

*Stride Ahead*  
100<sup>th</sup>

**TERUMO**



**Terumo Report  
2021**

## Group Mission

# Contributing to Society through Healthcare

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

## Core Values

### Respect – Appreciative of others

We show respect and appreciation toward associates, customers, and business partners.

We value individuality and diverse cultures, and listen widely and carefully to different opinions and the voice of society.

### Integrity – Guided by our mission

As associates of Terumo Group, responsible for life and health, we always act with sincerity and a sense of mission.

Through our daily efforts, we build trust among all stakeholders.

### Care – Empathetic to patients

We are mindful that everything we do ultimately connects us to patients.

We strive to understand healthcare providers deeply and work together with them to give patients a better future.

### Quality – Committed to excellence

To ensure safety and reliability in healthcare, we view each issue from a "gemba" perspective in order to find the optimal solution.

As well as product quality, we pursue excellence in all we do, from product supply to customer care.

### Creativity – Striving for innovation

We promote a mindset that embraces challenge for the future, and work with curiosity and passion.

We respond to the needs of "gemba" by delivering products and services that create meaningful value in a timely manner.

# *Stride* Ahead 100<sup>th</sup>

## **In 2021, Terumo marked its 100th anniversary.**

100 years have passed since Terumo's foundation.

Its debut product, the domestically produced safe, high-quality thermometer, was launched on the market in the hope of delivering it to as many people as possible.

Under the Group Mission: Contributing to Society through Healthcare, we have since continually supported the medical arena worldwide with our innovative developments and quality, while working side by side with medical professionals active at the most critical point of human life.

Now, 100 years later, by coincidence, the world is facing once again a new and major challenge.

With our mission in mind, Terumo will, without resting on its laurels, continue to challenge the limits of medicine for further improvement of the medical care of tomorrow, through our passionate commitment for another 100 years.

"Stride Ahead" encompasses our belief that big steps forward will lead to a better future for medicine.

We are Terumo.

## 100th Anniversary and History of Value Creation

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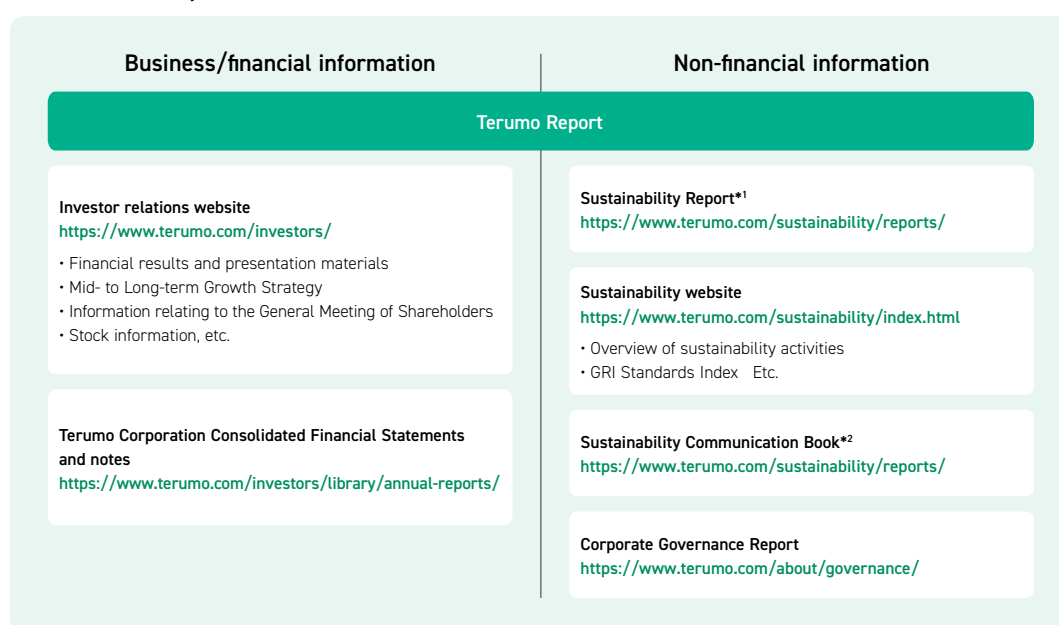
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### Editorial Policy

Terumo prepares communication tools to provide stakeholders with straightforward reporting on the business activities it is pursuing in fulfillment of its Group mission—"Contributing to Society through Healthcare"—and to promote communication with society. Terumo Reports provide brief summaries of financial and non-financial information, including business strengths and key initiatives performance reports, corporate governance structure, and environmental and social efforts, from a mid- to long-term perspective. Sustainability Reports provide wide-ranging information on initiatives that contribute to both the development of a sustainable society and the sustainable growth of the Terumo Group, together with relevant data.

### Information Disclosure System



\*1 For fiscal 2020, this report was issued under the name Sustainability Data Book 2020.

\*2 Scheduled to be issued in December 2021. For fiscal 2020, it was published under the name Shared Value Book 2020.

### Coverage

Report coverage includes, in principle, those elements of the global Terumo Group falling within the scope of consolidated earnings statements. When the scope differs from that described above, notification will be provided.

### Covered Period

The covered period is fiscal 2020 (April 1, 2020–March 31, 2021), but some activities conducted in and after April 2021 are also included.

### Adoption of International Financial Reporting Standards

Beginning with its financial results announcement for fiscal 2017, the Company has adopted International Financial Reporting Standards (IFRS) with the goal of making its financial information more easily comparable to that of companies around the world and to improve management accuracy and strengthen corporate governance through the global application of uniform rules.

### Cautionary Statement Regarding Forward-looking Statements

Forward-looking statements in this report, including financial projections, are based upon assumptions using information available at the time and are not intended to be a guarantee of future events or performance. Accordingly, it should be noted that actual results may differ from forecasts and projections due to various factors. Factors affecting actual results include, but are not limited to, changes in the economic conditions surrounding Terumo, fluctuations in foreign exchange rates, and the state of competition. Information on market share in this report is partly derived from our own independent research. Information about products (including products currently in development) included in this report is not intended to constitute advertising or medical advice.

In fiscal 2020, the name of the Blood Management Company was changed to the Blood and Cell Technologies Company. This change is purely a change in name and does not impact segment information. Accordingly, the new name is also used for references pertaining to fiscal 2019 and earlier.



**Shinjiro Sato**  
President and CEO

## Message from the President and CEO

**Looking ahead to our next 100 years,  
we will provide solutions for new healthcare  
issues in the 21st century and help drive  
therapeutic innovations**

### **Q The COVID-19 pandemic had an enormous impact in fiscal 2020. What is your review of the past fiscal year?**

Once the global spread of the novel coronavirus disease (COVID-19) became clear, Terumo quickly shifted to its crisis management system. At the same time, we set out Terumo Key Policies Regarding COVID-19, and while protecting the lives and health of our associates, focused as much as possible on providing a stable supply of products. We also mobilized the collective strength of the Terumo Group in an effort to actively contribute to the prevention and treatment of this virus. I think the fact that all of our associates confronted COVID-19 through their work to embody our Group mission of Contributing to Society through Healthcare offered an excellent opportunity to return to Terumo's founding origins.

In actively contributing to the prevention and treatment of COVID-19, a great deal of attention was drawn not only to thermometers, but also to hand sanitizer, ultraviolet irradiation robots, extracorporeal membrane oxygenation systems—seen as the last resort for seriously ill patients—and syringes used to administer vaccines. Overseas, a major role was played by Trima Accel, the Blood and Cell Technologies Company's component collection system used in collecting convalescent plasma containing viral antibodies in the blood. This was based on the principle of serum therapy invented by Dr. Shibasaburo Kitasato, one of Terumo's founders, and made us strongly aware of the tradition of infection control.

In terms of performance, we were affected by a drop in demand caused by the COVID-19 pandemic, primarily in the first half of the fiscal year, including the postponement of elective procedures and limited examinations. Globally, however, demand showed signs of recovery from the second half of the year on. For the full fiscal year, we were able to minimize any negative financial impact, in part thanks to a well-balanced business portfolio.

#### **Terumo Key Policies Regarding COVID-19**

- 1.** To protect the health and safety of all Terumo associates with utmost priority
- 2.** To maintain a stable supply of products to continuously meet global healthcare needs
- 3.** To actively engage in and contribute to the prevention and treatment of the disease, by maximizing the Terumo Group's expertise and technologies

## Message from the President and CEO

One key priority for Terumo in fiscal 2020 was our forward-looking initiatives to evolve our business model.

In COVID-19 care, the Cardiac and Vascular Company saw renewed attention given to transradial intervention (TRI)\*<sup>1</sup>, a technique Terumo has focused on developing for approaching affected areas through a blood vessel in the wrist and a means of reducing length of hospitalization associated with treatment. This is because TRI generally allows for early post-surgical ambulation, and is thus expected to shorten hospital stays. In the post-COVID era, the push for medical cost efficiency improvements is likely to further strengthen. Popularizing the widespread use\*<sup>2</sup> of TRI not only for ischemic heart disease, but also for peripheral artery disease and other systemic vascular treatment, is an approach that will differentiate us from major competitors, one that we will strategically enhance going forward.

The General Hospital Company has launched an Infection Control Initiative\*<sup>3</sup> as a strategy for offering new value in infection control for medical institutions. Going forward, many medical institutions are likely to begin ramping up infection control measures in light of potential pandemic threats. Terumo, with its wide selection of products and overall strengths, will be called on to provide comprehensive solutions in the area of infection control going beyond providing products. To remain a company that is truly needed by the healthcare field, we will utilize the expertise and networks we have cultivated to date, providing a wide variety of insights and services as we advance our customer-oriented solution business.

In April, 2021, the Blood and Cell Technologies Company announced a collaboration with CSL Plasma of the U.S. in the area of plasma collection. Working together, the two companies will bring new technology to the field of plasma collection systems and will push to accelerate innovation. Terumo is taking on the challenge of entering this new market in plasma collection with the goal of achieving even better treatment.

The environment surrounding healthcare is undergoing major changes, with an increase in global policies to limit healthcare costs as well as growing public demand for better quality of life for patients against the backdrop of an aging society. The recent COVID-19 pandemic will only accelerate these changes. To ensure we can continue to respond to major changes in societal needs, we at Terumo will continue to contribute to society through healthcare while evolving our business model.

\*1 See P. 14 for more information on TRI

\*2 See P. 25 for more information on the spread of TRI in vascular treatment

\*3 See P. 29 for more information on the Infection Control Initiative







## Fiscal 2021 is the final year of your current Mid- to Long-term Strategy. Looking back, how do you view the current strategy thus far? Can you tell us about your initiatives for fiscal 2021?

Our current Mid- to Long-term Strategy, launched as a five-year plan in fiscal 2017, is aimed at achieving profitable and sustainable growth as a global corporation with unique excellence. It sets forth financial targets that include high-single-digit growth in revenue and growth in adjusted operating income exceeding that level, and we have made progress toward achieving growth in each of our three companies. Unfortunately, due to shipment delays—primarily in intervention products in 2018—and the impact of the recent COVID-19 crisis, it seems unlikely we will meet all of these financial targets. Still, the fundamentals of the three companies are solid on a positive growth track, and their potential for growth is increasing.

Our strategy centers around three pillars: Win in selected strategic markets; offer comprehensive value in Japan; and accelerate innovation. We have not only seen sustained growth in overseas markets, primarily around the Cardiac and Vascular Company, but also in domestic markets, where our cross-business “SCRUM” project was also successful. By exercising the Group’s collective strengths we are seeing our growth potential beginning to return, with fiscal 2020 domestic revenue exceeding ¥200.0 billion for the first time despite the COVID-19 pandemic. In promoting innovation, we are actively investing in the development of future healthcare, which will have a significant social impact, through both onsite development and open innovation.

While we must assume that fiscal 2021 will be another year of living with COVID-19, our resistance to the pandemic and the resilience of our operations are much higher than before COVID-19. In financial terms, we are targeting strong post-COVID growth as we continue to appropriately manage our financial position. The basic policies we have set for fiscal 2021 include: demonstrate our comprehensive strengths and brand power; strengthen and optimize global organization and operational capabilities; promote digitalization and business model transformation; invigorate human resource management; and reinvent core technologies that constitute Terumo’s strength. Of these, strengthening and optimizing global organization and operational capabilities will be an increasingly important issue as we work toward ongoing growth for the Group as a whole. In fiscal 2021, we will launch full-scale global reforms of our profit structure, and plan to reflect those reforms in our next Mid- to Long-term Strategy.

Medium- to Long-term Vision	Management Indicators under Mid- to Long-term Strategy
<p><b>Being a Global Corporation with Unique Excellence</b></p> <ul style="list-style-type: none"> <li>■ Earn the trust of medical settings globally as a top brand</li> <li>■ Ensure world-class trust with Total Quality (quality of products, supply, and services)</li> </ul>	<p><b>Growth</b> Achieve revenue growth that outpaces market growth (high-single-digit revenue growth)</p>
	<p><b>Profitability</b> Realize profit*<sup>1</sup> growth that outpaces revenue growth</p>
	<p><b>Efficiency</b> Maintain an adjusted ROE*<sup>2</sup> of 10% or more</p>
<p>Assumed exchange rate: USD=¥105, EUR=¥115</p>	

\*1 Operating profit excluding amortization of intangible assets and one-time profits and expenses derived from acquisitions

\*2 ROE excluding exchange differences on translation of foreign operations pertaining to assets associated with acquisitions included in total net assets

Message from the President and CEO

**Q Terumo celebrated the 100th anniversary of its founding in 2021. Based on the progress Terumo has made over the past 100 years, what is your vision for the Company going into the next 100 years?**

About 100 years ago, just as the 1918 influenza pandemic was driving a global pandemic, imports of thermometers from overseas ceased in Japan due to the impact of World War I. Under these circumstances, there arose a need for domestic production of high-quality thermometers as a foundation for public health, and several medical scientists came together to found Terumo Corporation. From the time of our founding, when Japan was working to modernize its healthcare system, to the present, Terumo has continued to contribute to the evolution of healthcare by taking on weighty social issues in response to the demands of each era. Looking back over our 100-year history, there have been a number of major milestones. One of the most significant came around 1960, when we shifted from being a specialized manufacturer of thermometers and began diversifying into the broader field of healthcare. Starting with Japan's first disposable syringes, we later began providing a wide range of pioneering products to medical sites, primarily disposable medical devices. Our second turning point came in the 1980s, when we took on minimally invasive treatments. The guidewires used in vascular interventions became an opportunity to achieve "yasashii"\*4 medical care with the goal of reducing the physical burden on patients. Along with this, globalization has progressed dramatically since the 1980s. Today, we operate in more than 160 countries and regions, and our overseas sales account for about 70% of our total sales. Throughout this period, we have carried on our founding spirit, taking on new healthcare challenges without straying from our Group mission.

Over the past several years, along with developments in the life sciences, new technologies including IoT, AI, and robotics have begun making inroads in medical sites. In addition, a succession of new approaches has emerged that view everything from prevention to diagnosis, treatment and prognosis control as a single, integrated series of events. The ongoing COVID-19 crisis is certain to provide an added boost to this paradigm shift in healthcare. If Terumo is to be a company that will be needed in the next 100 years, it is essential that we provide solutions to the new healthcare issues of the 21st century based on a patient-centric perspective, and become a beneficial presence in the evolution of healthcare.

\*4 Terumo calls medical care that brings benefits to patients, healthcare professionals, and all those involved in healthcare "yasashii" medical care, which includes medical safety, operational efficiency, and early discharge from the hospital.



Q

## In closing, what would you like to say to your stakeholders?

Terumo has a diverse group of stakeholders around the world, including our shareholders, customers, patients, local communities, business partners, and associates. As we approach our 100th anniversary, I would like to reiterate my pledge to all of you to achieve both a sustainable society and the sustainable growth of the Terumo Group. In particular, reducing the environmental impact associated with our business activities is an important priority for management. Reducing waste, making effective use of resources, and developing products that are friendly to both people and the environment are among the issues the Group as a whole is working on. We have also begun working to reduce climate change risks, a global issue, specifically by formulating Groupwide greenhouse gas emission reduction goals, with a target year of fiscal 2030. We will continue to stand by this proactive stance even after the pandemic has come to an end, and remain committed to developing our business in a manner that is consistent with Terumo's purpose. I would like to ask our stakeholders for their ongoing support and understanding as we move forward with this pursuit.

September 2021



**Shinjiro Sato**

President and CEO, Terumo

## 100 Years of Terumo —History of Value Creation—

Since its establishment, Terumo has continued advancing over the past 100 years, standing alongside patients and those in medical settings as we create new value.

### Building the foundations of public health

**1921**  
Foundation of the Red Line Thermometer Corporation by a group of medical scientists led by Dr. Shibasaburo Kitasato



Courtesy of the Kitasato Institute archives

### Controlling infections

**1963**  
Launch of Japan's first disposable syringe



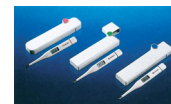
**1969**  
Launch of Japan's first blood bag

**1973**  
Launch of Japan's first intravenous solutions in soft plastic bags, based on the technology accumulated through the development of blood bags



### Developing eco-friendly technologies

**1983**  
Launch of digital thermometers for hospitals in Japan



**1985**  
Termination of mercury thermometer production and implementation of efforts to spread digital thermometers

## The Age of Thermometers

1921-

**1921**  
Foundation of the Red Line Thermometer Corporation for the purpose of manufacturing accurate clinical thermometers in Japan

## Infection Prevention Initiatives

1960s-

**1936**  
Change of company name to Jintan Thermometer Corporation

## Growing Along with Developments in Healthcare

1970s-

**1971**  
Establishment of local affiliates in the U.S. and Europe (Belgium)

**1974**  
Change of company name to Terumo Corporation

### Made-in-Japan Thermometers Lay the Foundation for Individuals to Take Care of Their Own Health

At the time of Terumo's founding in 1921, however, Japan's supply of thermometers from Germany, the U.K. and the U.S. was suddenly cut off with the outbreak of World War I. An initiative to manufacture high-quality thermometers domestically in Japan was launched, with Dr. Shibasaburo Kitasato as one of the founding members. This was the beginning of Terumo.

A small factory existed that produced mercury thermometers with a red line core. Terumo used this as a prototype and set about improving the accuracy and manufacturing quality. Irregularities in alignment resulting from sudden cooling during manufacturing caused inconsistent readings, but such challenges were overcome using unique technology. Soon, Terumo began to receive recognition both within and outside Japan for its thermometers. Once considered instruments for hospital use only, they entered widespread household use as the 1920s progressed. As a result, now-common behaviors such as staying home when we have a fever and managing our health by monitoring our temperature eventually permeated through society and into people's daily lives.

### Eradicating Infection from the Medical Field

Everyone has seen a syringe. They are common medical devices used for giving vaccinations and administering medication. Today, disposing of syringes after a single use is the normal practice, but that only became the case over the last half century. Until then, syringes were reused following sterilization. This led to the spread of hepatitis and other diseases.

To solve this problem, Terumo started developing single-use disposable syringes in the 1950s. To succeed, one of the challenges Terumo had to overcome was the major issue of sterilization. Unlike conventional syringes made of glass, high-temperature sterilization after production was unsuited to the plastic parts of disposable syringes. Aided by the advice of research institutions and experts outside Japan, Terumo achieved the practical use of a low-temperature gas sterilization method suited for medical instruments, and in 1963 became the first company to market disposable syringes in Japan.

Terumo went on to develop soft bag containers for storing blood for transfusion and IV solutions. Since these products were designed in a way that did not require needles during use, they helped reduce the risk of blood contamination and the spread of infection.

### Reducing patients' physical strain

**1982**

Launch of the world's first microporous hollow fiber membrane oxygenator



**1985**

Launch of the angiographic catheter system in Japan and entry to the field of vascular intervention



### Pursuing patient-friendly healthcare

**1988**

Launch of the peritoneal dialysis system in Japan

**1993**

Launch of the blood glucose monitor in Japan

**2005**

Launch of the world's thinnest injection needle for administering insulin and other medications in Japan



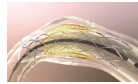
**2006**

Entry to neurovascular intervention therapy with embolization coils for treating brain aneurysms



**2008**

Launch of the drug-eluting coronary stent in Europe



**2013**

Launch of Japan's first intravenous injectable acetaminophen antipyretic analgesic

### Achieving greater safety and security in medical fields

**1999**

Launch of prefilled syringes in Japan



**2000**

Introduction of the closed infusion system in Japan



**2012**

Introduction of the IV solution bag for safe administration in Japan

**2017**

Launch of Japan's first spray-type adhesion barrier

**2018**

Launch of Japan's first insulin patch pump



**1989**

Establishment of Shonan Center R&D facility in Japan

#### Passion for Saving Lives

After establishing such modern healthcare norms as household-use thermometers manufactured in Japan and disposable syringes, Terumo's next challenges involved supporting and sustaining human biological activity.

Terumo continued enhancing its dialyzer technology launched in 1977, eventually creating the world's first porous hollow-fiber oxygenator that substitutes for the patient's lungs to exchange gas during surgery. ECMO also has roots in this technology, and has been used to treat respiratory failure caused by COVID-19, giving hope to patients fighting this infectious disease.

As always, our goal remains the same: to create new technology that benefits and saves as many lives as possible—Terumo's belief has not changed and it never will.

#### Standing by Those Living with Illness

Some patients are faced with life-long diseases. Terumo has been supporting such patients' everyday lives and working to improve their quality of life.

Patients living with Type I diabetes require several insulin injections every day. Terumo developed a needle with the aim of reducing their pain. Another example is an insulin patch pump, which allows for regular insulin injections regardless of clothing or situation. This product was developed to facilitate treatment in everyday life.

For patients with chronic kidney disease, Terumo has enabled dialysis to be carried out either at home or when out and about, with a range of products for peritoneal dialysis (PD). PD has been adopted by many patients as a dialysis treatment option.

Terumo is steadfast in its dedication to providing technologies that allow everyone to live their lives just the way they choose.

100 Years of Terumo —History of Value Creation—

**Supporting the development of medical technologies**

**Mid-1990s**

Support for spreading TRI (transradial intervention: a coronary intervention technique with catheter insertion made from the radial artery in the wrist)



**2002**

Establishment of Terumo Medical Pranex, a training facility for medical professionals (Japan)

**Providing a safe, efficient medical service platform**

**2012**

Introduction of an infusion systems that can be connected to hospital IT systems in Japan



**2013**

Introduction of a series of vital sign measuring devices with communications functions in Japan



**Meeting the latest needs derived from advancements in medicine**

**1998**

Launch of a kit packing business to include administration devices (needles) in pharmaceutical companies' medicines in Europe



**2003**

Full-scale launch of the CDMO to meet pharmaceutical companies' needs



**The Challenges of Becoming a Global Company**

**1990s-**

**1999**

Cardiovascular division of 3M Company becomes part of Terumo, leading to establishment of Terumo Cardiovascular Systems Corp. in the U.S.

**2002**

Vascutek Ltd., a U.K. manufacturer of vascular grafts, joins Terumo Group

**2006**

MicroVention Inc., a U.S. neurovascular intervention device company, joins Terumo Group

**2011**

CaridianBCT Holding Corp. (currently Terumo Blood and Cell Technologies), a global leader in the blood transfusion industry, joins Terumo Group

**Side by Side with Medical Professionals Responsible for Human Lives**

A strong will to support medical professionals—this is carried through all of Terumo's products and services.

In product development, superior usability is pursued to offer reassurance to medical professionals so they can focus on taking care of patients. Through technologies such as a closed infusion system for securely connecting syringes and intravenous devices, prefilled syringes designed for safer healthcare provision and products designed to protect medical professionals from exposure to anticancer drugs, Terumo supports frontline medical professionals in their fight to save lives.

Terumo also offers the practical training required in various medical fields. In addition to helping medical professionals to understand the correct usage of devices and to acquire new skills and techniques, Terumo grasps the needs of such professionals and applies this knowledge to develop or improve products, simulators, and training programs.

Terumo will keep advancing together with medical professionals as it embarks on the next stage of its journey.

**New Technologies Empower Healthcare**

Terumo has taken on a new challenge of incorporating a wide range of technological innovations to accelerate progress in healthcare.

One example is the Smart Infusion System, equipped with drug libraries that can be integrated with a hospital's IT systems. As a feature of our infusion pumps and syringe pumps used to administer medicine and nutrition to patients, it supports accurate medication and plays an important role in improving treatment efficiency and safety.

Terumo is dedicated to providing personalized solutions to complement the existing product portfolio with custom-made devices available to treat aortic pathologies. These custom solutions enable treatment for many patients where no other commercially available or conventional means are available.

Terumo also utilizes artificial intelligence (AI). We have launched a joint AI-tech research initiative with a medical institution to develop ways that technology can be used to assist physicians' decision-making processes with automatic measurements of the coronary artery diameter and clot area, as well as selection of the optimal medical device. The aim is to improve the speed and accuracy of healthcare by using AI to effectively support doctors' conventional work.

By embracing new technologies, Terumo is moving forward to realize better healthcare.

**Offering new therapy possibilities**

**2011**  
Addition of the centrifugal apheresis system to the lineup



**2012**  
Launch of the hybrid graft in Europe



**2016**  
Introduction of the autologous skeletal myoblast sheet, the world's first approved regenerative medicine for cardiac regenerative therapy in Japan



**2016**  
Addition of the world's first intrasaccular device to aneurysm treatment portfolio



**2019**  
Launch of the cell therapy fill and finish system



**2014**  
Revision of the Group logo

**2017**  
Bolton Medical, Inc., a U.S. manufacturer of stent grafts for aortic treatment, joins Terumo Group

**2019**  
Rebuilding the Terumo Group Identity, newly creating Core Values

**Pursuing New Possibilities for Healthcare**

Using patients' own cells to treat diseases—a new door for healthcare is about to open, and cell-sheet transplantation is one example of the new treatments becoming available.

These cell-sheets are created by taking a patient's own muscle tissue, culturing the cells of that tissue and forming them into sheets, which can then be grafted onto the patient. Expectations are rising for such regenerative therapy to become a new option in the treatment of diseases where recovery is difficult with more traditional medication or surgery. Terumo will continue research and development in this area and take regenerative medicine to the next level.

Terumo's centrifugal therapeutic apheresis system is used in the treatment and management of various conditions, such as sickle cell disease. We aim to continue providing new treatments, such as therapeutic plasma exchange, with this device to positively impact patient lives. In addition, Terumo offers products, software and services to enable customers to collect and prepare blood and cells to help treat challenging diseases and conditions.



Over these past 100 years, Terumo has faced a wide range of healthcare challenges and worked toward creating outstanding innovations that satisfy the requirements of patients and medical professionals.

Today, we have recognized again the role and importance of healthcare and reaffirmed our unchanging Group Mission of "Contributing to Society through Healthcare".

Our activities to achieve a better future for patients and medical professionals will never end. As long as there are patients and medical professionals in the world who are waiting for Terumo's products and services, we will stride ahead into the next 100 years.

Note: The regulatory approval status and availability of these products differ by country or region.

Terumo will walk alongside healthcare providers now and into the future toward realizing an ever greater contribution to society.

Terumo has three companies encompassing seven global businesses that not only work to improve treatment efficacy and help reduce the mental and physical burdens on patients, but also provide products and solutions that help solve a variety of challenges in medical settings.

### Cardiac and Vascular Company

#### Contributing to improve patients' quality of life by promoting minimally invasive treatments

As part of the transition to minimally invasive treatments, there has been a move away from surgical treatment to the broad use of vascular intervention. Among the procedures, Terumo has actively promoted to expand the use of Transradial Intervention (TRI), where device is introduced through the radial artery in the wrist. The Terumo brand currently enjoys the top global share in products for TRI procedures. Compared with introducing the device through the femoral artery, which has been the standard treatment, TRI offers the benefits of shorter duration of hemostasis, lower risk of complications, and less burden on patients, who in some cases are able to walk soon after the procedure. In addition to improving patients' quality of life, TRI also enables shorter hospitalization, with discharge possible on the day of the procedure. It makes possible to reduce healthcare expenditures and improve treatment outcomes, which also contributes to improve medical cost efficiency.

Terumo provides unique solutions for medical settings, including products as well as our trainings for medical professionals around the world, to promote this treatment further.



TRI image

# Contributing through

### Blood and Cell Technologies Company

#### Supporting the development and commercialization of cell therapy and providing patients with new treatment options

Chimeric antigen receptor T-cell (CAR-T) therapy is a gene-modified cell therapy that has been approved by the United States Food and Drug Administration (FDA) to treat certain lymphomas in blood. The treatment involves collecting T cells from the cancer patient, modifying them in the laboratory so that they attack the cancer, expanding (increasing the number of) the modified cells and infusing them back into the patient, where the cells fight the cancer. Another example of innovative cell therapy is mesenchymal stem cell (MSC) therapy, in which cells collected from a



## General Hospital Company

## Contributing to maximize the value of pharmaceuticals and improved drug delivery with unique technologies and expertise

In recent years, the pharmaceutical market has been shifting from development of conventional small-molecule drugs to biopharmaceuticals, which are expected to have less adverse drug reactions and offer greater efficacy, and the use of immunotherapy has expanded. Along with these changes, the handling of drugs has grown more complex. In addition, prefilled syringes are now also used widely outside emergency medicine, including home injections. Terumo develops drug delivery devices including prefillable syringes and needles for drug kits made by leveraging its material technology optimized for the characteristics for each drug, and, utilizing

advanced manufacturing technology to design and produce drug-device combination products through alliances with pharmaceutical companies. In these alliances, Terumo proposes comprehensive solutions from matching materials compatible with the drugs to device design customized for the application to achieve the drug delivery needed by medical settings together with the pharmaceutical company and generate new value, thereby contributing to healthcare.

Terumo is uniquely positioned to achieve this, from our past efforts to convert the market from glass to plastic syringes and our experience in providing both pharmaceuticals and medical devices over our long history.



Top: Pre-filled syringe with auto-injector  
Bottom: Pre-filled syringe with safety device

# to Society Healthcare

donor's bone marrow are cultured and transplanted into the patient.

Terumo Blood and Cell Technologies is advancing cell and gene therapy by automating cell production from collection to infusion. We apply current technologies and expertise to solving customer problems with products that can refine, simplify and automate the cell manufacturing cycle from beginning to end. Cell expansion is one of the most important steps within that cycle, so we applied our expertise to develop the Quantum Cell Expansion System. Quantum uses a sterile disposable kit and maintains a consistent and controlled micro-environment for cell culture by automating key processes such as feeding cells, removing waste, adding oxygen and removing carbon dioxide. Customers value Quantum because it is a fully closed

and automated system and because it achieves highly consistent, reproducible processes and cell products. Quantum, which has been used in the development of COVID-19 vaccines, uses the same hollow-fiber (HF) technology that was once used in Terumo's hemodialysis business, where we have profound expertise. By leveraging the technologies and know-how that Terumo has cultivated over many years, we further strengthen our cell processing product portfolio to contribute to and capitalize on the growing cell therapy market.



Quantum cell expansion system

## Message from the CAFO

### Naoki Muto

Executive Officer  
Chief Accounting and Financial Officer (CAFO)  
Controller Dept.  
Treasury Dept.  
Tax Dept.



## Review of Fiscal 2020

The spread of the COVID-19 pandemic utterly changed every aspect of society. This has significantly impacted the healthcare profession, Terumo's business domain. I want to express our heartfelt appreciation to and deepest respect for all of the healthcare professionals and others who are even now diligently fighting the pandemic on the front lines of medicine. Even under these extreme conditions, we have done everything in our power to ensure a stable supply of products to continuously meet global healthcare needs in accordance with our Group mission.

In first quarter of FY2020, the performance of the Cardiac and Vascular Company was the most severely impacted by the postponement of elective procedures resulting from the global spread of the COVID-19 pandemic. While after the second quarter the second and third waves had an impact, demand as a whole is recovering, and there are signs of a steady recovery in performance.

The General Hospital Company and Blood and Cell Technologies Company carry products used for infection prevention and COVID-19 treatment, and the increased sales of these contributed to the stability of the entire Group. While the impact of the pandemic still remains in the fourth quarter, Europe and the United States, in particular, have shown a steady recovery trend.

Looking at the full fiscal year, revenue could revert back to a year-on-year decline of 2% aided by the recovery in the Cardiac

and Vascular Company. Going into the fourth quarter, some PCI\*-related products in China were affected by a price decrease caused by national bidding, and production began to adjust to an appropriate level of accumulated inventory to secure a stable supply of COVID-19 pandemic products worldwide. This put a strain on the adjusted operating profit, which declined 7% year-on-year over the full fiscal year but recovered to a 4% decline when the effect of exchange rates was excluded. Profit for the year attributable to owners of the parent declined 9%, which has also recovered by a single-digit percentage.

\* PCI: Percutaneous coronary intervention

## Management Indicators under Mid- to Long-term Strategy

<b>Growth</b>	Achieve revenue growth that outpaces market growth (high-single-digit revenue growth)
<b>Profitability</b>	Realize profit* <sup>1</sup> growth that outpaces revenue growth
<b>Efficiency</b>	Maintain an adjusted ROE* <sup>2</sup> of 10% or more

Assumed exchange rate: USD=¥105, EUR=¥115

\*<sup>1</sup> Operating profit excluding amortization of intangible assets and one-time profits and expenses derived from acquisitions

\*<sup>2</sup> ROE excluding exchange differences on translation of foreign operations pertaining to assets associated with acquisitions included in total net assets

## Financial Management during the COVID-19 Pandemic

In order to maintain profitability and the ability to respond to change even in the severe business environment of the COVID-19 pandemic, we have shared our crisis management mode with the top accounting management of our overseas subsidiaries, and have implemented measures such as working to understand the status of cash flow through a short-cycle rolling forecast and a review of unnecessary expenditures with the goal of securing profits. We have adopted a proactive operational system to monitor the status of highly urgent funds, accounts receivable and inventory on a weekly basis, and have taken flexible measures such as lending funds within the group under the leadership of the head office.

Regarding the financial condition of the entire company, in

ordinary times cash on hand is estimated to be two to three months of monthly sales. In the near term, we have prepared for emergencies such as the current pandemic and natural disasters by establishing a credit line with financial institutions, while also securing adequate liquidity on hand of approximately ¥200 billion, or four months of monthly sales through funding. In the future, we intend to utilize these funds on hand for investment in future growth, depending on circumstances.

Terumo will also be looking to capitalize on promising investment targets, such as capital investment and M&A activities with the potential to contribute to higher profits over the mid- to long-term. For this purpose, the Investment Committee, which is comprised of managers from specialized fields of production,

development, planning and finance, sets hurdle rates that are based on weighted average cost of capital and then adjusted to reflect risks from uncertainty with regard to specific investment targets. These hurdle rates are reviewed on an annual basis. With the hurdle rate, we evaluate investments through the use of net present value and the internal rate of return out

## Toward FY2021

While the third and fourth waves and mutations of the COVID-19 pandemic are beginning to run rampant, vaccines are becoming more widespread, although the pace of vaccination differs for each country and region. Under these circumstances, we set targets in the fiscal 2021 Performance Forecasts with the assumption that demand continues to recover due to a certain percentage of vaccinations in the first half of the year, and that there will be a return to growth in the second half. Revenue and profit are projected to reach their respective record highs.

In the healthcare market, which was affected by the COVID-19 pandemic, pressures on pricing have multiplied due to a deterioration of healthcare financing. In global society after the COVID-19 pandemic, Terumo will have to work on improving profits in order to bring its competitive strength to continued

of consideration for business strategies, the Mid- to Long-term Strategy, and risk management from a Groupwide optimization perspective. Moreover, we continue to control capital investments companywide by revising quantity estimates, timing, and priorities, while implementing those capital investments required for future growth.

mid- to long-term growth. We will continue to incorporate this as part of our key strategies for the next Mid- to Long-term Strategy, which we intend to announce in fiscal 2021.

## Fiscal 2021 Performance Forecasts

(¥ million)

Revenue	6,850 (11.6%)
Adjusted Operating Profit	1,370 (18.2%)
Operating profit	1,200 (22.0%)
Profit for the year attributable to owners of the parent	920 (19.1%)

Note: Figures in parentheses ( ) are percentage change from previous year.

## Considerations for Financial Management after the Global COVID-19 Pandemic

Under the current five-year Mid- to Long-term Strategy which ends in fiscal 2021, we set management targets for growth, profitability and efficiency, and are working toward each of those targets. For shareholder returns, we believe that it's of the utmost importance to continue making disciplined investments, including development expenditures for sustainable growth, to enhance growth and profits, and to improve corporate value while maintaining consistency with the strategies. In addition, we are emphasizing a stable increase in dividends. If the conditions are met, we will consider the flexible acquisition of treasury shares. Through these steps, we will implement an appropriate and balanced cash allocation.

The funds thus allocated provide a foundation for operating

cash flow, but where necessary we will consider the balance between capital efficiency and financial soundness, combining borrowing from financial institutions, corporate bonds and other means to conduct optimal fund raising.

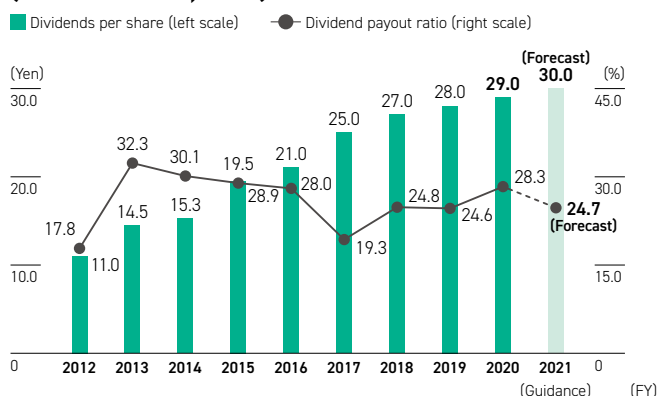
At the same time, we will pursue improved capital efficiency by developing a system by which the head office controls surplus funds within the Group via the implementation of Group cash management systems involving entities in Europe, the Americas, China, and other Asia regions. By consolidating management of the Group's cash flows within the head office, we will be able to adjust the balances of foreign currency-denominated assets and liabilities at individual bases and to mitigate foreign exchange rate fluctuation risks.

## Shareholder Returns

Terumo adheres to a basic dividend policy of steadily increasing dividend payments, targeting a medium- to long-term dividend payout ratio of 30%. For fiscal 2020, we planned for dividends per share of ¥28, the same as in fiscal 2019, due to the spread of COVID-19. However, we were able to achieve an 11th consecutive year of higher dividends, as we decided to pay ¥29 per share, an increase of ¥1 per share over the previous fiscal year, given that we had begun to see signs of performance recovering at the end of the fiscal year.

We will ensure future growth and bolster corporate value to fully respond to the expectations of our shareholders and all other stakeholders. Going forward, I will continue to fulfill my responsibilities as CAFO.

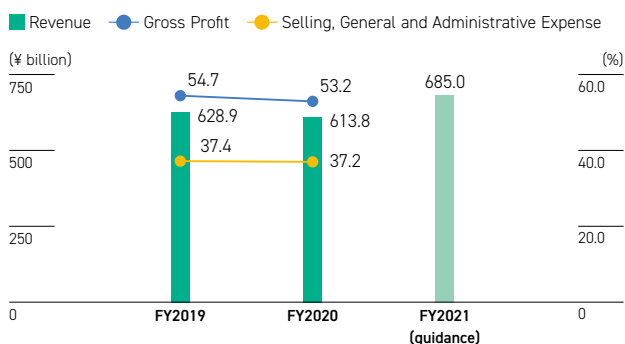
## Dividends per Share and Dividend Payout Ratio (As of March 31, 2021)



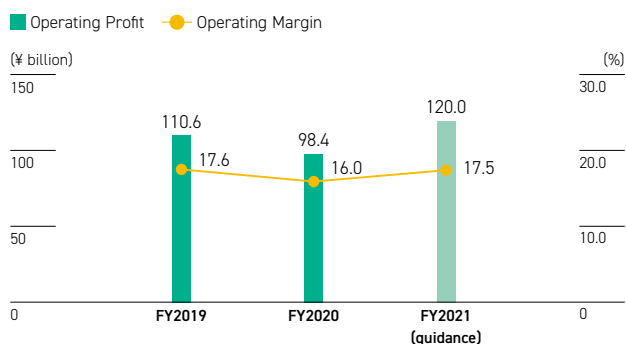
Notes: 1. Full-year dividend amounts have been adjusted to represent the impacts of a prior stock split.  
2. Figures for fiscal 2016 and prior are based on J-GAAP standards.

## Financial and Non-financial Highlights

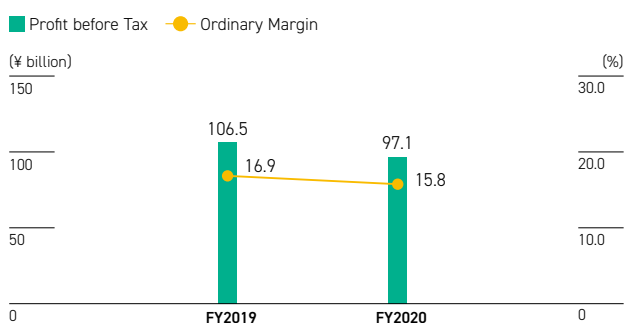
### Revenue



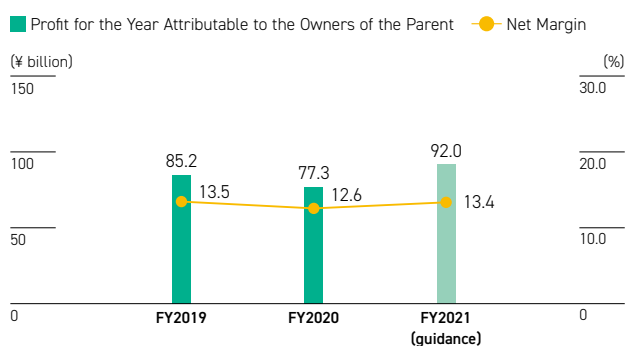
### Operating Profit



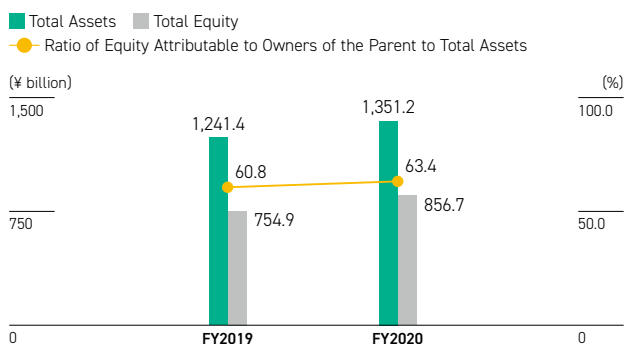
### Profit before Tax



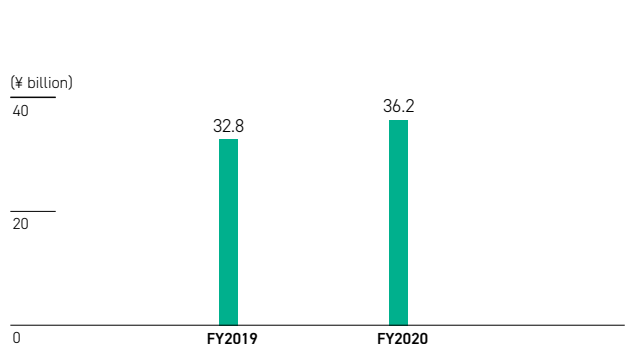
### Profit for the Year Attributable to the Owners of the Parent



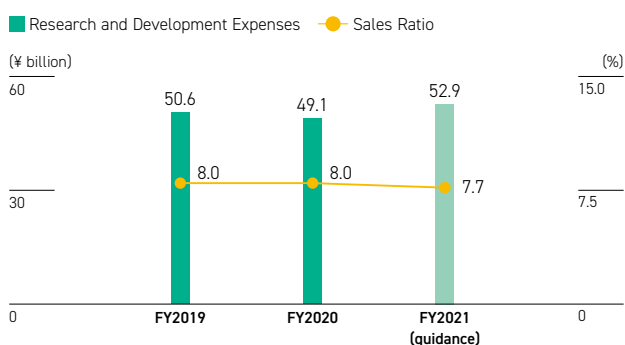
### Total Assets and Total Equity



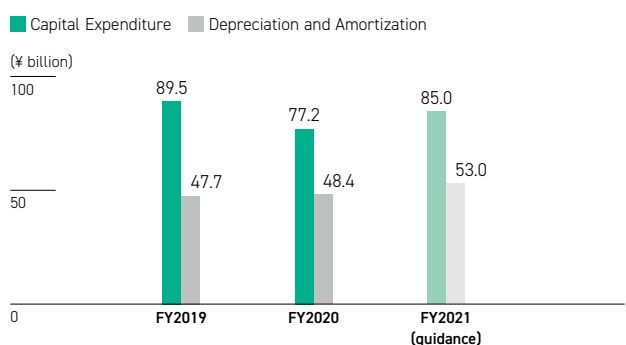
### Free Cash Flow



### Research and Development Expenses

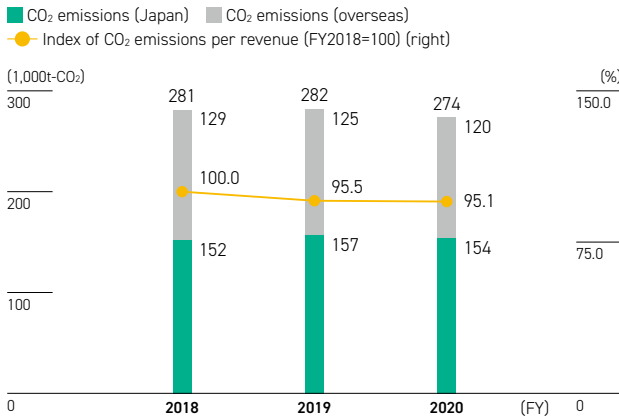


### Capital Expenditure and Depreciation and Amortization



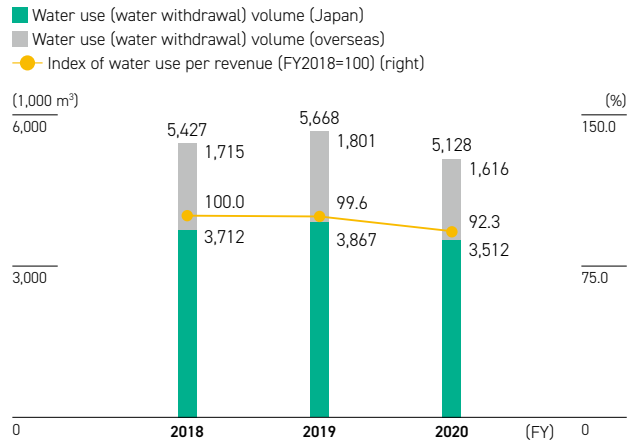
Depreciation and amortization does not include right-of-use asset amortization.

### CO<sub>2</sub> Emissions in Total (Scope 1 and Scope 2) and Index of CO<sub>2</sub> Emissions per Revenue



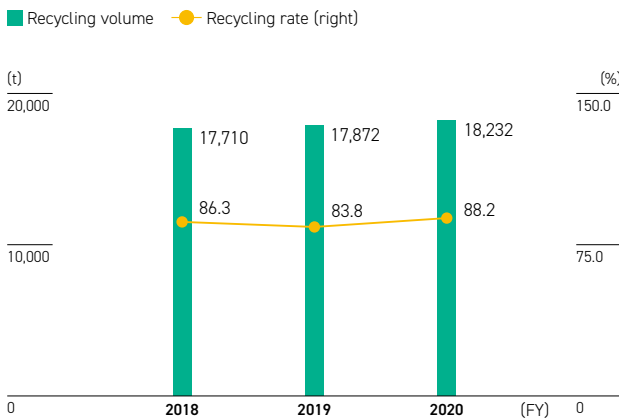
(Scope: Terumo Group business sites in Japan and manufacturing sites overseas)  
 Note: The CO<sub>2</sub> emissions coefficients for electricity are the fiscal 2005 coefficients provided by electric power providers.

### Water Use (Water Withdrawal) Volume



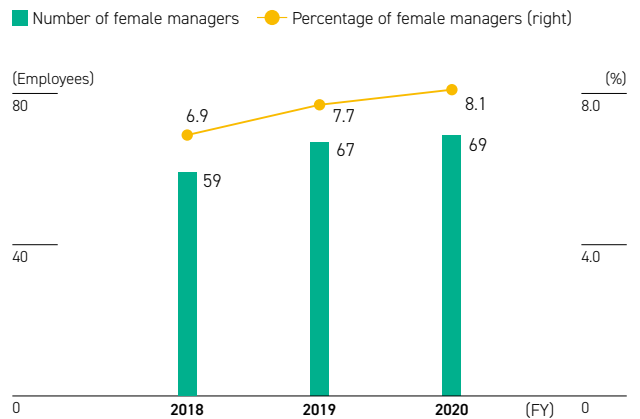
(Scope: Terumo Group business sites in Japan and manufacturing sites overseas)

### Recycling Volume and Rate



(Scope: Terumo Group business sites in Japan and manufacturing sites overseas)

### Number and Percentage of Female Managers (Terumo Corporation)



(Scope: Terumo Corporation)

### Number and Percentage of Male Associates Taking Childcare Leave (Terumo Corporation)



(Scope: Terumo Corporation)

## At a Glance

# Terumo brings solutions of value to medical settings through three companies and seven businesses.

Terumo contributes to society through healthcare by doing business through three companies with seven divisions that operate in over 160 countries and regions around the world, providing patients, a variety of medical settings, and the pharmaceutical industry with over 50,000 products and services.

The Terumo mission includes not only bringing patients more effective and less burdensome treatments, but also providing medical professionals with safety and peace of mind so they can focus on giving care and supporting the research that will create future healthcare.

We face and work to understand the problems of medical settings so we can provide new value.

### Cardiac and Vascular Company

#### Main Products

**TIS Division (Terumo Interventional Systems)**

Angiographic guidewires, angiographic catheters, introducer sheaths, vascular closure devices, PTCA balloon catheters, drug-eluting stents (DES), peripheral stents, intravascular ultrasound (IVUS) systems, and other products

**Neurovascular Division (MicroVention)**

Hydrogel embolic coils, flow diverters, aspiration catheters, clot retriever devices, and other products

**Cardiovascular Division (Terumo Cardiovascular)**

Hollow fiber oxygenators with integrated arterial filter, heart-lung machines, and other products

**Vascular Graft Division (Terumo Aortic)**

Surgical grafts, stent grafts



### General Hospital Company

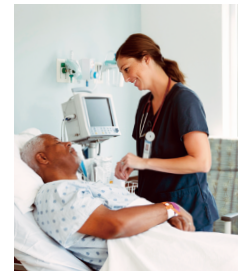
#### Main Products

**Hospital Systems Division**

Infusion pumps, syringe pumps, infusion sets, syringes, IV solutions, analgesics, nutrients, sprayable adhesion barrier gels, blood glucose monitoring systems, continuous glucose monitoring systems, blood pressure monitors, thermometers, and other products

**Alliance Division**

Contract manufacturing of pre-filled syringes, products for pharmaceutical companies (prefillable syringes, needles for drug kits), and other products



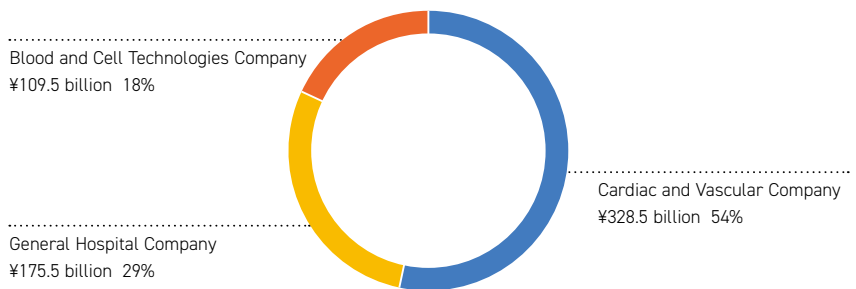
### Blood and Cell Technologies Company

#### Main Products

Blood bags, component collection systems, automated blood processing systems, pathogen reduction systems, centrifugal apheresis systems, cell expansion systems, and other products



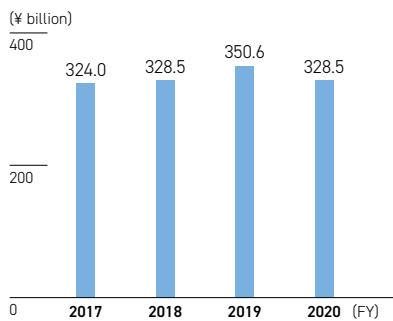
### Revenue by Company/Percentage of Revenue (FY2020)



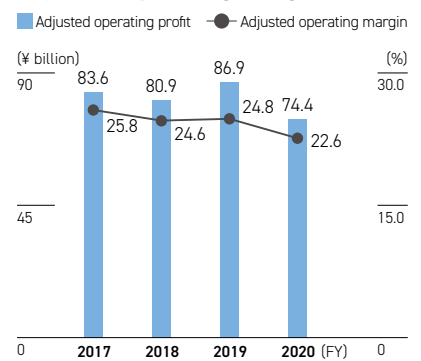
#### Outcome

Realizing minimally invasive treatments in vascular intervention and cardiac surgery

#### Revenue



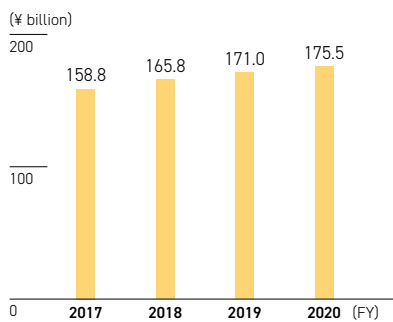
#### Adjusted Operating Profit/Adjusted Operating Margin



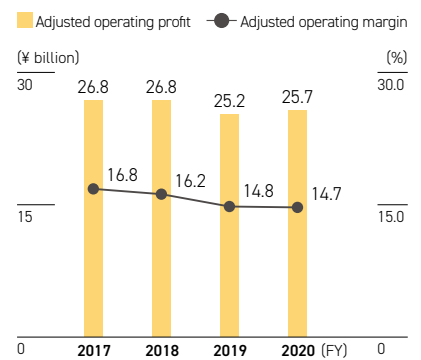
#### Outcome

Contributing to better patient care and transformation toward "yasashii" medical care for everyone involved

#### Revenue



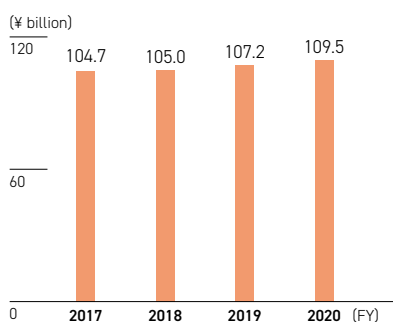
#### Adjusted Operating Profit/Adjusted Operating Margin



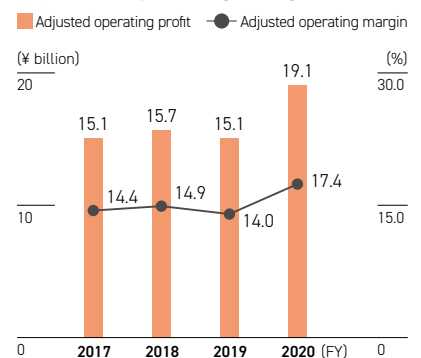
#### Outcome

Sustaining blood transfusions worldwide, contributing to the advancement of blood and cell treatments

#### Revenue



#### Adjusted Operating Profit/Adjusted Operating Margin



## Strategies by Company

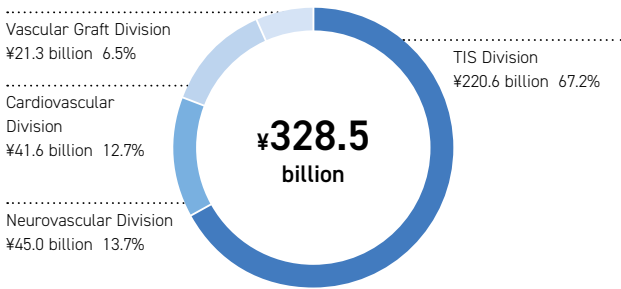
### Cardiac and Vascular Company

The COVID-19 pandemic has increased attention on the healthcare provision system and healthcare finances, presenting an opportunity for us to support patients through pre- and postoperative treatments, expand our range of minimally invasive treatment options and speed up our approach to personalized and other digital health solutions. We will also bolster our operational infrastructure to ensure stable supplies and efficiency, and push forward changes including digital transformation. Together with customers, we strive to create the next standard of patient care and drive the evolutions of medicine on the front lines.

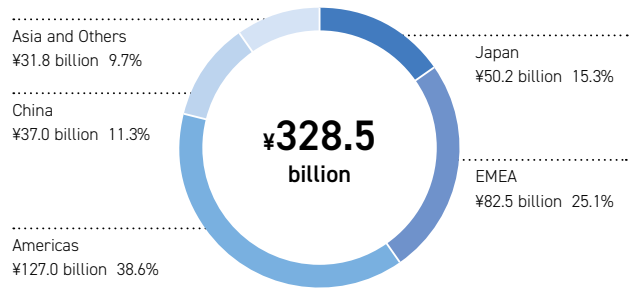


**Toshihiko Osada**  
 Managing Executive Officer  
 President, Cardiac and Vascular Company  
 Division President, Interventional Systems Division, Cardiac and Vascular Company

#### Revenue by Business



#### Revenue by Region



Percentages noted next to revenue for each business and region represent the percentage of total revenue

### Environment Opportunities

	Opportunities	Risks
Vascular intervention	<ul style="list-style-type: none"> <li>Minimally invasive treatments</li> <li>Solid global market growth*1</li> <li>Stronger needs for same-day discharge and shorter hospital stays</li> <li>More cancer patients due to the rise in life expectancy</li> <li>Diversified treatment options in the cerebral aneurysm field</li> <li>Growth of stroke market in neurovascular field following establishment of treatment evidence for thrombectomy and revisions to clinical guidelines</li> <li>Better performance of stent graft implantation technology and improved clinical outcomes for aortic aneurysms</li> </ul>	<ul style="list-style-type: none"> <li>Responding to more rigorous European Medical Device Regulations (MDR)</li> <li>Preferential treatment for domestic manufacturers and distribution network reforms in China</li> <li>Tougher competition due to treatment evidence established by rival firms</li> <li>Market growth in the TIS Division field tapering off in the European and Japanese markets</li> </ul>
Surgical treatment	<ul style="list-style-type: none"> <li>Spread of hybrid surgery*2</li> <li>Market growth due to improved treatment outcomes with extracorporeal membrane oxygenation (ECMO)</li> <li>Growing markets in emerging economies due to healthcare development and increase in lifestyle diseases resulting from more westernized lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing transition from surgical treatment to vascular intervention due to trend toward minimally invasive treatment</li> </ul>

#### Overall

- Promote dissemination of proper product use and develop and propose new treatment solutions by providing training for medical professionals
- Global sales networks, clinical development and regulatory affairs systems
- Production systems building on local characteristics
- Strong partnerships with key opinion leaders

#### Vascular treatment

- Minimally invasive treatments that reduce the physical and economic burden placed on patients
- Comprehensive access device solutions ranging from puncture to hemostasis
- Global recognition as a leader in transradial intervention (TRI)\*3 for brand reputation and quality products
- Development capabilities for a broad range of vascular treatment devices and innovative products
- Extensive lineup of innovative stent graft products, including custom-made products

#### Surgical treatment

- Comprehensive portfolio of products to treat aortic disease
- In the Cardiovascular Division, competitiveness, high quality, and brand power underscored by our No. 1 position in Japan, the Americas, and Asia, and our No. 2 position\*4 in the global market
- Product development and production capacities positioning Terumo as the sole manufacturer for in-house production of oxygenators from the fiber\*\*5 phase

\*1 The TIS Division covers China, Southeast Asia, and Central and South America.  
 The Neurovascular Division covers the global market, mainly Europe, the Americas, Japan, and China.  
 \*2 Procedure that involves implanting a combined surgical and endovascular devices.

\*3 Solutions for approaches via the radial artery  
 \*4 Source: Terumo Corporation  
 \*5 One of the materials used in oxygenators



Mid- to Long-term Vision

Gain recognition from medical professionals worldwide as a leading brand in the cardiac and vascular business field

Be one of the top three players in each market we participate in Gain world-class trust from our customers through "Total Quality"

Fiscal 2020 Performance

Revenue ¥328.5 billion

Adjusted operating profit ¥74.4 billion

Target

<b>Revenue</b>	Realize growth that drives Groupwide growth; near double-digit growth
<b>Adjusted operating profit</b>	Achieve profit growth that outpaces revenue growth; double-digit growth, maintain adjusted operating margin of 25% or above

Vascular intervention

**Terumo Interventional Systems Division**

Terumo Interventional Systems provides products that are used to treat diseases of the heart or lower limb blood vessels in vascular intervention (blood vessel care using a catheter); imaging used to view the interior of blood vessels; and interventional oncology used to perform chemotherapy to treat liver cancer. While pursuing better treatment efficacy, device usability and quality for interventional physicians, TIS also contributes to minimally invasive care that reduces patients' burdens.



**Neurovascular Division**

MicroVention pioneers the development of catheter-based, minimally invasive, neuroendovascular technologies that provide therapeutic advantages for neurovascular disorders. Terumo collaborates with this U.S. based subsidiary to provide innovative solutions to treat these diseases that can be devastating for patients, specifically ischemic stroke (a type of stroke caused by a blockage of blood flow within the brain), brain aneurysms (a weak, bulging area on the wall of an artery). Particularly a wide range of access device portfolio, including catheters and guide-wires contributes healthcare professionals to gain easy access to the lesion to treat as well as improve patients' quality of life.



**Vascular Graft Division**

Terumo Aortic is the group's vascular business, providing products including surgical grafts and stent grafts that are used by surgeons and interventional radiologists to treat patients with aortic disease, which includes thoracic and abdominal aneurysms and aortic conditions such as dissection. The company's comprehensive product portfolio helps to save the lives of many patients in more than 90 countries. Future plans include the development of products utilizing digital technology to deliver products optimized for individual patients, as Terumo Aortic continues the development of innovative and unique products to treat complex aortic pathologies.



Surgical treatment

**Cardiovascular Division**

Terumo Cardiovascular develops and manufactures medical devices such as Heart-lung Machines that circulate blood outside the body to replace the function of the heart and lungs that have been stopped during the open heart surgery; oxygenators which are responsible for gas exchange of the blood; ECMO systems that assist the cardiopulmonary function of patients in emergency cases; and surgical devices that support the progress of cardiac surgery performed without stopping the heart. By collaborating with the HeartSheet division which develops the world's first regenerative medicine product that is expected to be a new treatment option for patients with severe heart failure, the division contributes to the improvement of the QOL of heart disease patients with innovative technologies.



Strategies by Company

## Fiscal 2021 Priorities

### ■ Terumo Interventional Systems Division

The COVID-19 pandemic has boosted the need for minimally invasive treatment. Viewing this as an opportunity, we will push forward with providing a broad range of solutions for medical settings.

- Evolve and promote radial access, building on TRI's brand reputation and quality access devices
- Deploy a broad product portfolio in the oncology field, such as microcatheters which we have No. 1 share globally, radiation-emitting microspheres from Quirem Medical B.V., which was acquired by Terumo in fiscal 2020
- Promote digital marketing initiatives
- Expand and disseminate TLA\*<sup>6</sup> accessing and targeting the lesion smoothly.

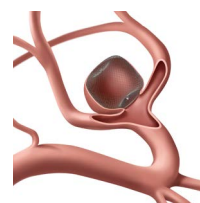


QuiremScout microspheres for pre-therapy and QuiremSpheres for selective internal radiation therapy

### ■ Neurovascular Division

We will strive to make further progress in disseminating new products, mainly in the Americas and Japan.

- Further disseminate and promote products including WEB 17, a broader range of sizes of our WEB intrasaccular device which will begin sales in fiscal 2021 in the United States, the Woven EndoBridge intrasaccular device launched in Japan in fiscal 2020, the CASPER RX carotid stent, and the FRED flow diverter stent, in order to broaden treatment options.
- Rebuild our sales agent network in China to rapidly boost and stabilize sales

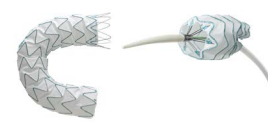


Intrasaccular device (rendering)

### ■ Vascular Graft Division

We will strengthen our global product portfolio by launching stent grafts and other new products to provide aortic treatment.

- Launch the RelayPro thoracic stent graft system in the United States and accelerate launch in other global markets
- Offer the TREO abdominal stent graft system to more hospitals and begin sales in key centers in Japan
- Offer a broader range of aortic solutions with the upcoming launch of the Thoraflex Hybrid stent graft in the United States
- Improve supply chain management to achieve a more stable, efficient supply system



Left: RelayPro thoracic stent graft  
Right: TREO abdominal stent graft

### ■ Cardiovascular Division

We aim to build a strong foundation for future contributions to healthcare by further promoting optimal operations for our diverse product portfolio.

- Further promote optimal operations in each region based on the production system to maintain stable supply, product development process, product cost, and global brand and positioning.



CAPIOX FX hollow fiber oxygenator with integrated arterial filter

\*6 Therapeutic Lesion Access (therapeutic guide wires, support catheters, balloon catheters, etc.)

## TOPICS

### TRI Top Brand for Minimally Invasive Treatment throughout the Body

Vascular intervention is widely used today as a minimally invasive treatment method for treating heart and vascular diseases. Meanwhile, interventional treatment continues to improve. Terumo has actively promoted development and dissemination of minimally invasive TRI for around 30\*<sup>7</sup> years. Today, Terumo is known as the top brand of leading TRI in medical settings throughout the world.

Vascular intervention as a means for treating blood vessels around the heart is increasingly being employed throughout the body, for example in abdominal arteries and peripheral arteries in the lower limbs. Terumo focuses on developing devices facilitating the use of TRI transradial approach everywhere in the body.

### The R2P\*<sup>8</sup> System Inserted Via the Wrist, for Minimally Invasive Treatment of Peripheral Artery Disease

Peripheral artery disease develops when lower limb arteries become clogged with substances like cholesterol, narrowing the arteries and impeding blood flow. In addition to numbness and pain, at the advanced stage the condition can lead to necrosis and force amputation of the affected limb. This condition is prevalent due to population aging, along with increasing instances of diabetes and lifestyle diseases. Together with drug and surgical treatment, vascular intervention is increasingly in the spotlight as a minimally invasive treatment option. Like coronary artery intervention, until now treatment for peripheral artery disease was conducted mainly by inserting a device through the femoral artery. In patients where this is difficult, and to minimize intervention for all patients, Terumo has developed the R2P system for transradial approach to treat peripheral artery disease. Medical society guidelines mention the risk of bleeding in peripheral artery disease patients. R2P helps address problems in medical settings by reducing the risk of complications from punctures.

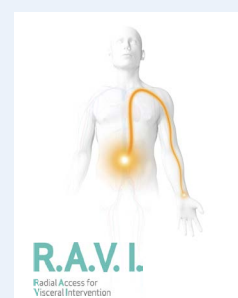


Approach to the lower limb peripheral arteries via the wrist

### R.A.V.I.\*<sup>9</sup>, a Useful Treatment for Abdominal Arteries in the Oncology Field

Terumo is also promoting the transradial approach when lesions are found in abdominal blood vessels. The R.A.V.I. system for abdominal blood vessels may also ultimately be used for minimally invasive treatment of liver cancer and uterine fibroids. In fiscal 2020, Terumo launched an angiographic catheter in a format especially for transradial approach for treatment of abdominal blood vessels. Unlike coronary artery treatment, treating lesions via the radial artery with R2P and R.A.V.I. requires a device with a reach of more than 1 meter. This distance means that our device must be improved to offer better control within the blood vessels. Thanks to our long experience with transradial approach product development, we have been able to offer products like this.

Endovascular treatment for abdominal blood vessels facilitates treatment by making it possible to focus more closely on the site of the cancer lesion when surgical removal is difficult. This treatment is now being deployed globally. In fiscal 2020 Terumo acquired Quilem Medical B.V., adding its radiation-emitting microspheres to our portfolio of treatment devices, which include embolization and drug elution microspheres. Together with these devices, we will continue expanding our line of R.A.V.I. products to provide minimally invasive oncology treatment.



Approach to the abdominal arteries via the wrist

Building on our technologies, we have been evolving our treatment and developing access devices suitable for new approaches, to improve patient experience and quality of life and provide economical devices for the healthcare system.

\*7 See "History of Value Creation" (p. 14) for details on TRI

\*8 R2P: Radial to Peripheral

\*9 R.A.V.I.: Radial Access for Visceral Intervention

Strategies by Company

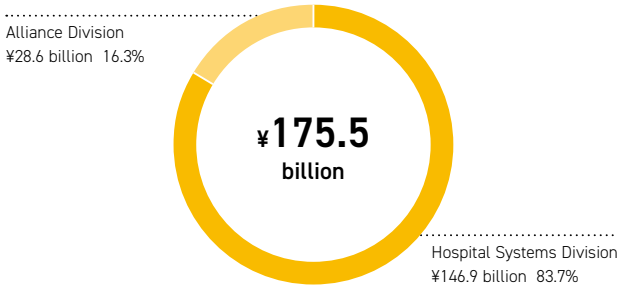
# General Hospital Company

The growing senior population means more patients with multiple diseases and chronic conditions and a corresponding increase in healthcare expenses. The COVID-19 pandemic has heightened awareness of infection control, and technological progress is also increasing the need for Personalized Solutions. To deal with more diverse and complex issues and needs in medical settings, Terumo will provide more and better solutions building on our strengths, to contribute to improving patient care quality, promoting changes in healthcare, and achieving sustainable growth.

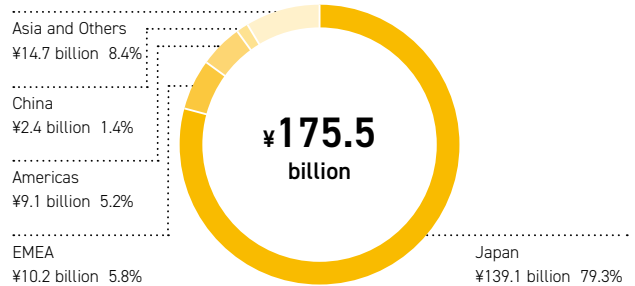


**Hikaru Samejima**  
 Managing Executive Officer  
 President, General Hospital Company  
 Division President, Hospital Systems Division, General Hospital Company

## Revenue by Business



## Revenue by Region



Percentages noted next to revenue for each business and region represent the percentage of total revenue

Environment		Strengths
Opportunities	Risks	
Ongoing growth of global market due to aging population and individuals suffering multiple diseases and chronic conditions	Rising pressure to limit healthcare expenditures and lower prices around the world	<ul style="list-style-type: none"> <li>• Development capabilities for and robust lineups of products that resolve issues faced in medical settings</li> <li>• Offering total solutions for quality, safe and reliable care</li> <li>• Capability to mass-produce quality products</li> <li>• Trust in the brand fostered through years of contributions to the development and evolution of healthcare</li> </ul>
Rising infection control awareness stimulated by the global COVID-19 pandemic		
Development of digital, regenerative medicine, and other new technologies for prevention, diagnosis, and treatment	Increased competition as players in other industries enter the market, mainly in the areas of incipient disease and prevention	
Accelerated drug innovation as seen in the shift to biopharmaceuticals and spread of immunotherapy		

### Mid- to Long-term Vision

Provide unique technologies and services to contribute to improvements in hospital care quality and efficiency as well as innovations in drug delivery



Shift gears to enhance revenue and achieve sustainable growth

### Fiscal 2020 Performance

Revenue ¥ **175.5** billion

Adjusted operating profit ¥ **25.7** billion

### Targets

Revenue	Mid-single-digit growth
Adjusted operating profit	Achieve profit growth that outpaces revenue growth; high-single-digit growth, improve adjusted operating margin 2 to 3 percentage points

## Hospital Systems Division

The Hospital Systems Division meets many needs of medical settings—including healthcare safety, in-facility infection prevention, individualized medicine, and cost control—by reducing the burdens on patients and medical professionals, developing devices with greater usability, supporting the operation of medical devices, providing training programs for professionals, and many other solutions. Through these solutions that address issues not easily solved by products alone, the division contributes to improved treatment safety, workflow efficiency, and better patient quality of life, toward realizing sustainable healthcare systems.



## Alliance Division

Using its unique prefilled drug product technology, Terumo offers solutions to pharmaceutical companies by proposing new drug delivery devices. The division leverages its material technology optimized for the characteristics of each drug and utilizes advanced manufacturing technology to design and produce drug-device combination products. Through alliances with pharmaceutical companies, Terumo provides a total solution from clinical trial drug manufacture to full commercialization, contributing to safer and more certain delivery of drugs patients need.



Strategies by Company

## Fiscal 2021 Priorities

### Hospital Systems Division (For hospital market)

We will address the following issues in order to improve hospital care quality and build a sustainable healthcare system.

Japan	<p><b>We will establish a healthcare platform by proposing comprehensive solutions utilizing our diverse product offerings.</b></p> <ul style="list-style-type: none"> <li>Promotion of digital health solutions such as automated recoding, monitoring, and prescription data integration centered on the Smart Infusion System (smart pump) equipped with drug libraries that can be integrated with the IT systems of hospitals</li> <li>Provision of high-quality support through both products and services by bolstering our lineup of advanced infusion systems, including a new type of indwelling needle with a backflow prevention valve, and enhancing our medical equipment maintenance systems</li> <li>Utilization of robust lineup of analgesics, sprayable adhesion barrier gels, condensed liquid nutrition, and other products for the perioperative period and the oncology field to resolve issues pertaining to postoperative pain, complications, and adverse drug reactions</li> <li>Helping provide safe, reliable care for individuals with chronic kidney failure by promoting adoption of peritoneal dialysis making home care possible during the COVID-19 pandemic</li> <li>Contribution to improving diabetes patients' quality of life by introducing Japan's first insulin patch pump, an internally developed product, and a new type of continuous glucose monitoring system, and working with other firms to speed up development of digital treatment support</li> <li>Enhancement of operating room and hospital room environments with ultraviolet irradiation robots and promotion of hand sanitization and other infection control measures through increased production of syringes for vaccines and the provision of various sanitization-related products and services</li> <li>Provision of new value to measure and manage body temperature by expanding supply of contactless thermometers or thermometers designed for easier sanitization</li> </ul>
Outside Japan	<p><b>We will proactively deploy initiatives in fields where we can leverage our strengths.</b></p> <ul style="list-style-type: none"> <li>Expansion of sales of advanced infusion systems, such as smart pumps, and promotion of digital health solutions centered on Asia</li> <li>Acceleration of alliances with pharmaceutical companies for growing operations for disposable needles for pen-injectors on a global scale</li> <li>Contribution to improving diabetes patients' quality of life around the world by launching our insulin patch pump in overseas markets</li> <li>Working with other firms on promotion of digital diabetes treatment solutions in overseas markets, including Europe</li> <li>Beginning promotion of hand sanitizer and other infection control products in Asia</li> </ul>



Smart Infusion System advanced infusion system (smart pump)



AdSpray sprayable adhesion barrier gel



Clicksafe dialysis fluid exchange system



Medisafe With insulin patch pump

### Alliance Division (For pharmaceutical market)

Utilizing unique technologies to add value to pharmaceuticals and contribute to better drug delivery.

Japan	<ul style="list-style-type: none"> <li>Utilization of material technologies and aseptic filling technologies and speeding up development and manufacturing through partnerships with pharmaceutical companies</li> <li>Focusing on disseminating intradermal devices to ensure effective, efficient vaccine administration</li> </ul>
Outside Japan	<ul style="list-style-type: none"> <li>Increasing adoption of packaged pharmaceuticals, such as safety syringes engineered to prevent needle stick injury, and PLA JEX prefillable syringes</li> </ul>



PLAJEX prefillable syringe

### Operations / Cost and Profit Management

- Building on the strengths of each factory to optimize production globally
- Strengthen the global supply chain
- Support sales growth and profit improvement by proactively making the investments necessary to achieve stable supplies, enhance quality and reduce costs over the medium to long term



Needles for drug kit

## TOPICS

## Terumo Proposes Solutions in Response to Increasing Awareness of Infection Control

Given the heavy impact on hospitals' bottom line as the COVID-19 pandemic continues to spread, infection control in medical settings is more important than ever. But there are complex, multifaceted issues involved in thorough application and operation of infection control. To help deal with these issues, Terumo has set up the Infection Control Initiative, which provides comprehensive proposals to identify and act on the issues and provide follow-up, working mainly through the General Hospital Company. The General Hospital Company has been contributing to safety and reliability in medical settings for many years by providing numerous infection control-related products. Building on this experience, to support hospital management we will propose solutions to issues that cannot be dealt with simply by providing products.

### Contributing to Improving the Medical Setting Environment

The SARS-CoV-2 virus can survive for several days on surfaces such as door knobs and bed rails touched by infected patients, making it necessary to sanitize surfaces in rooms used by these patients. Staff at hospitals treating infected patients spend hours cleaning such surfaces, imposing more physical and mental burdens on medical professionals. To lessen the burden on medical professionals and effectively maintain environments, Terumo sells ultraviolet irradiation robots and provides training for using them effectively and efficiently, and offers support for drawing up implementation protocols.



LIGHTSTRIKE® ultraviolet irradiation robot

### Providing Information to Support Infection Control

In medical settings, infection control issues include how to implement hospital-acquired infection control methods or how to inform staff of those methods. Terumo has begun providing information, creating a special website page on infection control directed at medical professionals and sending out an email magazine. We support in-hospital infection control by providing information in the form of videos on infection control, know-how for improving compliance with hand sanitation, and tips on how to clean and disinfect equipment.



Special website page on infection control



Infection control mascot

### Providing New Value in Body Temperature Measurement and Management

Medical equipment is disinfected after use to eliminate pathogens. Thermometers, which come into direct contact with patients, and their storage cases are disinfected. But conventional sheath-type cases were a problem because they were hard to sanitize. We therefore designed a new, partially open case that facilitates cleaning and visual confirmation of soiling. We also launched a thermometer capable of measuring skin temperature without contact, in response to stronger needs for contactless thermometers for infection screening. This thermometer measures reliably and is easy to use. Since it is used in medical settings, it is also waterproof and resistant to chemical solutions, and can be wiped clean with a broad variety of disinfectants. By meeting needs in medical settings, we provide new value for safe, reliable healthcare.



Left: Fukitorun-case thermometer storage case



Right: Terumo C207/217 thermometer

### Contributing to Efficient Use of Vaccines

We developed a syringe to contribute to more efficient administration of SARS-CoV-2 vaccines. This syringe, developed for efficiently administering flu vaccines, comes with an embedded needle to minimize dead volume\*. The syringe for flu vaccines comes with a 13mm-long needle, but this product has a longer 16mm needle for administering SARS-CoV-2 vaccines. Using automated integrated production technology, most processes, from plastic molding to product assembly, packing and sterilizing, are done on unmanned lines so that we can supply syringes to quickly deliver vaccines to as many people as possible.



Terumo CS101 contactless infrared thermometer

\* Dead volume: Fluid trapped in the gap between the rubber gasket and the tip of the syringe when the plunger is fully pushed in.

Strategies by Company

# Blood and Cell Technologies Company

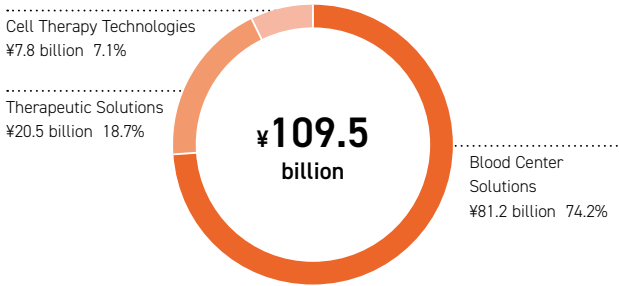
We strive to advance healthcare standards by innovating with customers to focus on patients' needs. The pandemic put a spotlight on our purpose, and we rose to the challenge. We are proud of our contributions to the healthcare community with innovative solutions to solve the toughest challenges, including treatment options; vaccine development support; and the uninterrupted supply of products for COVID-19 convalescent plasma collection and blood donations globally.



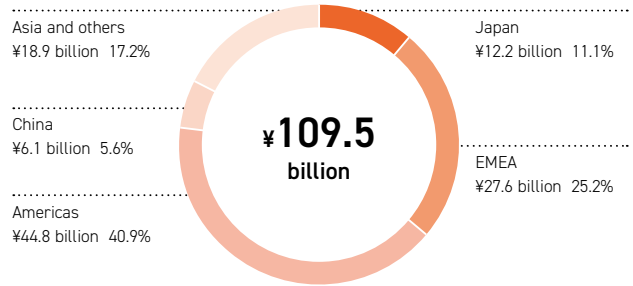
## Antoinette Gawin

Executive Officer  
 President, Blood and Cell Technologies Company  
 President and CEO, Terumo BCT Holding Corp.

### Revenue by Business



### Revenue by Region



Percentages noted next to revenue for each business and region represent the percentage of total revenue

Environment		Strengths
Opportunities	Risks	
Heightened importance among pharmaceutical and biotechnology companies to establish stable manufacturing and build capacity to meet increasing number of commercialized cell and gene therapies	Implementation of more stringent regulations increasing the importance of clinical data and quality	<ul style="list-style-type: none"> <li>• Sophisticated automated cellular and blood component manufacturing processes and data integration systems to deliver better treatment outcomes</li> <li>• Innovation utilizing a broad product portfolio and an expansive global sales and support network</li> <li>• Partnerships with customers fostered by providing services and clinical support</li> <li>• Expanded health data analytics capabilities to provide more treatment options to the market</li> <li>• Strong brand reputation in the blood and blood component market</li> </ul>
Increased opportunities for the adoption of new therapies in response to unmet medical needs in the therapeutic apheresis market	Decreased blood donations stemming from a decrease of donors	
Rising demand for medical solutions with optimized processes, better productivity, and data connectivity in response to soaring healthcare costs as the population ages	Potential emergence of drugs, alternative treatments, and disruptive treatments to replace therapeutic apheresis and blood transfusion	
Development of precision medicine increasing demand for patient-specific medical information	Increased customer concern with protecting the confidentiality, integrity and availability of information and assets from cybersecurity threats	



## Fiscal 2020 Performance

Revenue ¥ **109.5** billionAdjusted operating profit ¥ **19.1** billion

## Targets

Revenue

Return to growth;  
mid-single-digit growthAdjusted operating  
profitAchieve profit growth that outpaces  
revenue growth;  
high-single-digit growth

## Blood and Cell Technologies Company

Blood and cells are indispensable in sustaining our lives, and at the same time, they hold the potential to treat cancer and other serious diseases. The Blood and Cell Technologies Company, which is headed by the subsidiary Terumo Blood and Cell Technologies, provides devices to safely and efficiently process donated blood into blood products and to collect blood components needed for transfusions and cell therapy. The company also offers automation and workflow efficiency solutions to support pharmaceutical company's manufacturing process for cell therapies. The company will continue to advance its unique technologies to provide patients with new treatment options.



### ■ Blood Centers Solutions

Realize better quality and efficiency in blood component collection and product preparation processes.

### ■ Therapeutic Apheresis and Cell Collection

Collect blood components needed for treatment or remove unwanted components.

### ■ Cell Processing

Process the cells needed for treatment or research efficiently to support cell therapy development and commercialization.

### ■ Autologous Biologics

Separate, concentrate, and formulate a patient's own plasma, bone marrow or adipose tissue for treatment.

Strategies by Company

## Fiscal 2021 Priorities

We are committed to providing compelling and accessible innovations by going beyond blood, beyond equipment and deploying our full portfolio globally.

### ■ Beyond Blood:

- Collaboration with CSL Plasma, a leader in the source plasma market  
We are entering the source plasma market, which continues to grow rapidly, and we are building an entire ecosystem to address unmet needs.
- Accelerating initiatives targeting the cellular therapy manufacturing processes  
We are helping to realize the maintenance of consistent quality in, and automation of, manufacturing processes for pharmaceutical companies and R&D centers by automating complex manual processes and through our Quantum Cell Expansion System and our FINIA Fill and Finish System. We also provide support to customers to scale their manufacturing capabilities as their needs grow.



Quantum cell expansion system

### ■ Beyond Equipment

In conjunction with our wide-ranging product portfolio, we are also expanding our service and software support to help our customers excel:

- In blood centers, we are helping customers to increase blood component yield and productivity, while also reducing costs and improving margins.
- We provide training, data analytics and compliance management for the cell therapy products market.
- By providing unique software solutions for hospitals, blood centers and pharmaceutical companies, we are helping them to realize enhanced efficiency and data connectivity.



FINIA cell therapy fill and finish system

### ■ Full Portfolio Globally

- We are actively deploying our existing product portfolio to fast-growing markets.
- We are contributing to enhanced patient access by mobilizing our technology, clinical research, medical affairs and knowledge of relevant systems in individual countries and regions.



Trima Accel component collection system

### ■ Continuous improvement of our operations

- We are committed to making our operations even more efficient and realizing operational excellence to bring further innovation to the market.



REVEOS automated blood processing system

## TOPICS

# Using Terumo's Unique Innovation to Enter New Markets and Help Tackle the COVID-19 Pandemic

## Collaboration with CSL Plasma, a Market Leader

In April 2021, Terumo Blood and Cell Technologies and CSL Plasma announced a collaboration to deliver a new plasma collection platform for the source plasma market. Plasma from human blood is used globally to create therapies crucial to treating patients with a host of life-threatening conditions, such as primary immune deficiencies, hereditary angioedema, autoimmune diseases, hemophilia and inherited respiratory disease. Plasma is also commonly given to patients experiencing trauma, burns and organ transplant surgeries. With increasing demand for plasma-derived therapies, a clinical trial of the investigational plasmapheresis device began in April 2021 to deliver the platform to CSL Plasma U.S. collection centers.

Our entrance into the source plasma industry with the market leader, CSL Plasma, demonstrates our leadership and expertise in collecting blood components and cells using apheresis technology on our Spectra Optia Apheresis System and Trima Accel Automated Blood Collection System. We are known for our best-in-class designs and innovations while improving the donor and operator experiences. CSL Plasma and Terumo Blood and Cell Technologies share a similar vision and passion for innovating and investing in the future of healthcare. Terumo Blood and Cell Technologies holds a continued commitment to solving customer problems and providing excellent service and support capabilities – making us an attractive choice for CSL Plasma.

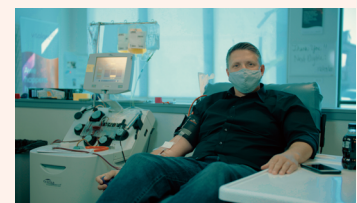


Spectra Optia centrifugal apheresis system

## Trima Accel Automated Blood Collection System

Blood from donations is processed at blood centers into products including platelets, plasma, and red blood cells, then supplied to medical institutions. Terumo provides blood centers with blood collection instruments, disposable kits, whole blood bags and devices used to process blood products.

Terumo Blood and Cell Technologies scaled up production by over 50% to support the increased demand for the collection of COVID-19 convalescent plasma (CCP). The Trima Accel Automated Blood Collection System plays a vital role in convalescent plasma by collecting blood components, including plasma, in any combination. Across the board, Trima Accel offers blood centers increased productivity by collecting more of the blood components that are needed, producing higher-quality blood components and improving the experience for donors and operators.



Convalescent plasma treatment using Trima Accel®

In 2021, the company was recognized by the Blood Centers of America with the Critical Infusion Award for our contributions to blood centers with training and the continued supply of Trima Accel collection kits.

Terumo Blood and Cell Technologies has consistently invested in growth areas with new product launches in cell and gene therapies, new service offerings and expansion into new geographies.

## R&D and Intellectual Property

Looking to the future of healthcare, we will strengthen internal development capabilities by drawing on our own core technologies and promoting external collaboration. With these efforts, we will aim to develop solutions of value to medical settings, which will contribute to resolving medical challenges with significant social impact.

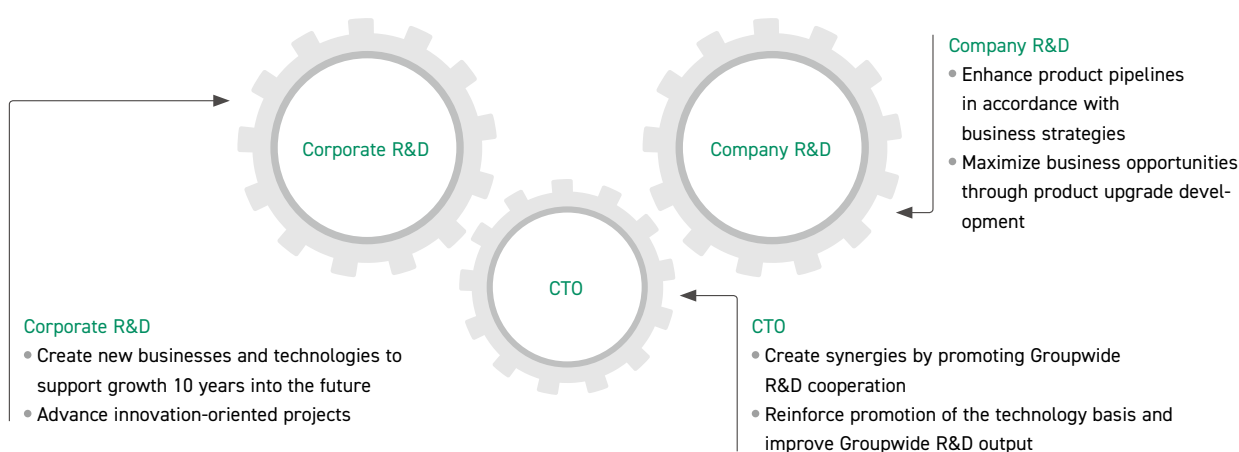
### Basic Concepts

The Terumo Group’s research and development activities fall largely into two categories. The first is Corporate R&D, where mid- to long-term research and development work is performed. With a future horizon of 10 years, Corporate R&D aims to create the new businesses and technologies that will support future growth for the Terumo Group. Those working on Corporate R&D projects coordinate with stakeholders such as medical settings and develop new technologies. The second category of Terumo Group research and development activities is Company R&D. Here, work focuses on supporting the growth of core business segments by strengthening short- to mid-term product pipelines in accordance with the business strategy of the individual business segments.

The Chief Technology Officer (CTO), who oversees R&D activities for the entire Group, concentrates on creating synergies by promoting cooperation across geographic, business, and organizational boundaries.

In leading the promotion of organic cooperation on a Groupwide scale, while associates in Corporate and Company R&D focus on their own activities, the CTO aims to continuously engender outstanding innovation in response to frontline medical needs.

### Terumo Group R&D System



### Corporate R&D Mid- to Long-term Strategy

As pathological conditions and diseases that significantly affect society, such as chronic heart failure, stroke, and cancer, increase with the aging of society, innovations that contribute to the realization of longer healthy lifespans and efficient medical care are needed. To these ends, such innovations must adopt comprehensive approaches that encompass prevention and hospital care through to post-discharge prognosis control and recurrence prevention. In light of such social trends, the aim of our Corporate R&D activities is to gain insight into the future of medical care and provide new value.

In selecting R&D themes from among the medical care issues that significantly affect society, the Terumo Group gives priority to fields that promise market growth and in which it can realize competitive advantages. At the R&D concept planning stage, we take the initiative in conducting investigations on needs in medical settings and then discuss and verify the usefulness of our proposed solutions with medical professionals. Further, aiming to support its growth going forward and to create technologies and products with even higher added value, the Terumo Group is strengthening in-house development capabilities by evolving its core technologies and making optimal use of its technologies and infrastructure through in-house collaborations that transcend business boundaries. In conjunction with these efforts, we aim to anticipate technological trends and use external technologies flexibly to develop businesses.

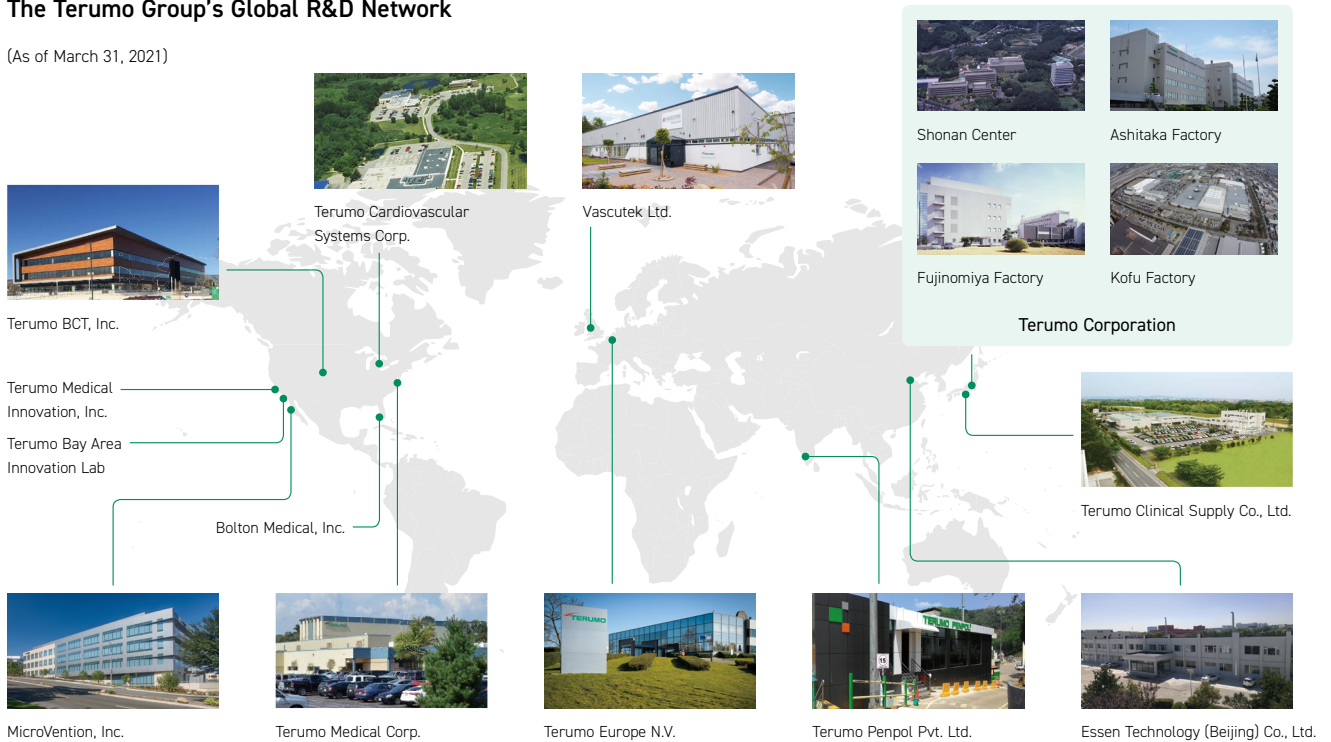
Through such initiatives, the Terumo Group will support its growth in the coming generation while helping to address the medical care issues of tomorrow.

## Terumo Group R&D Sites

Focused on the R&D Center in Japan, Terumo is pursuing next-generation research and development through internal development as well as through the development and unification of promising technological seeds from around the world. In recent years, we have been expanding the scope of R&D activities and accelerating these activities through the globalization of development via M&A activities and strategic partnerships and through coordination between R&D sites in the United States, Europe, Asia, and other locations across the globe.

### The Terumo Group's Global R&D Network

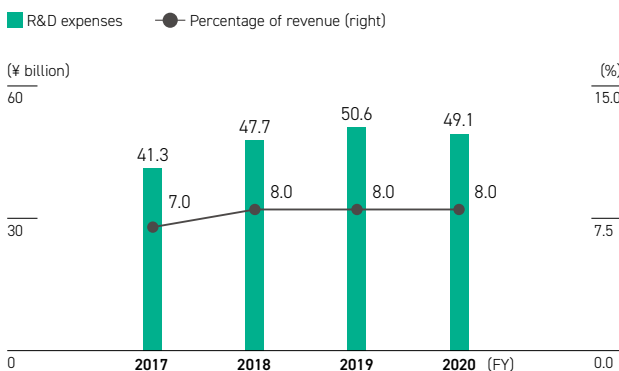
(As of March 31, 2021)



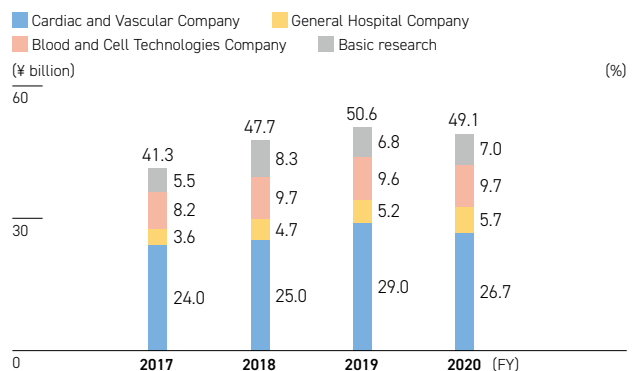
## R&D Expenses

Fiscal 2020 R&D expenses totaled ¥49.1 billion, or 8.0% of revenue. Of that total, the Cardiac and Vascular Company accounted for ¥26.7 billion; the General Hospital Company accounted for ¥5.7 billion; and the Blood and Cell Technologies Company accounted for ¥9.7 billion. Basic research expenses not allocable to any particular segment totaled ¥7.0 billion.

### R&D Expenses/Percentage of Revenue



### R&D Expenses by Segment



## R&amp;D and Intellectual Property

## Open Innovation Initiatives

### ■ Basic Policy on Open Innovation

At Terumo, we have created new value by cooperating with other companies and outside organizations in various ways throughout our history of achieving diversification, mass production, and advanced functionality. Our open innovation initiatives started with the technology exploration we launched in the United States in the late 1990s, while we started conducting Groupwide initiatives around 2015 when we adopted the CTO system.

Medical devices integrate a variety of technologies. Incorporating optimal technologies available in the world is the best way to provide optimal solutions for the needs of medical settings. These technologies are not always just our own—they also require using a wide range of outside technologies. Our strengths include an in-depth understanding of medical settings, conceptual designs based on biological mechanisms, and the technologies to turn those concepts into reality. Leveraging these strengths, we connect the scientific output of outside research organizations with practical applications and use other companies' general-purpose and industrial technologies to accelerate development so that we can provide new products and medical solutions. Along with recent digital technology innovations, the digital field in particular has become an area where open innovation will be tapped even more.

In addition, we are acquiring technologies with competitive advantages and promoting faster development by appointing collaboration promoters at each division and corporate function departmental sites and accelerating internal collaboration and open innovation, aiming to mobilize and deepen our Group's core technologies.

### ■ Participation in Venture Capital Funds (U.S. East/West Coast and Shanghai, China)

One strategy that complements R&D and business development is the acquisition of new technologies and businesses. We first participated in the Emergent Medical Partners fund, a venture capital fund based on the West Coast of the United States, in fiscal 2013. We have assigned an associate to work at the fund, and from this foothold we have built our own network and evaluated more than 2,000 start-ups over the past six years. In addition to investing in this fund, we use the experience gained from it to also invest directly in start-ups. Through this initiative, we acquire new technologies that align with our business strategy and have enhanced our ability to identify innovative ideas at our own company.

In fiscal 2019, we began participating in a fund of West Coast-based Strategic Healthcare Investment Partners and a fund of East Coast-based Catalyst Health Ventures. By participating in funds on both the East and the West coasts of the United States, which are global hubs for innovation, and assigning associates to work at their offices, we are able to participate in a broader range of projects than before. Going forward, we will focus on new exploration and strive to fulfill unmet medical needs. In addition, in fiscal 2020 we announced our participation in a fund operated by CD Capital, a Shanghai-based venture capital firm, with the aim of becoming involved in new technologies and the start-up ecosystem in China from an early stage. This has led to the acquisition of medical device and digital health technologies suited to medical needs in China, the expansion of products manufactured in China, and the development of new business models.

### ■ Terumo Bay Area Innovation Lab. (TBAIL)

Terumo Bay Area Innovation Lab., located in San Jose, California, USA, utilizes the local healthcare development ecosystem to develop new devices.

Here, associates from Kalila Medical, which became a member of the Terumo Group through an acquisition from U.S.-based Abbott Laboratories in fiscal 2016, and associates from the corporate R&D development team in Japan work together on the development. Leveraging its location in a healthcare development base with ample development resources, it quickly provides innovative products to medical settings using a start-up development style, including developing devices that would be difficult to develop in Japan and conducting fast-tracked development.



## Fumihisa Hirose

Senior Executive Officer  
General Manager, Strategic  
Planning Dept.  
Chief Technology Officer (CTO)

### Message from the CTO

From my start in development in the cardiovascular field, I gained experience in a variety of fields including marketing and management of overseas subsidiaries before assuming the position of CTO in fiscal 2021. I also concurrently serve as the General Manager of the Strategic Planning Department. By devising and implementing a Mid- to Long-term Strategy for the next term, we will increase the R&D output of the Terumo Group.

We have implemented the following three specific initiatives.

#### Implementation of the next Mid- to Long-term Innovation Strategy

The next Mid- to Long-term Innovation Strategy creates an innovation strategy that covers not only the next five years but also looks ahead to the next 10 years. In order to achieve the strategy, we identify technology fields where we should reinforce our Group's capabilities, and then proactively advance development and acquisition of technologies, and support their implementation.

#### Further enhancement of collaboration

We will build a system for our Group to mobilize the technology assets that we have built up in our global R&D activities in a wide range of fields along with the Terumo Group's growth. We will further enhance our intra-Group collaboration, including with the R&D Promotion Department, corporate R&D, company R&D, global R&D bases, Pranex, and the DX Promotion Department, to develop systems and foster a culture able to heighten the creativity and applicability of our technologies and co-create new value. In fields such as sensing and digital technology that will require the acquisition of technologies, we will seek out collaboration with outside partners.

#### Creating a platform for R&D intelligence

We strive to improve the overall capabilities of our Group R&D by formalizing the experience, knowledge, lessons learned from failure, and other know-how gained in R&D base activities through a shared global system and sites.

For approximately 30 years since the 1990s, we have welcomed a number of unique global companies into our Group. By mobilizing throughout our Group, the various technological assets and know-how held by each company and generating synergies, we will enhance our Group's R&D output and contribute to sustainable growth over the mid- to long term.

R&D and Intellectual Property

### Basic Stance on Intellectual Property Management

The Terumo Group strives to create intellectual property that will help strengthen its competitiveness. In doing so, we establish a priority for allocating resources, based on R&D and business strategies. Development directions are considered and intellectual property portfolios are built from a strategic perspective. In this perspective, development and intellectual property departments initiate development activities by collaborating in identifying other companies' patents and the characteristics of their products and services. As we expand our business operations globally, we are strengthening cooperation with overseas Group companies to further the effective application of the Group's intellectual property and taking steps to improve our management of intellectual property risk.

### Patent Portfolio

#### ■ Patent Applications (by segment)\*

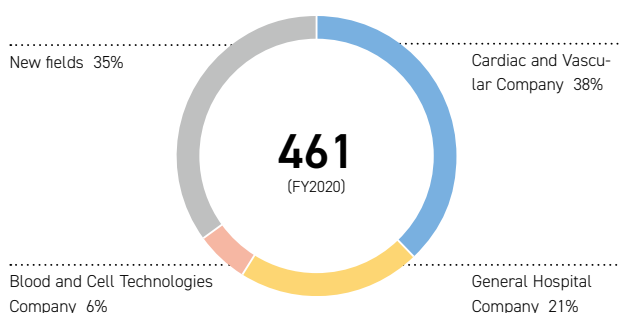
In fiscal 2020, Terumo filed 461 patent applications (filed in the first country), with 65% related to existing businesses, and 35% related to new areas not associated with existing businesses. From these figures, it is evident that Terumo continues to enhance and improve existing products while also actively pursuing investments for future business expansion and new endeavors.

#### ■ Patents Held (by segment)\*

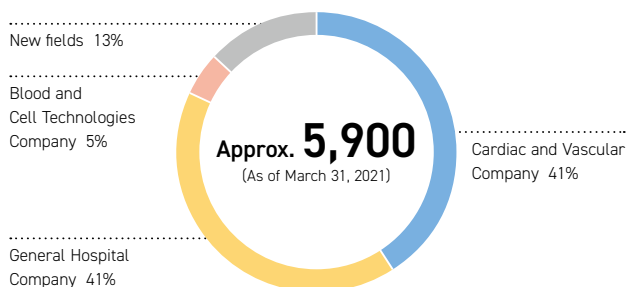
As of March 31, 2021, Terumo held approximately 5,900 patents issued in Japan and abroad. Patents related to existing businesses account for a relatively high 87% of the total, with patents related to new areas making up the remaining 13%. Reflected here is the impact of Terumo's earnings cycle, in which technology for "Advanced" products is also applied in "Platform" products. Even as we develop inventions in new fields, we use what we newly create to contribute to the businesses that comprise our existing operations. Patents held in Japan currently represent 41% of our patent portfolio, while patents held overseas represent 59%, illustrating an increase in overseas patents focused on those supporting overseas operations.

\* Does not include patent applications or patents held by overseas subsidiaries.

#### Patent Applications



#### Patents Held





## Digital Transformation (DX)

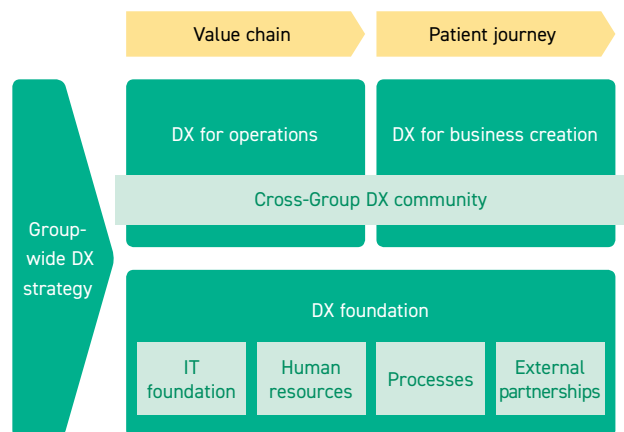
From a Group-wide perspective, Terumo aims to achieve further growth through DX for business creation to improve the value delivered to customers, and DX for operations to make operations more efficient and innovate the value chain, including production and logistics.

### Basic Approach

High-speed mobile communications, cloud computing, artificial intelligence, and other technological advances have brought greater convenience to our daily lives and created a wide range of services offering added safety and security. They are rapidly changing the world in which we live. The wave of change is also touching healthcare, where the application of new technologies is expanding, not only in medical devices and pharmaceutical products but also in making healthcare more efficient and in services designed to improve the patient experience.

Terumo is leveraging digital technologies to cohesively integrate products and services, aiming to provide comprehensive solutions with medical value in the patient journey. For example, we are developing a system that integrates subcutaneous glucose concentration measured in real time by a continuous glucose monitoring system to continuously administer insulin from an insulin pump in the dosage needed according to the patient's state. We are also working on a digital treatment system for the purpose of supporting diabetes treatment based on the individual's blood glucose level and data such as meals, activity level, and medication use, as well as a service capable of centrally managing data relevant to diabetes treatment, including blood glucose levels and insulin dosages. These projects are progressing through alliances with partner companies, and we intend to create new solutions through more open innovation projects in the future as well.

While new business opportunities are emerging, the market competition is intensifying, and competitors are leveraging digital technologies to engage in overseas production, optimize their global logistics systems, and conduct marketing remotely during the COVID-19 pandemic. The velocity of DX for operations is accelerating. At Terumo, we are making steady progress on building out our global IT foundation to bring greater efficiency to the entire value chain from R&D and production to delivery to customers. Using data obtained from the IT foundation, we are innovating our strengths, including advanced production technologies, wide-ranging points of customer contact, and training programs for healthcare professionals to deliver new value to customers.



**Shinji Omori**

General Manager,  
DX Promotion Department

### Message from the General Manager of the DX Promotion Department

The DX Promotion Department was established in April 2021 as the organization that plans the overall DX strategy for the Terumo Group and implements DX for business creation and DX for operations. Many DX projects are already underway within the Terumo Group, but we lacked a system to centrally manage information obtained from the projects, discuss Group-wide issues that encompass more than one organization or business, and share expertise. As a first step to building this system, the DX Promotion Department has launched a community that brings together associates from each region, business, and functional department who are demonstrating leadership in the area of DX. Bringing together expertise from businesses and departments, this community discusses global, Group-wide issues and shares best practices to pursue the optimum DX for Terumo. The DX Promotion Department is also coordinating with relevant divisions to build the foundation to support DX Promotion, including the IT foundation, human resources, internal processes and systems, and external partnerships.

# Sustainability

## Approach to Sustainability

Under the Group mission of "Contributing to Society through Healthcare," and on the basis of the Core Values that Terumo associates throughout the world are expected to share, the Terumo Group strives to provide a stable supply of high-quality medical equipment and services to patients and medical settings all over the world.

Turning to the environment surrounding companies, it is changing drastically, and issues related to healthcare, society, and the global environment are becoming more diverse and complex every day.

The Terumo Group determines sustainability priorities to resolve these issues, and works to realize a sustainable society and achieve the Group's own sustainable growth, while listening carefully to the voices of various stakeholders.

\* Details of Terumo's Core Values can be found at the beginning of this report.

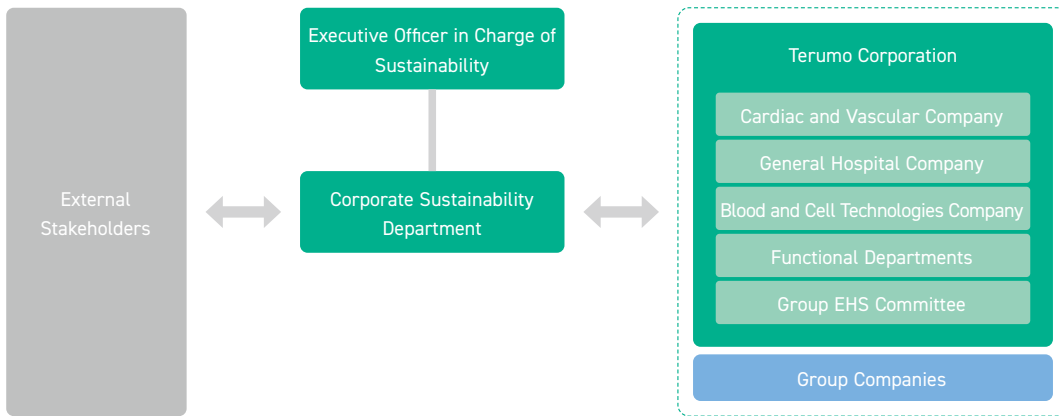
## Sustainability Priorities

The Terumo Group is working to resolve social issues, including issues in healthcare, and balance the realization of a sustainable society with the sustainable growth of the Terumo Group.



## Sustainability Management

The Corporate Sustainability Department coordinates and promotes initiatives related to corporate sustainability throughout the Group. Working together with related departments, committees, and Group companies, the Corporate Sustainability Department sets action policies and priorities related to sustainability, finds ways to disseminate them throughout the Group, and promotes specific initiatives. It also interacts with internal and external stakeholders, sharing information and engaging in discussions, in order to understand the expectations of society for the Terumo Group and reflect them in its initiatives.



## Participation in the United Nations Global Compact

In 2012, Terumo became a signatory to the United Nations Global Compact. This action reflects Terumo’s agreement with the Ten Principles of the compact, which relate to human rights, labor practices, the environment, and anti-corruption measures. Under the Group mission of “Contributing to Society through Healthcare,” the Terumo Group is striving to practice these principles throughout the course of its business operations.

## Human Rights Initiatives

On Human Rights Day on December 10, 2019, we established the Terumo Group Human Rights Policy. This policy was designed as a clear declaration to society of the Terumo Group’s position and responsibilities toward ensuring respect for human rights and as a guide for actions for living up to the expectations of society with this regard. The policy supports and respects the United Nations Guiding Principles on Business and Human Rights. As a company that provides products and services relating to the lives and health of people, the policy identifies the importance of human rights, prioritizing specific themes such as creating safe and worker-friendly environments, complying with fair labor practices, and ensuring the quality and safety of products and services. We also request that our business partners practice respect for human rights based on the Terumo Group Procurement Policy and the Supplier Guidelines. Through this dedication to human rights, the Terumo Group aims to earn widespread trust from society and contribute to the realization of a sustainable society.



For more information on Terumo’s sustainability initiatives, please refer to the website below:

**WEB** <https://www.terumo.com/sustainability/reports/>

## Human Resource Strategy

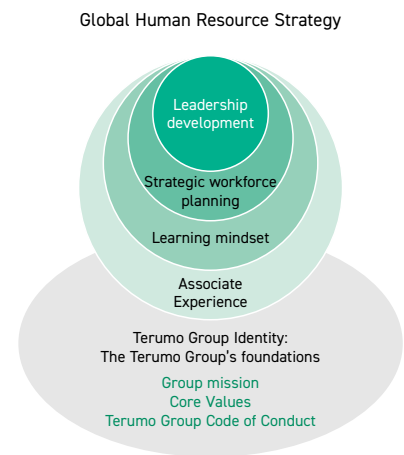
### Basic Approach

The Terumo Group refers to all of its employees as "associates" to reflect the fact that they are viewed as valued colleagues. The growth of Terumo comes through the diverse associate around the globe who have joined Terumo to work, learn and grow vigorously in a way that suits each of them. Terumo is also contributing to its own growth. With the rapid pace of change in the environment in which we operate our business and in which our associates work, it is becoming ever more vitally important to synchronize our human resources strategies with our management strategies. By implementing our global human resources strategies and supporting our associates to perform at their best, we are driving the development of global management of the Company.

We will realize the enhancement of corporate value by strengthening associates' identification with our Group mission of "Contributing to Society through Healthcare," and fostering a shared sense of Terumo's purpose.

### Human Resources Development

We recognize that the development of human resources is imperative to the implementation of Terumo Group growth strategies. With this in mind, we are implementing human resources strategies oriented toward supporting the Group's management and businesses. Specifically we are focusing on leveraging and developing diverse leaders who will support our global business and strategic workforce planning to build new capabilities for the organization as a whole with an eye on future management strategies, along with the activities and development of diverse leaders who will support our global business. In addition, we are building an environment in which associates are able to fully exercise their ability. To this end, we encourage each associate to adopt a "learning mindset" to continue to learn new things on an ongoing basis and we assist their continued growth. We are also focusing on promoting effective collaboration beyond the boundaries of specific businesses, functions, and regions to realize a better Associate Experience.

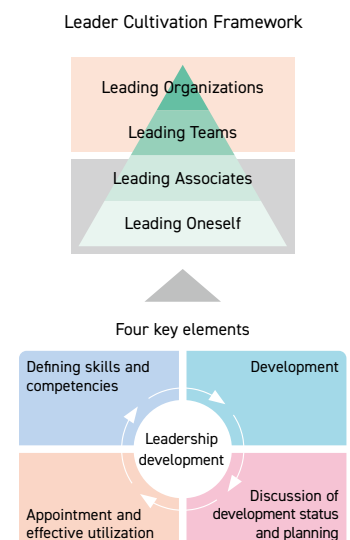


### Global Leader Development

We have clearly presented a global common framework for sustainable pipeline of leadership development at each management level and designed initiatives based on four consistent elements. In fiscal 2019, we defined the leadership skills and competencies that will be required in order to meet the Terumo Group's future business challenges, and we launched the Global Leadership Development Program for executives to develop global management talent that possesses these skills and competencies. In this 18-month program, associates selected globally who are potential candidates for managerial positions in the future take on the challenges to generate new value for Terumo through collaborations with one another.

In addition, starting from fiscal 2021, information about the Terumo Group's key talent is shared among senior management and presidents of Terumo entities for discussions on development, deployment of those talents across the Group to expand the pipeline of global leaders and strengthen the organization. In addition we are undertaking systematic continuous succession planning of potential successors of our business unit entities CEO positions incorporating external objective assessment based on a common global framework so that the CEOs are able to lead sustainable business growth. We implement objective assessment that incorporates external perspectives, and which is based on a common global framework.

Trainings are conducted twice a year for senior management and the CEOs of overseas business subsidiaries so that the executives gain knowledge required for good management decisions with the heightened sensitivity to risk management and internal control. Through this training, executives gain knowledge needed to make good management decisions and heighten their sensitivity to risk.



## Diversity and Inclusion

As a global company, it is essential to build a corporate culture that respects and are inclusive of diverse backgrounds and values of associates including those such as race, nationality, gender, religion and disability as a foundation of Terumo Group's human resources strategy. To achieve this, senior executives send messages to associates highlighting the importance and significance of diversity management.

One area where we have put diversity management into practice is reinforcing our activities to promote the advancement of women associates. In support of International Women's Day globally, we hold company events, such as lectures and talks by women leaders at Terumo sites around the world, and continue to promote diversity and inclusion aligned with local circumstances.

Working together to create an environment where diverse associate worldwide are able to contribute to Terumo by demonstrating their full potential is the key to our future competitiveness and sustainable growth.

### Global Survey for Associate Experience

In order for associates to be able to fully exercise their capabilities, it is important that their experience of working at Terumo is enriched as much as possible, and for them to be able to feel a sense of purpose, and engaged. Terumo calls this the "Associate Experience."

In fiscal 2020, Terumo implemented its first Group-wide global survey of the Associate Experience. The survey results showed that, positive answers to the question on whether the work is meaningful accounted for the largest share, responses varied by entities or department on other question categories which highlighted opportunities for improvement at each organization. On the basis of these results, going forward we will identify key areas to focus on going forward by each organization which will enable us to take meaningful actions. We are working to promote generating synergies on these efforts by coordinating the various initiatives being implemented, so as to enhance Associate Experience throughout the Terumo Group as a whole.

#### Question Categories

• Significance of work • Supportive management • Comfortable work environment • Growth opportunities • Trust in management



### Kyo Nishikawa

Director and Managing Executive Officer

Chief Human Resources Officer (CHRO)

[Supervising Executive Officer for] Human Resources Dept., IT Planning Dept., India and Asia Pacific Region

[Executive Officer in charge of] Global Human Resources Dept., Human Resources Development Dept., Diversity Promotion Dept.

### Message from the CHRO

The COVID-19 pandemic has been a challenge for us, but at the same time, it has made us realize the value of health, our responsibility to maintain the supply of products, and the importance of measures to prevent infection. The pandemic has brought about major changes in the way we work, but it has also provided an opportunity to reaffirm our reason for existing as a company that continues to make contributions in medical field. It has also confirmed for me that the direction we have been taking since before COVID-19 to achieve this, namely the globalization of our organization and associates as well as enhancing our ability to flexibly cope with change and developing each associates expertise, has been the right one.

During the pandemic, associates around the world have embodied a learning mindset as they explored ways to work with greater flexibility, including working remotely. With a learning mindset, instead of giving up and becoming discouraged when faced with a difficult situation, you can continue to think of ways to overcome the difficulty and see challenges as opportunities for growth.

In the era of VUCA, changes in the healthcare environment and market are growing and accelerating, and the recent pandemic has increased this velocity even more. As we look ahead to our next 100 years, both our associates and our Group will be able to achieve growth as each associate keeps enhance their expertise and human resources with advanced specializations and work together across countries and regions to respond flexibly to change. By continuing to deploy our unique organizational and human resource strategy, and through the abilities of our associates, we will realize sustainable growth.

## Environment

### Basic Approach

Ensuring occupational safety, promoting the health of employees, and reducing the environmental impact of business activities are important social responsibilities for companies and are crucial to sustainable growth.

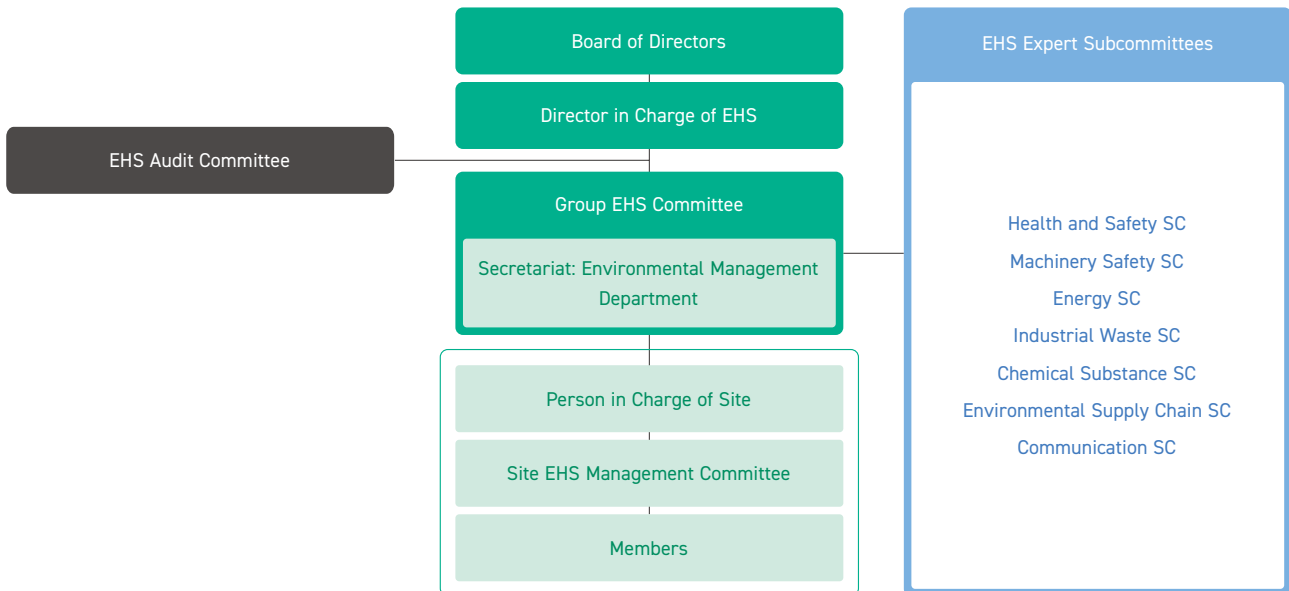
Acting in accordance with the Terumo Group Environment, Health and Safety (EHS) Policy, the Terumo Group advances initiatives for ensuring occupational safety and promoting the health of its employees throughout all of its business activities, strives to develop safe and comfortable work environments, and works to reduce the impact of its business activities on the environment.

### Management System

Based on the Terumo Group EHS Policy, we employ an EHS management system that is compliant with international environmental (ISO 14001: 2015) and occupational health and safety (ISO 45001: 2018) standards.

As a key part of Terumo’s focus on sustainability in business, EHS policies, risks, opportunities, goals, and activity plans are discussed and related decisions are made by the Group EHS Committee, which is chaired by the director in charge of EHS, and then reflected in EHS activities at Terumo Group sites worldwide. EHS Expert Subcommittees, consisting of experts drawn from individual business sites, have been established under the Group EHS Committee, and these subcommittees propose strategies, policies, targets, and activity plans pertaining to their respective areas of responsibility. In addition, the EHS Audit Committee conducts internal audits of business sites to confirm the implementation status and effectiveness of their systems and their compliance with relevant laws. Ongoing improvements are pursued based on the results of these audits.

#### Organization for Companywide Promotion of EHS Management System



## Initiatives to Address Climate Change

Various international frameworks have been established in regard to climate change, such as the Paris Agreement and the United Nations Sustainable Development Goals, which were both adopted in 2015. Against this backdrop, companies are expected to set and work toward accomplishing greenhouse gas (GHG) emissions reduction targets based on scientific evidence. Terumo recognizes that reducing the GHG emissions from its business activities, through means such as improving energy efficiency and implementing climate change countermeasures, is an important management task. Accordingly, we are addressing this task through a concerted Group effort. In 2020, Terumo set new medium- to long-term GHG emissions reduction targets for fiscal 2030 and fiscal 2050. These targets comply with the levels requested by the Paris Agreement. In addition, the target for fiscal 2030 was approved and is considered science-based by the international organization known as Science Based Targets initiative (SBTi).

A new project has been launched starting in fiscal 2021 with the aim of realizing the goal of becoming carbon neutral.\* Under the project, we are considering re-setting the GHG emissions reduction targets and also promoting measures to reduce GHG emissions through collaboration between related departments. Going forward, guided by these targets, we will be engaged in a concerted Group effort to reduce climate change risk, which is an issue of global concern.

### The Terumo Group's Medium- to Long-Term Greenhouse Gas (GHG) Emissions Reduction Targets and Initiatives from Fiscal 2020

#### Scope 1 and Scope 2:

- Reduce absolute Scope 1 and 2 GHG emissions 80% by 2050 from a 2018 base year
- Reduce absolute Scope 1 and 2 GHG emissions 30% by 2030 from a 2018 base year

#### Scope 3:

- Reduce Scope 3 GHG emissions 60% per unit of revenue by 2030 from a 2018 base year



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The greenhouse gas emissions targets for fiscal 2030 have been certified by the Science Based Targets initiative as being based on scientific evidence.

\* Being carbon neutral means having net zero emissions after deducting carbon dioxide absorbed by forests, etc., or sequestered underground from the organization's GHG.

\*\* Scope: Reporting is based on the following GHG Protocol categories.

Scope 1: Direct GHG emissions by the company (e.g., fuel combustion)

Scope 2: Electricity indirect GHG emissions (e.g., GHG emissions from electric companies)

Scope 3: Other indirect GHG emissions (e.g., production of purchased materials, transportation, and waste disposal)

Environment

## Responding to the Risks and Opportunities Resulting from Climate Change (Information Disclosure Based on the TCFD Recommendations)

Terumo undertakes analysis of risks and opportunities in order to identify the impacts that climate change will have on our business activities. In fiscal 2020, we utilized the Task Force on Climate-related Financial Disclosures (TCFD) framework proposed by the Financial Stability Board (FSB) to collate the following items.

<b>Governance</b>	<ul style="list-style-type: none"> <li>• The director in charge of EHS, who is a member of the Board of Directors of Terumo Corporation, has responsibility for oversight relating to environmental matters, including climate change.</li> <li>• The Group EHS Committee, which is chaired by the director in charge of EHS, is the Company's highest decision-making body in regard to matters relating to climate change. The Committee identifies climate change-related risks and opportunities, formulates and revises related policies, strategies, and targets, monitors the achievement status of targets, and reports to the Executive Management Meeting. The Group EHS Committee meets three times a year, and has established an Energy Subcommittee (Energy SC) under it as an EHS Expert Subcommittee. The Energy SC conducts progress management in regard to energy-related targets, and submits periodic reports to the Group EHS Committee.</li> <li>• A project aimed at making the Company carbon-neutral has been launched under the director in charge of EHS. The project team collaborates cross-functionally with the Production Department as well as other functional departments at the head office, including the Treasury Department, to formulate and revise policies, strategies, and targets aimed at reducing GHG emissions, monitor the achievement status of targets, and report to the Board of Directors.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Under the Group mission of "Contributing to Society through Healthcare," the Terumo Group recognizes that ensuring an uninterrupted supply of medical devices and pharmaceuticals to safeguard people's lives and health is its most important task. We also believe that, by providing new treatments, we can help to make healthcare provision more efficient and facilitate the reduction of GHG emissions deriving from medical settings.</li> <li>• Regarding climate change scenarios, we are focusing on two scenarios: the scenario that assumes the highest level of material risk, with average global temperatures rising by 4.0 degrees compared to the situation prior to the Industrial Revolution (RCP8.5), and the scenario that assumes the highest level of transitional risk, with the rise in average global temperature kept down to within 1.5 degrees (RCP1.9). For these two scenarios, we have collated the potential opportunities, and the potential risks that might affect our business, as shown in the table below.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• The Group EHS Committee identifies climate change-related risks and opportunities, evaluates the potential impact on the Company's business operations, directs related departments to implement management in a way that will reduce risk and maximize opportunities, and manages progress status.</li> <li>• The process used to identify serious risks as part of the Terumo Group's risk management incorporates climate change-related risks noted by the Group EHS Committee. The climate-related risks are evaluated by the Risk Management Committee and monitored based on the risk management plan.</li> </ul>
<b>Indicators and Targets</b>	<ul style="list-style-type: none"> <li>• Terumo has set GHG emissions reduction targets that conform to the levels required by the Paris Agreement on climate change. We are aiming to reduce Scope 1 and 2 GHG emissions by 30% by fiscal 2030 (compared to fiscal 2018), and reduce Scope 3 GHG emissions per unit of revenue by 60% by fiscal 2030 (compared to fiscal 2018). These targets have been certified as being science-based by the international Science Based Targets initiative.</li> <li>• In addition, with the aim of realizing our goal of making the Company carbon neutral, we are considering re-setting our GHG emissions reduction targets.</li> </ul>

### Risks Affecting Our Business Activities

Risks	Risk Content
<b>Physical risks</b>	Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations
	Increased energy costs and reduced labor productivity due to steady temperature rise or water shortages, and lost opportunities due to temporary disruption of operations
	Sudden, rapid increase in demand for specific products due to the impact of natural disasters on the healthcare system (which constitutes important social infrastructure), and negative impact on revenue resulting from an extended deterioration or stagnation in the functioning of the healthcare system
<b>Transition risks</b>	Increased energy costs and raw material costs in the event of the introduction or raising of carbon tax
	Replacement of equipment and accompanying increase in capital expenditure costs, resulting from the tightening up of environmental regulations such as those governing CO <sub>2</sub> emissions
	Increased costs in the event of an increase in demand for GHG emissions reduction or demand for the supply of environmentally friendly products from customers or business partners, and loss of opportunities in the event that it is difficult to respond effectively to such demands



## Opportunities Relating to Our Business Activities

Opportunities	Opportunity Content
Physical opportunities	Provision of products in response to changes in long-term disease patterns as a result of climate change, and provision of products that contribute toward strengthening the resilience of the healthcare system
Transitional Opportunities	Reduced costs due to enhancement of energy efficiency in production and in the supply chain
	Provision of products that contribute toward enhanced efficiency in medical settings or toward reduction of GHG emissions

Based on analysis of the potential impact on Terumo's business of the above-mentioned risks and opportunities in both the 4.0-degree scenario and the 1.5-degree scenario, it is anticipated that the following risks could have a comparatively high impact.

### 4.0-Degree Scenario

- Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations

### 1.5-Degree Scenario

- Damage to buildings, facilities, or inventory in the event of a natural disaster occurring, and lost opportunities resulting from the disruption of supply of products due to temporary cessation of operations
- Increased energy costs and raw material costs in the event of the introduction or raising of carbon tax

Regarding the response to risks relating to business continuity such as natural disasters, etc., the Group Business Continuity Management (BCM) Policy clearly stipulates the Terumo Group's shared basic approach to business continuity and the related systems and response measures. (Please see the Risk Management page for more information.)

With regard to a possible increase in energy costs or raw materials costs, we are continuing to implement measures to adopt production equipment with high energy efficiency, and to develop products that can be manufactured with less raw materials and less energy.

## Corporate Governance

# Dialogue between Independent Directors



### Yukiko Kuroda

#### Independent Director

1986: Joined Sony Corporation

1991: Founder and president of People Focus Consulting Co., Ltd.

2012: Became managing director of People Focus Consulting Co., Ltd., and concurrently served as an external corporate auditor and/or an outside director at several companies

2018 (June): Appointed independent director of Terumo Corporation

Q

**In fiscal 2020, Terumo was selected as a Winner Company in the Corporate Governance of the Year 2020 awards organized by the Japan Association of Corporate Directors. You also serve as an independent director at other companies, so how do you view Terumo's corporate governance?**

**Kuroda:** Terumo Board of Directors meetings have an open atmosphere conducive to lively discussion. For example, the Board takes into account the views of the independent directors when deciding which issues are of strategic importance. The Remuneration Committee, the Nomination Committee and the Corporate Governance Committee that Mr. Nishi and I are members of discuss matters like corporate officer remuneration planning, succession planning, and ways of enhancing the Board's effectiveness, and in this respect I feel that the effectiveness of Terumo's governance is above average.

**Nishi:** While many Japanese companies simply focus on complying with external standards like Japan's Corporate Governance Code, Terumo is using corporate governance reform to enhance its overall capabilities and continuing self-directed efforts to innovate and make changes. The Board arranges for associates from departments relevant to the issues being examined to give presentations, so that is a chance for us to discuss the issues after having heard first-hand from the associates since independent directors normally have few opportunities to interact with associates other than directors. Another thing Terumo does very well is carefully allocating time for discussion, decision-making, and reporting, which ensures that adequate time is available for discussion.

**Kuroda:** At the same time, Terumo should adopt a more global perspective. Although the Board has plenty of members with a wealth of global experience, the fact that discussions tend to take place only inside the boardroom is a limitation and a risk. Some foreign companies hold one board meeting a year outside the home country, and some rotate between regions every time, organizing meetings either in Asia, Europe, or the Americas. Those board meetings are accompanied by special events, at which board members can talk with local employees, or visit factories or other facilities. While the COVID-19 pandemic

## Hidenori Nishi

### Independent Director

1975: Joined Kagome Co., Ltd.

2009: Appointed president and representative director of Kagome Co., Ltd. after working in the Marketing and Management Planning divisions of Kagome Co., Ltd. and serving as head of Kagome's U.S. subsidiary

2014: Appointed chairman and representative director of Kagome Co., Ltd., and concurrently served as an outside director at several companies

2020 (June): Appointed independent director of Terumo Corporation



makes it difficult to organize this kind of event right now, once the pandemic is over, holding Board meetings overseas once a year or so, together with visits to overseas business sites, might be an effective way of cultivating a global outlook among Board members.

I myself had the opportunity to visit a Terumo business site in Europe on one occasion prior to the pandemic, where I saw and heard a great deal that I would not have been able to learn in Japan. I found the experience very educational. I believe that having more opportunities of this kind would be beneficial for both external and internal directors.

**Nishi:** In terms of developing a global perspective, Terumo has announced the mid- to long-term vision of becoming a global corporation with unique excellence. Going forward, the company should adopt a clear system and framework and rework its approach to human resources and take steady steps to achieve these goals. Put simply, if Terumo is simply trying to transition to being an American-style company, all that's necessary is to model itself on American businesses. In terms of the necessary framework, that's not so difficult to do. Instead, backed by a century-old history of providing a wide range of health care technologies and services in Japan, Terumo aims to make a name for itself as a global corporation while retaining the best features of Japanese enterprises. That's a meaningful objective but one that will be challenging to achieve.

With regard to human resources, while Terumo does need to cultivate and recruit people who can contribute toward its sales performance rather than focusing heavily on recruiting highly business-oriented, sales-focused resources as many foreign companies do, it's vital to ensure that Terumo associates around the world understand the positive aspects of Japan and the company's corporate culture, values, and ethical standards, and make this part of the company's organizational framework. I sincerely hope that Terumo will be successful in this challenging enterprise-building process.

Q

**Terumo celebrated its 100th anniversary in September this year. Looking ahead to the next 100 years, what type of human resources will Terumo need in order to achieve continued growth in the future?**

**Kuroda:** My impression is that Terumo already has diverse human resources, with many mid-career hires and foreign associates. In the future, the key issue will be developing a business model that goes beyond industry or business sector boundaries, so the company needs to attract even more diverse human resources. Ideally, Terumo should move beyond manufacturing, redefine its market to offer solutions more widely and recruit personnel who can offer truly innovative ideas. I hope that the Terumo Group will have abundant human resources capable of operating effectively in any country, to focus on the many people around the world currently unable to access healthcare services.

Today, Terumo is making a real effort to develop its global human resources strategy. The strategy's overall direction and the measures being implemented are appropriate for encouraging diversity, building global competitiveness, and strengthening innovation. Terumo will need to further accelerate these initiatives in the future, but it is certainly ahead of most Japanese companies in this respect. Terumo is an industry leader, though, so I hope it will build a new human resources system that puts it ahead of other companies and not merely seek to keep up with other firms.

**Nishi:** I agree. When it comes to cultivating global leaders, Chief Human Resources Officer Kyo Nishikawa and the Human Resources Department have been implementing some outstanding initiatives under the guidance of President and CEO Shinjiro Sato. Going forward, I hope that Terumo will create a system for more accelerated exchanges of global talent, sending people in a wide range of positions on short-term overseas assignments, so as to cultivate human resources with a strong ownership mindset grounded in Terumo's values.

Q

**How do you rate Terumo's diversity efforts? Also, what do you see as issues that will need to be addressed in the future?**

**Nishi:** Given that Terumo already has several overseas associates among its executive officers, diversity seems to be proceeding quite well. But the current composition of the Board very much reflects so-called Japanese-style diversity. If it hopes to develop a more global mindset, Terumo needs to do more to build an organizational framework appropriate for being a global corporation with unique excellence.

**Kuroda:** I agree that Terumo already has a diverse range of human resources, but there is still plenty of room for improvement. For example, there is no reason why the company shouldn't have more female managers and female officers. It would also be beneficial to have foreign executives working in head office administrative departments. Since over two-thirds of the company's sales derive from overseas markets, as Mr. Nishi mentioned, it would be a good thing for the Board to include foreign directors. There needs to be a conscious effort to speed up diversity and adopt numerical targets within the Terumo Group.



Q

### How do you view your role within Terumo?

**Kuroda:** Besides being the only woman on Terumo's Board, I feel I can bring diversity to the Board in terms of my background and experience, since I never worked in a traditional Japanese company with lifetime employment. Based on my experience as a consultant for foreign-capital firms, I realize the need to apply a global perspective to human resources and organizational development, which are my areas of specialization. Also, businesses now face high expectations in terms of sustainability, ESG-driven management, and other aspects of corporate social responsibility. I have been doing research in this area, so I hope I can provide support for Terumo here as well, including in discussions of the company's next Mid- to Long-term Strategy currently being formulated.



**Nishi:** Based on my experience running global business operations and other management experience, I see it as my role to provide insights from a different perspective than Terumo's business fields. By putting forward views based on a different outlook, I'd like to provide support for widening the scope of Terumo's policies and strategies and for verifying and enhancing the precision of its strategies.

Q

### In closing, what do you hope to see from Terumo in the future?

**Kuroda:** I hope that as a global corporation with unique excellence, Terumo can contribute to enhancing the health and well-being of people throughout the world, be an organization where associates from different countries work together enthusiastically and be an innovative enterprise providing solutions that go beyond manufacturing.

**Nishi:** I hope that Terumo will aspire to be a company that doesn't confine itself to healthcare and one that society trusts and appreciates. By aiming for this, Terumo can also enhance the associate experience, giving associates more satisfaction, a stronger sense of achievement from their work and a feeling of pride from working at Terumo.

## Directors, Audit and Supervisory Committee Members, and Executive Officers

### Directors



**Takayoshi Mimura**  
Chairman of the Board

Apr. 1977 Joined Terumo Corporation  
 Jun. 2003 Director and Executive Officer  
 Jun. 2004 Director and Senior Executive Officer  
 Jun. 2007 Director and Managing Executive Officer  
 Apr. 2008 Group President of General Hospital Business Group, responsible for Domestic Sales Dept.  
 Jun. 2009 Regional Representative, China and Asia  
 Jun. 2010 Director and Senior Managing Executive Officer  
 Aug. 2011 President and CEO, Terumo (China) Holding Co., Ltd.  
 Apr. 2017 Chairman of the Board (present)



**Shinjiro Sato**  
President and CEO

Apr. 1984 Joined Toa Nenryo Kogyo K.K. (currently ENEOS Corporation)  
 Feb. 1999 Joined Arthur Andersen Business Consulting (currently PwC Japan Group)  
 Jun. 2004 Joined Terumo Corporation  
 Jun. 2010 Executive Officer, General Manager of Strategic Planning Dept.  
 Oct. 2011 Group President of Cardiac and Vascular Business Group (currently President, Cardiac and Vascular Company)  
 Jun. 2012 Senior Executive Officer  
 Jun. 2014 Director and Senior Executive Officer  
 Apr. 2015 Director and Managing Executive Officer  
 Apr. 2017 President and CEO (present)



**Toshiaki Takagi**

Director and Senior Managing Executive Officer  
**[Supervising Executive Officer for]** Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Production Dept., Supply Chain Management Dept., Terumo Medical Pranex  
**[Executive Officer in charge of]** Intellectual Property Dept., R&D Promotion Dept.

Apr. 1981 Joined Terumo Corporation  
 Jun. 2008 Executive Officer  
 Jun. 2009 General Manager of R&D Headquarters  
 Jun. 2010 Director and Senior Executive Officer  
 Jun. 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept. (present), and Environmental Management Dept.  
 Jul. 2015 Chief Quality Officer (CQO)  
 Apr. 2016 Director and Managing Executive Officer  
 Apr. 2017 Responsible for Production Dept. (present) and Procurement Dept.  
 Apr. 2018 Director and Senior Managing Executive Officer, responsible for Intellectual Property Dept. and Terumo Medical Pranex (present)  
 Apr. 2020 [Supervising Executive Officer for] Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Supply Chain Management Dept. (present), CIO Office, IT Planning Dept.  
 Apr. 2021 [Executive Officer in charge of] R&D Promotion Dept. (present)



**Shoji Hatano**

Director and Managing Executive Officer  
**[Supervising Executive Officer for]** Corporate Affairs Dept., Legal and Compliance Dept., Japan Sales Dept., Terumo Call Center, Procurement Dept.  
**[Executive Officer in charge of]** Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., Environmental Management Dept.

Apr. 1983 Joined Terumo Corporation  
 Oct. 2011 General Manager of Strategic Planning Dept.  
 Jun. 2012 Senior Executive Officer, General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.  
 Apr. 2015 Managing Executive Officer  
 Apr. 2016 President, General Hospital Company  
 Jun. 2016 Director and Managing Executive Officer (present)  
 Jan. 2017 Division President, Hospital Systems Division, General Hospital Company  
 Apr. 2020 [Supervising Executive Officer for] Corporate Affairs Dept., Legal and Compliance Dept., Japanese Sales Management Dept. (currently Japan Sales Dept.), Terumo Call Center, Procurement Dept. (present)  
**[Executive Officer in charge of]** Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., Environmental Management Dept. (present)



**Kyo Nishikawa**

Director and Managing Executive Officer  
 Chief Human Resources Officer (CHRO)  
**[Supervising Executive Officer for]** Human Resources Dept., IT Planning Dept., India and Asia Pacific Region  
**[Executive Officer in charge of]** Global Human Resources Dept., Human Resources Development Dept., Diversity Promotion Dept.

Apr. 1982 Joined the Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)  
 Apr. 2002 Human Resource Division, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)  
 Apr. 2008 General Manager, Hong Kong Branch, Mizuho Corporate Bank, Ltd.  
 Apr. 2010 Executive Officer, Mizuho Corporate Bank, Ltd.  
 Jun. 2010 Executive Officer, Terumo Corporation  
 Mar. 2012 General Manager, International Business Division Regional Representative, Eastern Europe, Russia, Middle East and Africa  
 Managing Director and BOD Chairman, Terumo Europe N.V.  
 Apr. 2018 Senior Executive Officer, Chief Human Resources Officer (CHRO), Human Resources Dept., Human Resources Development Dept. (present)  
 Jun. 2019 Director and Senior Executive Officer  
 Apr. 2020 [Supervising Executive Officer for] India and Asia Pacific Region (present)  
**[Executive Officer in charge of]** Global Human Resources Dept., Diversity Promotion Dept. (present)  
 Apr. 2021 Director and Managing Executive Officer (present), [Supervising Executive Officer for] IT Planning Dept. (present)



### Yukiko Kuroda

Independent Director  
Managing Director and Founder, People Focus Consulting Co., Ltd.

Apr. 1986 Joined Sony Corporation (currently Sony Group Corporation)  
Jan. 1991 President, People Focus Consulting Co., Ltd.  
Jun. 2010 Outside Audit & Supervisory Board Member, Astellas Pharma Inc.  
Mar. 2011 Outside Director, CAC Co., Ltd. (currently CAC Holdings Corporation)  
Apr. 2012 Founder and Director, People Focus Consulting Co., Ltd. (present)  
Jun. 2013 External Director, Marubeni Corporation  
Jun. 2015 Outside Director, Mitsui Chemicals, Inc.  
Jun. 2018 Outside Director, Seven Bank, Ltd. (present)  
Independent Director, Terumo Corporation (present)



### Hidenori Nishi

Independent Director

Apr. 1975 Joined Kagome Co., Ltd.  
Jun. 2000 Director, Kagome Co., Ltd.  
Jun. 2005 Director and Managing Executive Officer, Kagome Co., Ltd.  
Jun. 2008 Director and Senior Managing Executive Officer, Kagome Co., Ltd.  
Apr. 2009 Representative Director and President, Kagome Co., Ltd.  
Jan. 2014 Representative Director and Chairman, Kagome Co., Ltd.  
Jun. 2014 Independent Director, NAGASE & CO., LTD.  
Mar. 2016 Chairman of the Board, Kagome Co., Ltd.  
Jun. 2019 Independent Director, FUJI OIL HOLDINGS INC. (present)  
Jun. 2020 Independent Director, Terumo Corporation (present)



### Keiya Ozawa

Independent Director  
Professor Emeritus, Visiting Professor of Jichi Medical University

Mar. 1977 Graduated from the Faculty of Medicine, The University of Tokyo  
Mar. 1985 National Institutes of Health, U.S.A. (Fogarty Fellow -1987)  
Sep. 1990 Associate Professor, The Institute of Medical Science, The University of Tokyo  
Nov. 1994 Professor, Institute of Hematology, Jichi Medical University  
Feb. 1998 Professor and Chairman, Division of Hematology, Jichi Medical University  
Apr. 1998 Professor, Division of Genetic Therapeutics, Center for Molecular Medicine, Jichi Medical University  
Dec. 2012 Chairperson, Hematopoietic Stem Cell Transplantation Subcommittee, Specific Diseases Control Committee, Ministry of Health, Labour and Welfare (present)  
Apr. 2014 Director, IMSUT (The Institute of Medical Science, The University of Tokyo) Hospital; Director, Center for Gene & Cell Therapy (CGCT); Professor, Division of Genetic Therapeutics, The Advanced Clinical Research Center, IMSUT  
Visiting Professor, Division of Immuno- Gene & Cell Therapy, Jichi Medical University (present)  
Apr. 2018 Professor Emeritus and Visiting Professor, Jichi Medical University (present), Senior Adviser, Center for Gene Therapy Research (CGTR), Jichi Medical University (present)  
Program Supervisor, Japan Agency for Medical Research and Development (AMED) (present)  
Jun. 2018 Program Officer, AMED (present)  
Jun. 2021 Independent Director, Terumo Corporation (present)

## Directors (Audit and Supervisory Committee Members)



### Takanori Shibazaki

Director  
Audit and Supervisory Committee Member

Apr. 1986 Joined Terumo Corporation  
Jul. 2005 Factory Manager of Terumo Medical Products (Hangzhou) Co., Ltd. 1st Factory  
Sep. 2007 Deputy General Manager of Strategic Planning Dept.  
Oct. 2008 President and CEO, Terumo Medical Products (Hangzhou) Co., Ltd.  
Apr. 2014 Executive Officer  
Jul. 2014 General Manager, Supply Chain Management Dept.  
Apr. 2016 President and CEO, Terumo (China) Holding Co., Ltd.  
Apr. 2017 Senior Executive Officer, Regional Representative, China  
Jun. 2021 Audit and Supervisory Committee Office, Director (Audit and Supervisory Committee Member) (present)



### Masaichi Nakamura

Independent Director  
Audit and Supervisory Committee Member  
Certified Public Accountant

Oct. 1983 Joined Tetsuzo Ota & Co.  
May 1999 Partner of Showa Ota & Co.  
Aug. 2008 Executive Director of Ernst & Young ShinNihon LLC  
Jul. 2014 Representative Partner and Vice President of Ernst & Young ShinNihon LLC  
Sep. 2016 Representative of Masaichi Nakamura CPA Office (present)  
Jun. 2017 External Corporate Auditor, Sumitomo Heavy Industries, Ltd. (present)  
Outside Director (Audit and Supervisory Committee Member), SCSK Corporation (present)  
Jun. 2019 Independent Director (Audit and Supervisory Committee Member), Terumo Corporation (present)



### Soichiro Uno

Independent Director  
Audit and Supervisory Committee Member  
Lawyer

Apr. 1988 Joined Nagashima & Ohno (currently Nagashima, Ohno & Tsunematsu), admitted to the bar in Japan  
Nov. 1993 Passed the bar exam in the State of New York, USA  
Jan. 2000 Partner, Nagashima Ohno & Tsunematsu (present)  
Jun. 2004 Audit & Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.) (present)  
Jun. 2018 Director (Audit & Supervisory Committee Member), Dream Incubator Inc. (present)  
Jun. 2019 Independent Director (Audit and Supervisory Committee Member), Terumo Corporation (present)

Corporate Governance

Executive Officers

**Hikaru Samejima**

Managing Executive Officer  
 President, General Hospital Company  
 Division President, Hospital Systems  
 Division, General Hospital Company

**Toshihiko Osada**

Managing Executive Officer  
 President, Cardiac and Vascular Company  
 Division President, Interventional Systems  
 Division, Cardiac and Vascular Company

**Tsuyoshi Tomita**

Senior Executive Officer  
 Group Manager, General Hospital Products  
 Group, Hospital Systems Division, General  
 Hospital Company

**Tetsuya Kumei**

Senior Executive Officer  
 Division President, Alliance Division,  
 General Hospital Company  
 General Manager, Business Planning,  
 General Hospital Company

**Kazunori Hirose**

Senior Executive Officer  
 Chief Manufacturing Officer (CMO)  
 General Manager, Production Dept.  
 Procurement Dept.  
 Supply Chain Management Dept.

**Itaru Sakaguchi**

Senior Executive Officer  
 Chief Operations Officer (COO),  
 Interventional Systems Division,  
 Cardiac and Vascular Company

**Fumihisa Hirose**

Senior Executive Officer  
 General Manager, Strategic Planning Dept.  
 Chief Technology Officer (CTO)

**Masanori Hoshino**

Executive Officer  
 President, Terumo Yamaguchi Corp.

**Hiroshi Nagumo**

Executive Officer  
 President and CEO, Terumo Americas  
 Holding, Inc.  
 Regional Representative,  
 Latin America

**James Rushworth**

Executive Officer  
 Chief Commercial Officer (CCO),  
 Interventional Systems Division,  
 Cardiac and Vascular Company  
 President and CEO, Terumo Medical Corp.

**Katsuya Takeuchi**

Executive Officer  
 Chief Information Officer (CIO)  
 IT Planning Dept.

**Miho Mizuguchi**

Executive Officer  
 Chief Legal Officer (CLO)  
 General Manager, Legal and  
 Compliance Dept.

**Kazuhisa Senshu**

Executive Officer  
 Chief Clinical and Regulatory Affairs  
 Officer (CRAO)  
 General Manager, Clinical Development Dept.  
 Regulatory Affairs  
 Promotional Activities Control Dept.

**Paul Holbrook**

Executive Officer  
 Division President, Vascular Graft Division,  
 Cardiac and Vascular Company  
 President and CEO, Vascutek Ltd.

**Probir Das**

Executive Officer  
 Regional Representative, India and Asia  
 Pacific  
 Chairman and Managing Director,  
 Terumo Asia Holdings Pte., Ltd.

**Tomoko Manabe**

Executive Officer  
 General Manager, Terumo Medical Pranex

**Norimasa Kunimoto**

Executive Officer  
 Regional Representative, Eastern Europe,  
 Russia, Middle East and Africa  
 Managing Director and BOD Chairman,  
 Terumo Europe N.V.

**Antoinette Gawin**

Executive Officer  
 President, Blood and Cell Technologies  
 Company  
 President and CEO, Terumo BCT Holding  
 Corp.

**Keiji Takeda**

Executive Officer  
 General Manager, Human Resources Dept.  
 Health Management

**Naoki Muto**

Executive Officer  
 Chief Accounting and Financial Officer  
 (CAFO)  
 Controller Dept.  
 Treasury Dept.  
 Tax Dept.

**Kenichi Ikeda**

Executive Officer  
 General Manager, Japan Sales Dept.  
 Terumo Call Center

**Kazunobu Handa**

Executive Officer  
 General Manager, Corporate Affairs Dept.

**Toshio Nakashima**

Executive Officer  
 Chief Quality Officer (CQO)  
 General Manager, Quality Assurance Dept.  
 Post-Market Surveillance and Vigilance  
 Dept.

**Takeshi Kuroo**

Executive Officer  
 Senior Vice President, Surgical Business,  
 Cardiac and Vascular Company  
 General Manager, HeartSheet Business  
 Dept., Cardiac and Vascular Company

**Robert DeRyke**

Executive Officer  
 Division President, Cardiovascular Division,  
 Cardiac and Vascular Company  
 President and CEO, Terumo Cardiovascular  
 Systems Corp.

**Masayuki Maruta**

Executive Officer  
 Regional Representative, China  
 President and CEO, Terumo (China)  
 Holding Co., Ltd.

**Hiroshi Yagi**

Executive Officer  
 Factory Manager, Ashitaka Factory,  
 Interventional Systems Division,  
 Cardiac and Vascular Company

**Jin Nishizaki**

Executive Officer  
 Branch Manager, Tokyo Branch, General  
 Hospital Company  
 Deputy General Manager, Japan Sales  
 Dept.



## Basic Stance on Corporate Governance

Terumo's Group mission is "Contributing to Society through Healthcare." Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners, and communities.

To guide it in the accomplishment of its Group mission, Terumo has articulated the Core Values, which represent the values and beliefs on which all Terumo associates worldwide should base their actions, as follows:

**Respect – Appreciative of others**  
**Integrity – Guided by our mission**  
**Care – Empathetic to patients**

**Quality – Committed to excellence**  
**Creativity – Striving for innovation**

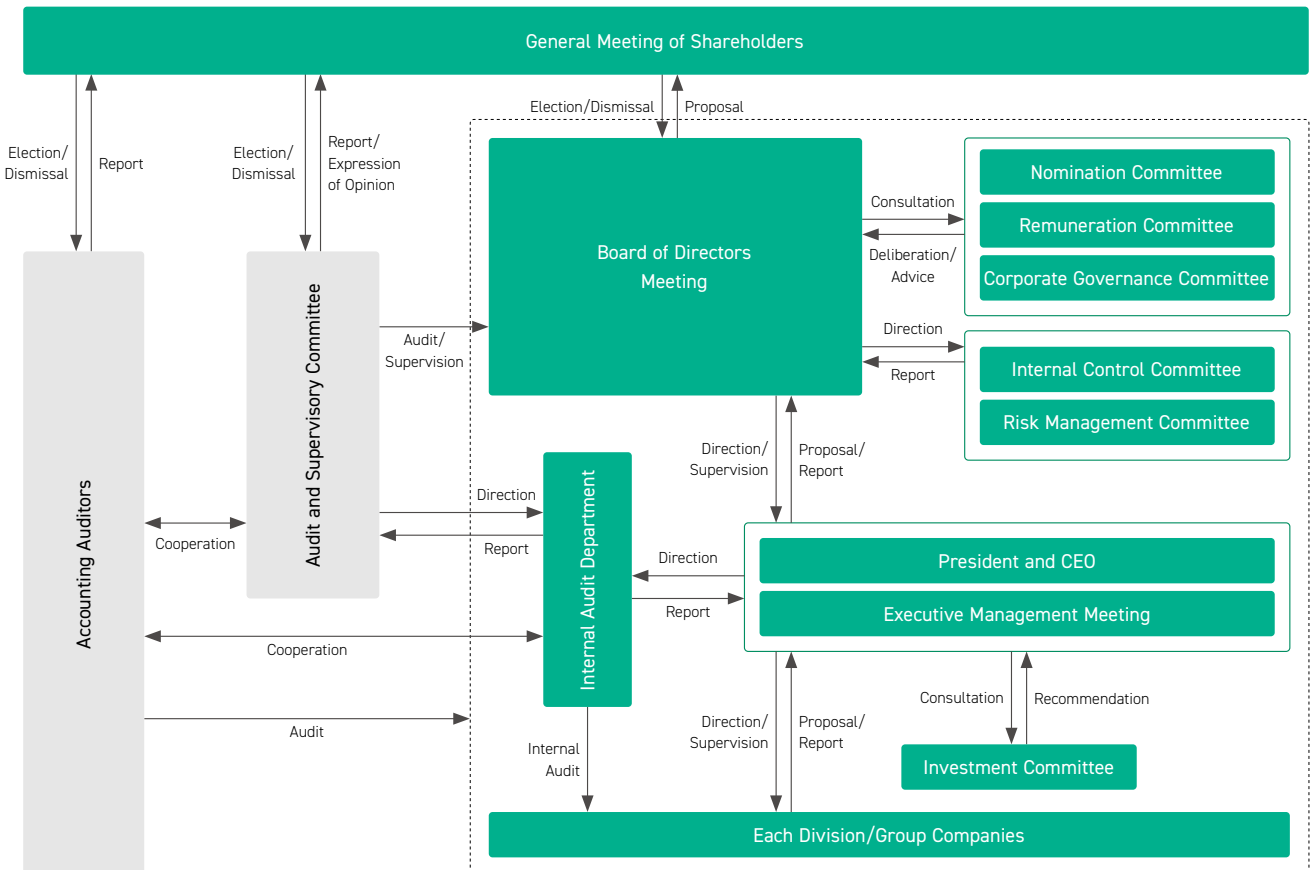
Based on its Group mission and the Core Values, Terumo has established these guidelines, which are intended to promote timely decision making while helping maintain transparency and objectivity in management.

Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by exercising accountability toward its stakeholders and promoting dialog and other means of communication with its shareholders.

Informed by Japan's Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen.

Terumo strives diligently to foster a corporate culture of "a highly motivating and challenging workplace with open and candid communication," because Terumo believes a culture of this nature is essential to effective corporate governance.

## Corporate Governance Structure



\* Audit and Supervisory Committee members are directors, and have voting rights in the Board of Directors meetings. The majority of the Audit and Supervisory Committee is constituted by independent directors. The Audit and Supervisory Committee serves the function of auditing and supervising the directors and the Board of Directors.

## Corporate Governance Structure

### ■ Organizational Design

Terumo adopted the organizational design of a Company with Audit and Supervisory Committee, as described in the Companies Act of Japan, to achieve the following goals, further strengthen its corporate governance framework, and to enhance its medium- to long-term corporate value.

#### 1. Strengthen audit and supervisory functions

The members of the Audit and Supervisory Committee shall have voting rights in meetings of the Board of Directors.

#### 2. Enhance transparency and objectivity in management

By increasing the proportion of independent directors on the Board, transparency and objectivity in decision making will be enhanced at the Board level by reflecting opinions of the independent directors, which represent the perspective of shareholders and other stakeholders.

#### 3. Expedite decision-making process

By promoting the appropriate delegation of the Board's authority by way of the executive officer system, Terumo will further expedite its decision-making process and business development through a shift toward a monitoring-based approach for the Board.

In addition, the Company has established the Nomination Committee, Remuneration Committee, Corporate Governance Committee, Internal Control Committee, and Risk Management Committee as discretionary bodies that serve to enhance the transparency and objectivity of management.

### ■ Board of Directors

#### Roles

- The Board shall strive for optimal decision-making regarding basic management policies with the goal of maximizing corporate value.
- To expedite decision making processes, the Board may delegate certain duties or responsibilities, which are executed based on basic management policies decided by the Board to directors and/or executive officers. The Board shall monitor the execution of any such duties or responsibilities so delegated.
- The Board shall oversee the nomination process of the president's successor as one of its important obligations for maintaining and improving corporate governance and sound management.

#### Members

- The Board shall consist of no more than 15 persons, excluding the Audit and Supervisory Committee members.
- Terumo shall strive to have independent directors account for at least one-third of the Board membership.
- Considering that, from the standpoint of corporate governance, the execution of business operations, and supervisory oversight should be separated, the chairman shall serve as the chair, in principle; provided, however, that if no chairman has been appointed, the Nomination Committee shall propose a candidate for chair, considering the actual situation of possible candidates based on the above standpoint and the Board of Directors shall appoint such candidate as the chair for the Board of Directors meeting.

### ■ Audit and Supervisory Committee

#### Roles

- The Audit and Supervisory Committee shall audit and supervise the execution of duties by directors and executive officers to ensure the appropriate, reasonable, and efficient operation of the Terumo Group. To fulfill its audit and supervisory duties, the Audit and Supervisory Committee may provide direct instructions to the Internal Control, Internal Audit, and Legal and Compliance departments.

#### Members

- The Audit and Supervisory Committee shall consist of no more than five (5) directors. Terumo shall have independent directors represent a majority of Committee membership.
- The members of the Audit and Supervisory Committee shall elect one of the Committee members to serve as the chair of the Committee.

## Support Systems for Independent Directors

The Company actively appoints independent directors to improve the diversity of the Board of Directors and to ensure highly effective discussions. Support systems are being enhanced to enable independent directors to better incorporate their talents and experience into the oversight of management.

- To assist the independent directors in quickly gaining the understanding necessary of the Company to fulfill their duties as directors, at the time of their appointment we provide opportunities to receive explanations on the Company, its businesses, and its medium-term management plans from the President and business representatives.
- Once appointed, independent directors may take part in an annual training program designed to enable them to continue acquiring the legal and industry knowledge required of directors. In addition, independent directors are given the opportunity to visit and observe workplaces and factories in Japan and overseas in order to develop a better understanding of the Company and its business.
- Explanations of the items on the agenda for discussion at meetings of the Board of Directors are provided to independent directors prior to the meetings to enable them to gain a better understanding of these items and to facilitate more substantial discussions at Board meetings (in principle, explanations will be provided by a representative from a division proposing each item two days prior to the Board meeting).
- All independent directors are provided with tablets to enable the safe and timely sharing of materials pertaining to the Board of Directors meetings as well as other internal information.

## Committees

	Role/Structure	Chairperson
<b>Nomination Committee</b>	<ul style="list-style-type: none"> <li>• The Nomination Committee shall, as an advisory body to the Board of Directors, deliberate on the following matters. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. <ul style="list-style-type: none"> <li>– Matters concerning successors to the positions of President and Chairman of Terumo Corporation, which is one of the most important duties of the Board of Directors</li> <li>– Matters concerning the appointment and dismissal of directors and executive officers</li> </ul> </li> <li>• The Committee shall be comprised of directors selected by the Board of Directors. Independent directors shall account for a majority of Committee members.</li> </ul>	Independent director
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>• The Remuneration Committee shall, as an advisory body to the Board of Directors, deliberate on the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. <ul style="list-style-type: none"> <li>– Matters concerning the remuneration for directors and executive officers (Policy for determining remuneration amount or calculation method thereof)</li> <li>– Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee</li> </ul> </li> <li>• The Committee shall be comprised of directors selected by the Board, independent directors shall account for the majority of Committee members, and at least one Representative Director shall be a member of the Committee.</li> </ul>	Independent director
<b>Corporate Governance Committee</b>	<ul style="list-style-type: none"> <li>• The Corporate Governance Committee shall, as an advisory body to the Board of Directors, discuss the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The deliberations of the Committee shall be reported to the Board of Directors as appropriate. <ul style="list-style-type: none"> <li>– Basic matters concerning corporate governance</li> <li>– Important matters concerning the establishment, design, and operation of the corporate governance system</li> <li>– Other important matters that are highly relevant to corporate governance such as improvement of the system in the field of environment and society and efforts to enhance sustainability</li> <li>– Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee</li> </ul> </li> <li>• The Committee shall be comprised of directors selected by the Board, independent directors shall account for the majority of Committee members, and at least one Representative Director shall be a member of the Committee.</li> </ul>	Independent director
<b>Internal Control Committee</b>	<ul style="list-style-type: none"> <li>• Positioned under the Board of Directors, the Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with the Company's "Internal Control System Design Basic Policy."</li> <li>• The Committee shall be comprised of directors who also serve as executive officers, Internal Control Department managers, and other persons appointed by the Committee chair (including managers of relevant Terumo departments, and external specialists and experts).</li> </ul>	President and CEO
<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>• Positioned under the Board of Directors, the Risk Management Committee shall design and operate the Terumo Group's risk management system based on risk identification, assessment, analysis, and prioritization across the entire organization.</li> <li>• The Committee shall be comprised of directors who also serve as executive officers, Internal Control Department managers and other persons appointed by the Committee chair (including managers of relevant Terumo departments, and external specialists and experts).</li> </ul>	President and CEO

## Corporate Governance

## Membership of the Board of Directors, Audit and Supervisory Committee, and Other Committees, and Numbers of Meetings (As of July 1, 2021)

	Name	Board of Directors	Audit and Supervisory Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee
Board of Directors	Takayoshi Mimura	◎		○	○	○
	Shinjiro Sato	○		○	○	○
	Toshiaki Takagi	○				
	Shoji Hatano	○				
	Kyo Nishikawa	○				
	Yukiko Kuroda*	○		○	◎	◎
	Hidenori Nishi*	○		◎	○	○
	Keiya Ozawa*	○		○	○	○
Directors (Audit and Supervisory Committee Members)	Takanori Shibazaki	○	◎			
	Masaichi Nakamura*	○	○	○	○	○
	Soichiro Uno*	○	○	○	○	○
Numbers of meetings in fiscal 2020		13	12	8	5	7

◎: Chairperson ○: Member \* Independent director

## Selection of Directors

### Policy

In selecting candidates for directors, with the aim of creating an ideal Board of Directors, Terumo considers the diversity of the composition of the Board in order to give the Board relative base strength with broad experience and skills (industry experience, management capability, etc.), which are necessary for the Board to engage in good discussions and decision making.

Candidates for internal directors shall be selected according to the internal regulations, which stipulate the eligibility criteria, including "a candidate shall have the management judgment capacities and management oversight capacities from stakeholders' standpoint."

Internal regulations for appointment of independent directors stipulate that independent directors shall be selected from persons with extensive experience in management, international business, the practice of medicine, or other specific areas of expertise and that these individuals must be able to contribute to management and to improved corporate governance and be able to offer their frank opinions. The regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender, and other characteristics as appropriate.

With regard to independent directors who serve as Audit and Supervisory Committee members, the regulations stipulate that independent directors should ideally be selected from persons who play leading roles in the fields of law or accounting with at least one candidate coming from each such field.

### Procedure

The Nomination Committee shall discuss potential candidates for directors and the appropriateness of each director's reappointment, and present the results of these discussions to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates.

If a situation arises that leads to serious concerns over the performance of a director's duties, the Nomination Committee may immediately propose to the Board of Directors that necessary measures be taken even during one's term of office.

Independent directors shall be subject to the requirements of the Director Independence Standards. The Nomination Committee shall discuss and propose the Director Independence Standards for review and approval by resolution of the Board of Directors.

Each director shall concurrently hold officer positions (director, auditor, etc.) with no more than three other listed companies as a condition to serving as a director of Terumo Corporation.

The reasons for selection and the positions concurrently held by each candidate for director shall be disclosed in the Corporate Governance Report, reference materials for the General Meeting of Shareholders, or other documents as appropriate.

## Board of Directors' Skill Matrix

	Internal Directors						Independent Directors					
	Mimura	Sato	Takagi	Hatano	Nishikawa	Shibazaki	Kuroda	Nishi	Ozawa	Nakamura	Uno	
<b>Background</b>												
<b>Director experience value</b>	Healthcare industry experience	●	●	●	●	●			●			
	Financial experience/knowledge		●		●	●	●			●		
	Sales marketing experience	●	●		●	●	●	●				
	Technology/development			●					●			
	Business responsibility experience	●	●	●	●	●	●	●				
	Experience as CEO of a listed company		●					●				
	Government/industry response	●		●	●		●	●	●			
	Risk management		●	●				●	●	●	●	
	New business development experience	●	●		●			●				
	Experience outside Japan*	●	●		●	●	●	●	●		●	
<b>Director experience</b>	Status of posts at other companies						●	●		●	●	
	Timing of appointment as director	06/2003	06/2014	06/2010	06/2016	06/2019	06/2021	06/2018	06/2020	06/2021	06/2019	06/2019
<b>Diversity</b>	Age***	68	60	63	61	62	59	57	70	68	64	58
	Sex	Male	Male	Male	Male	Male	Male	Female	Male	Male	Male	Male

● Has experience

\* Has experience working in a post outside Japan  
 \*\* Number of years in position up to July 2021  
 \*\*\* Age as of July 1, 2021  
 \*\*\*\* Average age of 62 for internal directors/Average age of 63 for external directors

Average: 4.8 years\*\*  
Average age: 63\*\*\*\*

## Reasons for Appointing Independent Directors and Attendance at Meetings

Name	Reasons for appointment	Attendance at meetings of the Board of Directors and Audit and Supervisory Committee
<b>Yukiko Kuroda</b>	Ms. Kuroda has extensive experience as a manager and many years of global experience in organizational and leadership development consulting. She has been appointed as an independent director to utilize the insight she has cultivated from these experiences in the management of Terumo Corporation and the supervision thereof.	Board of Directors: 13/13 (100%)
<b>Hidenori Nishi</b>	Mr. Nishi has extensive experience as a manager and many years of experience in overseas businesses and marketing. He has been appointed as an independent director to utilize this experience in the management of Terumo Corporation and the supervision thereof.	Board of Directors: 9/9 (100%)
<b>Keiya Ozawa</b>	Mr. Ozawa has expert knowledge which includes that gained through his track record of research in gene therapy, cell therapy and hematology, has served as director of IMSUT Hospital (The Institute of Medical Science, The University of Tokyo), and of IMSUT Hospital's Center for Gene and Cell Therapy (CGCT), and has cultivated extensive experience through the performance of his duties in these organizations. He has been appointed as an independent director to utilize this experience in the management of Terumo Corporation and the supervision thereof.	Appointed on June 22, 2021
<b>Masaichi Nakamura</b>	Mr. Nakamura has extensive knowledge of finance and accounting as a Certified Public Accountant. He is expected to utilize this knowledge to audit and supervise the management of Terumo Corporation from an independent perspective.	Board of Directors: 13/13 (100%) Board of Directors: 11/12 (92%)
<b>Soichiro Uno</b>	Mr. Uno has specialized knowledge and extensive experience as an attorney in Japan and overseas. He is expected to utilize this knowledge and experience to audit and supervise the management of Terumo Corporation from an independent perspective.	Board of Directors: 13/13 (100%) Board of Directors: 12/12 (100%)

Corporate Governance

### Selection and Cultivation of Successor to the President (Succession Plans)

The Board of Directors has established the Nomination Committee as an organization overseeing the process of selecting and cultivating successors to the president in recognition of the fact that the selection of successors to the president is one of the most important duties for the Board of Directors, and the Committee’s activities are monitored by the Board of Directors. The process of selection and cultivation of successors to the president is clearly stated in internal regulations. With regard to selecting a successor to the president, the president shall propose a “Succession Plan” listing more than one candidate and a plan for their cultivation within a specified period of time. The Nomination Committee shall consider the successor candidates in accordance with the procedures stipulated in the internal regulations.

From the point of view of cultivating future successor candidates, the president shall also submit a “Next-Generation Executives’ Development Plan” naming several persons with the potential to become future executives to the Nomination Committee within a specified period of time, and shall thereafter continue to report on the status of these candidates’ cultivation to the Committee as appropriate.

### Evaluation of the Effectiveness of the Board of Directors

The Board of Directors conducted a self-evaluation concerning its effectiveness during fiscal 2020, for the purpose of further improving effectiveness and functionality of the Board.

The Board evaluation process included anonymous questionnaires completed by each director and individual interviews with certain members of the Board of Directors and the secretariat of the Board. In order to draw out frank opinions and ensure objectivity, the process of collecting questionnaires, conducting individual interviews, and analyzing them were facilitated by outside consultants.

Upon receiving the report from outside consultants, the performance of the Board was discussed and evaluated by the Corporate Governance Committee, of which the majority of the members are independent directors. Subsequently, all members of the Board discussed major findings from the survey and agreed on the actions to take, which will be reflected in the operations of the Board and each committee in fiscal 2021.

#### Process for Evaluation of the Effectiveness of the Board of Directors at Meetings



### Fiscal 2019 Evaluation Results and Fiscal 2020 Response Measures

The areas for improvement identified as requiring further attention by the fiscal 2019 evaluation of the effectiveness of the Board of Directors and the measures taken are as follows:

Areas for improvement	Measures of Fiscal 2020
Improvements need to be realized in the proceedings of Board of Directors meetings to secure sufficient time for discussion, as changes in the healthcare industry and progress in digital technologies warrant additional opportunities for discussing the medium- to long-term corporate strategies and directives.	Board meetings have been structured in two parts to realize a clear distinction between oversight of execution and discussion of medium- to long-term issues. In this way, improvement has been achieved in terms of securing more time for the discussion of important matters relating to medium- to long-term business strategy.
Ongoing improvements are needed in the monitoring functions of the Board of Directors in relation to overseas risk management (production, quality, compliance, etc.).	Various important issues relating to overseas risk management were raised and discussed by the Board of Directors, including the strengthening of risk management and internal controls at overseas subsidiaries, monitoring of large-scale overseas production projects, global compliance, and global quality management.

Areas for improvement	Measures of Fiscal 2020
Continuous discussion is necessary regarding the ideal composition of the Board of Directors going forward.	Recognizing the importance of taking serious steps to make the Board of Directors what it should be, there was ongoing discussion in the Corporate Governance Committee regarding matters such as the approach to organizational design.
There is a need to clarify the roles of advisory committees and adjust their composition.	There was ongoing discussion regarding the importance of adjusting and revising the roles played by advisory committees, and committee composition. It was determined that, currently, these committee are operating with clear roles and high efficacy, and that they would therefore not be adjusted or revised.

### Summary of Results of Fiscal 2020 Evaluation

Based on the following major findings from the evaluation, it was concluded that the Board of Directors had maintained high effectiveness, and that there has been steady, continued improvement in terms of enhancing governance.

- The Board has implemented delegation of authority with respect to operational execution, and has realized a clear division of responsibility. As such, the Board is fulfilling its role in terms of maintaining checks and balances. Internal director positions are filled by corporate executive officers, and as a company that aims to have an oversight-oriented Board of Directors, Terumo has sought to realize effective strengthening of the monitoring of operational execution.
- Besides having a well-balanced Board composition, Terumo has also cultivated a Board culture in which directors with diverse backgrounds can speak their mind frankly, which in turn facilitates effective Board discussion.
- Although the Board is chaired by an internal director, the Board of Directors as a whole find that choice reasonable due to such advantages as the early identification of issues that independent directors are not aware of, fair and transparent proceedings, and an attitude that encourages the active expression of opinions and vigorous discussion.

### Areas for Improvement

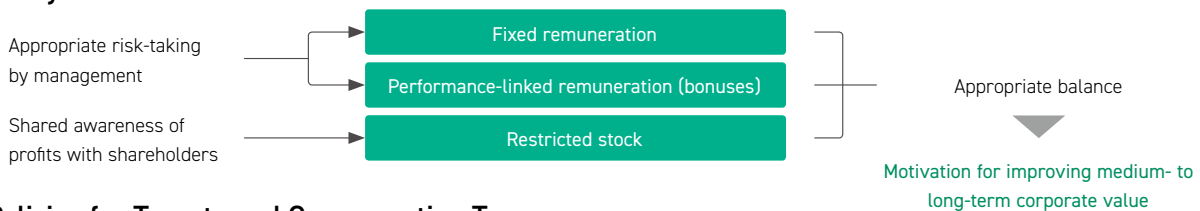
In addition to the aforementioned results, the Board of Directors identified the following areas to be improved.

- Involvement in long-term management direction: There is a need to further deepen discussions that contribute to enhancing corporate value, including from the perspective of new management issues (e.g., ESG and digital transformation [DX]).
- Risk management with a focus on overseas subsidiaries: There is a need to establish a system for continuous evaluation, and to further ensure that the Company’s vision is shared between the head office and the overseas subsidiaries.
- Interaction with executive members: There is a need to enhance the understanding of human capital on the business side and execution side. There is a particularly strong need for more in-depth awareness of internal human capital on a global basis.
- Board composition: There is a need for ongoing discussions on further enhancement of diversity and on human capital development

In fiscal 2021, the Board of Directors and committees will implement measures regarding areas of improvement, including those listed above, and will discuss and implement measures to further improve the effectiveness and functionality of the Board.

## Executive Compensation

### Policy and Framework



### Policies for Targets and Compensation Types

#### 1. Overall Distribution

Executive directors (all)	Fixed remuneration 50%	Performance-linked remuneration (bonuses) 30%	Restricted stock 20%
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\* The higher the rank of the director (with the President ranked highest), the higher the ratios of performance-linked remuneration (bonuses) and restricted stock to the total amount of remuneration.

## 2. Performance-Linked Remuneration (Bonuses)

### (1) Summary of Purpose and Calculation Method

Performance-linked remuneration (bonuses) is issued for the purpose of motivating directors to achieve sustainable growth and improve annual performance and therefore has been adopted as a performance indicator.



Bonuses calculated by multiplying evaluation coefficients determined based on above evaluation indicators by standard bonus amount set for each position

### (2) Indicator Targets and Scale of Fluctuation

		Policy/Target	Scale of fluctuation
<b>Companywide performance indicators</b>	Revenue	In past years, the target has been the initially set planned figure, and the evaluation coefficient has been set at 100% for achievement of the target.	The evaluation coefficient has normally been adjusted within the range of 0% to 150% based on degree of accomplishment of targets in order to provide healthy motivation for improving performance.
	Operating profit	However, in fiscal 2020, because the impact of the COVID-19 pandemic led to the Company's sales forecasts being revised downwards, the evaluation coefficient has been set at 80% for achievement of the revised target.	
	EPS	Year-on-year increase in three-year moving EPS average growth rate (profit increase rate per share) set as evaluation index for EPS for the purposes of further emphasizing shareholders' perspective and encouraging pursuit of sustainable profit growth	However, for the fiscal 2020 evaluation, the range was set at 0% to 120%, to take account of the impact of the COVID-19 pandemic.
<b>Overseen department(s)/individual performance indicators</b>	Revenue of overseen department(s)	Accomplishment of initially set target defined as 100% for evaluation coefficient	Evaluation coefficient to be adjusted within range of 0% to 150% based on degree of accomplishment of targets in order to provide healthy motivation for improving performance
	Adjusted operating profit		
	Individually set targets	Targets initially set with regard to important measures	Evaluation coefficient to be adjusted within range of 0% to 100% based on degree of accomplishment of targets as of fiscal year-end

### (3) Evaluation Index Results (Fiscal 2020)

The evaluation coefficients pertaining to Companywide performance indicators in fiscal 2020 were 81% for revenue, 85% for operating profit, and 0% for EPS, which resulted in an average of 56% for these three coefficients.

	Provisionally scheduled to be announced on November 5, 2020.	Performance (planned rate)	Evaluation coefficient
<b>Revenue</b>	¥600.0 billion	¥607.8 billion*	81%
<b>Operating profit</b>	¥90.0 billion	¥96.2 billion*	85%
<b>EPS</b>	8.5% three-year moving EPS average growth rate (10-year average)	-7.8% three-year moving EPS average growth rate	0%
<b>Average for evaluation coefficients pertaining to Companywide performance indicators in fiscal 2020</b>			56%

\* Figures are calculated using foreign exchange rates employed when formulating initial targets.

### (4) Policy and Ratios for Evaluation Indicators for Each Director Position (Executive Directors)

- Chairman/CEO: Evaluation based only on Companywide performance indicators
- Directors with business responsibilities: High weight assigned to overseen department(s) / individual performance indicators
- Directors with functions / regional responsibilities: High weight assigned to Companywide performance indicators

Director position	Companywide performance indicator weight	Overseen department(s) / individual performance indicator weight
<b>Chairman/CEO</b>	100%	0%
<b>Directors with business responsibilities</b>	70%	30%
<b>Directors with functions / regional representative</b>	71-80%	29-20%



### 3. Restricted Stock

In order for executive directors to share the benefits and risks of stock price movements with shareholders and further enhance their desire to contribute to rises in stock prices and to the improvement of corporate value, a restricted stock system was adopted in fiscal 2019. Under the concept "sharing awareness of profits with shareholders over the long term," directors may not transfer to a third-party or otherwise dispose of restricted stock allotted to them for thirty years (or until their retirement from position of director, if earlier). Furthermore, if directors commit fraud or violate laws during their term as director, all or part of their allotted stock will be acquired by the Company without compensation.

#### ■ Determining Procedure

The Remuneration Committee, as an advisory body to the Board of Directors, deliberates on the standard amount of fixed remuneration, bonuses and restricted stocks (stock options) for directors (excluding Audit and Supervisory Committee members) by position and the basic design of the remuneration system in light of information that includes information on comparable standards used at other companies provided by an outside research organization.

Independent directors shall account for the majority of Remuneration Committee members and the chair shall be elected from among the Committee members who are independent directors.

As approved at the 100th Annual General Meeting of Shareholders held on June 24, 2015, a total annual limit of ¥700 million was set for remuneration of directors other than Audit and Supervisory Committee members (fixed remuneration, bonuses, and stock options). Thereafter, at the 104th Annual General Meeting of Shareholders held on June 21, 2019, a total annual limit of ¥200 million was set for restricted stock remuneration. A maximum annual limit of ¥100 million was also approved for remuneration of directors who serve as Audit and Supervisory Committee members at the 100th Annual General Meeting of Shareholders held on June 24, 2015. Thereunder, the procedure for determining remuneration is as follows:

- Fixed remuneration

Within the approved remuneration limit, remuneration for directors, excluding members of the Audit and Supervisory Committee, is decided by resolution of the Board of Directors, and remuneration for Audit and Supervisory Committee members is decided through discussions among the Audit and Supervisory Committee members.

- Bonuses, restricted stock (stock options)

Bonuses and restricted stock (stock options) are approved by resolution of the Board of Directors, within the director remuneration limit mentioned above, after taking business results, the business environment, and other factors for each year into consideration.

#### Remuneration to Directors

Position	Total value of remuneration (¥ million)	Total compensation by type (¥ million)			Number of directors
		Fixed remuneration	Restricted stock	Bonuses	
Directors (excluding Audit and Supervisory Committee members and independent directors)	430	226	112	91	5
Director Audit and Supervisory Committee members (excluding independent directors)	42	42	—	—	1
Independent directors	78	78	—	—	6

(Reference) Activities by the Board of Directors and Committees in Recent Fiscal Years as Part of the Process for Deciding Remuneration of Directors

Date	Organization	Activity
May 14, 2020	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2020
June 18, 2020	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2020
August 6, 2020	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2020
November 5, 2020	Remuneration Committee	Discussion on stock options for directors and executive officers living overseas Discussion on evaluation criteria for directors' bonuses
January 21, 2021	Remuneration Committee	Discussion on director remuneration composition for fiscal 2021
February 4, 2021	Board of Directors	Resolution on director remuneration composition for fiscal 2021
April 14, 2021	Remuneration Committee	Discussion on policies for performance evaluations and director remuneration for fiscal 2021

Corporate Governance

**■ Holding of Shares in Other Companies for Strategic Purposes**

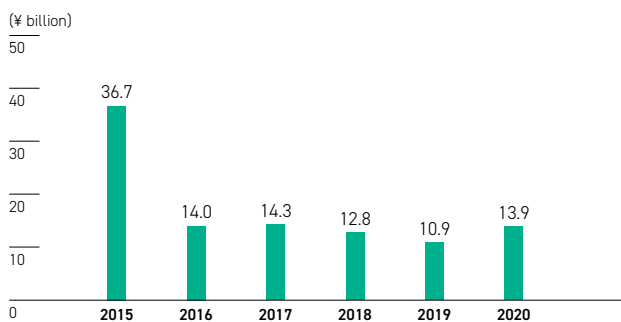
Regarding the holding of shares in other companies for strategic purposes, Terumo adopts the following approach in its Terumo Corporate Governance Guidelines.

**3. Securing Shareholders' Rights and Equality**

(4) Holding of Shares in Other Companies for Strategic Purposes

- Terumo may hold shares of other companies with a view to creating business opportunities and/or enhancing corporate value.
- The Board of Directors shall verify the economic, strategic, and other rationales for each such holding using a medium- to long-term perspective on an annual basis. Terumo shall disclose holding securities as specified equity securities in the Annual Securities Report unless selling them.
- Terumo shall exercise its voting rights taking into consideration the impact of its voting on the corporate value of Terumo and the company in which Terumo has invested.

**Holding of Shares in Other Companies for Strategic Purposes  
(As of March 31, 2021)**



Notes: 1. Figures represent total of investments in stocks for special purposes and balance of deemed securities holdings (market value).  
2. Figures exclude early stage investment in venture companies.



For more information on the Terumo Corporate Governance Guidelines, please refer to the website below:

**WEB** <https://www.terumo.com/about/governance/>

## Risk Management

### Basic Approach

Changes in global circumstances, the globalization of business, and other factors are causing rapid changes in the Terumo Group's business environment. At the same time, risks affecting our business activities are diversifying and growing in complexity. In response to these risks, the Terumo Group is moving forward with the construction of a Groupwide risk management system, an effort that began in fiscal 2015.

The Group has established the Group Risk Management Policy and has been working on appropriate risk management based on identification and analysis of risks for the Group as a whole. Our objective in managing risks is to provide the proper environment for supporting bold yet appropriate risk-taking—for all types of risks—by management and ultimately to win stakeholder trust and enhance our corporate value.

Messages are communicated to all associates from Terumo's President and CEO stressing the importance of risk management as part of corporate activities. These messages are underscored by a target of realizing an organizational culture in which each individual associate is conscious of risk as they perform their job responsibilities.

### Establishment of the Risk Management System

The Risk Management Committee has been established directly under the Board of Directors as an organization charged with overseeing risk management across the entire Group. Chaired by the President and CEO, the Risk Management Committee consists of directors who also serve as Executive Officers, representatives of relevant departments selected by the committee chair, and the Company's legal counsel. The committee meets twice a year to discuss key risks and draw up, implement, and monitor risk response measures.

Key risks are designated by assessing risks identified throughout the Group based on predefined criteria. Assessment criteria focus on two key points: 1) whether the risk will significantly impact patients and Terumo customers, and 2) whether the risk will cause serious damage to the Terumo Group's management. Risk information is gathered from throughout the Group, organized in a database, and shared with department heads and risk managers at subsidiaries. In addition, a system has been established for information to be communicated to management organizations promptly through functional departments and the relevant departments of subsidiaries when a significant issue arises.

## Business Continuity Management (BCM) and Business Continuity Plans (BCP)

### Basic Approach

The Terumo Group provides medical devices, pharmaceuticals, and services that are directly linked to people's lives. Accordingly, we believe that ensuring business continuity in the event of a major natural disaster or some other unforeseen situation is an important social obligation of the Group.

To fulfill this responsibility, the Group BCM Policy clearly stipulates the Terumo Group's basic approach to business continuity and the related systems and response measures. The scope of application of this Policy includes not only natural disasters but also a wide range of other risks that could affect business continuity. Based on the following three basic policies: 1) Protect our associates and their families worldwide, 2) Fulfill our social responsibility. That impacts to the healthcare system should be minimized whenever possible, and 3) Protect our assets, we will prepare for emergencies during normal times, and strive to ensure that we can maintain or restore our business operations in the event of an incident.

Risk Management

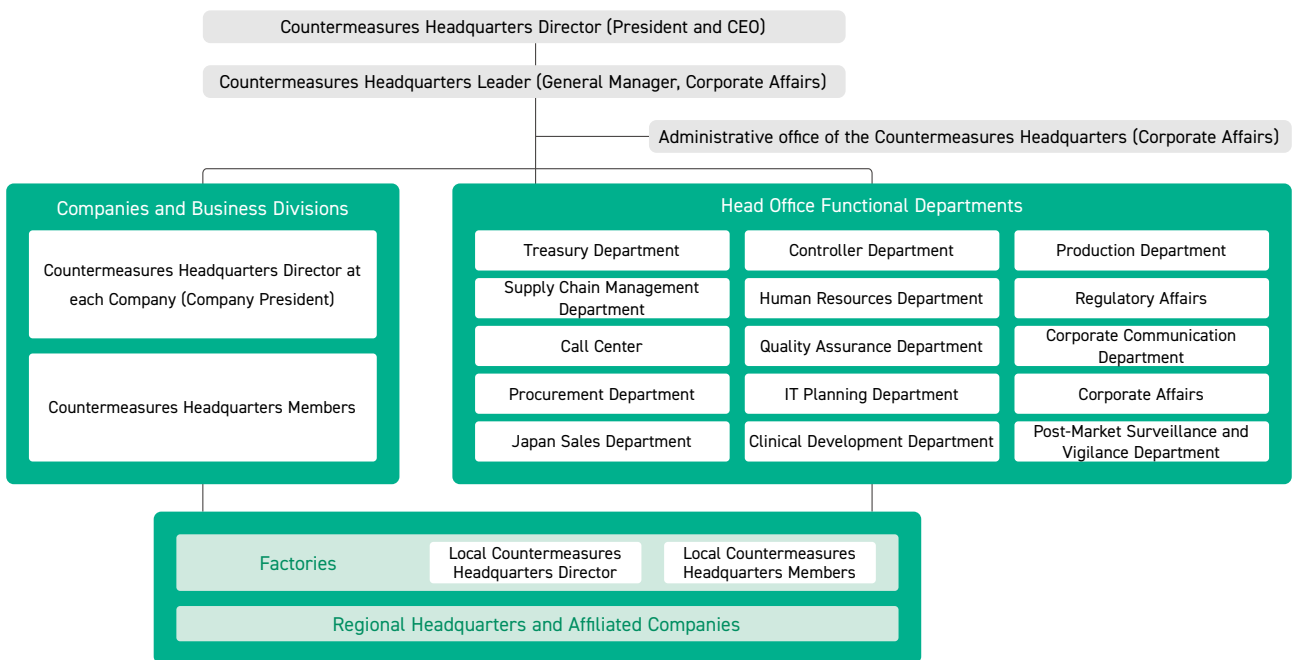
**Promotion System and Major Initiatives**

Corporate Affairs Department at the head office plays a key role in promoting relevant activities throughout the Terumo Group.

If a serious risk emerges that could affect business continuity, the Countermeasures Headquarters, led by the President and CEO of Terumo Corporation, will be established to swiftly initiate response activities.

In the event of a large-scale disaster, the Countermeasures Headquarters will determine and implement necessary measures by gathering information, including information regarding the safety of associates and their family members, damage to suppliers, and the situation in the affected areas. At the same time, the Countermeasures Headquarters will embark on efforts to provide the necessary support to disaster-hit areas in a timely manner. If it becomes apparent that the Terumo Group’s supply chain or operations will be temporarily interrupted, we will strive to restore normal supply chain and operational functions as quickly as possible.

**Example of a Countermeasures Headquarters Structure That Could Be Used in the Event of a Large-scale Disaster**



In normal times Business Continuity Plans (BCPs) are prepared through the collaboration by the personnel responsible for risk management at each factory, functional department involved in raw materials procurement and distribution, each company, and subsidiary outside Japan. The BCPs aim to prevent operations from being disrupted even in emergency situations, and to ensure that operations can be quickly restored and resumed should they be disrupted. In addition, each Terumo Group business site conducts drills, such as those noted below.

- Establishment of a disaster response headquarters following major natural disasters, confirmation of the roles of individual staff, and other BCP-related drills
- Implementation of systems for rapidly ascertaining the condition of associates and their families and training on their use
- Comprehensive disaster response drills including firefighting, CPR, and rapid evacuation
- BCM and BCP education and training for all associates in Japan

## Major Risks and Opportunities

Main Risk Factors	Risks and Opportunities Content	Response
<b>Changes in Government Healthcare Policies</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ The impact of large-scale amendment in government healthcare policies exceeding expectations</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Shortened development and approval process cycle for innovative medical device development</li> <li>■ Expanded revenue opportunities associated with increased demand for products and services with high medical cost efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Constantly analyze the government healthcare policies of the countries in which we operate in order to furnish the necessary responses through coordination between relevant internal divisions and stakeholders</li> </ul>
<b>Stable Supply-Related Risks</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Impact from overwhelmed sustainable value chains and the non-functional systems to stably supply high-quality products to medical settings due to material procurement, quality controls, compliance, and Environmental, Health and Safety Management System</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ A competitive edge maintained through the continuous stable supply of products</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance quality control, compliance, environmental, and health and safety initiatives through various actions including the development of systems for collaboration with business partners (procurement policy/supplier guidelines)</li> <li>• Development of business continuity plans (BCPs)</li> <li>• Credit management of business partners</li> </ul>
<b>Quality-Related Risks</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Impact of delayed compliance with more rigorous legal or regulatory standards which could be newly implemented in the countries</li> <li>■ Impacts of lost social trust and business interruptions due to quality-related issues disrupting the supply of products to medical settings</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Ability to sell to an increased number of countries by adapting to legal and regulatory standards</li> <li>■ A competitive edge on the market maintained with high product quality</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legal and regulatory standards and specifications pertaining to pharmaceuticals and medical devices in the countries in which products are manufactured or sold</li> <li>• Reinforce quality governance systems globally and develop and constantly improve quality control systems</li> <li>• Regularly verify through internal audits the compliance status with relevant laws and regulations at each production site within the Group and the status of quality control</li> <li>• Ensure quality, efficacy, and safety of products under rigorous quality and production control provisions</li> </ul>
<b>Discovery of New Medical Evidence</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Loss of competitiveness in the event a product is found to not demonstrate efficacy during research and development, or new issues or adverse drug reactions are discovered with regard to the treatment previously thought to be effective</li> </ul>	<ul style="list-style-type: none"> <li>• Analyze new research reports or clinical data after an initiative for product development, business alliances, or acquisitions is started, and decide whether to continue or discontinue the initiative</li> </ul>
<b>Market Price Fluctuations</b>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>■ Market price fluctuations pertaining to revised national healthcare systems in the countries</li> <li>■ Price fluctuations mainly on overseas markets due to large-scale bidding and other causes</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>■ Development and provision of products with higher added value</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous cost reduction</li> </ul>

Risk Management

Main Risk Factors	Risks and Opportunities Content	Response
Exchange Rate Fluctuations	<p>Risks</p> <ul style="list-style-type: none"> <li>Impact of exchange rate fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the impact of exchange rate fluctuations by transferring production to overseas factories</li> <li>Structural methods such as importing raw materials</li> <li>Minimize impact through flexible utilization of contracts to hedge against exchange rate volatility for trade receivables</li> </ul>
Changes in Accounting Policies and Taxation Systems	<p>Risks</p> <ul style="list-style-type: none"> <li>Affected operating results and financial position when new accounting standards or taxation systems are implemented or altered</li> <li>Impact of additional tax burdens incurred due to difference in interpretation between tax authorities and the Company</li> </ul>	<ul style="list-style-type: none"> <li>Consider measures based on the timely information obtained and advice from experts</li> <li>Increase opportunities to have dialogue with tax authorities</li> </ul>
Capital and Business Alliances, Corporate Acquisitions	<p>Risks</p> <ul style="list-style-type: none"> <li>Impact of which a major strategy for the Company, a capital or business alliance, or a corporate acquisition fails to produce the expected benefits</li> </ul> <p>Opportunities</p> <ul style="list-style-type: none"> <li>Developed base for growth and strengthened business fundamentals by acquiring new management resources via capital and business alliances and corporate acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Analyze and evaluate business potentials, mitigate projected risks, and ensure swift and efficient post-merger integration</li> </ul>
Risks Pertaining to Impairment Losses, Valuation Losses, and Business Reorganizations	<p>Risks</p> <ul style="list-style-type: none"> <li>Impairment losses recorded on goodwill and tangible or intangible assets, and accrued losses incurred due to sale or liquidation of businesses in the event that the anticipated growth isn't achieved as a result of the utilization of management resources or the recovery of assets being unable to do so</li> </ul>	<ul style="list-style-type: none"> <li>Efficient utilization of management resources in its businesses and maximize return on investments</li> </ul>
Information Security- and IT System Management-Related Risks	<p>Risks</p> <ul style="list-style-type: none"> <li>Loss of social trust and business interruptions due to system outages if information is leaked or tampered with through a cyberattack or internal fraud</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened information security measures and enhanced responsiveness when incidents occur</li> <li>Establishment of the global information security standards and rules</li> <li>Continuous training for associates</li> </ul>

Main Risk Factors	Risks and Opportunities Content	Response
<b>Legal Proceedings</b>	<p>Risks</p> <ul style="list-style-type: none"> <li>■ Impact from any major legal action by a third party such as a lawsuit for damages or an injunction against sales</li> </ul>	<ul style="list-style-type: none"> <li>• Research by Legal and Compliance, Intellectual Property, and other managing divisions as well as establishment of an internal control system</li> <li>• Develop a management structure to ensure that the Board of Directors and the Audit and Supervisory Committee review situations as needed</li> </ul>
<b>Pandemics, Epidemics, and Large-Scale Natural Disasters</b>	<p>Risks</p> <ul style="list-style-type: none"> <li>■ Impacts on business activities that are more severe than expected in the event of global pandemics and epidemics, earthquakes, hurricanes, and other natural disasters</li> </ul>	<ul style="list-style-type: none"> <li>• Establish the Group BCM Policy and implement various drills on a regular basis</li> </ul>
<b>Risks Related to the Environmental, Health and Safety Management and Compliance</b>	<p>Risks</p> <ul style="list-style-type: none"> <li>■ Impact of damaged social trust if the Company's measures are not sufficiently functional due to sudden changes in laws of relevant countries, in regard to compliance with laws pertaining to occupational health and safety, anti-corruption, antitrust, and appropriate promotions targeting healthcare professionals as well as measures for addressing climate change and other environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of management systems that conform to international standards</li> <li>• Continuous improvement activities and expansion of systems</li> <li>• Education for associates</li> </ul>
<b>Economic and Geopolitical Risks</b>	<p>Risks</p> <ul style="list-style-type: none"> <li>■ Impact of impediments to business activities that are more significant than expected due to economic recessions, subsequent contractions in demand, acts of terrorism, wars, or other unpredictable political changes in the various countries the Company supplies products to</li> </ul>	<ul style="list-style-type: none"> <li>• Constant monitoring of the political and economic situations of each country</li> </ul>

# Ten-Year Financial Summary

Terumo Corporation and consolidated subsidiaries  
Years ended March 31

	FY2011 (Ended March 2012)	FY2012 (Ended March 2013)	FY2013 (Ended March 2014)	FY2014 (Ended March 2015)
<b>JGAAP</b>				
<b>Results of Operations and Cash Flow *<sup>1</sup></b>				
Net sales/Revenue	386,686	402,294	467,359	489,506
Adjusted operating profit* <sup>3</sup>	—	—	—	—
Operating profit	63,049	53,216	65,288	67,456
Income before income taxes/Profit before tax	49,649	52,285	52,907	64,046
Profit attributable to owners of parent/Profit for the year attributable to owners of the parent	24,167	47,014	34,096	38,470
Net cash provided by (used in) operating activities	56,200	50,270	96,259	73,110
Net cash provided by (used in) investing activities	(247,182)	(31,293)	(52,744)	(40,421)
Free cash flow	(190,981)	18,976	43,515	32,689
Net cash provided by (used in) investing activities	182,982	(22,340)	(31,785)	44,121
Research and development expenses	24,322	27,128	30,130	29,360
Capital expenditure	21,132	25,715	39,933	37,342
Depreciation and amortization* <sup>4</sup>	28,835	32,554	39,881	40,692
<b>Per Share Indicators*<sup>1</sup></b>				
EPS (Yen)* <sup>5</sup>	31.82	61.90	44.89	50.66
Dividends per share (Yen)	39.00	44.00	58.00	30.50
BPS (Yen)* <sup>5</sup>	463.81	576.11	653.36	756.87
<b>Financial Position (at year-end)*<sup>1</sup></b>				
Current assets	256,867	286,955	310,985	412,458
Current liabilities	157,997	115,844	160,936	129,947
Total assets	692,520	771,032	832,814	992,073
Net assets/Total equity	352,537	437,909	496,245	573,523
Capital stock/Share capital	38,716	38,716	38,716	38,716
<b>Management Indicators*<sup>1</sup></b>				
ROE	7.0%	11.9%	7.3%	7.2%
ROA	4.3%	6.4%	4.3%	4.2%
Shareholders' equity ratio/Ratio of equity attributable to owners of the parent to total assets	50.9%	56.7%	59.6%	57.8%
Shares issued and outstanding at year-end (thousands)* <sup>5</sup>	759,517	759,510	759,498	757,658
Employees at year-end	18,112	18,893	19,263	19,934

\*1 Items separated by a " / " refer to items under "JGAAP/IFRS."

\*2 A provisional accounting treatment, for the integration of businesses acquired in fiscal 2017 was finalized in fiscal 2018, and is reflected on certain figures for fiscal 2017 under IFRS.

\*3 Adjusted operating profit is operating profit excluding amortization of acquired intangible assets and other non-recurring profit or loss. The Terumo Group uses adjusted operating profit as a performance indicator.

\*4 Depreciation and amortization under JGAAP up to fiscal 2016 includes amortization of goodwill.

\*5 A 2-for-1 stock split was carried out for Terumo common shares, effective April 1, 2014 and April 1, 2020. The figures for EPS, BPS, and shares issued and outstanding at year-end are reflected as if the aforementioned stock split had been carried out at the beginning of fiscal 2011. Shares issued and outstanding at year-end do not include treasury shares.

\*6 Figures for fiscal 2019 and 2020 include depreciation amounts associated with the application of IFRS 16 Leases.



(Millions of yen)

FY2015 (Ended March 2016)	FY2016 (Ended March 2017)	FY2017*2 (Ended March 2018)	FY2018*2 (Ended March 2019)	FY2019 (Ended March 2020)	FY2020 (Ended March 2021)
<b>IFRS</b>					
525,026	514,164	587,775	599,481	628,897	<b>613,842</b>
—	—	124,929	122,128	124,998	<b>115,927</b>
81,703	76,578	108,552	106,637	110,611	<b>98,386</b>
76,920	74,981	106,630	102,709	106,466	<b>97,060</b>
50,676	54,225	91,295	79,470	85,211	<b>77,268</b>
80,303	80,862	114,562	93,571	117,479	<b>121,485</b>
(23,495)	(181,433)	(44,105)	(74,792)	(84,714)	<b>(85,317)</b>
56,808	(100,571)	70,457	18,778	32,764	<b>36,168</b>
(79,936)	60,937	(4,132)	(67,540)	14,010	<b>(7,436)</b>
33,147	33,747	41,342	47,681	50,618	<b>49,096</b>
31,454	39,091	45,685	60,845	89,510	<b>77,208</b>
44,674	45,400	42,035	44,035	52,358*6	<b>53,932*6</b>
67.57	75.08	129.56	108.70	113.96	<b>102.33</b>
39.00	42.00	50.00	54.00	28.00	<b>29.00</b>
704.27	694.85	777.94	939.60	1,003.36	<b>1,133.13</b>
374,746	349,183	411,042	398,722	460,607	<b>523,966</b>
168,835	248,389	179,013	142,912	211,845	<b>211,366</b>
901,685	1,021,405	1,081,045	1,120,790	1,241,355	<b>1,351,192</b>
511,544	489,554	550,435	698,113	754,883	<b>856,662</b>
38,716	38,716	38,716	38,716	38,716	<b>38,716</b>
9.3%	10.8%	17.5%	12.7%	11.7%	<b>9.6%</b>
5.4%	5.6%	8.7%	7.2%	7.2%	<b>6.0%</b>
56.7%	47.9%	50.9%	62.3%	60.8%	<b>63.4%</b>
725,939	703,958	707,388	742,902	752,194	<b>756,013</b>
20,697	22,441	23,319	25,378	26,438	<b>26,482</b>

## Financial Review

### Revenue and Profits

In fiscal 2020 (the fiscal year ended March 31, 2021), revenue totaled ¥613.8 billion, a decrease of 2.4% versus the previous fiscal year. In Japan, overall revenue increased by 2.8% year on year, exceeding ¥200 billion and marking the Company's highest revenue on record. The impacts of the COVID-19 pandemic on the Cardiac and Vascular Company were smaller than other regions, and in the General Hospital Company, there was rising demand for infection control products and revenues in the Alliance Division and of narcotic analgesic were robust. Revenue overseas declined by 4.7% in comparison with a year earlier. The impacts of the COVID-19 pandemic on the General Hospital Company and the Blood and Cell Technologies Company were small, but these same impacts were larger for the TIS Division in the Cardiac and Vascular Company.

Due to the decline in revenue caused by the COVID-19 pandemic, which particularly affected the Cardiac and Vascular Company, gross profit fell by 5.0% year on year, to ¥326.6 billion.

In the fiscal year under review, adjusted operating profit came to ¥115.9 billion, a decrease of 7.3% year on year, due to the decline in gross profit, despite efforts to curtail certain selling, general and administrative expenses. Adjusted operating profit factors out amortization expense for intangible assets obtained during acquisitions and one-off income and expenses from operating profit.

Operating profit came to ¥98.4 billion, a decrease of 11.1% year on year, owing to the decrease in adjusted operating profit.

Profit before tax was ¥97.1 billion, a decrease of 8.8% versus a year earlier owing to the decrease in operating profit.

Profit for the year attributable to owners of the parent totaled ¥77.3 billion, a decrease of 9.3% year on year, driven by the decrease in profit before tax.

### Revenue by Business Segment

#### ■ Cardiac and Vascular Company

Revenue in the Cardiac and Vascular Company totaled ¥328.5 billion, a decrease of 6.3% year on year. In Japan, sales were driven by extracorporeal membrane oxygenation (ECMO) systems in the Cardiovascular Division along with flow diverter in the Neurovascular Division, but revenue declined slightly overall because the impacts of the COVID-19 pandemic remain to some extent. Overseas, the same impacts were significant on the TIS Division and the Cardiovascular Division in the Americas particularly.

#### ■ General Hospital Company

Revenue in the General Hospital Company was ¥175.5 billion, an increase of 2.7% year on year. The COVID-19 pandemic impacted many products, mainly in Japan and Asia, but in Japan sales were driven by infection control products and narcotic analgesic in the Hospital Systems Division. Globally, the B2B business with pharmaceutical companies in the Alliance Division grew.

#### ■ Blood and Cell Technologies Company

Revenue in the Blood and Cell Technologies Company totaled ¥109.5 billion, a rise of 2.2% year on year. In Japan, sales of blood center products declined slightly due to the slowdown in demand for blood preparations caused by the impacts of the COVID-19 pandemic. Overseas, therapeutic apheresis systems and cell processing products saw a slowdown in demand for the same reasons, but there was an increase in collection demand for COVID-19 convalescent plasma therapy and sales were driven by new software for blood component collection systems.

## Financial Position and Cash Flows

### ■ Financial Position

Total assets stood at ¥1,351.2 billion on March 31, 2021, an increase of ¥109.8 billion compared with March 31, 2020. Factors behind this increase included a ¥33.9 billion increase in cash and cash equivalents deriving from business activities, as well as an increase of ¥35.3 billion in property, plant and equipment resulting from investment in production equipment, and an increase in goodwill and intangible assets of ¥10.3 billion resulting from acquisition of subsidiaries, and investment in new IT systems.

Total liabilities came to ¥494.5 billion, representing an increase of ¥8.1 billion. This increase was primarily a result of a ¥22.6 billion rise in non-current liabilities, specifically bonds and borrowings, through long-term borrowings, which outweighed an ¥11.8 billion decrease in defined benefit liabilities attributable to an increase in pension fund assets.

Total equity was ¥856.7 billion, an increase of ¥101.8 billion versus a year earlier. Factors behind this result included an increase of ¥77.2 billion attributable to the recording of profit for the year, and an increase of ¥38.5 billion deriving from other comprehensive income, which was affected by the weakening of the yen. These factors outweighed a ¥21.1 billion decrease associated with the payment of dividends from retained earnings.

### ■ Cash Flows

Net cash provided by operating activities was ¥121.5 billion. During the fiscal year under review, profit before tax was ¥97.1 billion and depreciation and amortization was ¥53.9 billion. In addition, income taxes paid came to ¥23.1 billion and increase in inventories was ¥22.0 billion.

Net cash used in investing activities was ¥85.3 billion. This primarily reflects ¥62.3 billion in payments for purchase of property, plant and equipment following capital expenditures for a manufacturing facility, etc., as well as ¥20.8 billion in payments for purchase of intangible assets in the form of investments in new IT systems.

Net cash used in financial activities totaled ¥7.4 billion. Outflows included ¥40.0 billion in repayments of short-term borrowings, ¥70.0 billion in repayments of long-term borrowings, ¥10.0 billion in payments for redemption of corporate bonds, and ¥21.2 billion in payments for dividends.

As a result of the above, cash and cash equivalents totaled ¥200.8 billion as of March 31, 2021, an increase of ¥33.9 billion compared with March 31, 2020.

## Consolidated Financial Statements

Terumo Corporation and consolidated subsidiaries  
March 31, 2020 and 2021

### Consolidated Statement of Financial Position

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	166,898	200,770
Trade and other receivables	131,728	128,770
Other current financial assets	397	1,116
Inventories	147,147	175,576
Current tax assets	1,745	510
Other current assets	12,689	17,222
Total current assets	460,607	523,966
Non-current assets		
Property, plant and equipment	264,407	299,679
Goodwill and intangible assets	461,506	471,834
Investments accounted for using the equity method	5,275	3,644
Other non-current financial assets	17,733	19,449
Deferred tax assets	27,307	23,729
Other non-current assets	4,517	8,887
Total non-current assets	780,748	827,225
Total Assets	1,241,355	1,351,192

## Consolidated Statement of Financial Position

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	88,044	83,528
Bonds and borrowings	50,324	42,072
Other current financial liabilities	6,144	7,784
Current tax liabilities	11,681	14,311
Provisions	395	374
Other current liabilities	55,256	63,295
<b>Total current liabilities</b>	<b>211,845</b>	<b>211,366</b>
Non-current liabilities		
Bonds and borrowings	195,870	218,497
Other non-current financial liabilities	31,802	32,122
Deferred tax liabilities	20,360	15,962
Defined benefit liabilities	18,456	6,639
Provisions	92	96
Other non-current liabilities	8,043	9,845
<b>Total non-current liabilities</b>	<b>274,626</b>	<b>283,163</b>
<b>Total liabilities</b>	<b>486,472</b>	<b>494,530</b>
<b>Equity</b>		
Share capital	38,716	38,716
Capital surplus	51,858	51,829
Treasury shares	(14,103)	(6,838)
Retained earnings	705,765	775,078
Other components of equity	(27,423)	(2,123)
<b>Total equity attributable to owners of the parent</b>	<b>754,813</b>	<b>856,662</b>
Non-controlling interests	69	—
<b>Total Equity</b>	<b>754,883</b>	<b>856,662</b>
<b>Total liabilities and equity</b>	<b>1,241,355</b>	<b>1,351,192</b>

## Consolidated Financial Statements

## Consolidated Statement of Profit or Loss

(Millions of yen)

	FY2019 (For the year ended March 31, 2020)	FY2020 (For the year ended March 31, 2021)
Revenue	628,897	<b>613,842</b>
Cost of sales	284,964	<b>287,219</b>
Gross profit	343,932	<b>326,623</b>
Selling, general and administrative expenses	235,144	<b>228,566</b>
Other income	4,737	<b>3,814</b>
Other expenses	2,914	<b>3,485</b>
Operating profit	110,611	<b>98,386</b>
Finance income	1,671	<b>1,727</b>
Finance costs	5,371	<b>2,337</b>
Share of profit (loss) of investments accounted for using the equity method	(445)	<b>(716)</b>
Profit before tax	106,466	<b>97,060</b>
Income tax expenses	21,428	<b>19,859</b>
Profit for the year	85,037	<b>77,200</b>
Attributable to:		
Owners of the parent	85,211	<b>77,268</b>
Non-controlling interests	(173)	<b>(67)</b>
Total profit for the year	85,037	<b>77,200</b>

(Yen)

Earnings per share		
Basic earnings per share (yen)	113.96	<b>102.33</b>
Diluted earnings per share (yen)	112.61	<b>102.11</b>

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2019 (For the year ended March 31, 2020)	FY2020 (For the year ended March 31, 2021)
Profit for the year	85,037	<b>77,200</b>
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in financial assets measured at fair value through other comprehensive income	(1,181)	<b>1,448</b>
Remeasurements of defined benefit plans	(4,499)	<b>11,803</b>
Total items that will not be reclassified to profit or loss	(5,681)	<b>13,252</b>
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(19,813)	<b>24,390</b>
Cash flow hedges	204	<b>667</b>
Cost of hedging	(500)	<b>220</b>
Total items that are or may be reclassified subsequently to profit or loss	(20,109)	<b>25,278</b>
Total other comprehensive income (loss) for the year	(25,790)	<b>38,531</b>
Total comprehensive income for the year	59,246	<b>115,732</b>
Attributable to:		
Owners of the parent	59,415	<b>115,801</b>
Non-controlling interests	(169)	<b>(69)</b>
Total comprehensive income for the year	59,246	<b>115,732</b>

## Consolidated Financial Statements

## Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2019	38,716	52,029	(32,381)	646,223	(6,553)	698,034	78	698,113
Profit for the year	—	—	—	85,211	—	85,211	(173)	85,037
Other comprehensive income	—	—	—	—	(25,795)	(25,795)	4	(25,790)
Total comprehensive income	—	—	—	85,211	(25,795)	59,415	(169)	59,246
Acquisition of treasury shares	—	—	(3)	—	—	(3)	—	(3)
Disposal of treasury shares	—	—	89	(21)	(67)	0	—	0
Dividends	—	—	—	(20,507)	—	(20,507)	—	(20,507)
Transfer from other components of equity to retained earnings	—	—	—	(4,950)	4,950	—	—	—
Changes in shares of subsidiaries due to capital increase	—	—	—	—	—	—	159	159
Share-based payments	—	(50)	120	82	41	194	—	194
Conversion of convertible bonds	—	(120)	18,072	(272)	—	17,679	—	17,679
Total transactions with owners of the parent	—	(170)	18,278	(25,668)	4,924	(2,636)	159	(2,476)
Balance as of March 31, 2020	38,716	51,858	(14,103)	705,765	(27,423)	754,813	69	754,883
Profit for the year	—	—	—	77,268	—	77,268	(67)	77,200
Other comprehensive income	—	—	—	—	38,533	38,533	(1)	38,531
Total comprehensive income	—	—	—	77,268	38,533	115,801	(69)	115,732
Acquisition of treasury shares	—	—	(3)	—	—	(3)	—	(3)
Disposal of treasury shares	—	—	96	(14)	(82)	0	—	0
Dividends	—	—	—	(21,109)	—	(21,109)	—	(21,109)
Transfer from other components of equity to retained earnings	—	—	—	13,197	(13,197)	—	—	—
Share-based payments	—	0	99	102	47	249	—	249
Conversion of convertible bonds	—	(29)	7,072	(132)	—	6,910	—	6,910
Total transactions with owners of the parent	—	(29)	7,265	(7,956)	(13,232)	(13,953)	—	(13,953)
Balance as of March 31, 2021	38,716	51,829	(6,838)	775,078	(2,123)	856,662	—	856,662



## Consolidated Statement of Cash Flows

(Millions of yen)

	FY2019 (For the year ended March 31, 2020)	FY2020 (For the year ended March 31, 2021)
Cash flows from operating activities		
Profit before tax	106,466	97,060
Depreciation and amortization	52,358	53,932
Share of loss (gain) of investments accounted for using the equity method	445	716
Increase (decrease) in defined benefit assets and liabilities	(695)	256
Interest and dividend income	(1,019)	(539)
Interest expenses	1,828	2,337
Foreign exchange loss (gain), net	262	249
Loss (gain) on disposal of property, plant and equipment	114	498
(Increase) decrease in trade and other receivables	(7,318)	6,417
(Increase) decrease in inventories	(17,284)	(21,985)
Increase (decrease) in trade and other payables	3,442	(814)
Others	3,396	6,754
Sub-total	141,995	144,884
Interest and dividend income received	1,215	740
Interest expenses paid	(956)	(1,062)
Income taxes paid	(24,774)	(23,076)
Net cash provided by (used in) operating activities	117,479	121,485
Cash flows from investing activities		
Payments for purchase of time deposits	(154)	(149)
Proceeds from withdrawal of time deposits	1,313	305
Payments for purchase of property, plant and equipment	(62,316)	(62,318)
Proceeds from sale of property, plant and equipment	23	16
Payments for purchase of intangible assets	(21,168)	(20,806)
Proceeds from sale of property, plant and equipment	—	212
Payments for purchase of investment securities	(1,512)	(2,102)
Proceeds from sale of investment securities	2	2,900
Payments for acquisition of shares of subsidiaries and other businesses	(902)	(3,374)
Net cash provided by (used in) investing activities	(84,714)	(85,317)
Cash flows from financing activities		
Proceeds from short-term debt	40,000	—
Repayments of short-term borrowings	—	(40,000)
Proceeds of long-term borrowings	—	70,000
Payments for repayment of bonds	—	(10,000)
Proceeds from non-controlling interests	159	—
Payments for repayment of lease obligations	(5,638)	(6,277)
Payments for purchase of treasury shares	(3)	(3)
Payments for dividends	(20,507)	(21,155)
Net cash provided by (used in) financing activities	14,010	(7,436)
Effect of exchange rate changes on cash and cash equivalents	(2,859)	5,139
Net increase (decrease) in cash and cash equivalents	43,916	33,871
Cash and cash equivalents at the beginning of the year	122,982	166,898
Cash and cash equivalents at the end of the year	166,898	200,770

## Corporate Information

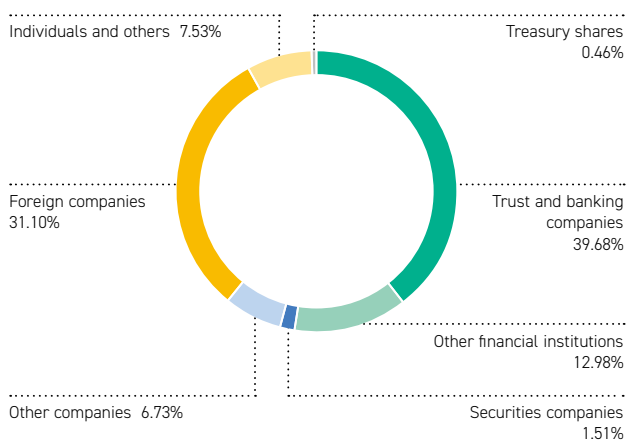
### Corporate Information (As of March 31, 2021)

<b>Company Name</b>	Terumo Corporation
<b>Founded</b>	September 17, 1921
<b>Tokyo Office</b>	Tokyo Opera City Tower, 3-20-2 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan
<b>Head Office</b>	2-44-1 Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan
<b>Share Capital</b>	¥38.7 billion
<b>Employees</b>	Consolidated: 26,482 Non-Consolidated: 5,247
<b>Fiscal Year</b>	From April 1 to March 31

### Stock Information (As of March 31, 2021)

<b>Security Code</b>	4543
<b>Stock Exchange Listing</b>	First Section of Tokyo Stock Exchange
<b>Number of Shares Authorized</b>	3,038,000,000
<b>Number of Shares Issued</b>	759,521,040
<b>Number of Shareholders</b>	59,313
<b>Trading Unit</b>	100

### Composition of Issued Shares by Type of Shareholder



### Major Shareholders (Top 10 Shareholders)\*1

	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	128,820	17.04%
Custody Bank of Japan, Ltd. (Trust Account)	68,426	9.05%
The Dai-ichi Life Insurance Company, Limited	37,067	4.90%
Meiji Yasuda Life Insurance Company	24,422	3.23%
STATE STREET BANK AND TRUST COMPANY 505223	16,912	2.24%
Mizuho Bank, Ltd.	15,736	2.08%
TERUMO LIFE SCIENCE FOUNDATION	14,720	1.95%
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	12,237	1.62%
STATE STREET BANK AND TRUST COMPANY 505001	11,760	1.56%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	11,579	1.53%

\*1 Terumo owns 3,508,047 treasury shares at the end of March 2021. The percentage is calculated by deducting the treasury stocks.

\*2 Shares held by The Dai-ichi Life Insurance Company, Limited include 6,000 thousand shares contributed by that company to a retirement benefit trust.

\*3 Shares held by Mizuho Bank, Ltd. include 13,036 thousand shares contributed by that company to a retirement benefit trust.

### Inclusion in ESG Indexes



FTSE4Good



FTSE Blossom Japan

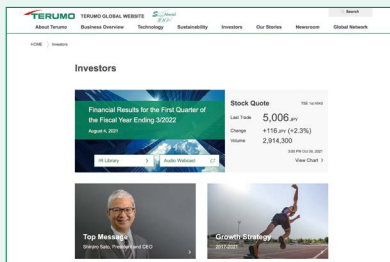
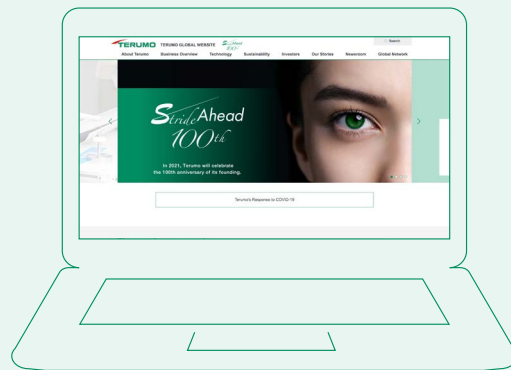
Terumo was selected for the first time in 2021 as a constituent stock of the FTSE4Good Index Series and the FTSE Blossom Japan Index, ESG investment indices produced by FTSE Russell.

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## Terumo's Corporate Website

Terumo's corporate website provides information on the Company and its businesses, the latest financial information, news releases, and other information.

Terumo Global Website  
<https://www.terumo.com/>



Investor relations website  
<https://www.terumo.com/investors/>



Sustainability website  
<https://www.terumo.com/sustainability/>



**TERUMO CORPORATION**

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