

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2022 (FY2021)

August 4, 2021

Naoki Muto

Chief Accounting and Financial Officer
Terumo Corporation

Safe Harbor for Forward-Looking Statements and Use of Document

Among the information that Terumo discloses, the forward-looking statements including financial projections are based upon our assumptions using information available to us at the time and are not intended to be guarantees of future events or performance. Accordingly, it should be noted that actual results may differ from those forecasts or projections due to various factors. Factors affecting to actual results include, but are not limited to, changes in economic conditions surrounding Terumo, fluctuations of foreign exchange rates, and state of competition.

The market share information in this presentation is partly derived from our own independent research.

Information about products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice.

Terumo Corporation

Investor Relations Dept.

E-mail: kouhou_terumo01@terumo.co.jp

Highlights

FY21 Q1 results

- Revenue: Highest-ever quarterly revenue. Steady recovery in demand for Cardiac & Vascular. Positive FX impact from both USD and EUR
- Adjusted Operating Profit: Highest-ever quarterly adjusted operating profit. Although there were some negative factors as expected, the revenue recovery in Cardiac & Vascular resulted in improvement of product mix. Moderate expenses usage due to the remaining COVID-19 impact

Upward revision of FY21 guidance

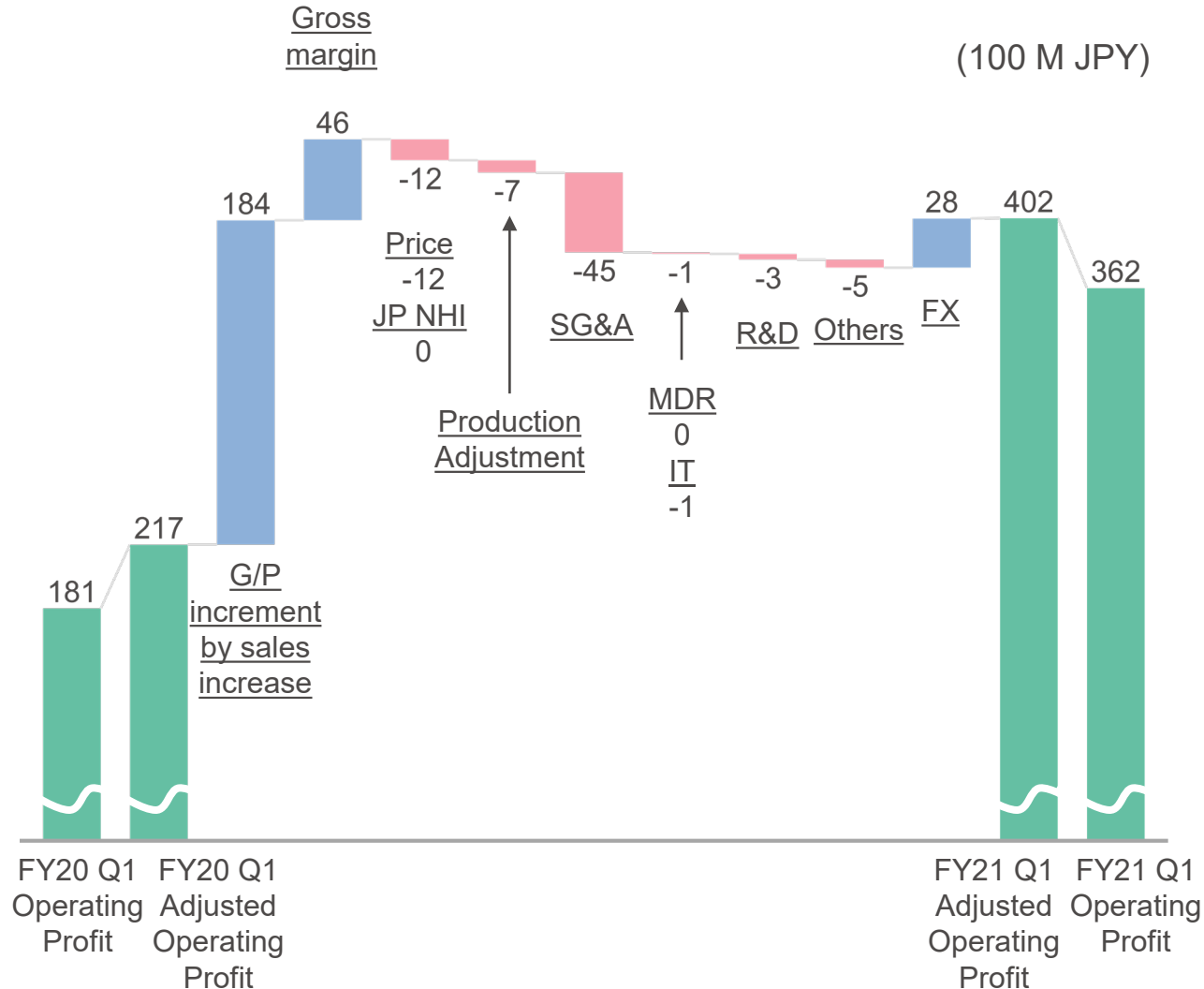
- Added 5.0 B JPY to revenue, and 7.0 B JPY to adjusted operating profit on top of the upper limit of the previous guidance
- Factored in the better Q1 performance than expected. Although negative possibilities still remain such as slowdown in the recovery of healthcare demand and supply risk due to lockdown etc. caused by spread of the new variant, continuous recovery in healthcare demand including the number of procedures is anticipated

P&L Results

- Revenue: Highest-ever quarterly revenue. Steady recovery in demand for Cardiac & Vascular, especially for TIS. Positive FX impact from both USD and EUR
- Adjusted Operating Profit: Highest-ever quarterly adjusted operating profit. The negative impact from volume-based procurement (VBP) in China and lowered production level was as expected. The revenue recovery in Cardiac & Vascular resulted in improvement of product mix. Moderate expenses usage due to the remaining COVID-19 impact

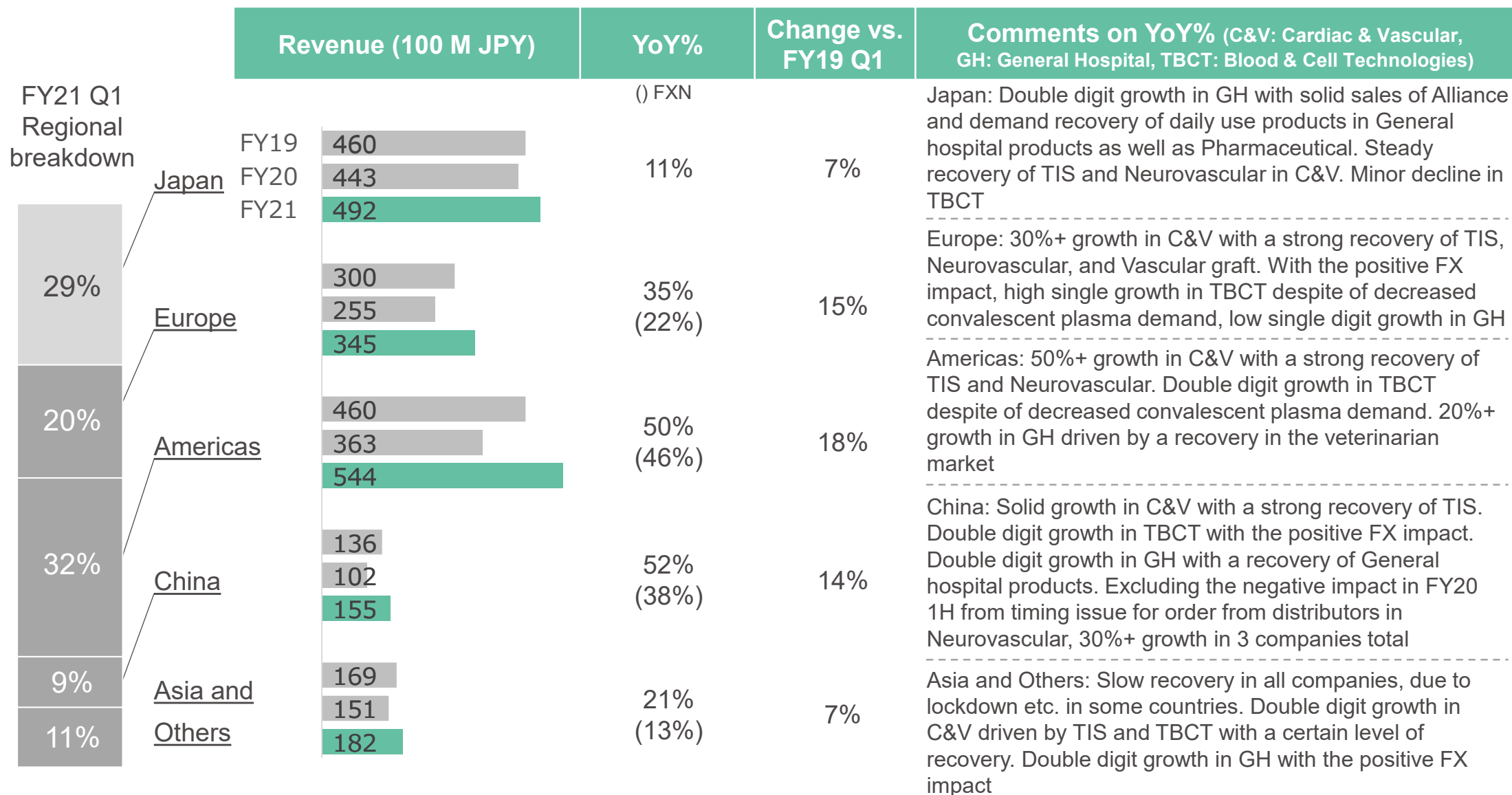
100 M JPY	FY20 Q1	FY21 Q1	YoY%	YoY% (FXN)	FY19 Q1	Change vs. FY19 Q1
Revenue	1,313	1,717	31%	25%	1,525	13%
Gross Profit (Gross Profit%)	689 (52.5%)	943 (54.9%)	37%	30%	852 (55.8%)	11%
SG&A Expenses (SG&A Expenses%)	401 (30.5%)	465 (27.1%)	16%	12%	445 (29.2%)	4%
R&D Expenses (R&D Expenses%)	112 (8.5%)	117 (6.8%)	4%	3%	118 (7.8%)	-2%
Other Income and Expenses	5	1	-	-	4	-
Operating Profit (Operating Profit%)	181 (13.8%)	362 (21.1%)	100%	85%	292 (19.1%)	24%
Adjusted Operating Profit (Adjusted Operating Profit%)	217 (16.5%)	402 (23.4%)	85%	73%	339 (22.3%)	18%
Profit before Tax (Profit before Tax%)	179 (13.6%)	360 (21.0%)	101%		288 (18.9%)	25%
Profit for the Year (Profit for the Year%)	140 (10.7%)	279 (16.2%)	99%		228 (14.9%)	22%
Average Exchange Rate(USD/EUR)	108JPY/119JPY	110JPY/132JPY			110JPY/123JPY	

Adjusted Operating Profit Variance Analysis



- G/P increment by sales increase:**
 Positive revenue growth in all companies compared with FY20 Q1 impacted by COVID-19
- Gross margin:**
 Despite the negative impact of lowered production level as planned for inventory level optimization, larger positive impact of product mix improvement from sales increase of Cardiac & Vascular, especially of TIS
- Price:**
 Decline mainly due to VBP in China for TIS products
- SG&A increase:**
 Large increase compared with FY20 Q1 in which expense usage was slow due to COVID-19
- FX:**
 Positive impact from flow mainly by EUR and CNY. Small impact from stock

Revenue by Region



C&V:

Significant revenue increase in all divisions with substantial recovery of procedures especially in US and EU. Double digit growth in both revenue and profit compared with FY19 Q1 (before COVID-19)

(100 M JPY)

	Q1			Comments	Q1 Rev. YoY
Revenue			() FXN		
			996	TIS: While the COVID-19 impact remained in Japan, Latin America, and Asia, significant recovery in US and EU. Double digit growth compared with FY19 Q1, despite JP NHI price cut and price erosion due to Chinese VBP for PCI products	+204
	885	673	+48% (+40%)	Neurovascular: Significant recovery in the number of aneurysm treatments in US and EU. 15%+ growth compared with FY19 Q1 driven by new products and the aspiration catheter	+65
				Cardiovascular: Steady hardware sales generated by reopening of hospital investments in addition to significant recovery of procedures in US. Continuous good momentum in JP driven by hardware such as ECMO. Close to 10% growth compared with FY19 Q1	+28
Adjusted Operating Profit	245	124	294	Vascular graft: Significant recovery of procedures in US and EU. 30% growth compared with FY19 Q1 driven by new products	+26
			+137% (+112%)		
Adj. OP%	28%	18%	29%	Adj. OP: Double digit growth compared with FY19 Q1 as the positive impact from product mix improvement surpassed the negative impact from Chinese VBP of TIS products and lowered production level for inventory level optimization. Moderate expenses usage due to the remaining COVID-19 impact	

GH:

Globally driven by daily use General hospital products.

Double digit growth in both revenue and profit compared with FY19 Q1 as well as FY20 Q1

(100 M JPY)

	Q1			Comments	Q1 Rev. YoY
Revenue			() FXN	<p>General hospital products: Double digit growth driven by daily use products with a recovery of medical demand in JP, US, and Asia. Special demand for infection control products ran its course. Despite a minor decline in Asia compared with FY19 Q1 due to slow recovery, high single digit growth as a whole</p> <p>Pharmaceutical: mid single digit growth in IV solutions although the recovery in demand had been slow and yet to come back to the before COVID-19 level. Continuous solid momentum in pain management and adhesion barrier. Low single digit growth compared with FY19 Q1</p> <p>DM Healthcare: Continuous positive growth in DM since FY20 Q3. While the special demand for thermometers had peaked out in FY20 Q3, the demand for blood pressure monitors remain high still</p>	
	398	392	438		
			+12% (+10%)		
Adjusted Operating Profit	52	52	64	<p>Alliance: Continuous double digit growth driven by CDMO business</p>	+4
			+25% (+24%)		+8
Adj. OP%	FY19	FY20	FY21	Adj. OP: Moderate expenses usage due to the remaining COVID-19 impact	
	13%	13%	15%		

TBCT:

Fully mitigated the declining convalescent plasma's negative impact by solid sales of other products. Continued increase in revenue and profit with product mix improvement and expense control

(100 M JPY)

	Q1			Comments	Q1 Rev. YoY
Revenue			() FXN		
	242	247	283	Blood center solutions: Double digit growth in whole blood collection products with a recovery in US and EU. Solid sales of blood component collection system in US and Asia. Fully mitigated the negative impact from decline of COVID-19 convalescent plasma demand as a whole	+19
			+14% (+9%)	Therapeutic solutions: 30%+ growth in US generated by investment at hospitals to support higher number of procedures. High single digit growth compared with FY19 Q1	+12
Adjusted Operating Profit			60	Cell therapy technologies: Despite the delay in implementation due to COVID-19 in FY20 1H, recovered in Q3, Q4 and came back to the growth trajectory. High single digit growth compared with FY19 Q1	+5
	26	39	+54% (+30%)	-----	
				Adj. OP: Product mix improvement with the demand recovery of Therapeutic solutions and Cell therapy technologies surpassed the normalization of product mix due to the recovery in whole blood collection. Moderate expenses usage due to the remaining COVID-19 impact	
Adj. OP%	FY19	FY20	FY21		
	11%	16%	21%		

Major Topics

Corporate

- Selected for the global ESG investment index “FTSE4Good Index Series” and “FTSE Blossom Japan Index”
- Donated Additional 1 M USD to support the COVID-19 solidarity response fund for WHO

Cardiac & Vascular

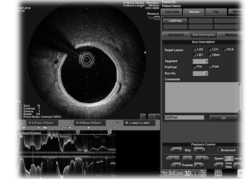
- Received approval of the additional indication to peripheral artery disease for intravascular imaging system “OFDI” as the first in JP market
- Launched peripheral embolization system “AZUR Vascular Plug” in US

General Hospital

- Launched “Flumazenil I.V. infusion” as the first pre-filled type in JP market
- Launched continuous glucose monitoring “Dexcom G6 CGM System” in JP

Blood & Cell Technologies

- Joined Cell and Gene Therapy Catapult Process Analytical Technology (PAT) Consortium



Diagnosis of artery disease utilizing “OFDI”



Peripheral embolization system “AZUR Vascular Plug”



Continuous glucose monitoring “Dexcom G6 CGM System”

Upward Revision of FY21 Guidance

(100 M JPY)

	Original Guidance	Revised Guidance	Change in amount
Revenue	6,700-6,800	6,850	+50
Operating Profit (%)	1,070-1,130 (16.0-16.6%)	1,200 (17.5%)	+70
Adjusted Operating Profit (%)	1,240-1,300 (18.5-19.1%)	1,370 (20.0%)	+70
Profit for the Year	820-865	920	+55

Exchange Rate (USD/EUR)

107JPY/128JPY

108JPY/129JPY

Factored in the better Q1 performance than expected

Although negative possibilities still remain such as slowdown in the recovery of healthcare demand and supply risk due to lockdown etc. caused by spread of the new variant, continuous recovery in healthcare demand including the number of procedures is anticipated

FY21 Guidance by Company

	Revenue		Adjusted Operating Profit			Comments
	Amount (100 M JPY)	YoY%	Amount (100 M JPY)	% to Revenue	YoY%	
		() FXN			() FXN	
Cardiac & Vascular	FY19	3,506	869	25%		Despite the impact from Chinese VBP of TIS products, expect double digit growth in TIS and Vascular Graft, and close to 20% growth in Neurovascular, driven by sales recovery mainly in US
	FY20	3,285	744	23%		
	FY21	3,855	960	25%	29% (21%)	
General Hospital		1,710	252	15%		Alliance, DM and pain management products are the major drivers. Though special demand for Healthcare products runs its course, expect recovery in daily use products in General hospital products and Pharmaceutical
		1,755	257	15%		
		1,825	250	14%	-3% (-1%)	
Blood & Cell Technologies		1,072	151	14%		Mitigate the declining COVID-19 convalescent plasma therapy demand by recovery of blood transfusion demand, sales increase in Therapeutic solutions and Cell therapy technologies
		1,095	191	17%		
		1,170	215	18%	13% (5%)	

Reference

FY21 New Product Pipeline

Category	Products	Region	Launch
Coronary	Drug-eluting stent	JP	
Oncology	Biodegradable drug-eluting microsphere	EU	
	Peripheral embolization coil	JP	
	Peripheral embolization plug	US	Launched
Neuro-vascular	Flow diverter	EU, US	
	Balloon guide catheter	EU, US	
	Coil assist stent	EU, US	
Vascular graft	Stent graft for thoracic aortic aneurysm	US	
	Surgical hybrid stent graft	US	
	Stent graft for abdominal aortic aneurysm	JP	

Category	Products	Region	Launch
General hospital products	Infusion pump	JP	
	Small size syringe pump	JP	
	FN syringe (16mm needle)	JP	Launched
Pharmaceutical	Flumazenil I.V. infusion	JP	Launched
	Sterile connecting device	JP	Launched
	Gelclair	JP	
DM and consumer healthcare	Continuous glucose monitoring system	JP	Launched
	Insulin patch pump	EU	Launched
	100th anniversary thermometer	JP	
Blood and cell technologies	Non-contact data link thermometer	JP	
	Automated blood processing system	Global	
	Value-added services	Global	Launched

Revenue by Segment and Region

2021年度 第1四半期 セグメント別売上収益

Revenue by Segment for the First Quarter of FY2021

(百万円/ millions of yen)

		Q1 YTD FY2020							Q1 YTD FY2021							構成比 % to total *b							
		日本 JPN	海外 Overseas	欧州 Europe	米州 Americas	中国 China	アジア他 Asia and others *a	合計 WW	日本 JPN	%YoY	海外 Overseas	%YoY	欧州 Europe	%YoY	米州 Americas		%YoY	中国 China	%YoY	アジア他 Asia and others *a	%YoY	合計 WW	%YoY
心臓血管 カンパニー	TIS	6,908	39,633	10,721	16,467	7,367	3,076	46,542	7,862	13.8%	59,069	49.0%	16,166	30.8%	26,176	59.0%	10,040	36.3%	6,686	31.7%	66,932	43.8%	39.0%
	ニューロバスキュラー	905	6,539	2,844	2,733	-	940	7,445	1,371	51.4%	12,532	91.6%	4,228	48.6%	5,518	100.4%	1,845	-	939	-0.1%	13,904	86.8%	8.1%
	カーディオバスキュラー	2,525	6,621	1,079	4,137	376	1,008	9,147	2,749	8.9%	9,239	39.3%	1,456	34.8%	6,017	44.7%	526	39.9%	1,239	23.0%	11,989	31.1%	7.0%
	血管	571	3,609	2,063	1,037	279	228	4,180	714	25.0%	6,027	67.0%	3,297	59.8%	1,975	90.4%	401	43.6%	353	54.8%	6,742	61.3%	3.9%
Cardiac and Vascular Company		10,911	56,403	16,710	24,415	8,015	7,262	67,315	12,698	16.4%	86,869	54.0%	25,148	30.3%	39,687	62.6%	12,814	39.9%	9,219	26.9%	99,568	47.9%	58.0%
ホスピタル カンパニー	医療器	10,848	5,347	692	1,346	214	3,092	16,196	12,171	12.2%	6,646	24.3%	753	8.8%	2,149	59.6%	352	64.0%	3,390	9.6%	18,818	16.2%	11.0%
	医薬品	10,609	-	-	-	-	-	10,609	11,325	6.7%	-	-	-	-	-	-	-	-	-	-	11,325	6.7%	6.6%
	DM・ヘルスケア	5,466	646	192	0	180	273	6,113	5,722	4.7%	829	28.3%	200	4.2%	8	78703.9%	229	27.4%	390	42.9%	6,551	7.2%	3.8%
	ホスピタルシステム小計	26,925	5,994	885	1,346	394	3,366	32,919	29,219	8.3%	7,475	24.7%	954	7.8%	2,157	60.2%	581	47.3%	3,781	12.3%	36,695	11.3%	21.4%
	アライアンス	3,896	2,368	1,453	738	36	118	6,264	4,776	22.6%	2,310	-2.4%	1,464	0.6%	580	-23.4%	20	-42.9%	245	107.3%	7,087	13.1%	4.1%
General Hospital Company		30,821	8,362	2,341	2,105	430	3,484	39,183	33,996	10.3%	9,786	17.0%	2,419	3.3%	2,738	30.1%	602	39.7%	4,027	15.6%	43,783	11.7%	25.5%
血液・細胞 テクノロジー カンパニー	血液センター	2,401	16,261	5,122	6,038	1,533	3,566	18,662	2,300	-4.2%	18,252	12.2%	5,337	4.2%	7,022	16.3%	1,732	12.9%	4,161	16.7%	20,552	10.1%	12.0%
	アフェレシス治療他	90	4,346	1,057	2,472	152	664	4,437	77	-15.2%	5,551	27.7%	1,408	33.2%	3,169	28.2%	264	73.3%	709	6.8%	5,628	26.8%	3.3%
	細胞処理	43	1,590	232	1,256	19	81	1,633	39	-10.3%	2,080	30.9%	187	-19.2%	1,779	41.6%	60	206.4%	52	-33.3%	2,119	29.8%	1.2%
Blood and Cell Technologies Company		2,535	22,197	6,412	9,767	1,706	4,311	24,733	2,416	-4.7%	25,884	16.6%	6,933	8.1%	11,971	22.6%	2,057	20.6%	4,923	14.2%	28,301	14.4%	16.5%
その他	Others	65	-	-	-	-	-	65	64	-1.6%	-	-	-	-	-	-	-	-	-	-	64	-1.6%	0.0%
合計	Total	44,334	86,963	25,464	36,288	10,152	15,058	131,298	49,175	10.9%	122,541	40.9%	34,501	35.3%	54,397	49.9%	15,473	52.4%	18,169	20.7%	171,716	30.8%	100.0%
売上比率	% to Total	33.8%	66.2%	19.4%	27.6%	7.7%	11.5%	100.0%	28.6%		71.4%		20.1%		31.7%		9.0%		10.6%		100.0%		

(期中平均為替レート)

(Average Exchange Rates)

(USD1=¥107.63)

(EUR1=¥118.59)

(USD1=¥109.52)

(EUR1=¥131.94)

*a 「中国」の売上を開示したことに伴い、「アジア他」から「中国」の売上を除いています。

*a Sales in China is not included in "Asia and others" from this reportable segment.

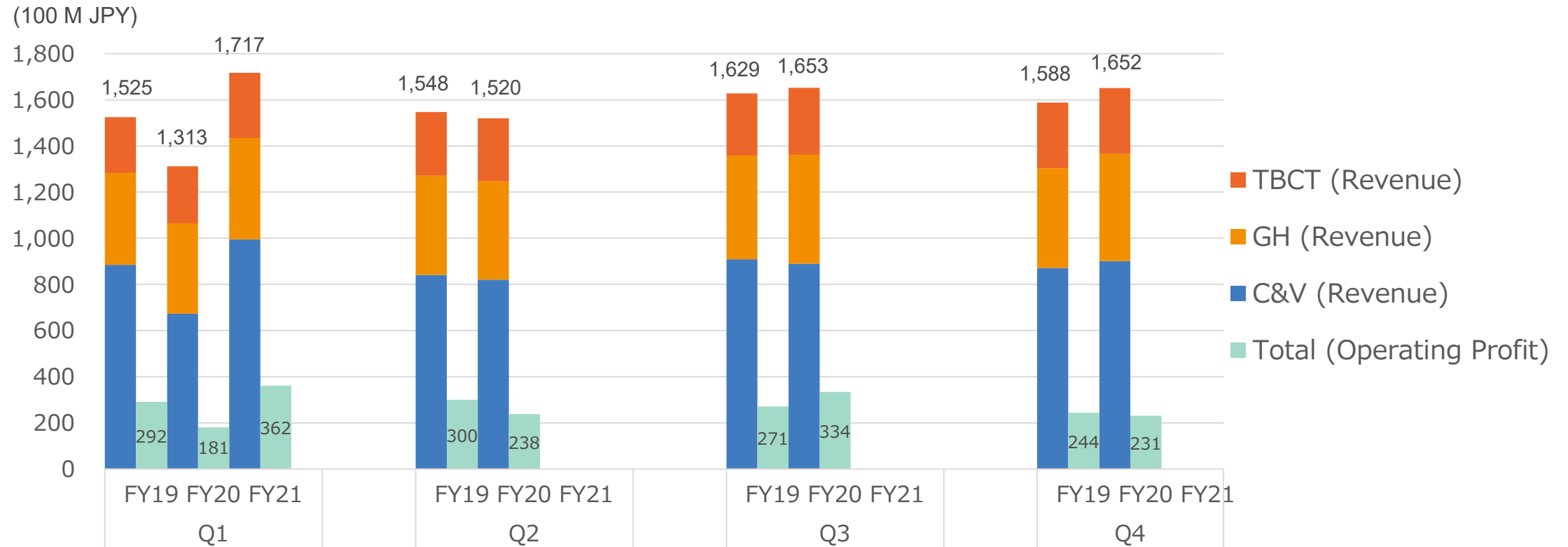
*b 構成比は、小数点第2位を四捨五入して表示しており、合計が100%にならない場合があります。

*b The composition ratio is rounded at the second decimal point, and the total may not be 100%.

Quarterly Trend of Revenue and Operating Profit

Revenue: Increased by +31% YoY and by +13% against FY19 Q1. Large increase in C&V by +13% with positive impact of FX such as EUR

Operating Profit: Product mix improved by C&V sales increase. Better than FY20 Q3, highest-ever quarterly operating profit



Quarterly Results

(100 M JPY)

		FY20 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY21 Q1 (Apr-Jun)
Revenue		1,313	1,520	1,653	1,652	1,717
Gross Profit		689 (52.5%)	816 (53.7%)	908 (54.9%)	854 (51.7%)	943 (54.9%)
SG&A Expenses		401 (30.5%)	458 (30.2%)	447 (27.1%)	488 (29.5%)	465 (27.1%)
R&D Expenses		112 (8.5%)	119 (7.8%)	128 (7.7%)	132 (8.0%)	117 (6.8%)
Other Income and Expenses		5	-1	2	-2	1
Operating Profit		181 (13.8%)	238 (15.6%)	334 (20.2%)	231 (14.0%)	362 (21.1%)
Adjusted Operating Profit		217 (16.5%)	296 (19.5%)	372 (22.5%)	274 (16.6%)	402 (23.4%)
Average	USD	108 JPY	106 JPY	105 JPY	106 JPY	110 JPY
Rate	EUR	119 JPY	124 JPY	125 JPY	128 JPY	132 JPY

Quarterly Results (Operating Expenses)

(100 M JPY)

		FY20 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY21 Q1 (Apr-Jun)
Salaries & Wages		224	232	231	240	249
Sales Promotion		20	31	35	43	30
Logistical Costs		33	36	38	37	38
Depreciation & Amortization		46	49	47	49	48
Others		78	110	97	119	99
SG&A Expenses Total		401	458	447	488	465
(SG&A Expenses%)		(30.5%)	(30.2%)	(27.1%)	(29.5%)	(27.1%)
R&D Expenses		112	119	128	132	117
(R&D Expenses%)		(8.5%)	(7.8%)	(7.7%)	(8.0%)	(6.8%)
Operating Expenses Total		513	578	575	620	581
(Operating Expenses%)		(39.0%)	(38.0%)	(34.8%)	(37.5%)	(33.9%)
Average Rate	USD	108 JPY	106 JPY	105 JPY	106 JPY	110 JPY
	EUR	119 JPY	124 JPY	125 JPY	128 JPY	132 JPY

Operating Expenses

(100 M JPY)

	FY20 Q1	FY21 Q1	YoY	YoY%	YoY% (FXN)	FY19 Q1	Change vs. FY19 Q1
Salaries & Wages	224	249	25	11%	7%	219	14%
Sales Promotion	20	30	10	49%	44%	49	-38%
Logistical Costs	33	38	5	16%	12%	35	11%
Depreciation & Amortization	46	48	2	4%	-1%	45	5%
Others	78	99	22	28%	24%	97	2%
SG&A Expenses Total	401	465	64	16%	12%	445	4%
(SG&A Expenses%)	(30.5%)	(27.1%)				(29.2%)	
R&D Expenses	112	117	5	4%	3%	118	-2%
(R&D Expenses%)	(8.5%)	(6.8%)				(7.8%)	
Operating Expenses Total	513	581	69	13%	10%	564	3%
(Operating Expenses Total%)	(39.0%)	(33.9%)				(37.0%)	

Adjusted Operating Profit: Adjustments

(100 M JPY)

	FY20 Q1	FY21 Q1
Operating Profit	181	362
Adjustment 1. Amortization of acquired intangible assets	35	39
Adjustment 2. Non-recurring profit or loss	1	1
Adjusted Operating Profit	217	402

<General examples of adjustment items>

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

Main items in Adjustment 2. Non-recurring profit or loss	FY21 Q1
Business reorganizing cost	1

CAPEX, Depreciation and R&D Expenses

(100 M JPY)

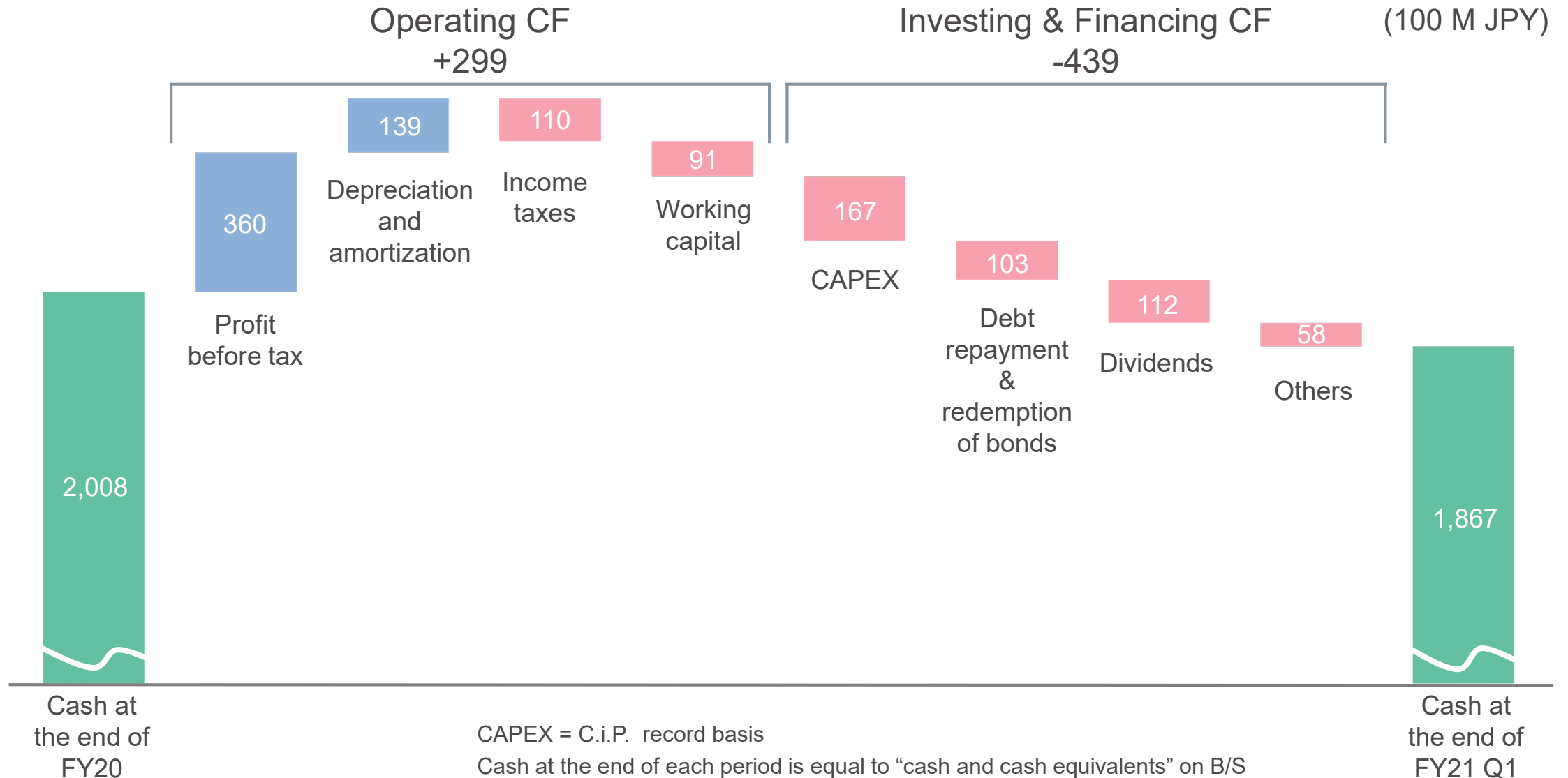
	FY18	FY19	FY20	FY21 Q1	FY21 Guidance
CAPEX	608	895	772	167	850
Depreciation	440	477	484	126	530
Amortization of acquired intangible assets	146	157	150	38	155
Others	294	320	334	88	375

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

- FY21 Q1 (16.7 B JPY): Continued investment mainly for TIS, Neurovascular, Alliance, and Blood & Cell Technologies in production capacity and space, R&D as well as IT infrastructure (SAP)
- FY21 guidance (85.0 B JPY): Other than above, investment for plasma collection and production facilities for vaccine syringes, etc. Controlling investment considering FY21 performance

	FY18	FY19	FY20	FY21 Q1	FY21 Guidance
R&D Expenses	477	506	491	117	529

Cash Flows



Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation

(100 M JPY)

	USD	EUR	CNY
Revenue	17	8	35
Adjusted Operating Profit	0	5	15

<Reference> Impact when JPY is depreciated by 10%

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Adjusted Operating Profit	-1	10	65	13	23	36



Stride Ahead
100th