Adapting to a New Healthcare Era: Disease-oriented Approaches

Terumo Corporation
President and CEO
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November 7, 2019
Key Initiatives towards Sustainable Growth

- Strengthen Global Operations
- Accelerate Strategic Development
- Leverage Group’s Comprehensive Strength

Ref: "Initiatives towards Sustainable Growth“ November 9, 2017
Paradigm Shift in Healthcare

Critical challenges:
- Crisis in patients’ QOL
- Fiscal constraints

Medical care system needs a change to resolve the challenges.
Technological advancements (e.g. digitalization) will enable and accelerate the change.

<table>
<thead>
<tr>
<th>Up to now</th>
<th>Going forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Where medical care happens</td>
<td>Hospital, clinics</td>
</tr>
<tr>
<td>Medical care objectives</td>
<td>Acute</td>
</tr>
<tr>
<td>Basis for pricing</td>
<td>Input</td>
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What is “Disease-oriented Approach” for Terumo?

1. Find the challenges in the entire pathway from prevention to prognosis, not just in pinpoint such as diagnosis or therapy

2. Deliver the best value from diversified solutions, without being restricted by product-oriented approach

3. Targeting disease with significant social impact because of the aging of society

“Become a partner of patient journey”
### Deliver Diversified and Cross-divisional Solutions

- **Product lineup to improve total QOL from treatment to recovery**
- **Current business scale:** Over 40 B JPY

<table>
<thead>
<tr>
<th><strong>Treatment</strong></th>
<th><strong>Treatment aid</strong></th>
<th><strong>Care</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimize surgery burden</strong>&lt;br&gt;Embolization, drug/bio absorbable/radioactive beads</td>
<td><strong>Reduce postoperative complications</strong>&lt;br&gt;AdSpray</td>
<td><strong>Reduce cancer-related pain</strong>&lt;br&gt;Methapain</td>
</tr>
<tr>
<td><strong>Select optimal treatment</strong>&lt;br&gt;Spectra Optia</td>
<td><strong>Reduce postoperative pain</strong>&lt;br&gt;Acelio, Fentanyl</td>
<td><strong>Get solid nourishment</strong>&lt;br&gt;UpLead, UpLead Mini</td>
</tr>
<tr>
<td><strong>Safely administer anticancer drugs</strong>&lt;br&gt;Chemosafe</td>
<td><strong>Receive outpatient treatment</strong>&lt;br&gt;CV port</td>
<td><strong>Reduce swelling</strong>&lt;br&gt;Jobst</td>
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Unique Solutions to Maximize Therapy Outcomes

- Minimize treatment burden by less invasive localized access → Interventional oncology
- The importance of supportive care is increasing → Anticancer drug administration, pain management, adhesion barrier etc.

Outcomes of oncology therapy = Effect of therapy (Chemotherapy, radiation therapy etc.)

Maximize effect + Minimal invasive

Supportive care
- Side effect control
- Nutrition management etc.

Localized access by catheters (Interventional oncology)

Products across companies
Already Being a Main Player for Supportive Care in JP

Meet broader needs in supportive care by diversified product portfolio and further enhance our presence

Japan supportive care market

- Devices approx. 60 B JPY
- Drugs for side effect control approx. 100 B JPY

Terumo business scale

- Cardiac and Vascular 1 B JPY
- General Hospital 8 B JPY
- Blood Management 1 B JPY

- CV port
- Pain management
- Chemosafe
- Compression therapy
- UpLead
- AdSpray
- Spectra Optia

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Interventional Oncology: Utilize Strong Delivering Technologies

Increasing needs for minimally invasive, localized chemotherapy and radiation therapy

Maximize effect by localized administration

Minimize treatment burden by TRI

Advanced
(Therapeutic)

Drug-eluting beads
Hydrocoil
Radioactive beads

Platform
(Access)

Treatment wire
Micro-catheter
Occlusion catheter

CAGR 8%

= 

FY15
FY18
FY21

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Add Advanced Products to Create Total Solutions

- Commit to the entire field by adding advanced technologies to existing 20 B JPY business
- Leverage No. 1 monitor market share to expand business toward treatment, prognosis and data-management

**Past**
Platform market, diagnosis
- Urine test strips
- Blood glucose monitor
- Insulin administration related products

**Current**
Enter advanced market
- Continuous blood glucose monitor
- Patch pump

**Future**
Further evolution
- Co-development
- Data linkage system development
CHF is An Urgent Social Challenge

- Chronic heart failure is a terminal heart disease

- Patients suffer from repeated exacerbation

"Heart failure pandemic" with malfunction of healthcare system led by more patients, larger healthcare expenditures, lack of hospital beds, might occur
Chronic heart failure exacerbation

Take care of the entire patient journey across heart disease by adding monitoring and data linkage to the business area of PCI, CABG and skeletal myoblast sheets etc.

Preliminary organic failure

Chronic heart failure exacerbation

Interventional approach

Drug Eluting Stent

Intravascular Imaging System

Guidewire

Closure Device

Early diagnosis

Monitor to detect exacerbations

Early treatment

Skeletal myoblast cellular base

HeartSheet

Surgical approach

Heart-Lung Machine

Oxygenator

Percutaneous Cardiopulmonary Support System

Platform to enhance network

Business development of iPS cell-derived cardiomyocyte sheet through investing in Cuorips Inc.

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Broad Portfolio Covering from Prevention of Primary Disease to Progression Prevention

- Keep “walking with one’s feet” is a key to extend healthy lifespan
- Provide gateway functionality to divided medical network in addition to early diagnosis/treatment of blood flow
- Diverse product lines worth 50 B JPY in revenue are heavily involved

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<tr>
<th>At-risk population</th>
<th>Primary disease control</th>
<th>Complication treatment</th>
<th>Progression prevention, functional recovery</th>
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<td>Make home checks for glucose level easy</td>
<td>Appropriately manage diabetes to prevent complications</td>
<td>Improve lower limb blood flow to prevent progression</td>
<td>Assist and recover blood flow to prevent refractory ulcer and amputation</td>
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Prevent progression of kidney disease

Speed up broken bone recovery, prevent loss of walking ability
Create Optimal Solutions Through Adding New Capabilities

Current basic capabilities

- Broad range of technology
- Provider access
- Education / training
- Corporate culture
- Domain expertise

+ Disease-oriented Approach
Insights, strategies

Required additional capabilities

- Data
- Analytics
- Software
- Networking

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In preparation for a new healthcare era, we urge ourselves to shift toward “disease-oriented” and “consumer/patient-oriented” strategy through strengthening our focus on disease, unfettered by “product-oriented” strategy.

This will result in unique Terumo solutions that fulfill the goals of “improving patient QOL” and “improving healthcare cost efficiency”, expanding our contribution in aging societies.

We will continue to enhance our digital capability through various means, including internal development and outside collaboration, so that we can provide solutions tailored to each individual in the near future.
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 on 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.