

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.



Q&A Session at the Financial Results Briefing
for the Fiscal Year Ended March 31, 2021

Outlined below are the principal Q&As from the financial results briefing on May 12, 2021. Certain details have been expanded or modified to provide readers with a deeper understanding of Terumo Corporation's performance and activities.

Q1: Regarding the profit variance analysis for FY2021 guidance, how do you expect this chart to change in case of the best-case scenario of 680 billion JPY; rather than the worst-case scenario of 670 billion JPY?

A1: In terms of the amount, we anticipate the weighting toward "Gross profit increment by sales increase" will grow larger, while expecting an increase in SG&A expenses to some degree accordingly.

Q2: Where are the costs related to plasma collection collaboration with CSL Plasma in the profit variance analysis for FY2021 guidance? In addition, you anticipate an "SG&A increase" of 13.5 billion JPY. What are the factors for this increase?

A2: The costs related to collaboration with CSL Plasma in plasma collection are classified in "Others." Regarding the "SG&A increase," we anticipate incurring expenses mainly for marketing activities along with the revenue increase.

Q3: Regarding the national tender in China, the rate of decline from the retail price of drug-eluting stents (DES) is said to be -93%. To what extent was Terumo impacted by this drop in price? Also, since the price drop of DES would negatively impact incentives of the medical front, has the number of Percutaneous Coronary Intervention (PCI) procedures been declining since the end of last year?
In addition, in the financial earnings call for the third quarter, you cited that China plans to hold tenders for other products heading into FY2021 (PTCA balloon catheters and PTCA guidewires). Can you provide an update, if any?

A3: In the national tender for DES held in early November 2020, the selling price from Terumo to distributors dropped by a little less than 80%. Regarding the decline in PCI procedures due to price drops, we have not heard from the frontline that it is happening. The purpose of the tender was to improve accessibility of healthcare; not just reduce healthcare expenditures. We also understand that there are some incentives for hospitals introduced to increase the number of procedures. In either case, we will closely monitor the situation going forward.

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.

Regarding the tenders for PTCA balloon catheters at the province level, we expect that our selling price to distributors will fall by 50 to 60%. The province-level tender for PTCA guidewires has yet to be fully started, so our current assumption is for our selling price to distributors to fall only about 20% given the original price for this product is lower compared to that of DES or PTCA balloon.

Q4: In regard to collaboration with CSL Plasma in plasma collection, how large do you anticipate the revenue to be? Should we consider the risk of price erosion due to price competition caused by Terumo's market entry?

A4: At present, we expect this business to earn more than 10 billion JPY revenue annually. Since it is a B2B business involving low SG&A expenses, looking at the mid to long term, we expect a slight improvement in the adjusted operating profit ratio of today's Blood and Cells Technologies Company. As a result, we anticipate that this will boost the profit ratio for the whole group as well.

Regarding price erosion, we anticipate a certain degree of impacts due to changes in the competitive landscape, but after taking this risk into account, we believe the profit ratio will increase as mentioned above.

Q5: As for the collaboration with CSL Plasma in plasma collection, how do you anticipate sales will increase through stages?

A5: During the changeover, the systems at all plasma collection centers nationwide in the United States will need to be replaced quickly. Therefore, when the changeover is conducted well, the business will take off relatively in a short period of time, thus contributing to financial results. We are now making preparations to ensure such a smooth changeover.

Q6: As for the collaboration with CSL Plasma in plasma collection, how does the plasma collection system provided by Terumo differ from the current products?

A6: Details of the plasma collection system's functions cannot be disclosed because we have not yet obtained the commercial approval of this product. In general, however, we aim to realize technologies which are more comfortable and efficient for both donors and healthcare professionals.

Q7: In regard to the collaboration with CSL Plasma in plasma collection, is there a possibility of collaboration with other companies in the future? Will Terumo be expanding this to regions outside of the United States?

A7: Although we cannot disclose contract specifics, we would like to consider the future potential for expansion in both ways. On the other hand, this marks the first time that Terumo will enter the plasma collection business; therefore, first, we will focus on successfully deploying our system at the more

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.

than 280 collection centers operated by CSL Plasma in the United States.

Q8: (About the CEO presentation) Overseas competitors are aggressively entering the continuous glucose monitoring device (CGM) market. How does Terumo view the CGM and Self-Monitoring of Blood Glucose (SMBG) markets? In addition, is it safe to assume that Terumo will follow a strategy seeking to expand overseas using MEDISAFE WITH?

A8: At present, there are various ways of looking at CGM, but highly accurate SMBG devices continue to receive high marks, and from a long-term perspective, we believe the strengths of SMBG will continue to be in demand. As a result, we don't believe that the SMBG market will contract significantly in the future.

In addition, the insulin patch pump MEDISAFE WITH has been added to Terumo's lineup of diabetes management products, which should generate synergies with other diabetes related products and algorithms. We believe in a possibility to provide new solutions in a comprehensive package.

Q9: (About the CEO presentation) How do you view the diabetes market in China? In addition, during the presentation, the CEO provided a vision for 10 years into the future. What does Terumo aim to achieve as important milestones over the next several years?

A9: We believe that China offers very large potential in terms of the diabetes market. We would like to explore future opportunities while moving ahead with B2B business in the meantime.

There are three milestones over the next several years. First is rolling out DexCom's G6 in Japan. This rollout will help us strengthen our competitiveness in Japan, so we will aim to use this as one of the keystones for success. Second is the steady launch of the insulin patch pump MEDISAFE WITH. By establishing a track record in Japan and Europe in the future and solidifying the business base, we aim to enhance our products' reliability and global market recognition. Finally, third is the results from solutions provided through collaboration with other companies as explained in the presentation. By generating these results, we would like to prove the new business models and meet market expectations.

As these results emerge, we believe that the roadmap to 2030 will become clearer.