
Improve the Associate Experience	Investment in training per associate* ⁴	—	¥71,933 (Scope: Terumo Corporation)
Cultivate an organization that leverages diverse human resources to create value	Ratio of non-Japanese in group executive officers (GEO) and global key positions (GKP)	—	GEO: 33.3% GKP: 54.0%
	Ratio of female managers (Scope: Terumo Corporation)	13% (FY2026)	9.6%
Effectiveness of the Board of Directors	Evaluation of the effectiveness of the Board of Directors	Conduct annually	Conducted* ⁵
Promote compliance	Violations of laws and regulations with significant impact on Terumo Group management	Zero	Zero

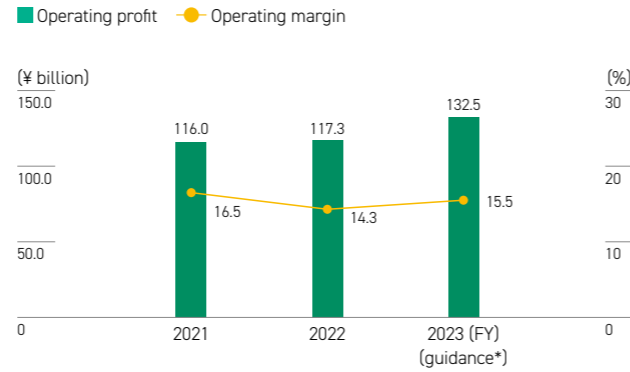
*1 Scope: Terumo Group (excluding items with notes)
 *2 The U.S. FDA issued a warning letter to MicroVenton's factory in Costa Rica on September 30, 2022.
 *3 Zero in Japan and two overseas
 *4 The KPI will be changed from the investment in training per employee to the results of the Associate Experience Survey. The survey results will be disclosed starting from FY2024.
 *5 For details on the evaluation of the board effectiveness, please refer to the "Evaluation of the Effectiveness of the Board of Directors" on pp. 82-83.

Financial and Non-financial Highlights

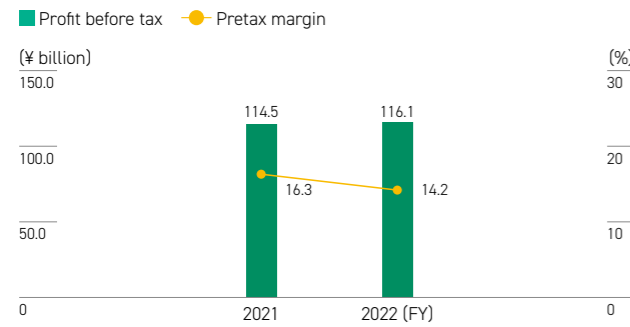
Revenue



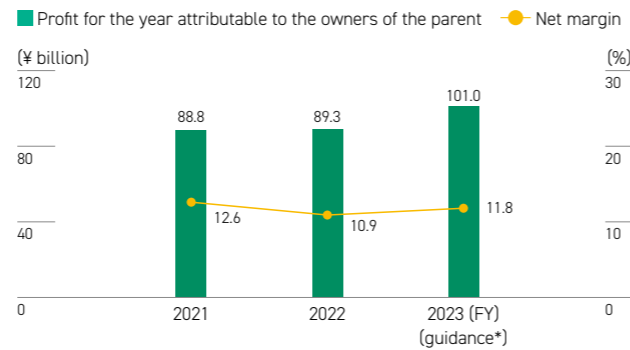
Operating Profit



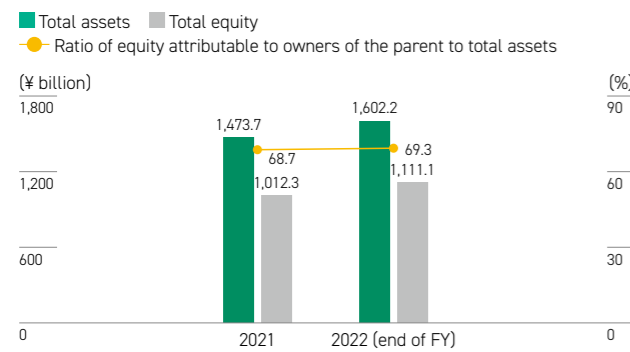
Profit before Tax



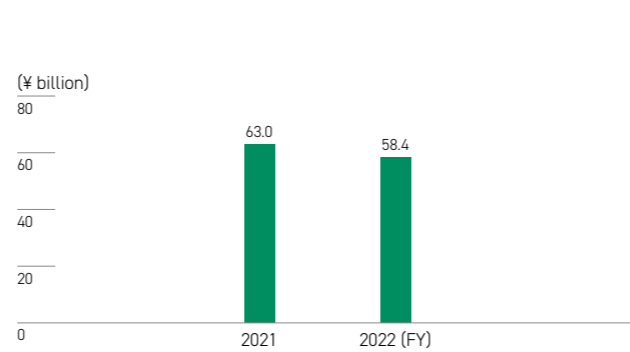
Profit for the Year Attributable to the Owners of the Parent



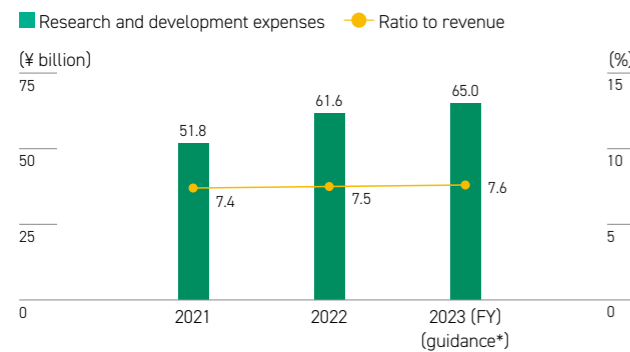
Total Assets and Total Equity



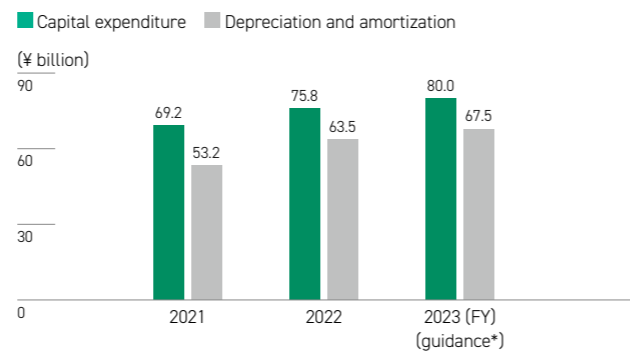
Free Cash Flow



Research and Development Expenses

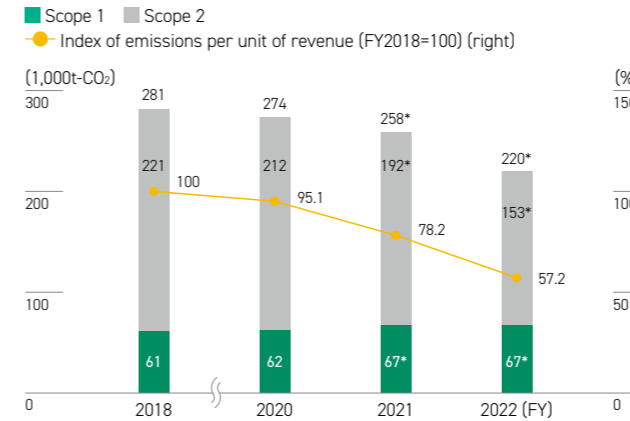


Capital Expenditure and Depreciation and Amortization



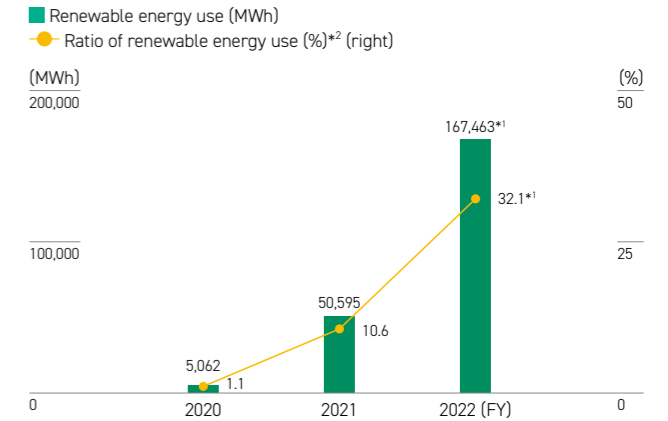
Depreciation and amortization does not include right-of-use asset amortization.

CO₂ Emissions (Scope 1 and 2)



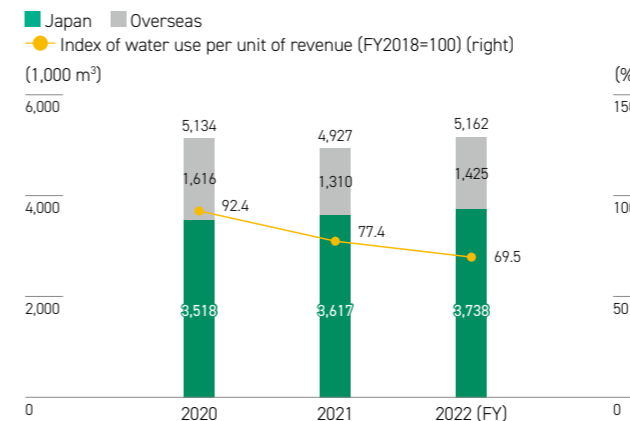
* Data assured by a third party
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Renewable Energy Use



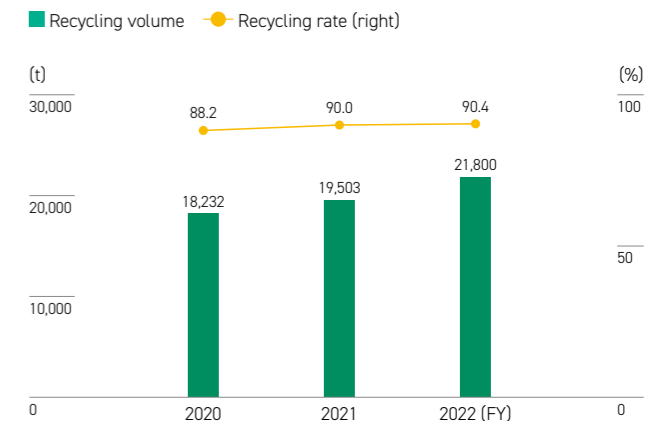
*1 Data assured by a third party
*2 The ratio of renewable energy use to total electricity use
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Water Use (Water Withdrawal) Volume



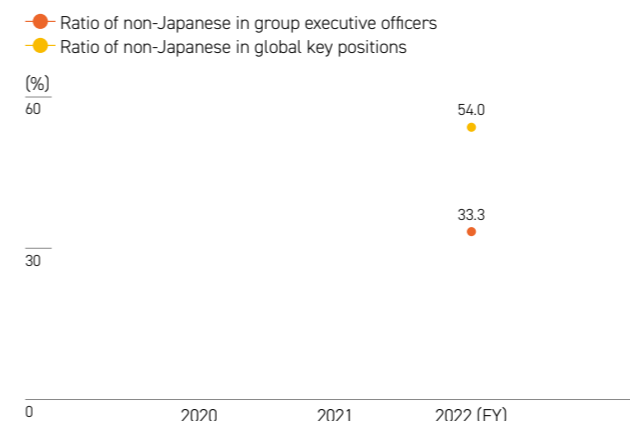
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Recycling Volume and Rate



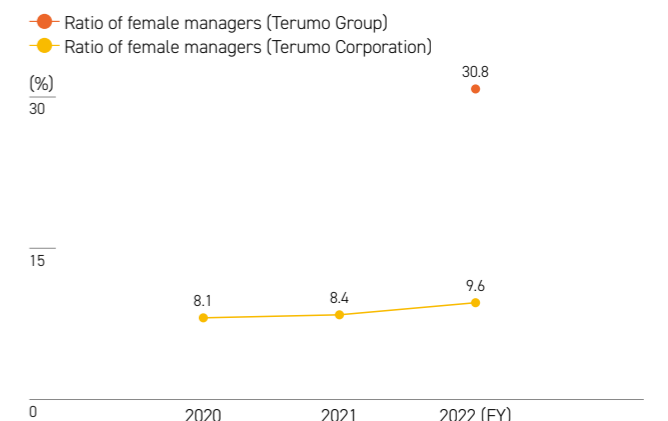
Scope: Terumo Group business sites in Japan and manufacturing and R&D sites overseas

Ratio of Non-Japanese in Group Executive Officers and Global Key Positions



Scope: Terumo Group

Ratio of Female Managers

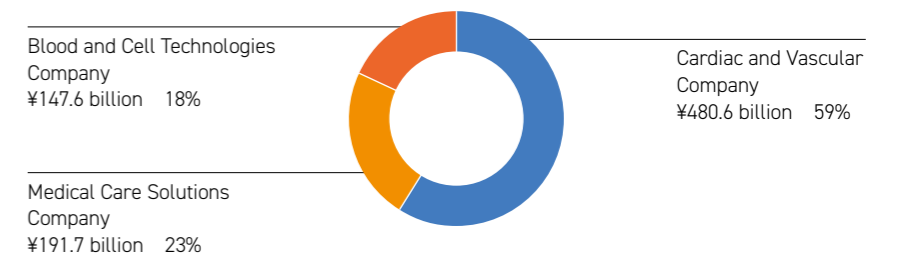


* Fiscal 2023 guidance is as of November 14, 2023.

Terumo delivers solutions offering real value to medical settings through three companies

In line with Terumo's Group mission of "Contributing to Society through Healthcare," we operate globally through three in-house companies and eight divisions. Besides working to enhance treatment outcomes and striving to reduce the mental and physical burden on patients, we also deliver products and solutions that help to solve a wide range of issues in medical settings.

Revenue by Company/Percentage of Revenue (Fiscal 2022)



Cardiac and Vascular Company



Main Products

TIS Division (Terumo Interventional Systems)

- Access: Angiographic guidewires, TR Band radial compression device
- Cardiology: Ultimaster sirolimus eluting coronary stent system
- Imaging: Intravascular ultrasound (IVUS) system
- Oncology: AZUR peripheral coil system
- Endovascular: Misago peripheral stent

Neurovascular Division (MicroVention)

- WEB intrasaccular device, FRED flow diverter, SOFIA intermediate catheter

Cardiovascular Division (Terumo Cardiovascular) / HeartSheet Division

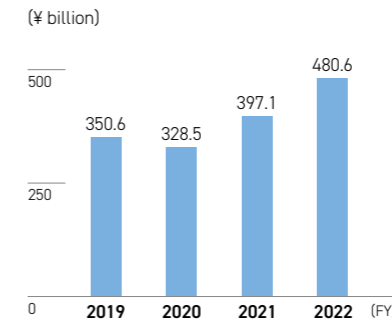
- Hollow fiber oxygenators, heart-lung machines / Regenerative medicine products

Vascular Graft Division (Terumo Aortic)

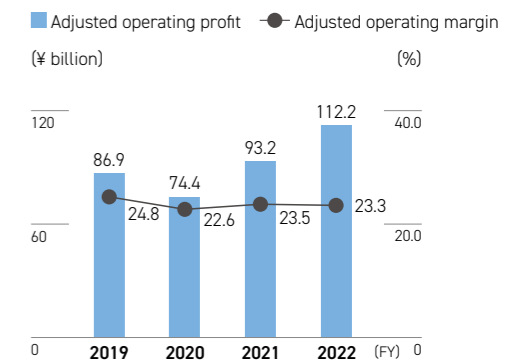
- Surgical grafts, RelayPro stent graft, Thoraflex Hybrid frozen elephant trunk

Outcome
Realizing minimally invasive treatments in vascular intervention and cardiac surgery

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Medical Care Solutions Company



Main Products

Hospital Care Solutions Division

- Infusion pumps, syringe pumps, infusion sets, syringes, IV solutions, peritoneal dialysate, hand sanitizer, analgesics, sprayable adhesion barrier gel

Life Care Solutions Division

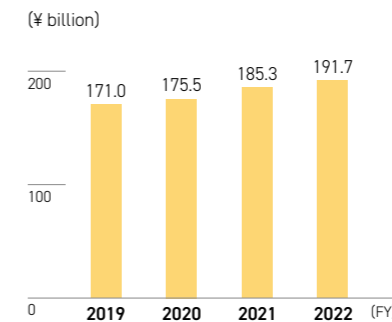
- Blood glucose monitoring systems, insulin patch pumps, electronic blood pressure monitors, electronic thermometers

Pharmaceutical Solutions Division

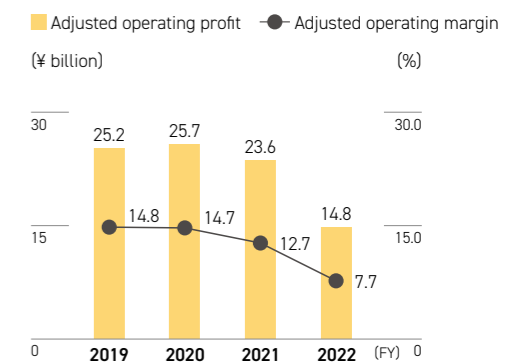
- Contract development and manufacturing services for prefilled syringes, products for pharmaceutical companies (prefillable syringes, needles for drug administration kits)

Outcome
Contributing to better patient care and transformation toward "yasashii*" medical care for everyone involved
* "Yasashii" is a Japanese term that suggests a combination of kind, caring, friendly, and thoughtful.

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Blood and Cell Technologies Company

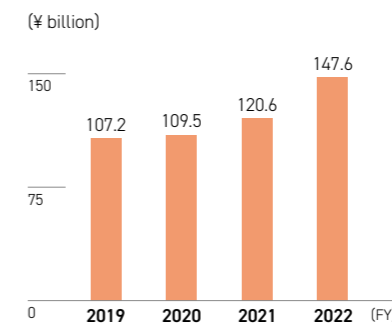


Main Products

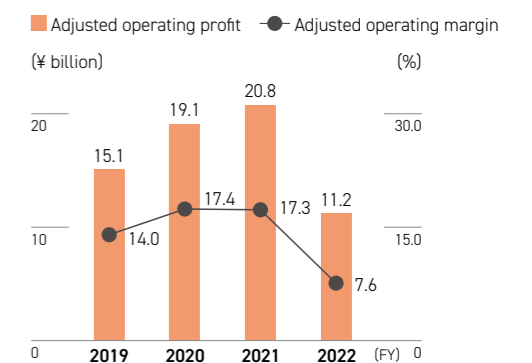
- Blood bags, Trima Accel Automated Blood Collection System, Reveos Automated Blood Processing System, Mirasol Pathogen Reduction Technology System, Spectra Optia Apheresis System, Quantum Flex Cell Expansion System, Rika Plasma Donation System

Outcome
Sustaining blood transfusions worldwide, contributing to the advancement of blood and cell treatments

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Cardiac and Vascular Company

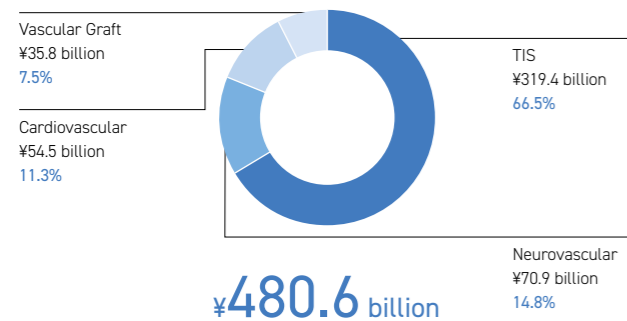


Toshihiko Osada

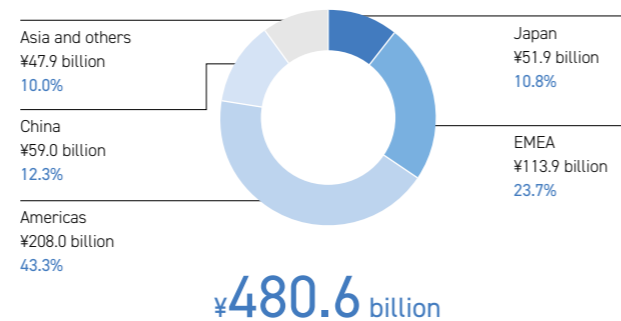
Group Senior Managing Executive Officer
President, Cardiac and Vascular Company
Division President, Interventional Systems Division,
Cardiac and Vascular Company

The Cardiac and Vascular Company has identified “expansion of therapeutic business,” “expansion of access business,” and “evolution of operational capabilities” as its three pillars of growth, and is working to achieve them in each of its businesses. In therapeutic fields, multiple new products were launched as planned in various markets. In the access field, we are expanding our solutions to promote the radial approach, not only in coronary, but also in peripheral, interventional oncology, and neurovascular intervention. We are working further to ensure a stable supply of products by leveraging digital transformation toward streamlining production processes and strengthening operations. Together with our customers, we strive to create the next standard of patient care and drive the evolution of medicine on the front lines.

Revenue by Business (Fiscal 2022)



Revenue by Region (Fiscal 2022)



Fiscal 2022 Performance



Environment		Strengths
Opportunities	Risks	<ul style="list-style-type: none"> Training for medical professionals to promote expansion of procedures using products and their appropriate uses Strong partnership with KOL^{*4} Fusion of our technologies with those acquired through M&As, and the ability to develop unique, high-quality products Global sales and marketing, and structure for clinical development and regulatory affairs Production structure for the stable supply of high-quality products globally
<p>Vascular intervention^{*1}</p> <ul style="list-style-type: none"> Stronger needs for same-day discharge and shorter hospital stays Growing trend toward minimally invasive treatments due to aging population Bullish market growth with the expansion of new vascular intervention markets Expand with vascular intervention as an option in the treatment guidelines for cerebrovascular diseases Improve device performance and clinical outcomes with stent graft implantation technology for aortic aneurysm <p>Surgical treatment^{*2}</p> <ul style="list-style-type: none"> Steady growth of the market for percutaneous cardiopulmonary support (PCPS/ECMO) Growing markets in emerging economies due to healthcare development and increase in lifestyle diseases resulting from more westernized lifestyles Spread and expand hybrid surgeries^{*3} 	<p>Vascular intervention^{*1}</p> <ul style="list-style-type: none"> Responding to more rigorous European Medical Device Regulations (MDR) Preferential treatment for domestic manufacturers and distribution network reforms in China Contraction of existing markets due to the development of new treatment methods Tougher competition due to treatment evidence established by rival firms <p>Surgical treatment^{*2}</p> <ul style="list-style-type: none"> Responding to more rigorous European Medical Device Regulations (MDR) Ongoing transition from surgical treatment to vascular intervention due to trend toward minimally invasive treatment (market contraction) 	<p>Vascular intervention^{*1}</p> <ul style="list-style-type: none"> High market share and competitiveness in vascular access products Brand strength as a company promoting minimally invasive treatments and TRI^{*5} Ability to make proposals to customers due to a wide range of product lineups used for vascular intervention <p>Surgical treatment^{*2}</p> <ul style="list-style-type: none"> High market share and competitiveness in oxygenator and surgical graft products Only company in the world to have developed our own fiber^{*6} for oxygenators, and development and production technology abilities applicable for mass production Ability to develop and deliver products essential to emergency treatments, including ECMO

^{*1} Vascular intervention: TIS Division, Neurovascular Division, and Vascular Graft Division (stent grafts)
^{*2} Surgical treatment: Cardiovascular Division, Vascular Graft Division (surgical grafts)
^{*3} Procedures that involve implanting a combined surgical and endovascular device.

^{*4} Key opinion leaders
^{*5} Solutions that take their approach from the radial artery
^{*6} One of the materials used in oxygenator

TIS Division

Terumo Interventional Systems (TIS) Division provides products that are used to treat diseases of the heart, lower limb blood vessels, or cancers in vascular intervention (blood vessel care using a catheter). While pursuing better treatment efficacy, device usability and quality for interventional physicians, TIS also contributes to minimally invasive care that reduces patients’ burdens.

Neurovascular Division

The Neurovascular Division handles products focused on vascular intervention devices to address cerebral aneurysms and strokes. We will utilize optimal materials and design techniques for each case and create innovative devices to expand the possibilities for cerebrovascular treatments that place less of a burden on the patient.

Cardiovascular Division

Terumo Cardiovascular Division develops and manufactures heart-lung machines that function outside the body in place of the heart and lungs during cardiac surgeries in which the heart is temporarily stopped, oxygenators which perform blood oxygen exchange in place of the lungs, and ECMO systems that support heart and lung function for patients in emergency care. Also, the HeartSheet—the world’s first regenerative medicine product developed in collaboration with this business—is expected to be a new treatment option for patients with severe heart failure.

Vascular Graft Division

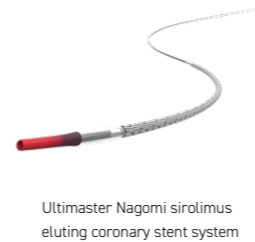
The Vascular Graft Division (Terumo Aortic) provides products including surgical grafts and stent grafts that are used by clinicians to treat patients with aortic diseases, which include thoracic and abdominal aneurysms and dissection. The Division has a comprehensive product portfolio contributing to helping save the lives of many patients in over 100 countries.

Fiscal 2023 Priorities

TIS Division

Promote the radial approach, grow in therapeutic fields, and strengthen operations

- **Promote Radial-First:** Launched angiographic catheters for visceral intervention inserted from the radial artery in Europe and China, following Japan and the U.S. R2P NaviCross, a support catheter for lower extremity arteries, has received premarket approval from the FDA and is being prepared for launch.
- **Provide a wide range of treatment solutions:** Fully rollout Ultimaster Nagomi sirolimus eluting coronary stent system in Europe. In the peripheral intervention field, introduce the AZUR series of embolization coils in China
- **Operational transformation:** Improve profitability through production automation and inventory optimization at the Ashitaka Factory, where smart factory transformation is now being implemented. Accelerate initiatives to achieve carbon neutrality, including the expansion of photovoltaic expertise from the Vietnam factory to other manufacturing facilities



Ultimaster Nagomi sirolimus eluting coronary stent system

Neurovascular Division

Expand portfolio and share of products and optimize production operations

- **Expand product portfolio:** Add new products and varieties for cerebral infarction and cerebral aneurysm. Launch the ERIC retrieval device for treatment of cerebral infarction in the U.S. Work with the TIS division in efforts to expand the adoption of the radial approach
- **Expand product share:** Focus on mainstay products with strong competitive advantage and aim to increase global market share, including regional expansion
- **Stable supply, optimized production locations:** Continue to stabilize the supply system, including supplier management, and continue to optimize production in North America and Costa Rica



ERIC retrieval device

Cardiovascular Division

Transfer of production to Costa Rica to reduce costs and improve inventory operations

- **Cost reduction:** Steadily transfer production to Costa Rica to improve profitability
- **Streamline operations:** Improve planning for sales, inventory, and production, ensure stable supply
- **Product Development:** Strengthen oxygenator portfolio and work to introduce a new blood gas monitoring system in the U.S.

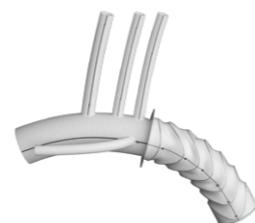


The Costa Rica factory that produces perfusion circuits

Vascular Graft Division

Expand sales in growth markets and build production systems to support this expansion

- **Sales and marketing:** With the expanded application of the RelayPro thoracic stent graft in the U.S., and the introduction of the Thoraflex Hybrid frozen elephant trunk for thoracic use in the Japanese market, expand sales in three markets: the U.S., Europe and Japan
- **Stabilize and streamline operations:** Optimize production in North America, Europe, and Asia while increasing production capacity to support sales growth
- **Expand product lineup and indications:** Continue to invest in new products and solutions



Thoraflex Hybrid thoracic frozen elephant trunk

TOPICS

Helping to Promote Uptake of Ever-evolving Radial Techniques

Terumo is working to promote transradial intervention (TRI, catheterization with access through the arteries of the wrist). Intervention has traditionally been performed through blood vessels at the base of the thigh, requiring patients to stay in the hospital for several days after the procedure. TRI has reduced the burden on patients and enabled outpatient diagnosis and treatment, leading to improved quality of life and better medical cost efficiency. Today, around 70% of coronary interventions performed globally are now performed from the wrist.

Terumo is working to expand the radial approach, which has expanded in application from the treatment of myocardial infarction and angina pectoris, to a wider range of treatments. Radial approach is already being used in the treatment of arteriosclerosis in the lower extremities as well as in the treatment of liver cancer. Use of the radial approach is also rapidly expanding in the diagnosis and treatment of cerebral aneurysm and cerebral infarction. Terumo will continue its efforts to bring transradial intervention, which imposes less burden on the body, to more patients.

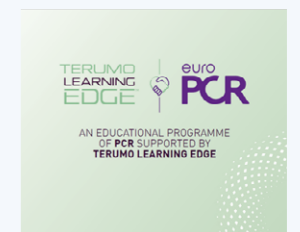
High Quality Training for Healthcare Professionals Worldwide

Terumo not only provides training on the proper use of medical devices, but also simulation training around the world that enables healthcare professionals to learn from mistakes by using training models in situations that resemble real-world clinical situations.

Established in 2002, Terumo Medical Pranex has since been visited by 190,000 people, and is used for training in intervention and cardiac surgery, as well as for exchange of ideas between engineers and medical professionals with new product developments in mind.

The quality of Terumo's training programs is recognized by academia overseas. Terumo conducted joint training programs with EuroPCR, the world's largest intervention conference held in Paris, France, each year since 2018. This year's event was again a success, with nine training courses held over three days, attended by more than 200 physicians.

In order to continuously provide high quality training to healthcare professionals, it is also essential to educate trainers within the company. Terumo provides a wealth of educational opportunities to update knowledge and practical skills, and has established a certification system for each product and area to ensure and improve the quality of trainer talent.



Terumo conducted joint training programs with EuroPCR.

Promoting Personalization of Treatment and Providing Optimal Medical Care for Each Individual Patient

The Cardiac and Vascular Company's concept for personalized medicine is to provide optimal medical care according to the unique characteristics and risks of each patient. For example, microspheres containing radioactive isotope provided by Quirem Medical, acquired by Terumo in 2020, can be delivered via a catheter into the hepatic artery to attack liver cancer cells with radiation. This product employs special microspheres, visible on MRI and other diagnostic imaging devices, allowing surgeons to check each individual's unique blood flow in advance of surgery and select the optimal treatment strategy. We also provide software that allows post-operative monitoring of the condition of the therapeutic microspheres.

Intravascular ultrasound imaging (IVUS) and intravascular optical frequency domain imaging (OFDI) systems are used to diagnose myocardial infarction and angina pectoris prior to treatment. Confirming factors such as the diameter of the vessel, the length and condition of the lesion, facilitates selection of optimal sized stents. Terumo's newest drug-eluting coronary stent, the Ultimaster Nagomi, is available in a wide variety of sizes to choose from according to the patient's lesion.

Medical Care Solutions Company

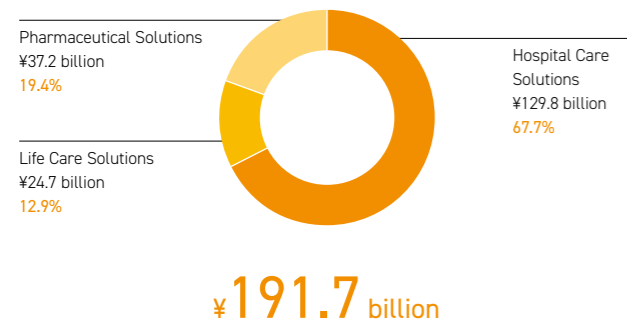


Hikaru Samejima
Group Senior Managing Executive Officer
President, Medical Care Solutions Company

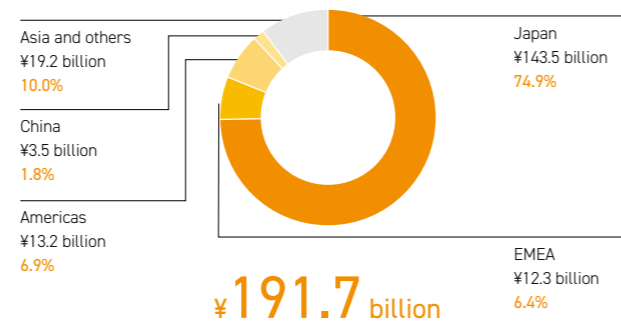
Healthcare today is taking place beyond hospitals, in homes and other settings. The COVID-19 pandemic led to a rise in awareness of healthcare safety and infection prevention, creating new growth markets including remote healthcare and individualized medicine enabled by transformative technology, and revealing a variety of needs. Last year, we established a solution-focused business brand called "Terumo Medical Care Solutions," with a brand promise of "Quality time for better care." We will create high-quality time for every person touched by healthcare by accompanying the patient journey and continually providing new solutions to the needs of medical settings.



Revenue by Business (Fiscal 2022)



Revenue by Region (Fiscal 2022)



Fiscal 2022 Performance



Hospital Care Solutions Division

Solving issues hospitals face by providing solutions to help improve the quality and safety of healthcare

The Hospital Care Solutions Division offers a variety of expertise to address the needs of medical settings, including medical safety, in-facility infection prevention, and cost control. The division develops products that reduce the burden on patients and medical professionals and offer greater usability, provide operational support for medical equipment, and present training programs for medical professionals. By offering solutions to issues that are tough to solve simply by a single product, we contribute to improved treatment safety, workflow efficiency, and better quality of life for patients.

Life Care Solutions Division

Standing together with patients to propose solutions to fit each patient's needs

The Life Care Solutions Division provides healthcare solutions optimized for patients living with diabetes, high blood pressure, and other chronic diseases. We contribute to improving patients' prognoses, preventing serious disease, and enhancing quality of life by creating new value for all patients.

Pharmaceutical Solutions Division

Utilizing unique technologies to add value to pharmaceuticals and contribute to better drug delivery

Using its unique prefilled drug product technology, the Pharmaceutical Solutions Division offers solutions to pharmaceutical companies by proposing new drug delivery devices. The division leverages its material technology optimized for the characteristics of each drug and utilizes advanced manufacturing technology to design and produce drug-device combination products. Through alliances with pharmaceutical companies, we provide a total solution from clinical trial drug manufacture to full commercialization, contributing to safer and more certain delivery of drugs.

Fiscal 2023 Priorities

Hospital Care Solutions Division

- **Perioperative solutions:** We will advance products and services, centered on syringe pumps and infusion pumps, that contribute to digital health and the prevention of medical accidents such as mistaken infusion connections, to help hospital management through raising work efficiency and safety.
- **Infection prevention solutions:** We will expand solutions for hand hygiene and improving healthcare environments to raise the safety of medical professionals, while also accelerating overseas expansion in places starting with Asia.
- **Women's Health solutions:** In addition to the spread of sprayable adhesion barrier gel AdSpray for minimally invasive surgeries, we will launch a fully disposable rigid hysteroscope OperaScope as we expand unique and supportive products and services.
- **Outpatient chemotherapy solutions:** We will deploy in earnest our outpatient chemotherapy system to raise treatment time efficiency for patients receiving outpatient hospital care, while also contributing to hospital management by raising the workflow efficiency and safety of medical professionals.
- **Renal care solutions:** While working toward greater adoption of products that reduce burdens and raise the ease of peritoneal dialysis, we will also launch new products that realize remote monitoring through IoT with the aim of preventing complications.



OperaScope Fully disposable rigid hysteroscope

Life Care Solutions Division

- **Diabetes care solutions:** We will advance product development leveraging digital technology, toward improving the treatment outcomes of people with diabetes both inside and outside Japan. Regarding the MEDISAFE WITH insulin pump, we will launch the product by redesigning the dedicated remote control to a smartphone-style device that allows patients to more freely live how they want.
- **Beside care solutions:** In addition to advancing the digitalization of vital sign records, we will also launch a blood pressure monitor for hospitals based on the new concept of reducing the time burden on medical professionals, allowing them to spend more time talking with patients.
- **Prevention, severe disease field solutions:** We will rebrand our thermometers and launch Terumo's fastest-ever thermometer in a full model change.



MEDISAFE WITH Smart detachable patch insulin pump with the dedicated remote control redesigned to a smartphone-style device

Pharmaceutical Solutions Division

In our contract development and manufacturing (CDMO) services for parenteral drugs that feature unique technologies and solutions, we launched the first-ever on-body injector. Our CDMO business was previously centered on Japanese pharmaceutical companies, but from this fiscal year, we have been promoting the business to drug firms outside Japan. Business opportunities are steadily increasing both inside and outside Japan, and we will continue to expand our CDMO production capacity.



G-LASTA Subcutaneous Injection 3.6mg BodyPod, a drug-device combination product of G-LASTA Subcutaneous Injection 3.6mg sold by Kyowa Kirin and a device (on-body injector) that automatically administers the drug to a patient

Overall Operations

Last fiscal year, we struggled in earnings due to inflation-induced rises in cost of goods and expenses, as well as FX fluctuation impacts. This fiscal year, we will execute earnings improvement plans with the perspective of not only this year, but the mid-term as well. Improvements in overall operations that we will make to realize growth opportunities include changing the production portfolio of the factories in Asia, realigning production in Japan, and utilizing new buildings.

New brand penetration

Since announcing our new brand last fiscal year, most of the communication regarding it has been centered internally. Starting this fiscal year, we will implement a communication strategy to elevate customer expectations and become the "brand of choice."

TOPICS

Pharmaceutical Solutions Division: The Challenge of Providing Contract Development and Manufacturing Services for Prefilled Syringes to the Pharmaceutical Industry

Last year, the General Hospital Company changed its name to the Medical Care Solutions Company and launched the new Terumo Medical Care Solutions brand. With this new brand, the Pharmaceutical Solutions Division has greatly evolved and begun to pursue new challenges. In 1999 Terumo first began to sell prefilled syringes, in which the syringe is filled with drug prior to use. This contributed greatly to the prevention of incidents in medical settings in which the wrong drug was used. In 2001, building on this technology and experience, we began the contract development and manufacturing services for prefilled syringes oriented toward pharmaceutical companies (now the CDMO business). In 2009, Kyowa Hakkō Kirin Co., Ltd. (now Kyowa Kirin Co., Ltd.) launched the continuous erythropoiesis stimulating agent whose syringe design was jointly developed with us. Several alliances with drug companies followed as the business grew apace to become the Pharmaceutical Solutions Division of today.

The Terumo CDMO model has unique strengths compared to usual consignment manufacturing arrangements. Although a medical device company, we maximize our expertise in the handling of drugs as well, listen to pharmaceutical companies' needs, and respond to the problems of medical settings to develop devices that bring out the best in drug products. From syringe molding through to filling, assembly, and packaging, we perform the entire production process from start to finish. We also support pharmaceutical companies through regulatory application-related and other perspectives from development planning at the earliest drug development stage. These strengths allow us to provide the total solution that is our greatest feature.

Last year, we completed development and commenced actual production of the first on-body injector device, which automatically administers the drug while attached to the patient's body. By automatically administering injections that would normally be given to a patient the day after chemotherapy at a hospital, this device is expected to reduce the patient's burden of traveling to the hospital the day after treatment. It is an excellent example of offering solutions that accompany the patient journey.



Future challenges

The CDMO market is steadily growing as locations of drug administrations, and the diseases for which they are administered, grow more diverse. These diseases include Alzheimer's disease; for its treatment, we jointly developed a drug-device combination product (autoinjector drug) along with Eisai Co., Ltd. Also, starting in fiscal 2023, we have begun promotion of the CDMO business overseas, in contrast to its previous focus on Japanese pharmaceutical companies. This business proved to be a success within Japan, and we look to launch this business in a global environment. With an eye to this growth, we are expanding our production capacity and preparing to start operations in the new space in fiscal 2025.

The Pharmaceutical Solutions Division will continue to take on new challenges toward providing solutions that maximize the value of drugs. As a partner to pharmaceutical companies from around the world who choose us, we will create quality time for better care for all who are touched by healthcare.

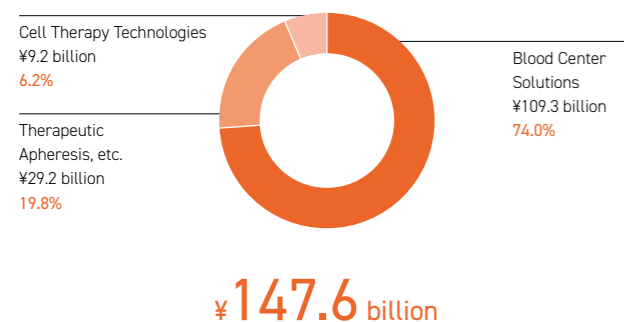
Blood and Cell Technologies Company



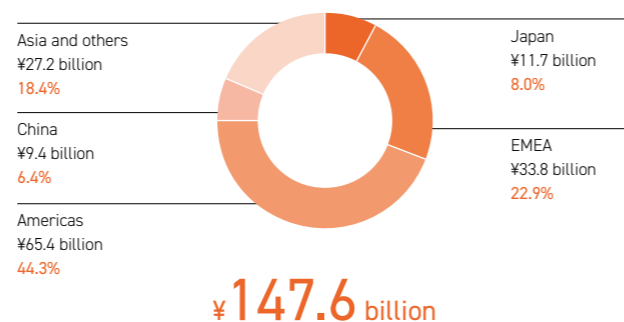
Antoinette Gawin
Group Managing Executive Officer
President, Blood and Cell Technologies Company
President and CEO, Terumo BCT Holding Corp.

Our pride and confidence in the products and solutions we deliver is constant, though access to safe blood and medical treatments differs widely around the world. When we say "Contributing to Society through Healthcare" is our mission, it speaks to our team's technical innovations as well as the work we do to influence standards of care and dismantle barriers that prevent access to it. We cannot take progress for granted, but must instead allow this broader purpose to guide our daily decision-making and long-term vision.

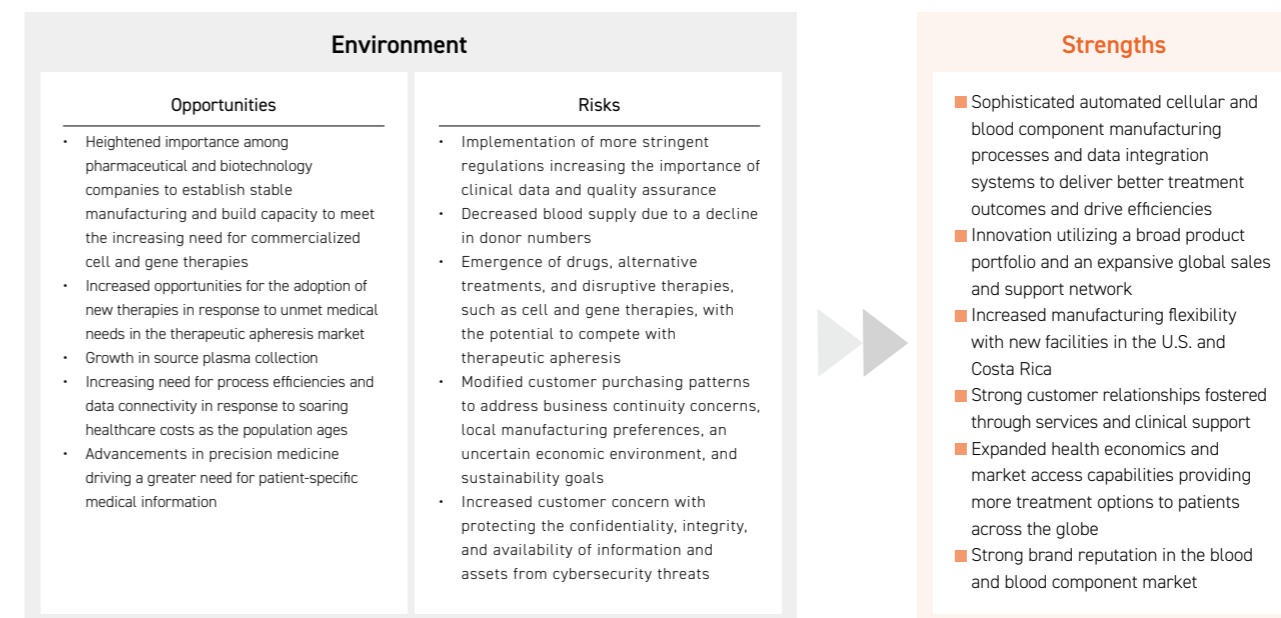
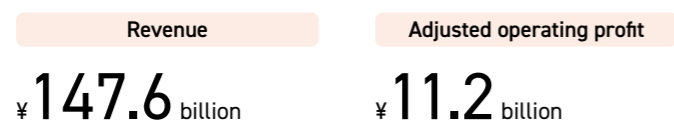
Revenue by Business (Fiscal 2022)



Revenue by Region (Fiscal 2022)



Fiscal 2022 Performance



Plasma Innovations

An ecosystem designed to advance plasma therapies through collection of source plasma, which can be fractionated and used to produce treatments for rare diseases. We are committed to innovative enhancements and process improvements to maintain donor safety and a sufficient plasma supply, as well as to improve efficiency and quality in the field of source plasma collection.

Global Blood Solutions

Our automated solutions bring higher quality and efficiency to blood collection and component preparation processes. Automation enables blood center professionals to select the best possible combination of blood components from each donor, yielding the right products to meet individual patient needs.

Therapeutic Solutions, Cell Collection

Unwanted components that cause illness are separated and removed from patient blood, and components needed for treatment are collected from donors. Utilizing Terumo centrifugation technology, we strive to provide treatment options to patients fighting a variety of illnesses.

Cell Therapy Technologies

Pharmaceutical and biotech companies depend on donor cells to enable their research and drug manufacturing in the rapidly evolving market of cell and gene therapies. We help transform traditionally small-scale, manual cell development into automated processes that meet the needs of commercial manufacturing to advance therapies to more patients.

Fiscal 2023 Priorities

Renew Commitment to Customers

Continuing our aspiration to unlock the power of blood and cells to improve patient outcomes and serve unmet medical needs, we are focused on delighting customers with stable supply, new product enhancements, and high quality of products and solutions.



Rika Plasma Donation System



Quantum Flex Cell Expansion System

Operations Transformation

Continuously improve global delivery systems and commercial capabilities to bring products closer to the customers and patients who need them.



The Costa Rica factory primarily serving customers in the Americas



The Littleton Factory in Colorado producing single-use separation sets used with the Rika system

Intentional Geographic Expansion

Advance our efforts to deploy our full portfolio in markets with high unmet needs.



Trima Accel Automated Blood Collection System



Reveos Automated Blood Processing System



Spectra Optia Apheresis System

TOPICS

Bring Lifesaving Technology to Previously Unreachable Patients

China

In China, we are deploying our industry-leading therapeutic apheresis, cell processing, and collection platform, the Spectra Optia Apheresis System, under a national program called Optia Rising. This program intends to bring the versatility of our system to an addressable market of over four million patients in need of plasma exchange or cell collections.

These patients are spread over multiple therapeutic areas, including but not limited to oncology, neurology, nephrology, and hepatology. As one example, we have invested in a program designed to demonstrate the benefits to efficacy and safety of using therapeutic apheresis to treat patients with acute liver failure.

We also work with payers at the provincial level to ensure sufficient funding for patients to have access to these lifesaving therapies.

Africa

In Africa, we are centered on ensuring there is a safe and adequate blood supply across the continent and focused on countries with the highest unmet clinical needs for sickle cell disease and maternal health issues. These efforts may impact more than half a million patients in the future.

The company's peer-reviewed study in Africa Sanguine¹ shows the expanding investment in a safe blood supply to prevent fatal postpartum hemorrhage (PPH) in Ghana, Kenya, and Ivory Coast is likely to provide social benefits and substantial economic savings in under two years. Since this study was launched, a series of pilot hospitals have reduced maternal deaths to a level on par with Western European standards.

Additionally, we have invested in the Coalition of Blood for Africa (CoBA),² a platform comprising stakeholders from the public and private sectors, research, academia, non-for-profits, civil society, and others committed to strengthening blood and blood supply systems in sub-Saharan Africa (SSA), demonstrating our commitment to patients and to a safe, accessible, and sustainable blood supply.

¹ [https://www.terumobct.com/Pages/News/Press Releases/](https://www.terumobct.com/Pages/News/Press_Releases/)

First-study-published-positive-health-economic-impact-blood-shortages-treat-maternal.aspx

² <https://www.cobafrica.org/workstreams/>





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