

Financial Results for the Fiscal Year Ended March 31, 2023 (FY2022)

May 15, 2023

Naoki Muto

Chief Accounting and Financial Officer
Terumo Corporation



Hello. I am the CAFO, Muto. I will explain our earnings results for the fiscal year ended March 31, 2023.

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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

FY22 Revenue

- Highest-ever sales revenue and OP; profit for the period increased
- US drove sales revenue growth; +5% group-wide (excluding FX)
- Profit temporarily down in Q4; shortfall against Feb. guidance

FY23 guidance

- Continued global growth, +6% sales revenue growth (excluding FX)
- Expand high-margin products for double-digit OP growth

First, the highlights of this earnings announcement.

The FY22 sales revenue and operating profit results were both our highest ever. We also secured an increase in profit for the year.

Sales revenue grew 5% when excluding FX impact, as strong global demand continued, led by the US market.

At the same time, profit was greatly affected throughout the year by inflation. Although we achieved an increase in profit, the most recent Q4 saw not only inflation impact, but also one-time downward factors, resulting in a shortfall against the guidance we announced in February.

Later I will explain these one-time factors from Q4 in more detail.

Regarding the FY23 guidance:

Sales revenue will continue to grow globally, and we anticipate 6% growth (excluding FX) to exceed the growth of the previous year.

We will achieve improvement of operating profit in both amount

and rate, growing profit in a double-digit percentage and improving profitability through expansion of high-margin products, even more assertive pricing policies, and cost-reduction measures centered on manufacturing cost.
Next slide, please.

P&L

- Revenue: Highest ever. Strong demand continued in C&V field, especially US
- OP: Although highest ever, impact from raw materials price increases and one-time Q4 costs drove profitability down

100M JPY	FY 21 Q4 YTD	FY 22 Q4 YTD	Change	Change excluding FX impact	FY21 Q4	FY22 Q4	Change
Revenue	7,033	8,202	17%	5%	1,798	2,022	12%
Gross Profit (%)	3,693 (52.5%)	4,174 (50.9%)	13%	2%	905 (50.3%)	990 (49.0%)	9%
SG&A Expenses (%)	1,991 (28.3%)	2,383 (29.1%)	20%	7%	528 (29.4%)	597 (29.5%)	13%
R&D Expenses (%)	518 (7.4%)	616 (7.5%)	19%	7%	144 (8.0%)	160 (7.9%)	11%
Other Income and Expenses	-25	-2	-	-	-18	5	-
Operating Profit (%)	1,160 (16.5%)	1,173 (14.3%)	1%	-5%	215 (12.0%)	238 (11.8%)	11%
Adjusted Operating Profit (%)	1,344 (19.1%)	1,380 (16.8%)	3%	-6%	273 (15.2%)	284 (14.1%)	4%
Profit before Tax (%)	1,145 (16.3%)	1,161 (14.2%)	1%		215 (11.9%)	240 (11.9%)	12%
Profit for the Year (%)	888 (12.6%)	893 (10.9%)	1%		171 (9.5%)	191 (9.5%)	12%

Average exchange rate (USD/EUR) 112JPY/131JPY 135JPY/141JPY

116JPY/130JPY 132JPY/142JPY

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Here are the P&L results.

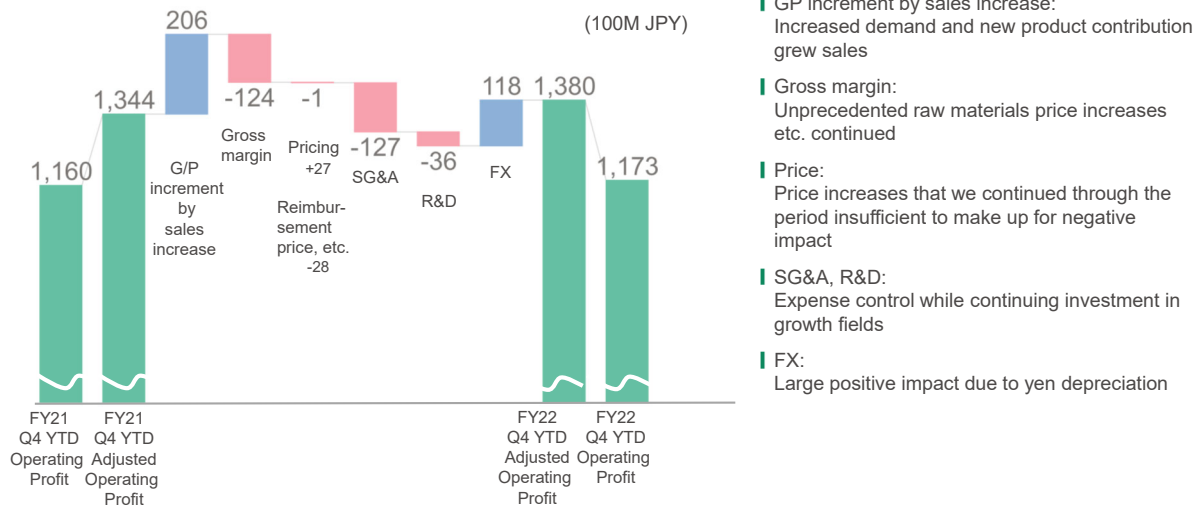
Sales revenue exceeded 820 billion yen for the full year; our highest-ever result. Sales were driven by strong demand in the cardiovascular field globally, particularly the largest US market. Operating profit was 117.3 billion yen; also our highest-ever result.

However, inflation and supply chain disruption required us to continually take measures throughout the year.

I will later explain how we plan to improve profitability in FY23.

Next slide, please.

Operating Profit Variance Analysis (Q4 YTD)



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Here is the profit variance analysis for the FY22.
 As you can see, we were unable to fully counteract the impact of inflation on gross profitability through measures like increasing sales and improving business mix.
 Next slide, please.

Guidance (announced in February) Profit Shortfall Causes

	(100M JPY)	Group	C&V	TMCS	TBCT
Revenue		8,150	4,752	1,933	1,463
AOP		1,430	1,115	171	151
	%	17.5%	23.5%	8.8%	10.3%
OP		1,220	-	-	-
	%	15.0%	-	-	-
Revenue		8,202	4,808	1,921	1,476
AOP		1,380	1,122	148	112
	%	16.8%	23.3%	7.7%	7.6%
OP		1,173	-	-	-
	%	14.3%	-	-	-
Revenue		6	17	-13	3
AOP		-55	1	-23	-39
	%	-	-	-	-
OP		-52	-	-	-
	%	-	-	-	-

One-time profit impacts

TBCT

- **Extension of limited Plasma Innovation (PI) launch period**
Higher fix-cost burden due to volume shortfall
- **Back-order elimination, production transfer to Costa Rica**
Increased air freight, more complex supply chain
- **EtO sterilization lawsuit (US)**
Legal fees (included in FY23 guidance)

TMCS

- **Product shipment carryover to next period**
CDMO products
- **COVID-related inventory adjustment**

C&V

- **Production transfer to Costa Rica**
Continued production at original site

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Here is our explanation of the causes of our profit shortfall against the downwardly revised guidance we announced in February.

That guidance was based on adding our Q4 outlook to our results through Q3, resulting in a shortfall equal to the gap that occurred in Q4, as shown in the shortfall amount for the year shown on the lower left of the slide.

The shortfall was approximately 5 billion yen.

I will explain the causes by company, starting with those that had the largest impact.

First, in the Blood and Cell Technologies Company: The limited market launch period of Plasma Innovation was extended beyond expectations, so production and sales volumes came in less than anticipated, which in turn increased the fixed-cost burden. Specifically, an adverse variance of the manufacturing cost of internally produced product drove gross profit downward in the form of outsourced product fixed-cost compensation.

In existing businesses as well, supply chain disruption led to back orders, which required increased usage of air freight to eliminate. In relation to the Costa Rica production transfer, there was a period in which production at the previous US sites overlapped with that of Costa Rica, placing downward pressure on profitability.

Additionally, legal fees were incurred in relation to lawsuits involving EtO (ethylene oxide gas) emissions from our Colorado, United States facility, where the gas has been widely used to perform sterilization of medical devices.

Our emissions from the facility are far below permitted levels, but lawsuits were made alleging health effects, and our legal response is expected continue into FY23.

Next, in the CDMO business of the Medical Care Solutions Company, the shipment of some products was delayed into the first half of FY23.

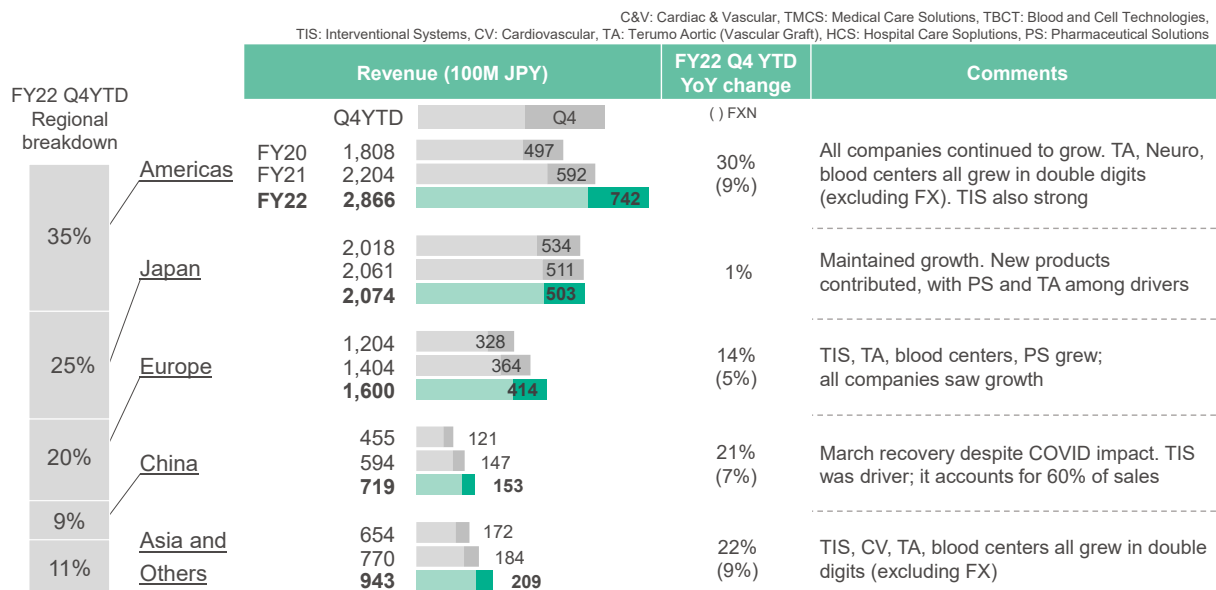
Also, as the Covid pandemic subsided, we adjusted our inventories of hand sanitizer and other infection prevention products, which was another expense increase.

Finally, in Cardiac and Vascular, despite beating the top-line sales goal, the profit contribution of sales revenue was reduced due to delays that occurred as CV products which were transferred to Costa Rica needed to be manufactured using heavily manual processes.

This meant that for a period of time, production was performed both at the previous sites and in Costa Rica, which reduced productivity.

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Revenue by Region



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Next is revenue by region. Markets outside Japan, especially the United States, drove growth.

In the US, businesses including TA and Neurovascular, as well as blood centers, achieved growth in the double digits, for an overall result of 9% when excluding FX.

In Japan, demand for some infection prevention products returned to normal levels, resulting in an unfavorable year-on-year comparison. However, new products from businesses like Pharmaceutical Solutions and TA contributed to maintaining cumulative growth.

In the EU, TIS and others drove the increase in sales achieved by all companies.

In China, there was impact in the second half, due to a rise in Covid cases; however, there was recovery in the latter part of Q4, for a finish of 7% growth when excluding FX.

In Asia and others, TIS and blood centers were strong, growing in the double digits when excluding FX.

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C&V:

Continue growth driven by demand increase and new products.
Profitability remains good trend

(100M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD YoY
Revenue	() FXN						TIS :	+554
	3,285	3,971	4,806	901	1,027	1,217	Global demand recovery. In therapeutic, expansion of new PTCA guidewire and peripheral embolization device products. In Access, closure devices and sheaths expanded sales	
Segment Profit	744	932	1,122	184	209	286	Neuro :	+128
	21% (7%)						18%	
Profit%	23%	23%	23%	20%	20%	23%	CV :	+71
	20% (2%)						37%	
	FY20	FY21	FY22	FY20	FY21	FY22	TA :	+81
	High-margin product sales expansion led to good trend						YTD growth approached 30%. Stent graft and open stent graft expanded as planned globally	

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

Sales revenue grew 7% when excluding FX, as each business was steady globally.

The US in particular was a strong driver for the whole.

Businesses including TIS and Neurovascular saw global demand recovery, and the further addition of new products added to large growth.

TA (Vascular graft business) also contributed with new products, approaching a growth rate of 30%. The stent grafts Relay Pro and TREO, and the open stent graft Thoraflex Hybrid, all grew well globally.

In profit, high-margin product sales expanded for a good trend as planned.

Next slide, please.

TMCS:

PS continues high growth.
Rising material and energy cost, temporal issues in Q4 led profit to decrease

(100M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD YoY
	() FXN							
Revenue	1,755	1,853	1,917					
			3% (0%)	465	466	462		
Segment Profit	257	236	148	53	43	22		
			-37% (-32%)			-47%		
Profit%	15%	13%	8%	11%	9%	5%		
	FY20	FY21	FY22	FY20	FY21	FY22		
							HCS Hospital Care Solutions: Infection prevention returned to normal in Japan, but anti-adhesion and new prefilled syringe products expanded. Double-digit growth outside Japan LCS Life Care Solutions: Heavier competition in glucose self-monitoring; demand returned to normal in thermometers, blood pressure monitors PS Pharmaceutical Solutions: Continued double-digit growth. Japan CDMO, overseas container business, drug kit products all grew Profit: Rising raw materials and energy cost; increased procurement cost due to CNY appreciation; deliveries delayed to next period from Q4, inventory adjustment of infection prevention products all contributed to profit decrease	+18 -20 +66

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“TMCS” is the Terumo Medical Care Solutions Company. In Hospital Care and Life Care, demand for infection prevention products and thermometer returned to normal, resulting in overall flat year-on-year growth. However, the Pharmaceutical Solutions business grew in the double digits. New product launches made contributions, while the CDMO business in Japan performed well, and markets outside Japan also trended steadily. In profit, the inflation and yen-depreciation impacts that continued throughout the year, as well as the shipment timing shift and inventory adjustment in Q4 that I mentioned earlier, combined for a decrease in profit. Next slide, please.

TBCT:

Core business, mainly blood center business continued good trend.
Fixed cost for PI increased due to prolonged limited market release

(100M JPY)

	Q4 YTD			Q4			Comments	Q4 YTD YoY
Revenue	() FXN						Blood Centers: Overseas component collection kit and whole blood automation sales continued to increase Apheresis: Sales increase with more plasma exchange therapy and hematopoietic stem cell collections Cell Processing: Steady demand due to sustained growth in cell therapy	+205 +58 +6
	1,095	1,206	1,476	285	304	342		
	22% (8%)			12%				
Segment Profit	191	208	112	47	37	-18	Profit: Increased raw materials costs, PI fixed-cost burden, and costs related with production transfer to Costa Rica pushing profit downward	
	FY20	FY21	FY22	FY20	FY21	FY22		
	-46% (-43%)							
Profit%	17%	17%	8%	16%	12%	-5%		

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Next is TBCT (Blood and Cell Technologies) Company. Sales revenue trended positively in existing businesses, particularly the blood center business. However, profit declined as negative factors including inflation impact, delays in the ramp-up of Plasma Innovation, and production transfer and other costs combined to exert downward pressure on profitability. Next slide, please.

FY23 Guidance

- Sales revenue: Cardiac and Vascular leads for +6% growth overall (excluding FX)
- OP: High-margin product expansion, profitability improvement for double-digit growth

Amount (100 M JPY)	FY22 Actual	FY23 Guidance	YoY%
Revenue	8,202	8,540	4% (6%)
Operating Profit	1,173	1,325	13% (12%)
(%)	14.3%	15.5%	
Adjusted Operating Profit	1,380	1,510	9% (11%)
(%)	16.8%	17.7%	
Profit for the Year	893	1,010	13%

Exchange Rate (USD/EUR) 135JPY/141JPY 130JPY/145JPY () FXN

FY23 by Company (100 M JPY)	Revenue		Adjusted Operating Profit		Adjusted Operating Profit %
	Amount	YoY%	Amount	YoY%	
C&V	5,038	5% (7%)	1,205	7%	24%
TMCS	2,000	4% (5%)	205	38%	10%
TBCT	1,500	2% (4%)	125	12%	8%

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Here is the FY23 Guidance.

We expect sales revenue to grow 6% excluding FX as global demand stays strong into FY23 as well. Cardiac and Vascular will continue to be the primary driver.

Operating profit will grow in the double digits. We will grow the high-margin growth drivers of each company, while also strengthening and accelerating Group-wide measures to achieve solid profitability improvement.

Among the companies, TMCS will return its profitability to double digits.

Next slide, please.

FY23 Profitability Improvement Policies

1. Increase high-margin product sales

- Keep high growth in TIS, Neuro, TA for 7% C&V growth
- CDMO as growth driver in TMCS

2. More assertive pricing

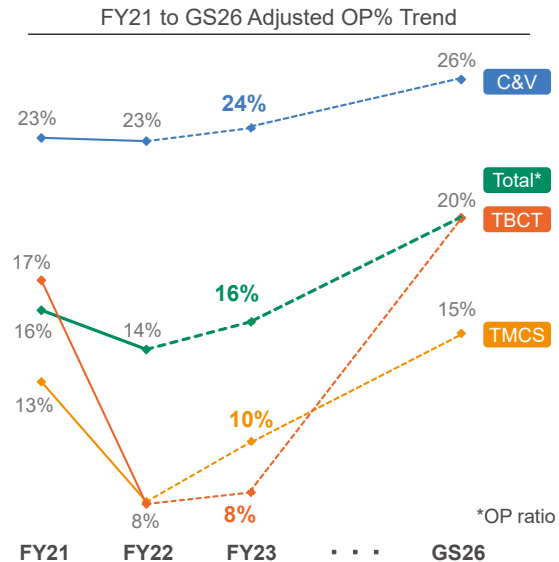
- Expand businesses/regions to pass on costs
- Price revision of low-margin products in Japan

3. Global production optimization, efficiency

- Maximize benefits of Costa Rica transfer
- Automation, labor-saving at Ashitaka Factory

Recovery from FY22 one-time costs

- Back-order elimination (reduce air freight frequency)
- PI full launch (reduce fix-cost burden)



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FY22 was a harsh year in regards to achieving the overall goal of 20% or higher operating profitability within GS26. We take this result seriously, and will undertake three main profitability improvement measures:

First, improve business mix. By expanding the TIS, Neurovascular, and TA businesses of the Cardiac and Vascular Company, and the Pharmaceutical Solutions business of TMCS, we will raise our gross margin.

Second, we will be more assertive in raising prices, in both the aspect of correcting Japan pricing of low-margin products, as well in expanding the businesses and regions in which we appropriately pass the burden of inflation on through pricing.

Third, we will be sure to maximize the effects of the Costa Rica production transfer, the centerpiece of our global production optimization efforts. In addition, projects are already underway to realize another level of efficiency at Ashitaka Factory, which sustains the bread-and-butter of the TIS business.

Finally, multiple one-time causes increased in Q4 of FY22 to impact profit; however, those shipment delays and inventory adjustments, etc., will subside in FY23 as the frequency of using air freight also decreases, all to the effect of contributing to increased profit.

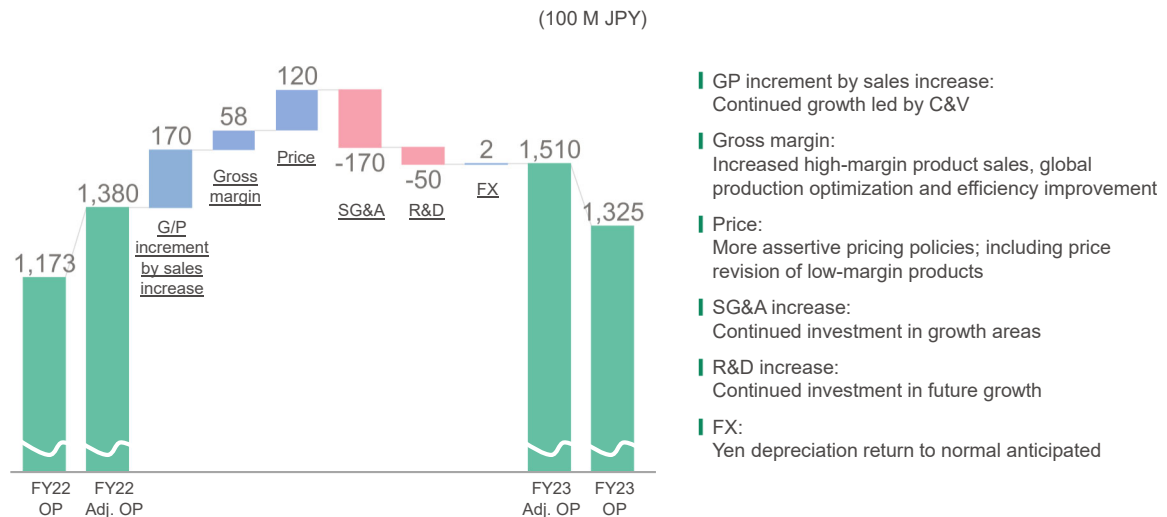
The graph on the right shows the adjusted operating profitability trend by company.

It also shows the pre-adjustment operating profitability for the Group as a whole.

Our CEO Sato will talk later regarding further policies to improve profitability in FY23 toward our GS26 goals.

Next slide, please.

Profit Variance Analysis (FY23 Guidance)



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Here is the variance analysis for our profit guidance.

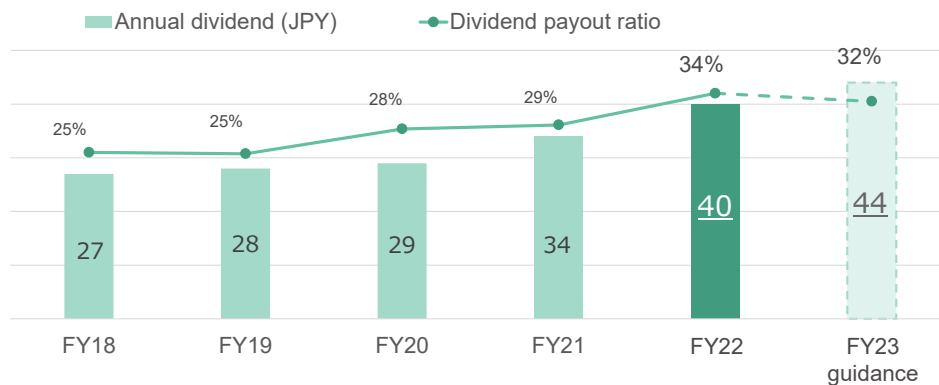
Among the measures I explained on the last slide, within this waterfall chart, the effect of business mix improvement and global production optimization and efficiency efforts is included in “Gross margin,” while the effect of more assertive pricing is included in “Price.”

Regarding FX impact: We anticipate FX impact to remain flat in FY23.

Next slide, please.

Dividend Proposal: Continuous increase per shareholder return policy

- Shareholder return policy: Continue stable increase in dividend, aiming for 50% total payout ratio within GS26
- Total payout ratio is 90% in FY22 with 50 B JPY of share buyback



FY18 figure accounts for effect of April 2019 stock split (1 share to 2 shares)

This is the last slide.

Our dividend proposal for the end of FY22 is, as we proposed in February, 21 yen; this would combine with the interim dividend for an annual total of 40 yen.

Our FY23 dividend proposal is to increase the amount 4 yen to 44 yen for the fiscal year as a whole.

We aim to achieve our 50% total payout ratio goal, as we increase dividends in a stable manner annually and continue our 30% dividend payout ratio.

This concludes my explanation of our earnings.

Thank you.

Reference

Revenue by Segment and Region

2022年度 セグメント別売上収益

Revenue by Segment for FY2022

(百万円 / millions of yen)

		FY2021							FY2022							構成比 % to Total							
		日本 JPN	海外 Overseas	欧州 Europe	米州 Americas	中国 China	アジア Asia and others	合計 WW	日本 JPN	海外 Overseas	欧州 Europe	米州 Americas	中国 China	アジア Asia and others	合計 WW								
				% to T	% to T	% to T	% to T	% to T			% to T	% to T	% to T	% to T	% to T		% to T						
心臓血管 カンパニー	TIS	32,110	231,837	69,183	105,215	26,043	27,055	263,947	32,288	0.6%	287,108	23.8%	72,477	24.7%	116,869	29.2%	43,393	20.9%	24,676	28.0%	319,396	21.0%	33.9%
	ニューロバスキュラー	5,446	52,708	16,264	22,441	9,333	4,846	88,168	5,627	3.8%	65,288	23.9%	18,761	13.3%	30,038	13.9%	11,392	23.9%	4,896	12.7%	70,915	21.9%	8.6%
	カーディオバスキュラー	10,806	36,543	6,834	23,114	2,001	3,093	47,349	10,404	-3.7%	44,085	20.6%	6,712	6.0%	23,389	22.8%	2,198	9.8%	6,783	33.2%	54,489	15.1%	6.6%
	血管	2,780	24,896	13,712	8,498	1,556	1,148	27,677	3,580	28.7%	32,237	29.4%	13,913	16.1%	13,179	33.1%	1,611	4.9%	1,318	32.2%	35,897	29.4%	4.4%
Cardiac and Vascular Company		51,144	345,986	99,796	159,570	48,942	37,677	397,130	51,900	1.2%	428,709	23.9%	113,869	14.1%	207,967	39.9%	58,996	26.3%	27,876	27.1%	480,610	21.0%	38.6%
メディカルケア ソリューションズ カンパニー	ホスピタルケアソリューション	100,303	27,737	2,738	7,996	1,370	11,611	128,041	98,533	-2.8%	11,261	12.7%	2,671	-3.2%	16,232	28.2%	1,879	44.4%	16,337	4.8%	129,794	1.4%	13.8%
	ライフケアソリューション	22,849	3,740	822	38	1,073	1,801	26,699	21,612	-5.8%	3,113	-16.8%	792	-8.7%	0	-100.0%	1,161	7.7%	1,139	-33.6%	24,726	-7.4%	3.0%
	ファーマシューティカルソリューション	19,482	11,121	7,491	2,573	217	849	30,603	23,355	19.9%	13,872	24.7%	8,840	18.2%	2,942	14.4%	386	77.7%	1,793	100.0%	37,228	21.6%	4.5%
Medical Care Solutions Company		142,735	42,599	11,063	10,608	2,666	18,262	185,335	143,502	0.2%	48,247	19.2%	12,294	11.2%	12,194	24.4%	3,527	32.3%	19,220	5.2%	191,749	9.2%	21.4%
血液・細胞 テクノロジー カンパニー	血液センター	11,407	77,190	22,712	39,316	6,372	17,786	88,697	11,005	-8.2%	98,257	27.8%	25,936	14.2%	40,969	31.1%	7,770	21.9%	23,524	32.6%	169,262	23.2%	13.3%
	アブジェンシ治療薬	483	22,918	3,046	12,999	1,062	2,950	23,392	595	37.1%	28,581	24.3%	6,878	13.7%	17,113	31.6%	1,333	27.4%	3,236	9.7%	29,177	24.7%	3.6%
	細胞治療	171	8,424	896	6,903	366	315	8,696	137	-19.9%	9,027	7.2%	1,028	14.8%	7,338	6.3%	209	-2.3%	361	14.6%	9,166	6.6%	1.1%
Blood and Cell Technologies Company		12,101	108,573	29,558	59,221	7,741	21,052	120,586	11,738	-2.3%	135,866	23.1%	33,843	14.5%	65,418	39.3%	9,422	21.7%	27,121	29.1%	147,695	22.4%	18.0%
その他		251	-	-	-	-	-	251	243	-2.9%	-	-	-	-	-	-	-	-	-	-	243	-2.9%	0.0%
合計		206,143	497,159	140,417	220,409	59,350	76,991	703,303	207,385	0.6%	612,823	23.3%	160,017	14.9%	286,580	39.0%	71,946	21.2%	94,279	22.1%	820,209	16.6%	100.0%
売上比率		29.3%	70.7%	20.8%	31.3%	8.4%	10.9%	100.0%	25.3%	74.7%	19.3%	34.9%	8.8%	11.5%	100.0%								

(期中平均為替レート)

(Average Exchange Rates)

(USD)=¥112.39
(EUR)=¥130.55

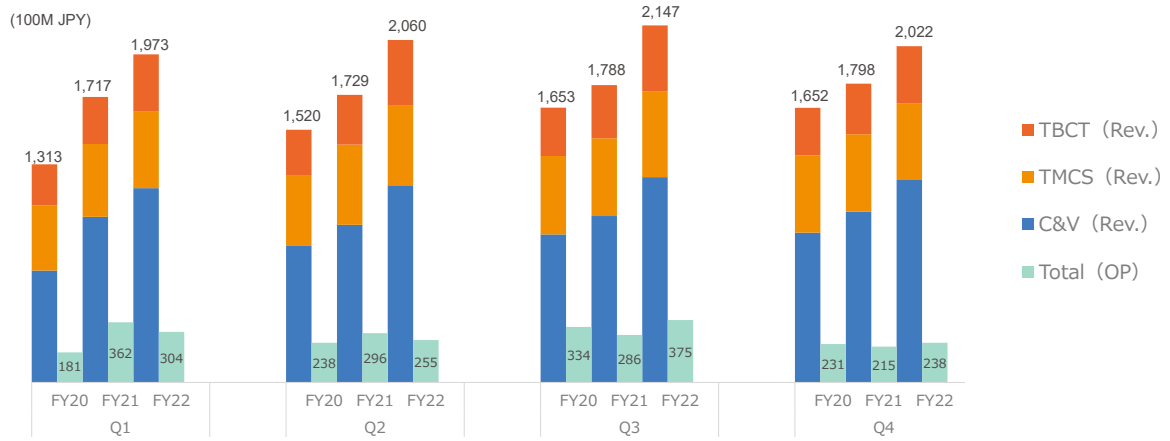
(USD)=¥135.50
(EUR)=¥140.99

* 2022年度より、従来の「ホスピタルケアソリューション」のセグメント名称を「メディカルケアソリューションカンパニー」に変更しています。なお、サブセグメントとして、従来の「医療機器事業」を「ホスピタルケアソリューション」に、「ヘルスケア事業」を「メディカルケアソリューション」に、「ファーマシューティカルソリューション」に変更しています。これに伴い、2021年度についても、変更後の名称で記載しています。
* Effective fiscal 2022, the segment name of the former "General Hospital Company" has been changed to "Medical Care Solutions Company". As for sub-segments, the former "General Hospital Division" and "Pharmaceutical Division" have been combined into "Hospital Care Solutions", "DM and Consumer Healthcare" has been renamed "Life Care Solutions", and the "Alliance" has been renamed "Pharmaceutical Solutions". In accordance with this change, the fiscal 2021 figure is also listed under the new names.

Quarterly Trend of Revenue and Operating Profit

Revenue: Q4 YoY +12%, QoQ -6%

OP : Q4 YoY +11%, QoQ -37%



P&L (QoQ)

(100M JPY)

		FY21 Q4 (Jan-Mar)	FY22 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Revenue		1,798	1,973	2,060	2,147	2,022
Gross Profit		905 (50.3%)	1,016 (51.5%)	1,054 (51.1%)	1,114 (51.9%)	990 (49.0%)
SG&A Expenses		528 (29.4%)	566 (28.7%)	605 (29.4%)	615 (28.6%)	597 (29.5%)
R&D Expenses		144 (8.0%)	141 (7.1%)	157 (7.6%)	159 (7.4%)	160 (7.9%)
Other Income and Expenses		-18	-6	-37	35	5
Operating Profit		215 (12.0%)	304 (15.4%)	255 (12.4%)	375 (17.5%)	238 (11.8%)
Adjusted Operating Profit		273 (15.2%)	359 (18.2%)	345 (16.8%)	392 (18.2%)	284 (14.1%)
Quarterly	USD	116JPY	130JPY	138JPY	142JPY	132JPY
Average Rate	EUR	130JPY	138JPY	139JPY	144JPY	142JPY

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SG&A (QoQ)

(100M JPY)

		FY21 Q4 (Jan-Mar)	FY22 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Labor		256	298	312	316	307
Promotion		45	46	44	52	45
Logistics		41	44	47	49	44
Depreciation		54	56	59	60	58
Others		132	123	142	138	143
SG&A total		528	566	605	615	597
(%)		(29.4%)	(28.7%)	(29.4%)	(28.6%)	(29.5%)
R&D		144	141	157	159	160
(%)		(8.0%)	(7.1%)	(7.6%)	(7.4%)	(7.9%)
Total		672	706	761	774	757
(%)		(37.3%)	(35.8%)	(37.0%)	(36.0%)	(37.4%)
Quarterly	USD	116JPY	130JPY	138JPY	142JPY	132JPY
Average rate	EUR	130JPY	138JPY	139JPY	144JPY	142JPY

SG&A (YoY)

(100M JPY)

	FY21 Q4 YTD	FY22 Q4 YTD	+ / -	Change vs. FY21 Q4 YTD	Change excluding FX impact	FY21 Q4	FY22 Q4	+ / -	Change vs. FY21 Q4
Salaries & Wages	1,010	1,233	223	22%	7%	256	307	50	20%
Sales Promotion	160	187	27	17%	8%	45	45	-0	-0%
Logistical Costs	157	184	27	17%	7%	41	44	3	8%
Depreciation and amortization	203	234	31	15%	8%	54	58	4	8%
Others	461	545	84	18%	8%	132	143	11	9%
SG&A Expenses Total	1,991	2,383	392	20%	7%	528	597	69	13%
(%)	(28.3%)	(29.1%)				(29.4%)	(29.5%)		
R&D Expenses	518	616	97	19%	7%	144	160	16	11%
(%)	(7.4%)	(7.5%)				(8.0%)	(7.9%)		
SG&A Expenses Total	2,509	2,999	490	20%	7%	672	757	86	13%
(%)	(35.7%)	(36.6%)				(37.3%)	(37.4%)		

Adjusted Operating Profit amount

(100M JPY)

	FY21 Q4 YTD	FY22 Q4YTD	FY21 Q4	FY22 Q4
Operating Profit	1,160	1,173	215	238
Adjustment 1. Amortization of acquired intangible assets	161	188	42	44
Adjustment 2. Non-recurring profit or loss	24	19	16	2
Adjusted Operating Profit	1,344	1,380	273	284

<General examples of adjustment items>

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

Adjustment 2. Major one-time profits & losses	FY21 Q4 YTD	FY22 Q4 YTD
Restructuring loss	16	25
Goodwill amortization related to sale of part of cell processing business	-	36
Profit from sale of nutrition business	-	-39
Others	8	-4

CAPEX, Depreciation and R&D Expenses

(100M JPY)

	FY19	FY20	FY21	FY22	FY23 Guidance
CAPEX	895	772	692	758	800
Depreciation	477	484	532	635	675
Amortization of acquired intangible assets	157	146	161	188	175
Others	320	338	371	447	500

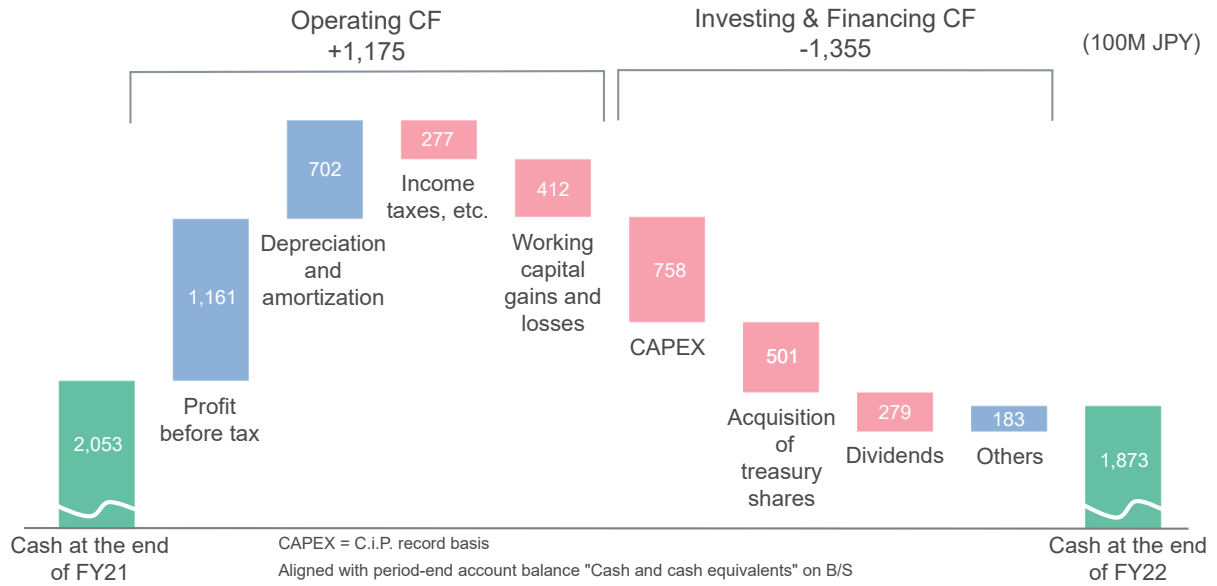
CAPEX = C.i.P. record basis, lease depreciation (IFRS16) is not included in Depreciation

■ “CAPEX” FY22: Continued investment mainly for TIS, Neurovascular, PS, Blood & Cell Technologies in production capacity, PI, R&D as well as IT infrastructure (SAP). Started investment on construction of a new plant building in the premises of the Kofu Factory to strengthen production system for CDMO business etc.

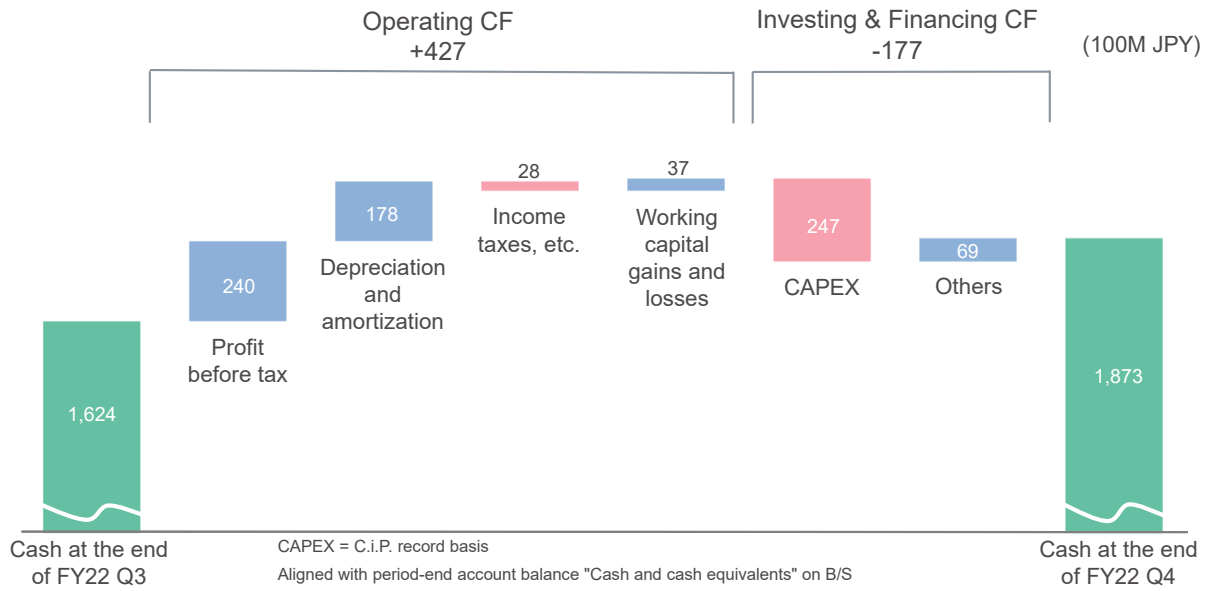
■ “CAPEX” FY23 guidance: Continue investment for growth, incorporating “CAPEX” FY22 project results

	FY19	FY20	FY21	FY22	FY23 Guidance
R&D Expenses	506	491	518	616	650

Cash Flows (Q4 YTD)



Cash Flows (Q4)



Foreign Exchange Sensitivity

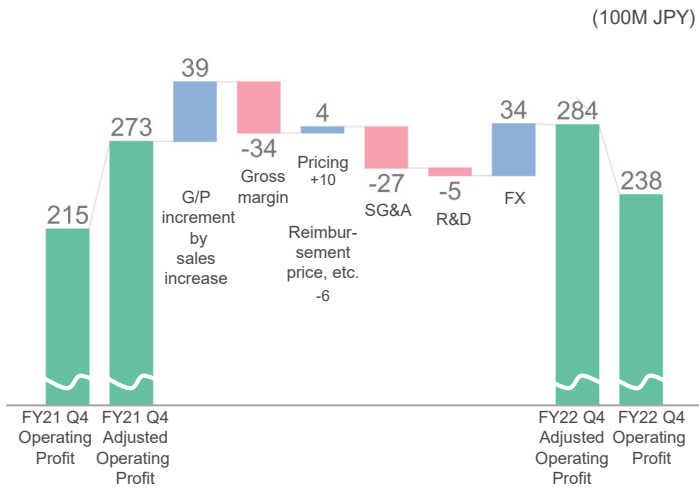
Annual impact of 1 JPY depreciation (100M JPY)

	USD	EUR	CNY
Revenue	20	9	38
Adjusted Operating Profit	1	5	16

<Reference> Impact when JPY depreciation 10%

	North America	Latin America	Europe		Asia	
			EUR Zone	Others	China	Others
Adjusted Operating Profit	7	10	74	13	31	36

Operating Profit Variance Analysis (Q4)



- GP increment from sales revenue: Increased demand and new product contribution grew sales
- Gross margin: Unprecedented raw materials price increases etc. and one-time negative factors
- Price: Pricing efficiency was same size of Q3
- SG&A, R&D increase: Expense control while continuing investment for necessary projects
- FX: Positive impact due to yen depreciation

Product Pipeline and Major Topics

GS26 Delivery Deviceuticals Digital

Major Product Launch, Approval Status

Field(Segment)	General	Product	Till FY22	FY23 target
Therapeutic (TIS)	Drug-eluting coronary stent	Ultimaster Nagomi	JP launched	EU launch
Therapeutic (TIS)	Peripheral coil system	AZUR Family	Hydro Coil, Framing Coil CX, Soft3D(JP) Vascular Plug(US) Launched*	Hydro Coil, CX China launch
Stent Graft (TA)	Thoracic aorta stent graft	Relay Series	RelayPro US launch JP indication extended	Sales expansion in US by indication extended
Infusion Access (HCS)	I. V. catheter	Surflo ZERO	JP launched	Sales expansion
Diabetes (LCS)	Continuous glucose monitor	G6	JP NHI coverage added	Sales expansion
Cell Processing	Cell expansion system	Quantum Flex	Globally Launched	Sales expansion



TIS: Terumo Interventional Systems, TA: Terumo Aortic (Vascular Graft), HCS: Hospital Care Solutions, LCS: Life Care Solutions
*Hydro Coil, Framing Coil and CX globally launched excluding China

Major Topics

- Revise Performance Evaluation System: ESG & CSV as priority themes in GS26 reflects executive officer's compensation
- Drive DE&I: Newly selected four focus areas to promote a culture of diversity, equity, and inclusion (DE&I) as a Group
- R.A.V.I. Registry: The registry confirmed the safety and efficacy of RA at 30 days follow-up in visceral embolization procedures
- Terumo Group's Targets for Greenhouse Gas Reduction Approved by the SBT Initiative as 1.5°C Aligned

