

Q&A Session at the Financial Results Briefing
for the First Quarter of the Fiscal Year Ending March 31, 2021

Outlined below are the principal Q&As from the financial results briefing on August 6, 2020. Certain details have been expanded or modified to provide readers with deeper understanding of Terumo Corporation's performance and activities.

Q1: How was the impact from the COVID-19 pandemic on Cardiac and Vascular Company and General Hospital Company compared with your expectations?

A1: The sales performance for Cardiac and Vascular Company actually bottomed out in April, followed by progress in the restart of procedures in clinical settings in May and June. Most procedures restarted in the first quarter were for easing the backlog. Meanwhile, we hear from the frontline that procedures for cases, which have been newly diagnosed after the COVID-19 pandemic, are coming in, although the situation still remains unpredictable. As a result, Cardiac and Vascular Company slightly outperformed our expectations. General Hospital Company also performed well above expectations on special demand for thermometers and hand sanitizer due to the COVID-19 pandemic.

Q2: In "Adjusted Operating Profit Variance Analysis," how much was the effect of increased inventory level out of the 2.8 billion JPY decline in "Gross margin"?

A2: Compared to if the inventory level was not raised, we believe there was positive effect of more than 1 billion JPY. Since we will adjust production volume to optimize the inventory level as demand recovers going forward, we expect recoil for this, which is one of the factors why we anticipate moderate improvement in profitability in the annual guidance for FY2020.

Q3: In "Adjusted Operating Profit Variance Analysis," which company was impacted the most by COVID-19 out of the 9.1 billion JPY decline in "G/P decrement by sales decrease"? Within that company, which business was impacted the most?

A3: Cardiac and Vascular Company experienced the greatest impact. Within Cardiac and Vascular Company, TIS business was impacted the most, followed by Neurovascular business.

Q4: What are the recent trends in revenue of TIS business in Cardiac and Vascular Company and declining number of procedures? Is there a region with unique trends?

A4: Due to the COVID-19 impact, TIS business saw revenue decline around 30 to 40% in April, but this improved to decline of around 10% in June and this trend is continuing in July. However,

compared to the number of procedures, we believe the revenue trend has been somewhat stronger. We will closely monitor this revenue trend in the first quarter as a potential risk, based on whether this is the result of pre-consumption over demand or not.

When viewed by region, revenue trends in Europe and Americas do not vary much from the overall revenue trend, while recovery in China seems to have been early. Especially, revenue for access devices has recovered to the level down by just single digit percentage year on year (including FX impact), therefore we believe it's close to positive growth over the previous fiscal year.

Q5: How is the situation of revenue recovery in China? In addition, Neurovascular business in China is being negatively impacted by the timing issue in orders from distributors. What is the background behind this?

A5: Excluding the negative impact from the timing issue in orders from distributors, revenue in China was down 9% year on year. This confirms that China has recovered earlier than any other region overseas.

The reason for the negative impact from the timing issue in orders from distributors is rebuilding of the supply chain in process in Neurovascular business. We are moving ahead with this improvement in order to modernize our distribution system based on our deeper commitment toward China market for this business. Due to many uncertain elements in this fiscal year, such as the timing issue in orders placed and inventory adjustments following this rebuilding, in addition to the COVID-19 impact, we believe the revenue of this business in China could become unstable. Regarding the rebuilding of supply chain, we are trying to stabilize it within this fiscal year.

Q6: In Neurovascular business, global revenue appears to be down significantly by 37.2% year on year. Is this also the result due to rebuilding of the supply chain in China? What is your outlook for the second quarter and beyond?

A6: The business has been greatly impacted by rebuilding of the supply chain in China. Excluding this impact, revenue is down 21% year on year, which is close to the 23% year-on-year decline in the entire revenue for Cardiac and Vascular Company.

In terms of urgent procedures, SOFIA, the aspiration catheter, which enjoyed strong revenue prior to the COVID-19 pandemic, is mostly used in treatments for acute ischemic stroke, so it has not been largely impacted by COVID-19. On the other hand, WEB, intrasaccular aneurysm treatment device, is used for the treatment of cerebral aneurysms, so its revenue was cut in half temporarily, but the momentum has been in recovering since June. As such, we expect the

overall Neurovascular business to head toward strong recovery.

Q7: How should we view your approach to the annual guidance for FY2020 compared to the scenario indicated at the time of financial announcement for the FY2019 in May?

A7: At least we believe this is not the worst scenario. However, it is also not the optimistic scenario. Therefore, it should be viewed as more of a median.

Q8: The gap between operating profit and adjusted operating profit in the annual guidance for FY2020 is higher than that of last year. Why?

A8: This is because of increase in adjustments due to milestone payments, which will occur in the second quarter and later. The milestone payments are to Medeon Biodesign, Inc. in Taiwan, from which we acquired assets for large bore vascular closure devices in FY2018.

Q9: The overall adjusted operating profit forecast looks low, considering the recovery in revenue of Cardiac and Vascular Company this fiscal year. Why?

A9: Although there is recovery, in the full-year estimate, the revenue for Cardiac and Vascular Company is decreased year on year. The Impact will remain on deteriorating product mix because of the high margin in Cardiac and Vascular Company. We believe there is some time lag for the profit to return to the level close to that of before COVID-19.

Q10: In the annual guidance for FY2020 of Blood and Cell Technologies Company, first quarter revenue result is up 7% year on year excluding FX impact, and yet the outlook for this fiscal year is for growth of just 2% year on year. What's the reason for this flat forecast?

A10: The first quarter saw strong revenue and we observed pre-consumption of demand in blood center solutions, therefore we expect the recoil in second quarter and beyond, and the full year result to be flat growth.