Terumo Corporation
February 8, 2018

Q&A Session at the Financial Results Briefing for the Third Quarter of the Fiscal Year Ending March 31, 2018

Outlined below are the principal Q&As from the financial results briefing of February 8, 2018. Certain details have been expanded or modified to provide readers with a deeper understanding of Terumo Corporation's performance and activities.

Q1: While you upwardly revised your full year guidance for FY2017, your financial performance has been even brisker given the limited negative impact from the suspended production of the Angio-Seal, a vascular closure device, due to the damage from Hurricane Maria. In light of the fact that you did not revise your estimates of the foreign exchange rate for FY2017, Why don't you anticipate you will further outperform your guidance?

A1: Financial performance in the Q3 of FY2017 is generally stronger in contrast with the other three quarters of the fiscal year. Meanwhile, a higher level of SG&A expenses is likely to hit Q4 than any other quarters. In January, the vascular closure device maintained a great momentum in sales owing to the filling of backorders. Yet, we still need to monitor these sales a bit longer to see if they will remain at the same level in and after February. We did not revise our estimates of the foreign exchange rate given we believe it is difficult to rationally assess trends in the foreign exchange market going forward as it entails taking into account numerous different emerging market currencies.

Q2: At present, what is the sales volume of Angio-Seal? Is the growth in sales mainly attributable to the increasing shift away from manual compression when performing trans-femoral intervention for coronary artery disease? Or does the growth reflect an increase in the use of the vascular closure devices in peripheral and neurovascular intervention?

A2: Recent monthly sales have been around ¥2.0 billion-¥3.0 billion. The former trend is the main reason for the growth in sales. The use of vascular closure devices in peripheral and neurovascular intervention does not appear to be increasing at this moment, but we plan to steadily expand sales going forward in these arenas.

Q3: What is your global sales forecast for drug-eluting stents for FY2017? In Japan, competitors are apparently going to release new products. What impact do you estimate the aforementioned actions from competitors will have on your sales?

A3: We believe our global sales for drug-eluting stents will be on a par with the ones in FY2016. However, given the progress in sales performance through the end of the Q3, we believe sales

are slightly outperforming our guidance. However, it is difficult for now to project the level of impact a rival's new products will have on our sales. In general, when a new product comes out, physicians commonly tend to test them out. Therefore, to some extent, we expect to see a temporary negative impact owing to the aforementioned physicians' tendency.

Q4: Sales in the neurovascular intervention business for Q3YTD rose more than 30% year-on-year. What product drove this growth? Also, the American Heart Association (AHA) recently revised its guidelines on stroke, and the window time for the treatment has been expanded for mechanical clot treatment from six hours to 24 hours after a stroke in accordance with the revision of the guideline. Will this expanded window time provide impetus to sales in the neurovascular business?

A4: The market for regular coils has matured. Therefore, we don't think sales are growing much. However, our coil for the embolization of cerebral aneurysms, which is one using hydrogel to absorb water within the blood to expand the coil after its deployment, has been driving sales since the recent study has shown hydrogel coils had better results than regular bare metal ones. In addition, sales of suction catheters also have been brisk. In summary, the revision to the guidelines is a key factor fueling our sales and we plan to continue to pour energies into the development of products for the treatment of ischemic strokes.

Q5: In the United States, the number of the uninsured, mainly among low-income individuals and healthy young people, appears to be slightly increasing, while patients that undergo vascular intervention are mainly seniors. Do you assume it is rationale enough to say that the increase in the number of people without health insurance in the United States will not impact sales in the region?

A5: We also believe this assumption tends to be true in general. However, when it comes down to Terumo's business in the United States, Sales of TIS business has been growing double digits in recent years regardless of the fluctuation of the number of the uninsured. Accordingly, we see there is little-to-no correlation between sales in the TIS business in the United States and the number of uninsured individuals.

Q6: I understand Japan has come to see recovery in sales since the end of the first half of FY2017. Do you find any changes in the business environment?

A6: We have not seen any major change in particular in the business environment. Yet, we think one positive factor driving sales in Japan is the recovery in sales trends for infusion pumps. In the first quarter, sales faltered due to users' conservative buying of pump. However, sales of a new

infusion pump have been favorable since its launch on August, 2017.

Q7: CAR-T cell therapy, which uses modified T-cells collected from a patient's blood, is a promising novel treatment for hematologic cancer. The Blood Management Company has an automated centrifugal blood processing system and cell expansion system in its product portfolio. In this arena, do you foresee any room for further business expansion?

A7: We believe this to be an arena with potential growth going forward. In the Blood Management Company, not only do we have products for retrieving cells, but we are able to provide a whole set of systems for separation, cleansing, expansion, creating concentrations and formulations, and these aforementioned systems cover whole products necessary in each and every process of the CAR-T cell therapy. Therefore, we aim to expand our business operations in this arena.