



**Terumo Report
2022**

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.

*Terumo uses the term "associates" to refer to our employees, emphasizing the idea of employees as partners with whom we work together.

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* For more details about the framework and governance that underpin Terumo's creation of value for society, see the Terumo Report 2022 ESG Section.

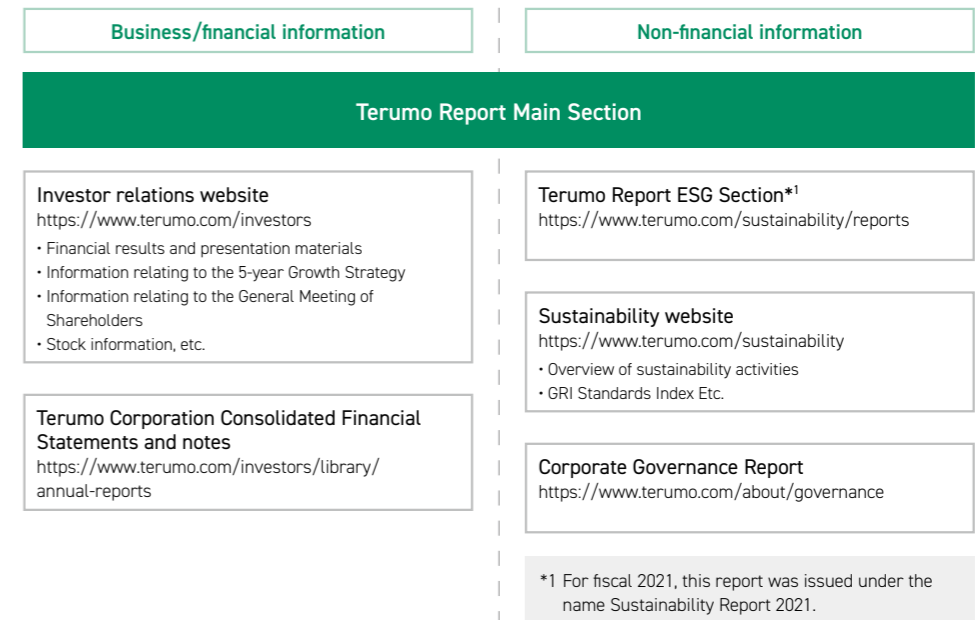
Editorial Policy

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.

In the Terumo Report Main Section, we present a concise summary of both financial and non-financial information, including, from a medium- to long-term perspective, the strengths of our company's businesses and the main strategies being implemented in each business, reporting on performance, our medium- to long-term growth strategy, and key initiatives relating to creating social value (CSV) and environmental, social and corporate governance (ESG). In the Terumo Report ESG Section, we present, in a comprehensive manner, our ESG initiatives, which serve as the foundation underpinning Terumo's provision of value to society by addressing healthcare issues, together with related data.

In combination, the Terumo Report Main Section and Terumo Report ESG Section represent our integrated report.

Information Disclosure System



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 2021 (April 1, 2021-March 31, 2022), but some activities conducted in and after April 2022 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.

Advancing sustainability management aimed at balancing the realization of a sustainable society with sustained growth for the Terumo Group



Shinjiro Sato
President and CEO

Q1

The impact of the COVID-19 pandemic continued in fiscal 2021. What is your review of the past fiscal year?

In terms of performance, revenues reached a record high as demand, which had declined due to the impact of COVID-19, began to recover and sales increased in all regions. Despite the effects of inflation and a temporary slowdown in production at some factories, adjusted operating profit ended the year with double-digit growth, due in part to the contribution of exchange rates.

Fiscal 2021 was the final year of our previous Medium- to Long-term Growth Strategy. Thanks to our efforts to achieve our vision of being a global company with unique excellence, overseas sales accounted for more than 70% of total revenue last fiscal year. Our strength lies in our quality, which is an assurance of safety and security, and that quality has gained us the strong support of people around the world. This is the ultimate underlying factor that will allow our company to distinguish itself even into the future, and quality is something we will continue to pursue. Unfortunately, due in part to the impact of COVID-19, we were unable to meet some of our management targets. We should also reflect on the fact that our business infrastructure was too vulnerable to support strong growth. That said, however, our three companies all enjoy positive business fundamentals, and are each showing steady signs of new growth. Our commitment to balanced, sustained growth will be carried over under our new five-year growth strategy.

Over the more than two years of the COVID-19 pandemic, Terumo has significantly strengthened its ability to resist and respond to such global events, and I believe that overall, we have been successful in minimizing the impact of COVID-19. We put in place a crisis management system from the earliest stages, engaging in adaptable, flexible front-line management while also strengthening financial controls from a company-wide perspective. In a crisis such as this, a stable supply of medical equipment takes on enormous social significance. Terumo was able to make diverse, proactive medical contributions while working with national governments and striving to ensure the safety of our associates. For example, Terumo has a large share of the ECMO market in Japan, and ECMO played a significant role in medical settings as a last resort for severely compromised COVID-19 patients. In December of last year, Terumo was recognized by the Japanese government for its ongoing actions to develop, commercialize and promote the use of ECMO and for the company's contributions during the COVID-19 pandemic, and was awarded both the Japan Medical Research and Development Grand Prize and the Prime Minister's Award. Moving into the post-COVID-19 era, we will continue to build on the lessons of this pandemic, working with medical institutions to advance efforts in the areas of medical safety and infection control measures.

Q2

Fiscal 2021 also marked the 100th anniversary of the company's founding. What direction do you think Terumo should take heading into its next 100 years?

Looking back over that 100-year history, Terumo has always been in step with the evolution of healthcare. Over that time, we set out a Group mission of "Contributing to Society through Healthcare," and we have worked to address the needs of

each era by taking on entrenched social issues. As a result, today we deliver our products in more than 160 countries and regions around the world, and have grown into a global company with in excess of ¥700 billion in revenue.



Terumo is a company that, in the truest sense of the word, remains in step with healthcare. To ensure that Terumo continues to be a company that society can turn to over the next 100 years, it is essential that we provide patient-centric solutions to the new medical issues of the 21st century and become a useful presence in the evolution of healthcare going forward. Just 20 years into this new century, we are forced to recognize that medicine is at a true crossroads, and at a time when healthcare is undergoing major changes, our goal is to become a company that responds to society's needs with solidly reliable technology and knowledge.

Looking at society as a whole, balancing increasingly advanced healthcare with economic concerns is emerging as a significant theme. As we approach an era of 100-year lifespans, society faces a mountain of healthcare issues it needs to solve. Since the second half of the 20th century, striking progress in medical technology has led to the global spread of standardized medical treatments, allowing more and more patients' lives to be saved. In providing safe,

high-quality products, we have made a significant contribution to that progress. Still, that alone was not enough to solve the problem. As we are faced with an increasingly aged society, attention is now turning to quality of life, or QOL, throughout each individual patient's lifetime, an approach known as the "patient journey." The advent of new technologies in recent years is making it increasingly possible to optimize medical care, including management of prevention and prognosis, across a lengthy timeframe. We are seeing the arrival of an era in which a combination of products, services and data can take us beyond simple one-time healthcare impacts and allow us to aim for improving the long-term QOL of each individual.

Terumo's mission is to develop new medical systems and realize individualized medicine in developed countries, while also building a framework in which anyone can receive safe, minimally invasive treatment in regions where standardized healthcare is not yet sufficiently widespread. We are eager to take on the greater challenge of pioneering on the frontiers of medicine.

Q3

Last year you announced "GS26," your new five-year growth strategy. What are your aspirations for this strategy, and what has the response been like?

Coinciding with Terumo's 100th anniversary, GS26 reflects our awareness that this represents a literal strategic turning point. Terumo is committed to achieving strong growth over the next five years, beginning this fiscal year, while changing to a new growth model that addresses the coming paradigm shift in healthcare. This is why we have defined our vision for GS26 as a shift in focus from devices to solutions. While devices will continue to be core products for Terumo, we are entering an age in which devices alone will not be enough to solve the healthcare issues of the 21st century. Terumo would like to engage more proactively with medical professionals, pharmaceutical companies and other business partners, as well as the entire healthcare ecosystem, to discover and re-define issues relative to our customers and their patients, and to become a company capable of proposing complex solutions.

One specific example of a complex solution is our entry into the source plasma collection business. With the increasing need for plasma-derived therapies, Terumo is working with partner companies to streamline the collection process and improve quality. In March 2022, Rika, a device that was under development, obtained clearance from the FDA. With the ability to reduce the average plasma collection time to 35 minutes or less with a volume of 200 milliliters or less outside

the donor's body, the system is expected to reduce the burden on both donors undergoing plasma collection and healthcare workers performing the procedure. In addition to deploying Rika at plasma collection centers, Terumo will contribute to the entire source plasma collection ecosystem by providing comprehensive solutions that include the development of IT platforms and on-site support, including training.

When we announced GS26, we may have over-emphasized our vision of shifting from devices to solutions, since there were questions asking if Terumo was going to switch all of its businesses to a service model. That is not the case. While continuing to be based on manufacturing, GS26 reflects our commitment to doing an even better job of solving customer issues. The integration of digital technology is essential in doing so. Healthcare is in the midst of a major change, and with a paradigm shift emerging in the medical field, GS26 will enable us to take on an even greater number of business opportunities. With our source plasma collection system as a first step, our stakeholders are looking forward to seeing the emergence of other concepts for complex solutions going forward. We will continue to make steady progress toward our next 100 years.

Q4

What can you tell us about your efforts to build more sophisticated management?

First is the introduction of a new officer system. Global management needs to evolve to a higher level if we are to achieve

value creation on par with global competitors. We have thus newly positioned our executive officers, those responsible

for discussing management of the Terumo Group as a whole across the organizational frameworks of businesses and regions, as Group Executive Officers.

Second is the further promotion of sustainability management. Terumo has recently established the Terumo Group Sustainability Policy, and we have revised some of our sustainability priorities in accordance with this policy. The global spread of COVID-19 has highlighted the need for a sustainable healthcare system. In addition, advances in technology and rising environmental risks such as climate change are

accelerating a paradigm shift across society as a whole. Social demands for more proactive corporate involvement in solving these increasingly complex social issues are also growing quickly, and the Terumo Group itself will require guidelines for engaging in sustainability actions from a more long-term, management-focused perspective. We aim to achieve both a sustainable society and sustainable growth for the Terumo Group while listening to a broad range of feedback from patients, healthcare professionals and our stakeholders.

Q5

What initiatives do you have planned for fiscal 2022?

Tectonic shifts are occurring on a global scale with regards to the current state of society. Even with the global economy still not fully recovered from the pandemic, market risks are rapidly increasing with Russia's invasion of Ukraine and with changes in monetary policy in countries around the world. Due to soaring energy and raw material prices, conditions surrounding our company also remain unpredictable. This fiscal year, the Terumo Group will focus management on rigorous control of financial risks, while also ensuring we leave nothing to chance in our global operations.

The five priorities for this fiscal year are as follows:

- (1) Launching GS26; the initial sprint
- (2) Developing more advanced global operations
- (3) Evolving solutions
- (4) Advancing a global human resources strategy
- (5) Accelerating advancements in DX

In developing more advanced global operations, this year production began at three new factories in Costa Rica as part of our global production strategy. Located in the southern part of Central America, Costa Rica is home to a cluster of medical device manufacturers and derives 95% of its electric power from renewable energy—primarily hydropower—making it an environmentally advanced country as well. We also consider it a key component of the value chain essential for sustainable growth in the Americas, due to its close proximity to the U.S. and minimal time zone differences. Our associates there already number more than 3,000, and going forward, we will work to ensure stable supplies by boosting production capacity for those product groups where future growth is expected.

In addition, accelerating advancements in DX is seen as a common issue for the entire Group, and is being intensively studied on a company-wide basis. The use of digital technology is essential in terms of individualized medicine, data-driven improvements in efficiency and, more importantly, the optimization of diagnosis and treatment. We wish to accelerate the development of digital solutions that will encourage an evolution of the healthcare system.

Q5

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

On the occasion of Terumo's 100th anniversary, we have put down in writing our Purpose, which shows our long-term direction based on our Group mission.

Going forward, Terumo remains committed to achieving sustainable growth in a manner that is consistent with this Purpose and in harmony with society.

I would like to ask our stakeholders for their ongoing support and understanding as we move forward with this pursuit.

Advancing Healthcare and Enhancing Patients' Quality of Life

Terumo advances healthcare based on reliable quality and technology developed with deep insight of the medical environment. Through these efforts, we contribute to saving the lives of patients, reducing their difficulties, and helping them lead a better life.

December 2022

President and CEO




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.

Group Mission Contributing to Society through Healthcare

Core Values: Respect, Integrity, Care, Quality, Creativity
Terumo Group Code of Conduct

Healthcare paradigm shift that Terumo is focusing on

Changing disease patterns

- Learning to coexist with chronic diseases, the prevalence of which is increasingly rapidly due to rising global living standards and the emergence of a hyper-aging society in the developed nations
- Combating the decline in organ function and other bodily functions that accompanies aging

Changing timescale

- Improving of long-term QOL
- Prevention and prognosis monitoring
- Personalized disease management (Patient Journey)

Changes in technology

- Increasing adoption of biopharmaceuticals, regenerative medicine, cell and gene therapies
- Wide adoption of personalized medicine through evolution of genomic medicine and AI

Terumo's Strengths

Corporate Activities

Social value creation

- Cardiac and Vascular Company**
 - Contributing toward early discharge and reduced complications, in response to the growing need for healthcare to be more cost-effective
 - Full-scale expansion of the therapeutic product pipeline in growth markets
- Medical Care Solutions Company**
 - Providing patient-focused value that covers every aspect of care, not only in hospitals but also in the home
 - Accelerating global expansion as the domestic market reaches maturity
 - Providing solutions for pharmaceuticals manufacturers to maximize the value provided by their drugs
 - Responding to market competition from low-priced products with proposals that provide value through new solutions
- Blood and Cell Technologies Company**
 - Responding to changes in the market, such as the commercialization of cellular therapy products and an unstable blood supply, by building a presence in cell therapy processes and by providing innovative systems and services
 - Responding to competitors' actions, such as the optimization of their portfolios, by promoting a shift away from selling products toward selling solutions, developing high-value-added services and diversifying our portfolio
- R&D / M&A**
 - Accelerate innovation by strategically and consistently combining short-, medium-, and long-term internal R&D with M&A and startup investments
- Digital transformation**
 - Providing comprehensive care and solutions to support the patient journey
- Corporate**
 - Implementation of a company-wide revenue improvement project (aiming to increase profitability by at least 2 percentage points by FY2026)
 - Focusing on the four key areas of production, procurement, logistics and management, and working to optimize these across the board on a global scale
 - Optimizing global production

Foundation supporting social value creation

- Human resource strategy**
 - Realizing change: Securing strategically important new skills, and adopting a growth mindset
 - Realizing global management: Cultivating global leadership talent, and making effective use of diverse human resources
- Total quality (ensuring safety and quality)**
 - Ensuring the quality, safety and stable supply of products and services
 - Sustainable supply chain management
 - Promoting safety measures for the working environment
- Reducing the burden on the environment**
 - Initiatives to realize carbon neutrality
 - Effective use of resources
- Human rights**
 - Signing up to the United Nations Global Compact
 - Formulation of the Terumo Group Human Rights Policy
- Compliance**
 - Terumo Group Code of Conduct

Governance

Selected as a Winner Company in the Corporate Governance of the Year® 2020 awards organized by the Japan Association of Corporate Directors

[See the ESG section on P. 41 of the Terumo Report 2022](#)

Capital Invested

Financial capital

- Stable financial situation AA- Credit rating (rated by Rating and Investment Information, Inc.)

Manufactured capital

- Global production network 32 production locations (8 production locations in Japan and 24 outside Japan)
- Overseas production ratio 58.3%
- Capital Expenditure ¥69.2 billion
- Cross-company and cross-business production collaboration

Intellectual capital

- Research and development expenses ¥51.8 billion
- Global R&D network
- Utilization of Terumo Medical Pranex, and provision of various types of training
- Patents held 8,380 (inc. Overseas Subsidiaries)

Social and relationship capital

- Trust and a strong brand, built up over a period of a century in which Terumo has developed alongside Japan's healthcare providers
- Open innovation initiatives
- Communication with stakeholders

Human capital

- Terumo Group associates 28,294
- Percentage of female managers 8.4%
- Promotion rate of female managers 11.8%
- Percentage of eligible male employees taking childcare leave 54.9%
- Appointment of an CXO to strengthen global management infrastructure

* Unless noted otherwise, data is for FY2021 or the end of FY2021.

Outputs

Five-year Growth Strategy—Objectives

Realize sales growth that is superior to the market average growth rate, while also strengthening our revenue structure and aiming to shift to a new growth model to help bring about a paradigm shift in healthcare

Growth

Revenue growth rate Realize high **single-digit** growth (5-year average)

Profitability

Operating margin Achieve a margin of **20%** or higher (in 5 years)

Capital efficiency

ROIC Achieve a ratio of **10%** or higher (in 5 years)
ROE Maintain **10%** or higher

Cash allocation

Operating cash flow FY2022-2026 **¥800-900 billion**

+
Financing

→ Capital investment **¥430-480 billion**

→ Dividend **¥130-180 billion**

→ Acquisitions, shareholder returns, etc.

Sustainability-focused management: CSV

- Promote medical technologies and services and improve access to healthcare

Further adoption of the radial procedure
Ratio of radial procedure (FY2026)

TRI At least **70%**

R2P At least **20%**

RAVI At least **20%**

Neuro **10%**

- Providing healthcare that is closely aligned with each individual
- Co-creating a sustainable healthcare system

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Sustainability-focused management: ESG

- CO₂ emissions
FY2030 **50% reduction**
FY2040 **Carbon neutrality**

No. of major out-of-stock events: Zero

No. of major issues noted by regulatory authorities: Zero

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Medium- to Long-term Vision

From Devices to Solutions

Focus in solutions: the 3Ds

Delivery

High value-added biological access and delivery for advanced medical care

Aiming for a world with 100% adoption of minimally invasive treatments

Digital

Disease-based approach focused on improving long-term patient QOL (patient journey)

Aiming to raise the treatment completion rate for chronic diseases to 100% through the effective utilization of digital technology

Deviceuticals™

Maximize drug effectiveness through innovative devices

Accelerating the evolution of combination products through delivery technology innovation, with the aim of raising the share of total sales held by combination products that integrate pharmaceuticals with devices to at least 50%

Outcome

Solving problems of medical settings

- Optimization of intra-hospital infrastructures
- Building ecosystems for new therapies such as cell and gene therapies
- Evaluation systems that contribute to health economics

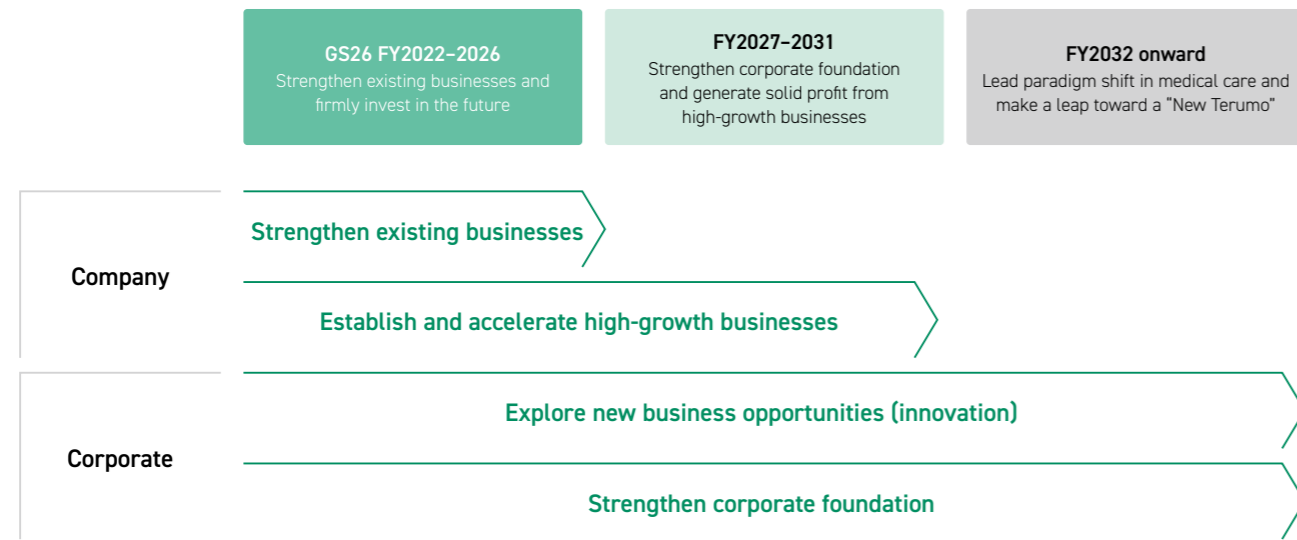
Developing healthcare ecosystem

- Further improvement of less-invasive treatments
- Infection control
- Data utilization for diagnostics and therapy optimization
- Optimal delivery for new drugs

Improving patient QOL

- Disease management:
 - Endovascular therapy for whole body
 - Diabetes, kidney diseases, cancer, etc.
 - Overcoming deterioration of body functions
- Personalized care that accompanies the patient journey

Four “Arrows” That Are the Axes for the Mid- to Long-Term Strategy



GS26 FY2022–2026
Strengthen existing businesses and firmly invest in the future

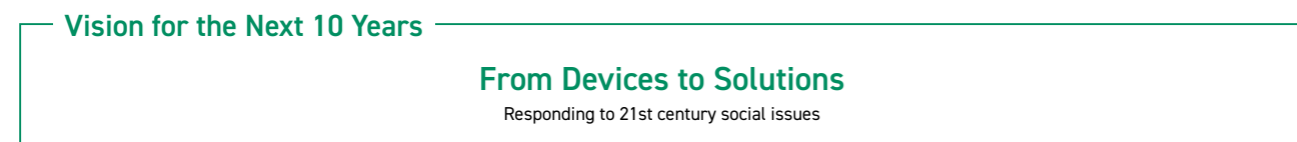
FY2027–2031
Strengthen corporate foundation and generate solid profit from high-growth businesses

FY2032 onward
Lead paradigm shift in medical care and make a leap toward a “New Terumo”

On the occasion of the centennial since our founding, in December 2021 Terumo announced our new 5-Year Growth Strategy GS26. Today, more than two decades since the start of the 21st century, healthcare is in the middle of an enormous change in light of such factors as coexisting with chronic diseases due to population aging and the full-scale adoption of personalized medicine thanks to advances in genomic medicine and artificial intelligence (AI). Under GS26, mindful of those changes, our goal at Terumo is to make even more of our strengths to become a company that is of value to society.

GS26 is a five-year growth strategy, and furthermore also provides the four “arrows” that will provide the axes with the next ten years in mind. The first and second of those “arrows” are to (1) deepen existing businesses and (2) establish and develop new growth businesses, which together are centered on company management. Uniting as three companies, our efforts over these five years as well as the next five years are meant to further deepen the businesses that have supported our growth to date as well as to grow the new businesses born out of those strengths and synergies to serve as the pillars for what lays ahead. Furthermore, ongoing initiatives for the next decade and beyond include our third and fourth “arrows”: (3) explore new business opportunities centered on corporate, or the company as a whole (innovation), and (4) strengthening our business foundations.

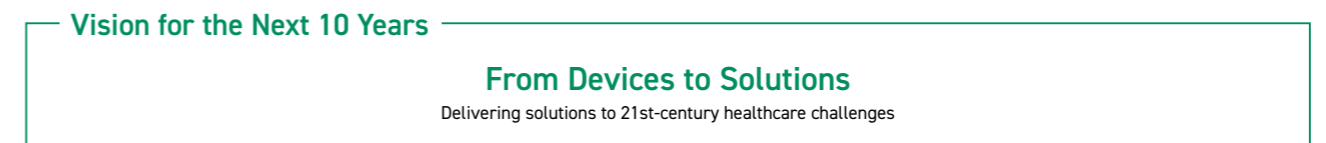
From Devices to Solutions



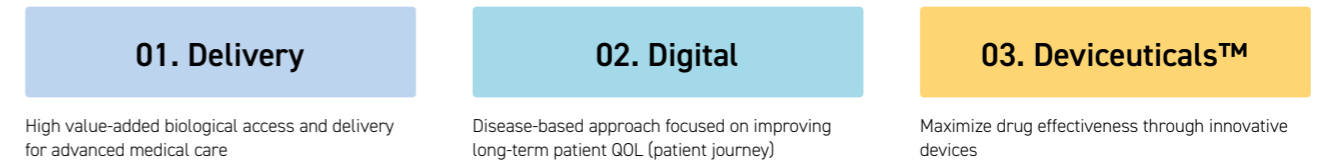
Solving problems of medical settings	Developing healthcare ecosystem	Improving patient QOL
<p>What we have started to work on</p> <ul style="list-style-type: none"> • Optimization of intra-hospital infrastructures • Building ecosystems for new therapies such as cell and gene therapies • Evaluation systems that contribute to health economics 	<ul style="list-style-type: none"> • Further improvement of less-invasive treatments • Infection control • Data utilization for diagnostics and therapy optimization • Optimal delivery for new drugs 	<ul style="list-style-type: none"> • Disease management: <ul style="list-style-type: none"> —Endovascular therapy for whole body —Diabetes, kidney disease, cancer, etc. —Overcoming deterioration of body functions • Personalized care that accompanies the patient journey

The 5-Year Vision through FY2026 is “From Devices to Solutions.” Devices remain core products for Terumo, but it is essential that we also provide solutions to cope with a variety of issues. By fusing together high quality with a variety of technologies and providing solutions for the entire medicine ecosystem, Terumo aims to achieve social value through solving issues in medical settings, the evolution of healthcare systems, and improved patient quality of life.

Focus on Solutions



Focus on solutions: The 3Ds



What we focus on when it comes to creating solutions are the three “D”s.

If we were to come up with a single word that represents Terumo’s products and technologies, it would express access to living beings that can be carried out safely and with certainty—in short, delivery. This is the first “D.” As represented by our endovascular interventions, this is at the core of the value that Terumo provides. The second “D” is for digital technology. When it comes to optimization and personalization in diagnosis and treatment tailored to the patient journey, data-using technologies have already become essential. The final “D” is for devicecentals, our proposal for a new concept that means solutions that combine medical devices with pharmaceuticals. With our experience in both technology and develop, Terumo is making the most of its strengths to come up with new businesses such as CDMO (the contract manufacturing of pharmaceuticals) and plasma innovation (the development of source plasma collection systems). We provide solutions of value naturally to the pharmaceutical companies with whom we partner as well as to patients and donors.

Commitment to Sustainability Management



Based on its Group mission of “Contributing to Society through Healthcare,” under the Terumo Group Sustainability Policy Terumo holds its social mission (purpose) to be to work toward the advancement of healthcare and the enhancement of patient quality of life. Amid drastic changes in social and global environments, Terumo will take leadership toward solving a variety of social issues, and to meet the expectations of its broad range of stakeholders.

Under GS26, with its commitment to sustainable management, in its ESG Terumo has set specific KPI linked to operations, and in its CSV it has set down specific items for monitoring (each item is taken up in the pages that follow). These are indicators to follow from a long-term perspective, and they are also taken into account when assessing the performance of the executive team.

Through these sustainability efforts, Terumo will contribute to the realization of a sustainable society, create new Terumo strengths and culture, and bring about sustainable corporate growth.

ESG

Set in accordance with SASB, etc.	
CO ₂ emissions (vs. FY2018, Scope 1 + 2)	Reduction rate 50% FY2030 Reduction rate 100% FY2040
FY2030	50% reduction
FY2040	Carbon neutrality
Critical out-of-stock	0
Number of critical findings from the regulatory authorities	0
Achieving carbon neutrality	
• CO ₂ emissions (compared to FY2018, Scope 1 + 2)	Reduction rate 50% FY2030 Reduction rate 100% FY2040
E • Renewable Energy Use	Usage rate 50% FY2030
Effective use of resources	
• Water consumption (per revenue sold, compared to FY2018)	Reduction rate 20% FY2030
• Recycle rate	90% FY2030
Ensuring the quality, safety and stable supply of products and services	Zero
• Number of critical findings from regulatory authorities	Zero
Sustainable supply chain management	Zero
• No critical market shortages across the Group	Zero*
• Promoting the acquisition of consent on supplier guidelines	
S • Promoting safety measures for the working environment	Zero
• Number of serious work-related accidents	
Improving the associate experience	—
• Investment in education per associate	
Cultivating an organization that leverages diverse human resources to create value	—
• Ratio of nationalities in executives as well as global key positions	10%
• Increase the ratio of female managers	FY2026
Effectiveness of the Board of Directors	Conducted annually
• Evaluation of the effectiveness of the Board of Directors	
G • Promoting of compliance	—
• Number of internal reports	
• Rate of participation in Terumo Code of Conduct training (annually)	100%

* No. of transactions with companies that do not agree with Terumo's supplier guidelines or do not comply with its code of conduct

CSV

Promote medical technologies and services and improve access to healthcare	Further adoption of the radial procedure	Ratio of radial procedure (FY2026) TRI >70%, R2P >20%, RAVI >20%, Neuro 10%
	Provide solutions to problems in medical settings	Medical safety • streamlining hospital management (number of facilities implemented)
Providing healthcare that is closely aligned with each individual	Bring life-saving technology to previously unreachable patients	Introducing technologies to additional geographies
	Provide new treatment options through innovation	Streamlining hospital management (number of facilities implemented) Expanding treatment options - insurance coverage to bring innovations to patients (number of additional geographies and treatment options)
Co-creating a sustainable healthcare system	Promotion of personalized therapy	Number of stent grafts • radioactive embolization microspheres • HeartSheet • WEB implant cases
	Patient-centered, care continuum focused value proposition	Cancer • Women's Health (number of facilities)
Co-creating a sustainable healthcare system	Training	TIS: Number of training exercises
	Using DX to improve and transform the quality of healthcare	Build data-driven solutions (number of projects implemented: projects = number of patients + number of facilities)
Co-creating a sustainable healthcare system	Bringing efficiency to the infrastructure of healthcare delivery	Innovations in blood component processing—automated blood processing system

Message from the CAFO

Review of Fiscal 2021

In fiscal 2021, infections from COVID-19 continued to significantly impact the medical community.

Our Group mission, "Contributing to Society through Healthcare," has guided our actions throughout the pandemic. We have done everything in our power to prevent disruptions in healthcare by providing a steady supply of medical products. Terumo's Purpose is to advance healthcare through reliable quality and technology rooted in real-world clinical experience. Through these efforts, we protect patient health, reduce the number of difficulties they face, and help them lead better lives.

Maintaining a flexible approach has helped us overcome the challenges of the past year, including higher transportation costs caused by supply chain disruptions as well as increasing costs for materials driven by soaring oil prices.

Business performance in fiscal 2021 trended upward. Declining revenues in the cardiovascular field rebounded, as COVID-19 infections in the US, Europe and other regions

boosted demand. We experienced increased revenues across all regions, pushing Terumo's annual revenues to a record high of ¥703.3 billion.

We also overcame setbacks from inflation and manufacturing disruptions at some of our factories. Our year-on-year adjusted operating profits experienced double-digit growth driven by strong overseas sales and favorable foreign exchange rates.

Terumo posted record sales in its first quarter, an achievement fueled by a significant rebound in demand for the Cardiac and Vascular Company and a favorable exchange rate. Adjusted operating profits also hit record highs for the quarter. Selling, general and administrative (SG&A) expenses continued to be impacted by the COVID-19 pandemic with only moderate increases, allowing us to offset the impact of China's public procurement policies as well as production adjustments.

From the second quarter onward, our business was temporarily impacted by a resurgence in COVID-19 infections from the delta and omicron variants. However, revenues recovered across the board, placing us back on a growth trajectory that was further bolstered by a favorable exchange rate. To reflect these changes, we upgraded our revenue forecast at the end of the third quarter. Earnings were tempered by inflation from supply chain disruptions and production suspensions from COVID-19, but we were able to take countermeasures, including controlling expenses.



Naoki Muto
Group Executive Officer
Chief Accounting and Financial Officer (CAFO)
Controller Dept., Treasury Dept., Tax Dept., CAFO Office, J-SOX Office

Our Five-Year Growth Strategy

I would like to begin by reviewing the targets we set in fiscal 2016 for our five-year growth strategy, for the period beginning in fiscal 2017 and ending in fiscal 2021.

	Policy	Target	March 2022 (Actual)
Growth	Achieve revenue growth that outpaces market growth	Revenues	Realize high single-digit growth CAGR 6%
Profitability	Achieve profit growth that outpaces sales growth	Adjusted operating profit*1 Adjusted EPS*2	Realize double-digit growth CAGR 4% ¥135-150*3 ¥134.6
Efficiency	Maintain appropriate levels of efficiency	Adjusted ROE*4	Maintain a ratio of 10% or higher 10.0%

*1 Operating profit excluding amortization of intangible assets and one-time profits and expenses derived from acquisitions
 *2 Earnings per share (EPS) excluding amortization of intangible assets and one-time profits and expenses derived from acquisitions
 *3 As of March 2021. Figures reflect the stock split effective April 1, 2019
 *4 Return on equity (ROE) excluding exchange differences on translation of foreign operations pertaining to assets associated with acquisitions included in total net assets

We did not reach our targets for growth and profitability. This was largely due to production adjustments caused by flagging demand during the COVID-19 pandemic as well as increased production and transport expenses resulting in higher costs overall. However, we did achieve our efficiency target.

Our current five-year growth strategy GS26 began in fiscal 2022, the same year we marked our 100th anniversary. GS26 will prepare Terumo for the next decade and beyond. In it, we defined a new vision prioritizing our ability to offer solutions rather than simply offering medical devices. Our goal is to shift from a product-oriented approach to a customer-oriented approach and actively engage not only with healthcare professionals but with the broader medical ecosystem to deliver multifaceted solutions to our customers.

We set the following three KPIs as our five-year financial targets.

	Target
Growth	Revenue Growth Realize high single-digit growth (five-year average)
Profitability	Adjusted Operating Profit Margin Achieve a margin of 20% or higher (in five years)
Capital Efficiency	ROIC Achieve a ratio of 10% or higher (in five years) * Maintain ROE of 10% or higher

— Operating profit margins and ROIC excluding the impact of new M&A
 — USD = ¥107, EUR = ¥128

Financial Strategy in GS26

Our primary mission is to hit our targets for growth, profitability and capital efficiency, which are our financial performance indicators. To do this, we are pursuing a growth-oriented

financial strategy. To support our growth strategy, we must continue to invest in increasing our production capacity in areas in which we hope to achieve double-digit growth in real terms—like cardiovascular health. Substantial upfront investment is also required to secure a foothold in sectors driving new growth, including CDMO business opportunities and plasma collection systems. A strong commitment to investing in growth will help ensure we meet our targets in profitability and capital efficiency.

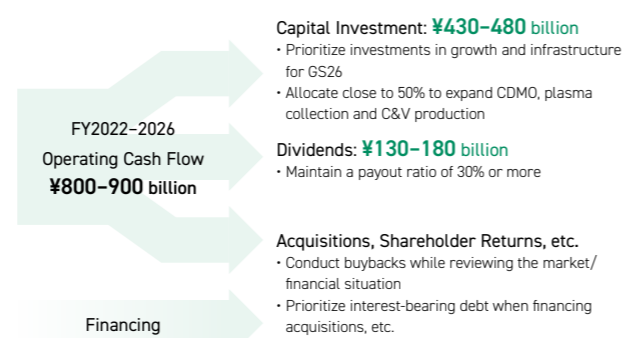
Our shareholder returns policies prioritize steady annual increases in dividends with a target payout ratio of 30%. In fiscal 2021, dividends were ¥34 per share—up ¥5 from the previous year—marking 12 consecutive years of dividend increases.

In May 2022, we established a limit on share buybacks. We will continue to assess the situation and maintain flexibility when creating shareholder returns policies.

As a matter of course, the first step in considering M&A proposals is assessing their potential future value for Terumo and their ability to create synergies with existing businesses. Our investment committee includes managers from divisions handling production, development, planning, finance, and other areas. This committee sets hurdle rates based on the weighted average cost of capital (WACC) with an additional uncertainty risk added according to the nature of the investment and reviews these rates annually. When we make capital investments to improve medium- to long-term profits, including M&A, we examine the investment's financial feasibility through its net present value (NPV) and internal rate of return (IRR). We also consider our business strategy, medium-term plan, risk-response plan and other factors to make investments that are optimal for Terumo Group as a whole.

We typically finance investments in growth using cash returns from business operations. Effective use of our global cash management system (CMS) is our preferred funding source, but if external funding is required, we examine the balance of capital efficiency and financial soundness and select flexible, optimal financing through a combination of loans from financial institutions and other sources, like corporate bonds.

Our Approach to Cash Management



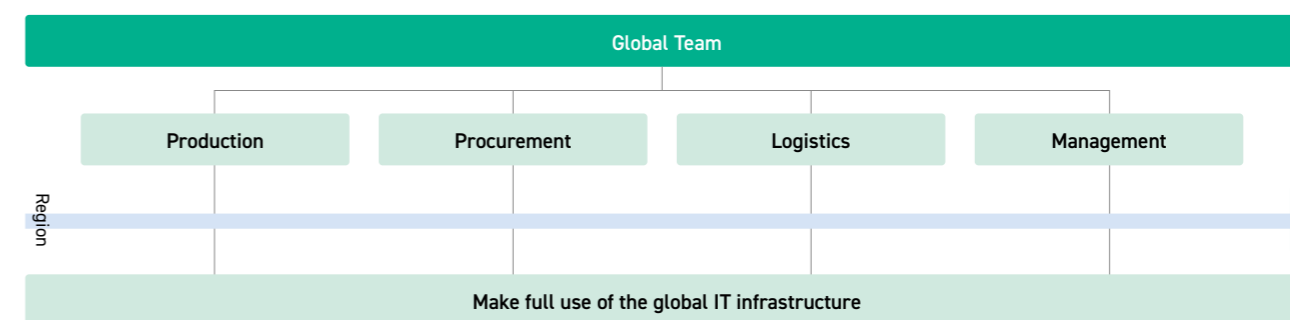
We added ROIC as a new capital efficiency indicator in GS26. Reviewing past and present investments is a critical activity to maximize sales and earnings. We also need to increase the efficiency of asset-liability balance sheet management. And when gaps begin to appear between actual and anticipated outcomes, we have to seize the chance to respond. These activities will ensure that we generate appropriate investments and outcomes (profits) across our divisions, including development, production, sales and the corporate sector.

We will encourage the widespread adoption of ROIC management and ensure each department uses ROIC as a basis for thinking about and understanding efficiency. Our corporate value will increase if we can achieve these three goals of growth, profitability and capital efficiency.

Company-wide Profit Improvement Project

To meet our profitability target of increasing operating profit margins to 20% or higher in five years, GS26 introduces initiatives to improve profits across the company—specifically by raising operating profit margins by 2 percentage points. We have been able to accelerate growth by allowing our three

Four Areas for Company-wide Profit Improvement



Toward Fiscal 2022

In fiscal 2022, there are two external factors that we will watch closely—prolonged inflation and the depreciating yen. Our internal challenges include coping with the rebound in demand after COVID-19 and financing our entry into the new field of plasma collection. For the abovementioned external factors, our response will include financing automated production as well as maintaining and improving appropriate inventory levels. We also need policies to hedge against fluctuations in foreign exchange rates. For our business operations, we need to collaborate to ensure progress updates are properly conveyed for each project and that investments are made at the right time and on the right scale.

The growth strategy in GS26 is to strengthen our management base while making solid investments in growth. These should not be temporary measures that end within the fiscal

companies to operate flexibly. We chose not to absorb each organizations' operations, but rather let them maintain their existing structures to avoid interfering with their development capabilities or operational speed.

Our initiative to improve profits company-wide includes optimizing and streamlining operations in production, procurement, logistics and management within each organization without undermining their strengths or capabilities—all under corporate guidance. Our goal is to strengthen profitability by creating positive collaboration and synergy for each organization.

In February 2022, we established a CAFO office to launch and lead these activities. The first half of GS26 focuses on analyzing operations and identifying common factors. In the second half, we will actually generate outcomes. However, to cope with inflation, some actions will be implemented in advance, like relocating to Costa Rica as an optimal manufacturing location and introducing an enterprise resource planning (ERP) system to improve cross-regional and cross-departmental efficiency.

year, but should prepare us for the next five years and the next decade. Our Group should aim for a strong start in the initial year of GS26 to ensure we can meet critical targets in our performance forecasts.

Fiscal 2022 Targets

Revenues ¥775 billion Year-on-Year Growth +10%	Adjusted Operating Profit ¥151 billion Year-on-Year Growth +12%	Profit for the year ¥100 billion Year-on-Year Growth +13%
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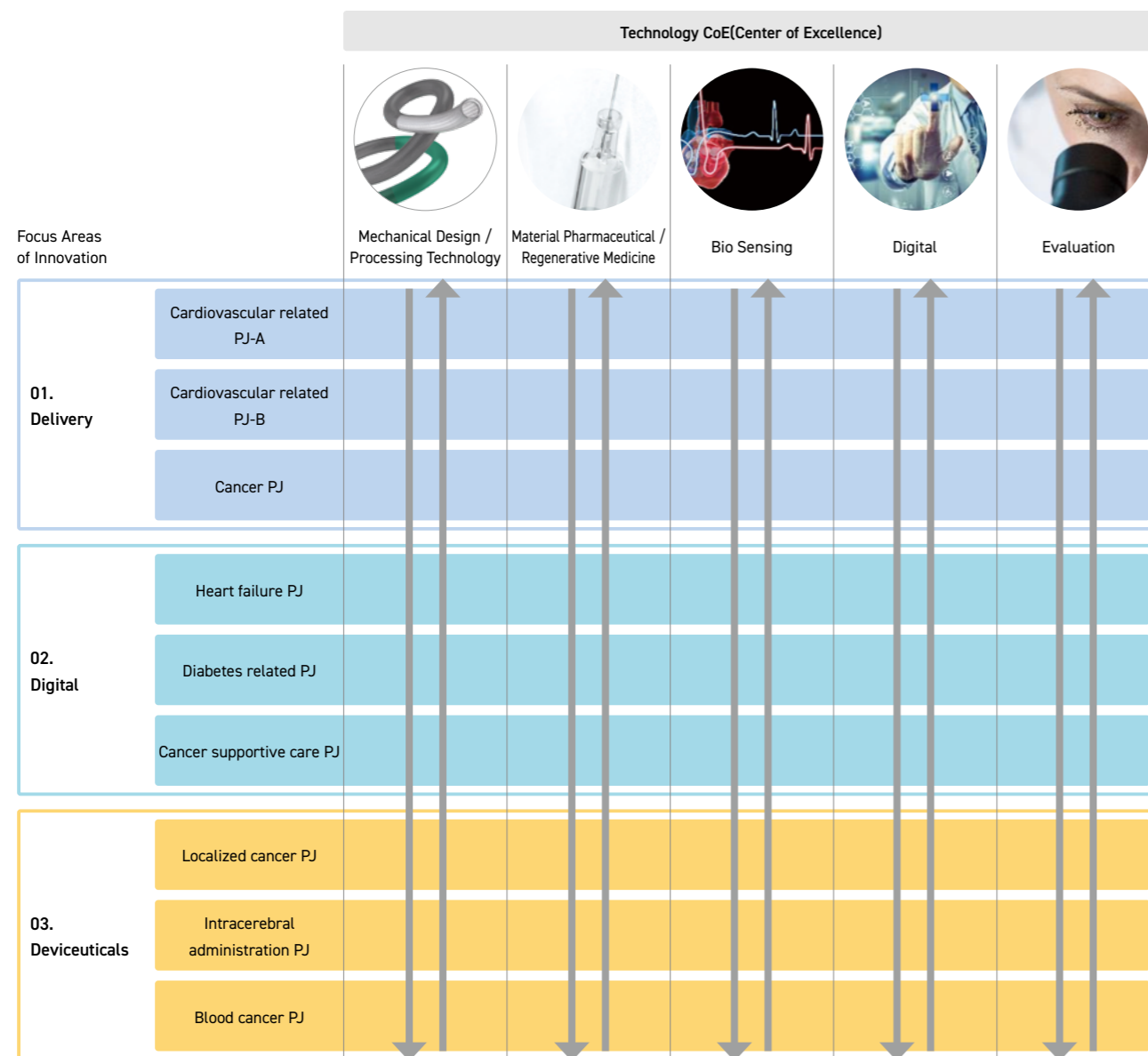
We remain committed to meeting the expectations of our shareholders, customers and other stakeholders by continuing to secure future growth and increase corporate value. We will also work to achieve Terumo's Purpose of advancing healthcare and enhancing the quality of life of patients around the world. I look forward to continuing to support Terumo's operations by carrying out my duties as CAFO.

Accelerated Innovation under GS26 and the Strengthening of Business Foundations

In this section, we will explain the third and fourth of the four “arrows” around which the next ten years will be hinged, namely, “exploring new business opportunities (innovation)” and “strengthen business foundations.”

The direction of the innovations that Terumo has in mind has been defined in the GS26 by the three “D”s of Delivery, Digital, and Devicecuticals. To ensure the creation of this innovation, we will introduce a Center of Excellence (CoE) for the technology axis. Its purpose will be to consolidate in a more multilayered way and at a global level the knowledge and skills of our core technologies acquired through product development to date, along with the new technologies that we will continue to acquire. By cross-fertilizing this with the projects of the disease axis, we will create innovations that make the most of Terumo’s technological strengths in the markets on which we focus. This will provide a framework for the companies to encourage innovation based on their businesses while simultaneously allowing corporate to further undertake development and manufacturing from a medium- to long-term perspective.

Drive Projects through Technology CoE and Differentiation through Technological Capabilities

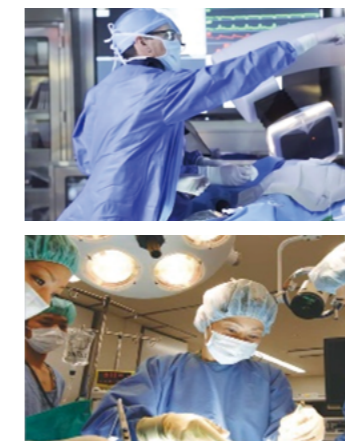


Note: The contents and assignments of projects are only for illustration purposes.

Terumo Aims toward Digital Transformation in Healthcare

In April 2021, Terumo created a DX Promotion Department. Needless to say, this is a new organization that will take the lead in creating innovation in the Digital area, the second of our three “D”s. Turning our eye to technologies from outside of Terumo, we have begun to select certain specific themes, including AI-based image analysis, predictive analysis, remote monitoring, data interoperability, health technology, robotics, and mobility. At the same time, digitalization is growing in-house in our existing businesses, and more than a few of our people have made attempts to fuse medicine with digital technologies. Another of the roles of the DX Promotion Department is to provide support by networking these people together. At the corporate level, too, we are supporting these efforts by offering intensive training at our DX college, hiring in overseas markets, and matching the right talent to the right job globally through skill matching.

Creating New Medical Value by Combining Terumo Strengths with Advanced Technologies



Fumihisa Hirose
 Group Managing Executive Officer
 General Manager, Strategic Planning Dept.
 Chief Technology Officer (CTO)
 R&D Division



Maximizing the Potential of Human Resources

To drive innovation and reform, it is crucial to have personnel who not only acquire the skills that are of great strategic importance like those connected to digital transformation but also take on new challenges and grow. Toward that end, we are working to disseminate an "everyone can grow" growth mindset. Associates working at Terumo take pride in our mission of contributing to society through healthcare, and find great satisfaction in doing jobs that allow them to really feel this. It is also important that their performance be carefully evaluated and that they are provided with opportunities for further growth. Already Terumo generates around 70% of sales outside Japan and 80% of its employees are overseas, so having global management talent is extremely important when it comes to promoting our business.

In our Global Leader Development Program, we have regular discussions among the top management team to visualize and promote the use of our human resources across the organization. Furthermore, Terumo also includes organizations that have joined it through mergers and acquisitions. Hence, Terumo is a diverse organization with associates from various backgrounds and with different attributes. It is important that all of our human resources be able to thrive in their own ways, and that they have the support of an organization that does not undermine their creativity. We will also firmly promote initiatives to strengthen that environment.

For Maximizing the Potential of Human Resources

Achieve Transformation

Acquire new skills of strategic importance
x2.5

Acquire digital human resources (5-Year target)



Growth Mindset
(Take on new challenges, grow)

3 Initiatives

Measures to take root in the organization



Realize Global Management

Develop global leaders and human resources
x10

Human capital pool of global leaders



Diversify human resources (DE&I)

3 Initiatives

Realize inclusive workplace environment



Strengthen corporate foundation

Strengthening business foundations—our fourth "arrow"—can be said to be the most important initiative when it comes to increasing corporate value in the future. The message from the CAFO has explained the company-wide revenue improvement projects that are part of this. Here, we will discuss the optimization of global production.

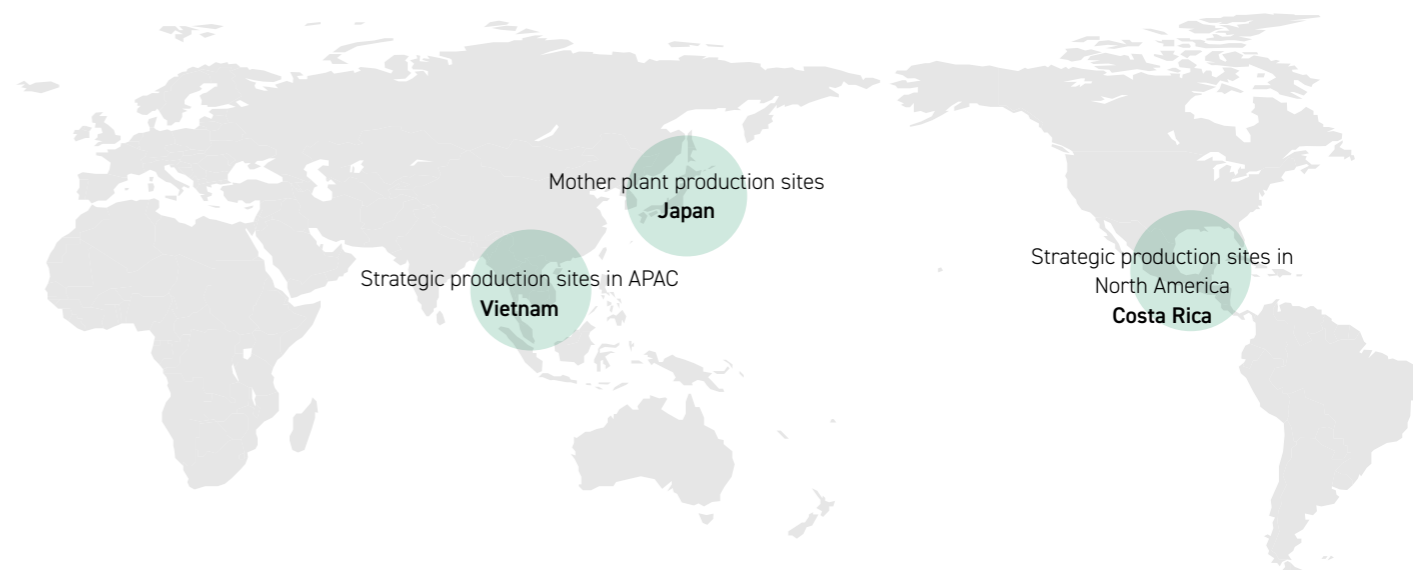
The first key phrase to keep in mind is reinforce the tripolar production system. The tripolar system seeks to consolidate the production bases for three different regions: Japan, where the mother factories are concentrated; Costa Rica, with its eye on North America, our largest market; and Vietnam, which serves as a base for the APAC region. It is meant to build the optimal production system for global supply.

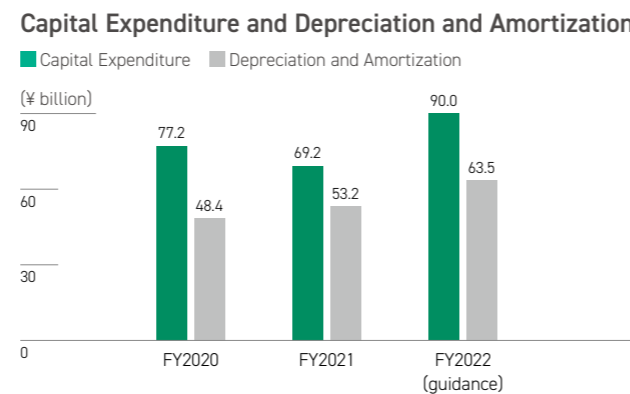
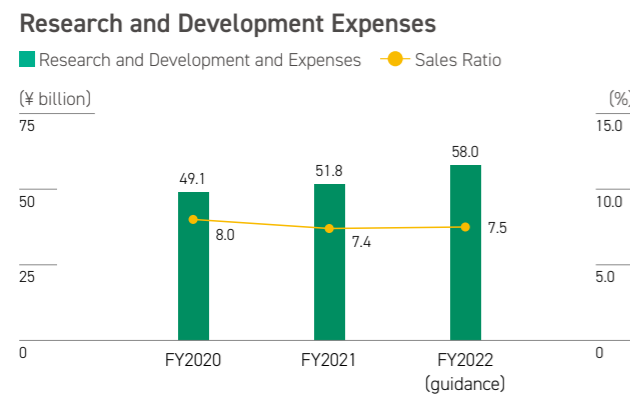
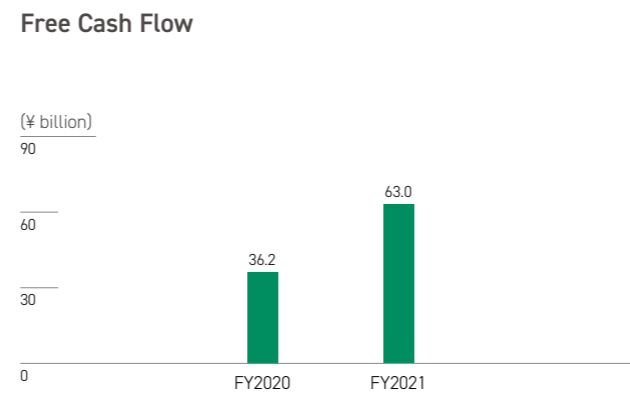
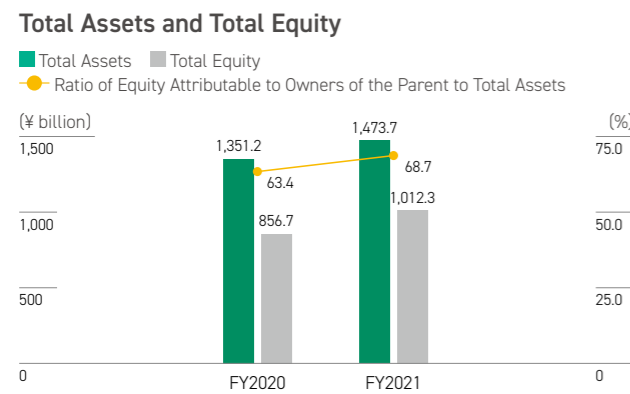
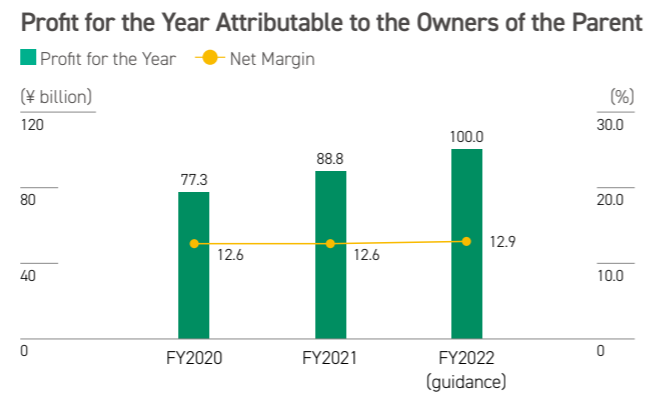
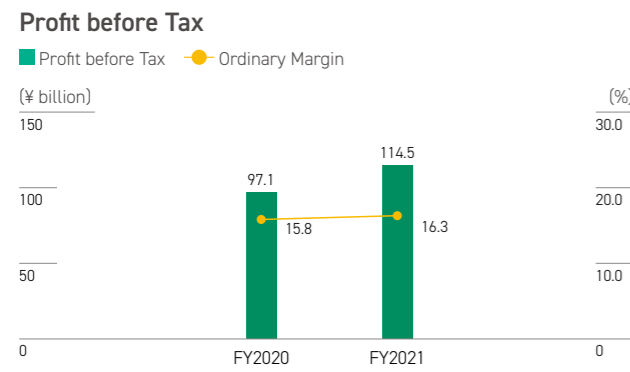
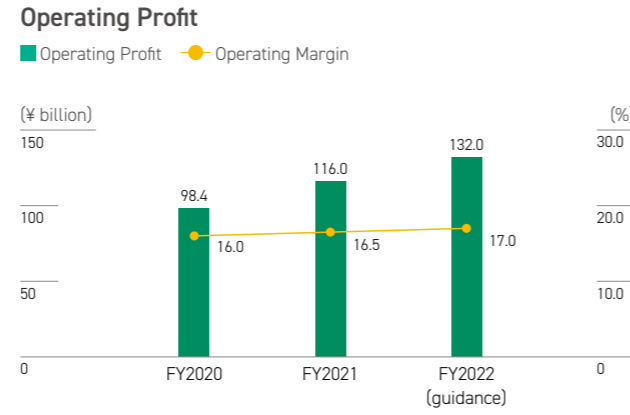
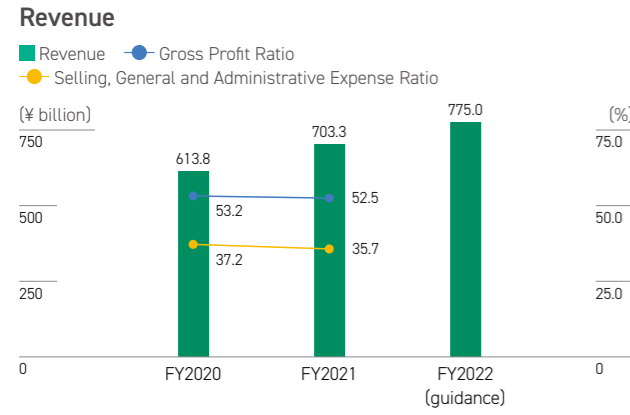
In Costa Rica, in addition to the neurovascular business that has already proved itself, production for the Blood and Cell Technologies Company has begun. Furthermore, it is also gradually expanding into other businesses. In Vietnam, our production base is already in operation for our TIS Division and for the Blood and Cell Technologies Company. All of this makes it possible to strongly drive cost efficiency, and also has its sights set on promoting sustainability such as reducing CO₂ emissions. Costa Rica is also rich in water resources as a resource for supplying electric power, while the TIS Division base in Vietnam quickly began installing equipment capable of using solar energy.

The second key phrase is "Promote production innovation," which leads to gaining a competitive edge. At our global production bases, we are proactively introducing automation, labor saving, and digitalization obtained through Japanese production technology. This is one link in creating synergies that transcend the boundaries of the companies that are main players in our businesses, and is also an activity that creates cross-connections among many technologies and personnel. This, we think, will also lead to reinforcing our mutual complementarity functions for emergencies.

Optimize Global Production

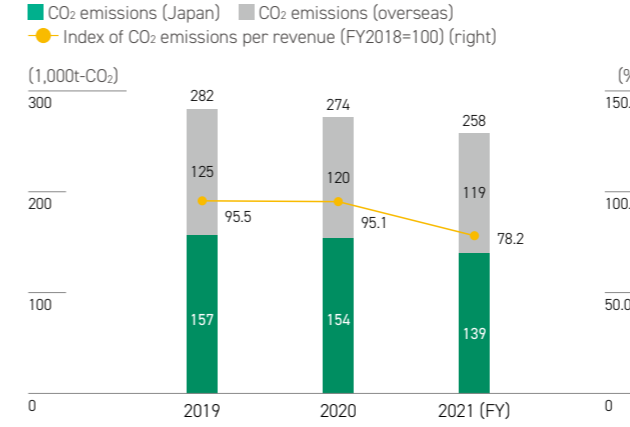
- Strengthen global production network
 - Strategically leverage low-cost production locations for efficient and stable supply to major markets
 - Site selection criteria that includes addressing inflation of transportation costs and reduction of CO₂ emissions
- Promote production innovation
 - Drive automation, lean production, and digitalization
 - Leverage the core competencies of quality and efficient offshore production methods established in concert by our Japan and APAC factories
 - Leverage wealth of expertise across the group, and strengthen redundancies to ensure business continuity





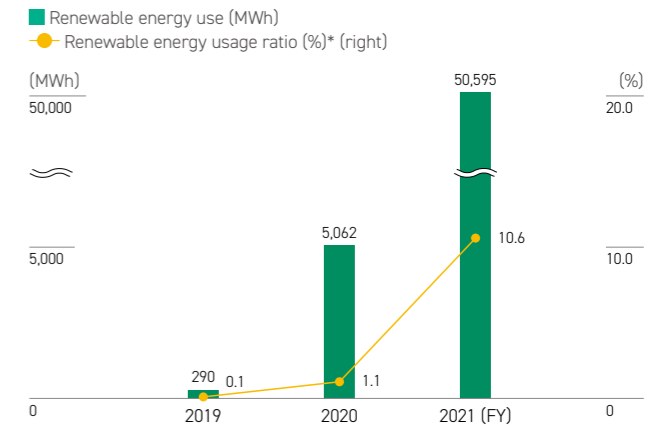
Depreciation and amortization does not include right-of-use asset amortization.

CO₂ Emissions in Total (Scope 1 + 2) and Index of CO₂ Emissions per Revenue



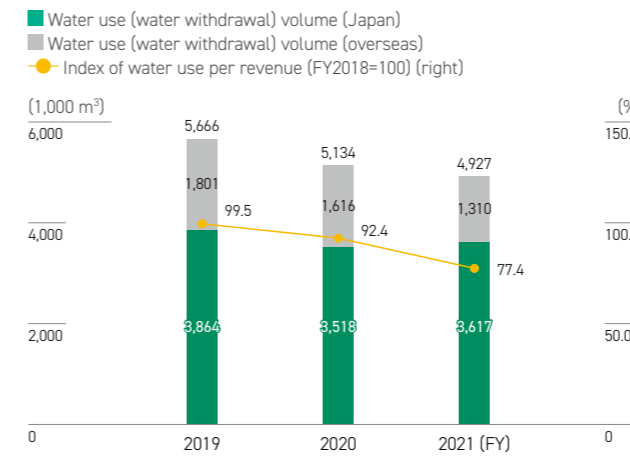
(Scope: Terumo Group business sites in Japan and manufacturing sites overseas)
Note: The CO₂ emissions coefficients for electricity are calculated using the coefficients for each fiscal year provided by the electric power providers.

Renewable Energy Usage



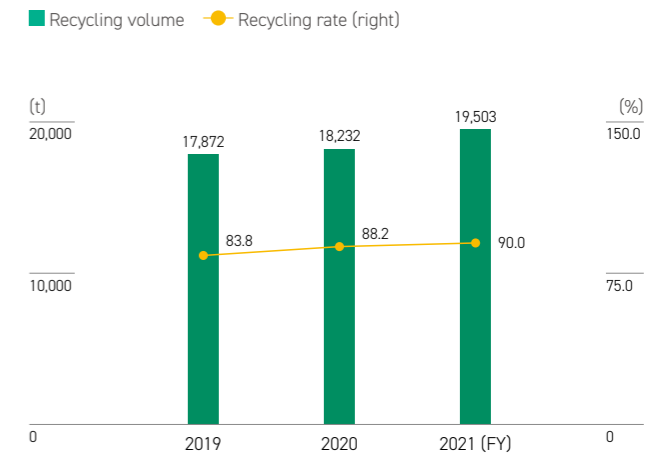
Terumo Group (consolidated)
* Share of total electricity usage accounted for by renewable energy

Water Use (Water Withdrawal) Volume



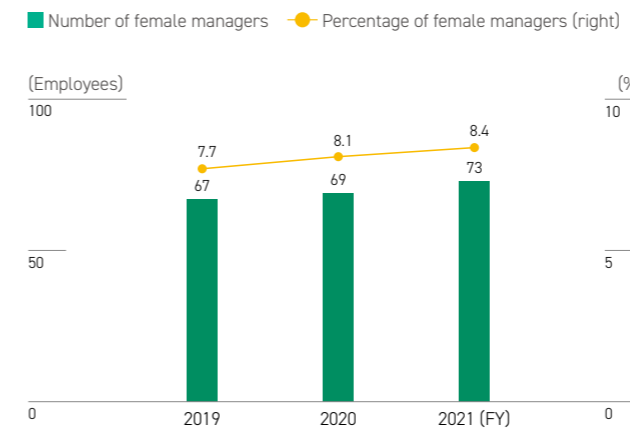
(Scope: Terumo Group business sites in Japan and manufacturing sites overseas)

Recycling Volume and Rate



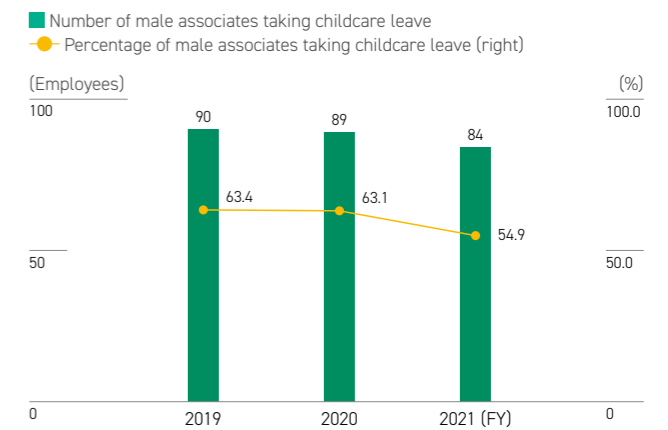
(Scope: Terumo Group business sites in Japan and manufacturing sites overseas)

Number and Percentage of Female Managers



(Scope: Terumo Corporation)

Number and Percentage of Male Associates Taking Childcare Leave

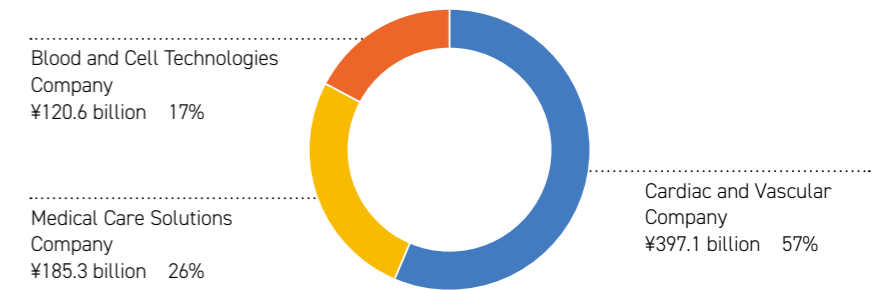


(Scope: Terumo Corporation)

Terumo delivers solutions offering real value to medical settings through three companies

In line with Terumo's mission of "Contributing to Society through Healthcare," we operate globally through three in-house companies and eight divisions. Besides working to enhance treatment outcomes and striving to reduce the mental and physical burden on patients, we also deliver products and solutions that help to solve a wide range of problems in medical settings.

Revenue by Segment (FY2021)



Cardiac and Vascular Company



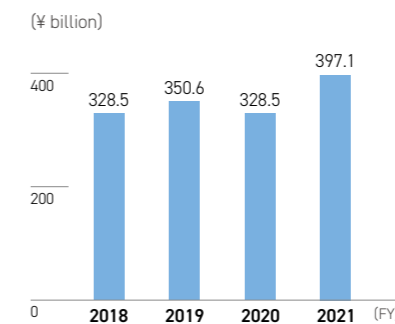
Main Products

- TIS Division (Terumo Interventional Systems)**
 Access: TR Band® Radial Compression Device
 Cardiology: Ultimaster™ Sirolimus Eluting Coronary Stent System
 Imaging: Intravascular ultrasound (IVUS) system Oncology: AZUR™ peripheral Hydrocoil
 Endovascular: Misago™ peripheral stent
- Neurovascular Division (MicroVention)**
 WEB™ intrasaccular device, FRED™ flow diverter, and SOFIA™ intermediate catheters
- Terumo Cardiovascular / HeartSheet**
 Hollow fiber oxygenators, heart-lung machines, etc. / Regenerative medicine products, etc.
- Vascular Graft Division (Terumo Aortic)**
 Surgical grafts, Relay® Pro stent-grafts, and Thoraflex™ Hybrid frozen elephant truck graft

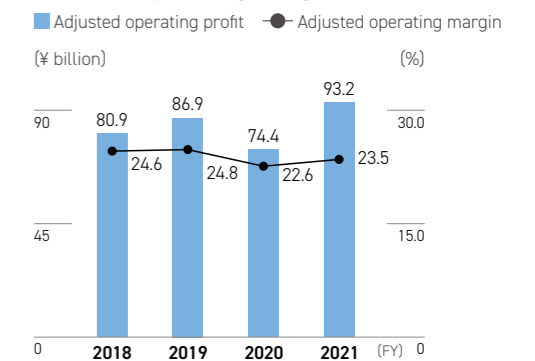
Outcome

Realizing minimally invasive treatments in vascular intervention and cardiac surgery

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Medical Care Solutions Company



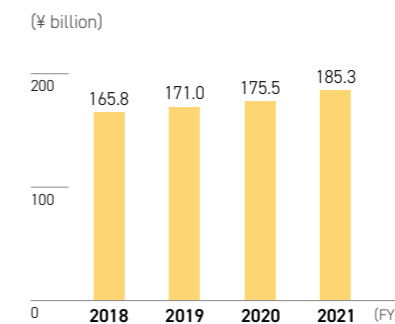
Main Products

- Hospital Care Solutions Division**
 Infusion pumps, syringe pumps, infusion sets, syringes, IV solutions, peritoneal dialysate, hand sanitizer, analgesics, spray-type anti-adhesive materials, etc.
- Life Care Solutions Division**
 Blood glucose monitoring systems, continuous glucose monitoring systems, insulin patch pumps, electronic blood pressure monitors, electronic thermometers, etc.
- Pharmaceutical Solutions Division**
 Contract manufacturing of pre-filled syringes, products for pharmaceutical companies (prefillable syringes, needles for drug administration kits), and other products

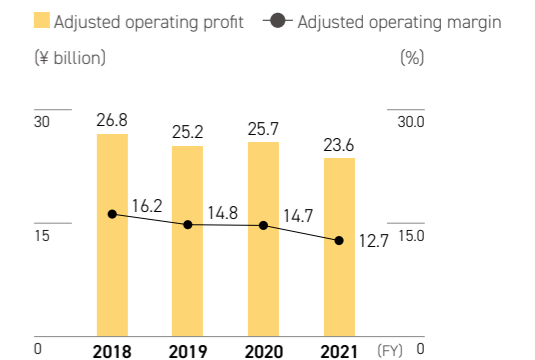
Outcome

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

Revenue



Adjusted Operating Profit/ Adjusted Operating Margin



Blood and Cell Technologies Company



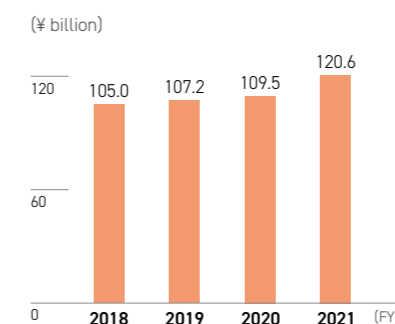
Main Products

Blood bags, blood component collection systems, automated blood processing systems, pathogen reduction systems, centrifugal apheresis devices, cell expansion systems, Rika plasma donation system, etc.

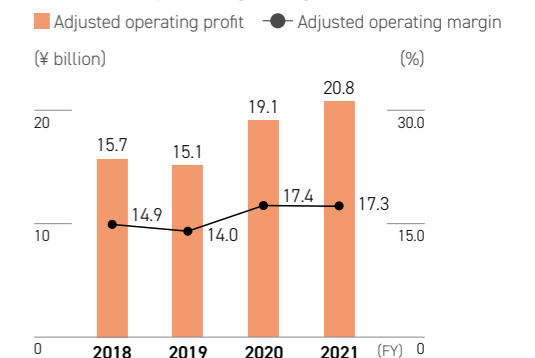
Outcome

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

Revenue



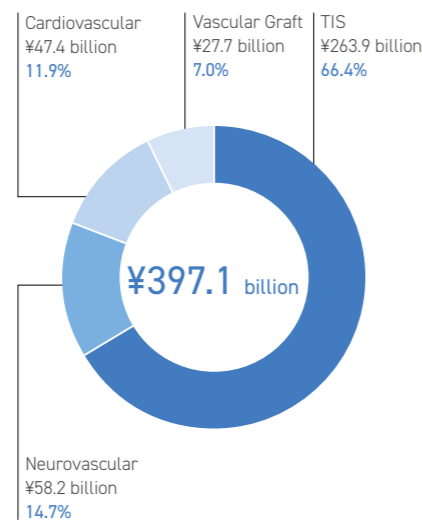
Adjusted Operating Profit/ Adjusted Operating Margin



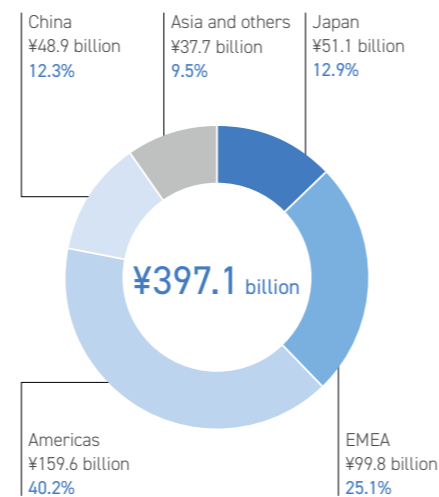
Cardiac and Vascular Company

The Cardiac and Vascular Company aims for further growth based on the three axes of "Expand therapeutic business," "Drive radial access adoption," and "Evolution of operational capabilities." Specifically, we will provide support with pre-operative and post-operative treatments that hew to the patient journey, work to enhance our portfolio in each of our businesses, and expand the target fields for the radial approaches that we have cultivated over the years. We will also make further efforts to ensure a stable supply of products by bolstering our operations infrastructure and making production more efficient through the smart factory concept. Together with customers, we strive to create the next standard of patient care and drive the evolution of medicine on the front lines.

Revenue by Business



Revenue by Region



Fiscal 2021 Performance



Toshihiko Osada

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

Environment

Opportunities	Risks
Vascular intervention (TIS Division, Neurovascular Division, Vascular Graft Division [stent grafts]) <ul style="list-style-type: none"> Stronger needs for same-day discharge and shorter hospital stays Growing trend toward minimally invasive treatments, due to the aging of patients being treated Bullish market growth with the expansion of new vascular treatment markets Expand with vascular treatment as an option in the treatment guidelines for cerebrovascular disease Improve device performance and clinical outcomes with stent graft implantation technology for aortic aneurysms 	Vascular intervention (TIS Division, Neurovascular Division, Vascular Graft Division [stent grafts]) <ul style="list-style-type: none"> Responding to more rigorous European Medical Device Regulations (MDR) Preferential treatment for domestic manufacturers and distribution network reforms in China Contraction of existing markets due to the development of new treatment methods Tougher competition due to treatment evidence established by rival firms
Surgical treatment (Cardiovascular Division, Vascular Graft Division [surgical grafts]) <ul style="list-style-type: none"> Steady growth of the market for percutaneous cardiopulmonary support (PCPS/ECMO) Growing markets in emerging economies due to healthcare development and increase in lifestyle diseases resulting from more westernized lifestyles Spread and expand hybrid surgery*1 	Surgical treatment (Cardiovascular Division, Vascular Graft Division [surgical grafts]) <ul style="list-style-type: none"> Responding to more rigorous European Medical Device Regulations (MDR) Ongoing transition from surgical treatment to vascular intervention due to trend toward minimally invasive treatment (market contraction)

*1 Procedure that involves implanting a combined surgical and endovascular device.

Strengths

- Training for medical professionals to promote the spread of techniques using products and the appropriate use of products
 - Strong partnership with KOL*2
 - Fusion of our technologies with those acquired through M&As, and the ability to develop unique, high-quality products
 - Global sales and marketing, and structure for clinical development and regulatory affairs
 - Production structure for the stable supply of high-quality products globally
- Vascular intervention (TIS Division, Neurovascular Division, Vascular Graft Division [stent grafts])**
- High market share and competitiveness in vascular access products
 - Brand strength as a company promoting minimally invasive treatments and TRI*3
 - Ability to make proposals to customers due to a wide range of product lineups used for vascular treatment
- Surgical treatment (Cardiovascular Division, Vascular Graft Division [surgical grafts])**
- High market share and competitiveness in oxygenator and surgical graft products
 - Only company in the world to have developed our own fiber*4 for oxygenators, and development and production technology abilities applicable for mass production
 - Ability to develop and deliver products essential to emergency medicine, including ECMO

*2 Key opinion leaders

*3 Solutions that take their approach from the radial artery

*4 One of the materials used in oxygenators

Terumo Interventional Systems Division

To treat the heart (coronary artery), cancer, and illnesses related to blood vessels in the lower limbs, we are developing products related to vascular intervention (blood vessel care using a catheter) which use catheters for treatment. In collaboration with clinical physicians, we are contributing to the development of treatments that are easy on the patient's body (minimally invasive treatment) by, for example, conducting clinical research and training related to trans radial intervention (TRI) techniques.

Neurovascular Division

The Division handles products focused on vascular intervention devices to address cerebral aneurysms and strokes. We will create innovative devices such as our intrasaccular device, and expand the possibilities for cerebrovascular treatments that place less of a burden on the patient.

Cardiovascular Division

The Division handles such products as oxygenators that handle gas exchange of the blood gasses in place of the heart and lungs during cardiac surgery and extracorporeal membrane oxygenation (ECMO) systems that assist the cardiopulmonary functions of patients in emergency cases. Also, the HeartSheet—the world's first regenerative medicine product developed in collaboration with this business—is expected to be a new treatment option for patients with severe heart failure.

Vascular Graft Division

Our Vascular Graft Division (Terumo Aortic) provides artificial blood vessels for surgical procedures and stent grafts used for vascular treatment for use with such diseases as thoracic and abdominal aortic aneurysms and aortic dissection, as well as hybrid products that combine the two. Through this, it contributes to the development of treatments optimized for individual patients.

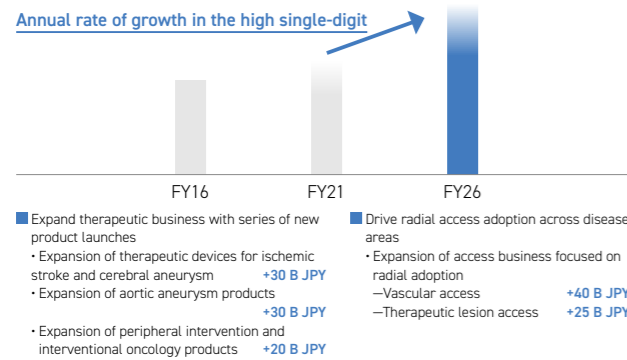
Growth Strategies under GS26 for the Cardiac and Vascular Company

The Cardiac and Vascular Company's growth lies in improving medical cost efficiency, expanding its range of therapeutic products, and leveraging digital services. Improvements to medical cost efficiency are promoted by tackling such issues as early hospital discharges and reducing complications; the dissemination of radial techniques will make contributions in this area. In therapeutic fields with technologies where innovation is possible, we will introduce new products expand both the solutions we offer and the access products that are our foundation. Furthermore, our digital services will expand our personalized solutions offerings and help our operations to evolve such as through production efficiency improvements.

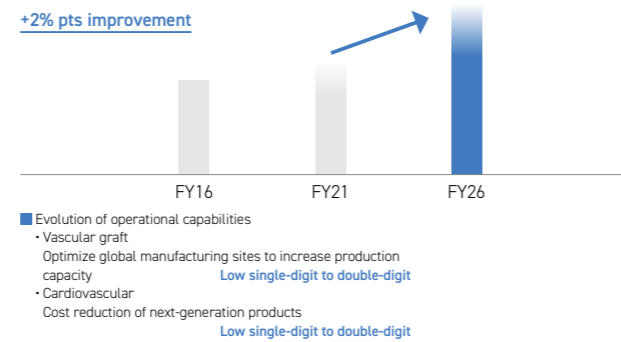
Regarding the quantitative targets set in GS26, we expect sales to increase by ¥80 billion due to the expansion of our therapeutic products such as those for stroke and aortic diseases, as well as lower limb arteries and cancer, and by ¥60 billion or more for the access products that will support the spread of radial techniques. As a consequence, we are aiming for annual growth in the high single-digit range. We are aiming for adjusted operating profit, which represents segment profit, to improve by 2 percentage points from the level for the year ended March 31, 2022.

Revenue and Profit Overview

Revenue



Adjusted Operating Profit



Strategy

Expand Therapeutic Business with New Product Launches

Neurovascular

Ischemic stroke

Aspiration catheter Stent retriever

Market size (2026) **300 B JPY**

Brain aneurysm

Intrasaccular device Flow diverter

Market size (2026) **280 B JPY**

Aorta

Aortic aneurysm

Thoracic stent graft Abdominal stent graft

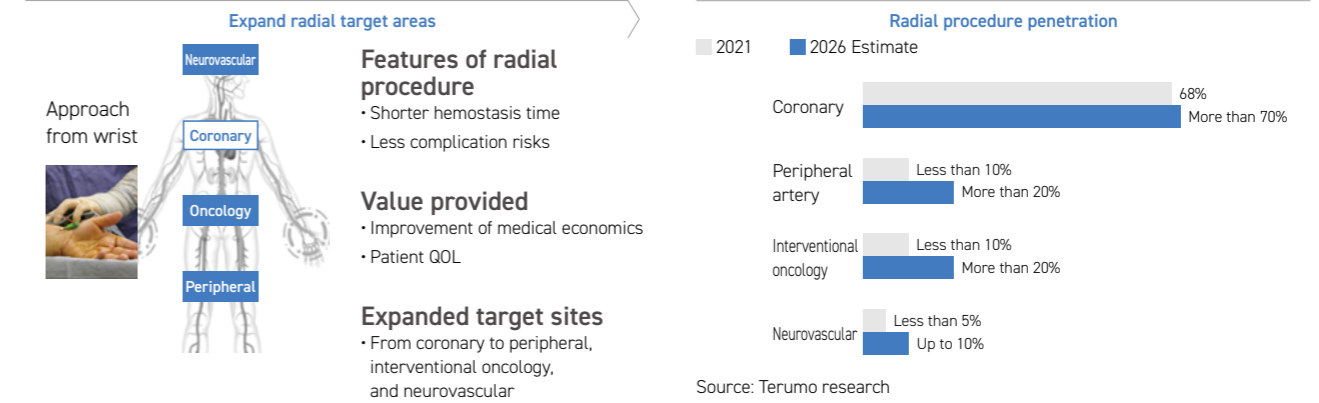
Market size (2026) **400 B JPY**

Launch full-line portfolio **+30 B JPY**

Expansion of product pipeline in major markets **+30 B JPY**

Drive Radial Access Adoption across Disease Areas

Of the two fields where we expect sales growth, in the expansion of our therapeutic products, we will especially bolster those for strokes, cerebral aneurysms, and aortic aneurysms. These will respectively be handled through our Neurovascular Division and our Vascular Graft Division. With these markets continuing to expand, there is an opportunity for Terumo to further expand by, for example, stent retrievers for strokes to its lineup. We are also becoming more competitive in the area of aortic aneurysms, for example by having introduced in the US the first hybrid-type product that combines surgical grafts and stent grafts.



Regarding the spread of radial techniques, their use is still relatively low for relatively new therapeutic areas such as for lower limb arteries and cancer, as well as for cerebral blood vessels. However, as was the case with coronary arteries, this is expected to expand owing to the value it provides in terms of medical cost efficiency and better patient quality of life. Terumo has two strengths that will make this possible in the forms of superior products and training, and it will be able to address our customers' needs.

Provide solutions

Products

- Providing "systems"
- Hydrophilic coating
- Sharpness of tip
- Thinner diameter

Training

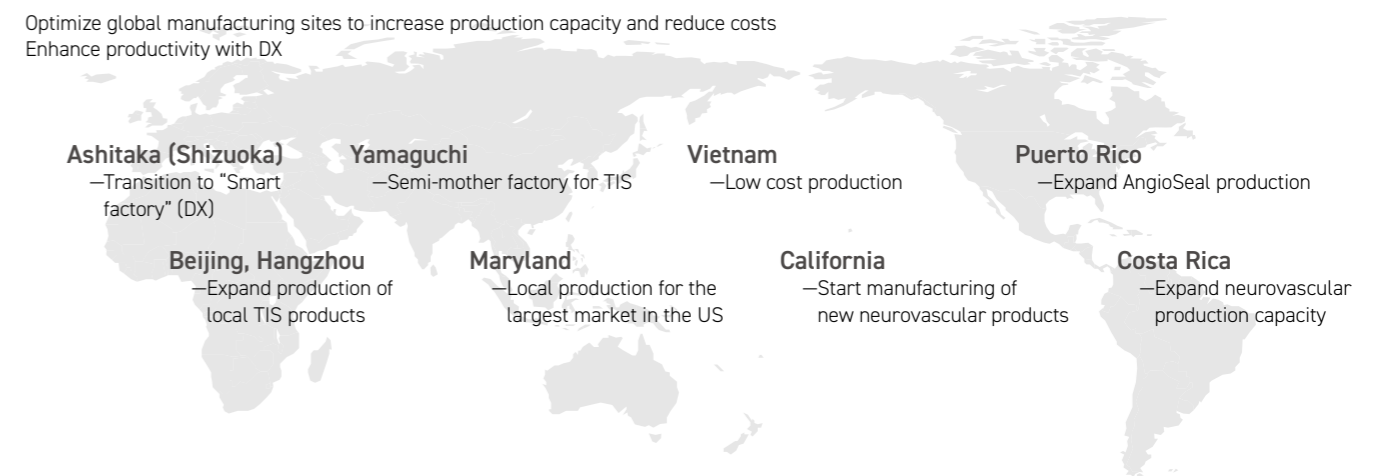
- Proctor training
- Simulation
- Academic partnership
- University accreditation program

Expand experience of coronary radial approach

Coronary Peripheral Interventional oncology

Evolution of Operational Capabilities

Along with sales growth, the evolution of operations is essential to improving profits. The Cardiac and Vascular Company is working to increase production (stable supply) and reduce costs (bolster profitability) by, for example, utilizing digital transformation, based on the global production network optimization strategy set down in GS26.



Fiscal 2022 Priorities

Terumo Interventional Systems Division

Access field: Spread radial techniques for a cross-section of diseases

- Radial First: Spread and expand radial techniques from the coronary artery to systemic blood vessels, enhance development of related products
- Dominate TLA (Therapeutic Lesion Access): Progreat Lambda, etc. Boost and expand lower limb and cancer lesion access products

Treatment field: Expand lesion treatments

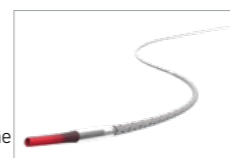
- Coronary artery: Introduce the Ultimaster Nagomi already on the Japanese market to Europe. Improve dominance through the collaboration with Master DAPT that served as large-scale evidence for shortening the time for DAPT (combining the use of two antithrombotic drugs)
- Cancer and embolisms: Increase the possibilities for vascular treatment through QuiremSpheres, AZUR Soft 3D, and AZUR Plug

Operational structure that supports growth

- Expand the production capabilities of Terumo's Yamaguchi and Vietnam factories, produce new products at the Ashitaka factory



TIS Division: Expand and spread radial techniques



TIS Division: Increase the possibilities for vascular treatment



TIS Division: The Vietnam factory



Neurovascular Division



Cardiovascular Division



Vascular Graft Division

Neurovascular Division

Develop competitive cerebral aneurysm and stroke-related products, and expand regions where they are deployed

- New product development: Development of stent retrievers, enhance lineup of products with X coating
- Regional strategy: Bolster sales abilities in China, Eastern Europe, and Asia where expansion can be expected
- Build evidence: Promote the generation of evidence such as in clinical trials in the fields of stroke and cerebral aneurysm treatment

Cardiovascular Division

Establish a solid business foundation by strengthening operations

- With the termination of TCVS's FDA consent decree (2021), bolster the foundations of business to be able to address future healthcare needs such as new product development, etc.
- Build a new product structure aimed at improving productivity and the stable supply of high market share products including oxygenators

Vascular Graft Division

Expand global sales through enhancement of product pipelines and bolster the supply chain management to support this

- Expand share and presence in the US market where a full lineup is in place thanks to having brought the thoracic stent grafts Relay Pro and Thoraflex Hybrid to market
- Expand sales globally and bolster regional strategies
- Further product customization with an eye to personalized solutions and further promote new product development
- Build an efficient and stable supply structure for supporting businesses to be expanded (bolster supply chain management)

TOPICS

Bring Simulation Training to the World as an Education Partner to Medical Professionals

Simulation training is a form of learning that enables learning through experience without putting patients at risk in conditions that simulate the clinical setting. It is a highly valuable form for medical professionals who cannot afford to make mistakes in clinical practice. Terumo is pouring its energies into developing training models and educational programs for use in simulation training. By offering not only products but also high-quality simulation training, Terumo is contributing toward solving issues faced in medical settings.

Simulation Training Delivered in Collaboration with Academic Conferences

In recent years, the TIS Division has been providing simulation training in collaboration with an academic conference. In May 2022, a live simulation training session was held in collaboration with one such conference. Terumo Medical Pranex and the conference venue in Europe were hooked up, and the transmission showed a female doctor at Terumo Medical Pranex learning techniques through simulation training. The TIS Division is also contributing to the training of the young doctors and female doctors who will lead the next generation.



A scene from simulation training

Taking on New Challenges in Order to Continue Providing High-Quality Simulation Training

Providing high-quality simulation training requires high-quality trainers to provide it. The TIS Division launched a program to foster trainers in 2015. Terumo staff from around the world as well as practicing physicians have participated in this program. Meeting face-to-face became difficult due to COVID-19, but even under these conditions the importance of simulation training where participants can learn through mistakes is all the more important. In order to satisfy the expectations of medical professionals, the TIS Division has prepared the digital equipment and reassessed the structure of the program so that participants can study even online (remotely) without losing any of the fundamental value of simulation training. Even conducted online, the training has earned high levels of satisfaction from learners similar to when it was conducted face-to-face.

Education and Training to Spread the More Minimally Invasive Abdominal Blood Vessel Treatment System R.A.V.I.

R.A.V.I. is a minimally invasive abdominal blood vessel treatment system that approaches abdominal blood vessel lesions from the wrist. We are putting our energies on R.A.V.I. training in North America in particular. We offer a variety of training channels in order to provide solutions tailored to medical professionals. R.A.V.I. training includes both face-to-face training and education using digital means. In face-to-face training, students learn the know-how behind techniques through practical educational methods such as simulation training and an individualized course curriculum. Participants can watch the procedures used in the operating room for, say, interventional liver cancer treatment. Digital education includes webinars and hybrid courses that can be attended in person or remotely. Recently, the TIS Division has partnered with a broadcasting organization making it possible to view cases live online. This makes it possible to interact with one another in real-time during procedures and to share knowledge about various techniques. It improves the quality of the educational experience by allowing students to see and learn about actual products and procedures. The TIS Division's R.A.V.I. training continues to provide high-quality training and is one of the key components for successful procedures and improved patient outcomes.



Providing practical teaching and training

Medical Care Solutions Company

The landscape of healthcare today is facing a paradigm shift. The point of care is not limited to in-hospital treatments but has expanded to in-home care. There are increased needs for a more personalized treatment, as well as improving hospital management efficiency and safety. Under the new brand "Terumo Medical Care Solutions," we work to create "quality time for better care" for everyone involved at medical settings by continuing to propose new solutions for solving issues in medicine closely tailored to the patient.

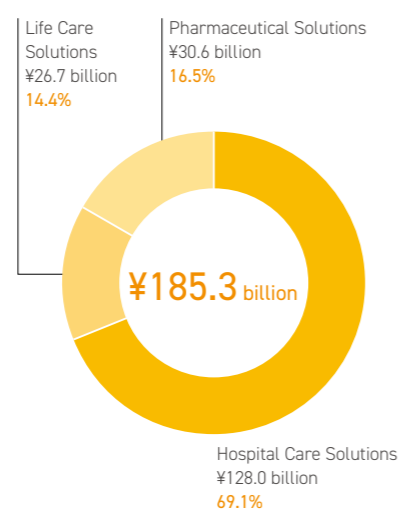
Environment

Opportunities	Risks
Growing senior population and the trend toward multiple and chronic diseases are expanding the venues for medicine and care	<ul style="list-style-type: none"> • Rising pressure to limit healthcare expenditures and lower prices around the world • Global supply chain risks that surfaced due to COVID-19 • Intensified competition due to the entry of different industries with strengths in digital technology and the entry of newly established companies • Tightening in all countries of regulations and quality standards related to medical devices and pharmaceuticals
Heightened awareness of infection prevention and guaranteed supply of medical supplies occasioned by COVID-19	
Digital technology is changing the medical setting, added value of solutions using data is improving	
Continuation and progress in drug innovation, such as expansion of biopharmaceuticals	

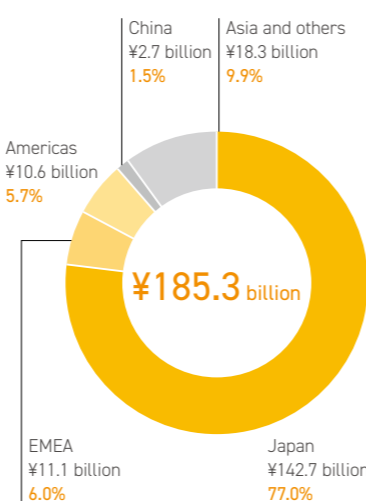
Strengths

- Providing products that solve issues in medical settings, as well as solutions for improving hospital operational efficiency, etc.
- Proposals aligned with the patient journey, such as in chronic diseases, in the hospital and home, care and cures (therapy), etc.
- Wealth of experience and ability to resolve issues on the ground from having faced changes in medicine over many years
- Ability and actual results from having produced and supplied high-quality medical devices and pharmaceuticals

Revenue by Business



Revenue by Region



Fiscal 2021 Performance



Hospital Care Solutions

Solving issues hospitals face by providing solutions to help improve the quality and safety of healthcare

The Hospital Care Solutions Division offers a variety of expertise to address the needs of medical settings, including medical safety, in-facility infection prevention, and cost control. The division develops products that reduce the burden on patients and medical professionals and offer greater usability, provide operational support for medical equipment, and present training programs for medical professionals. By offering solutions to issues that are tough to solve simply by a single product, we contribute to improved treatment safety, workflow efficiency, and better quality of life for patients.

Life Care Solutions

Standing together with patients to propose solutions to fit each patient's needs

The Life Care Solutions Division provides healthcare solutions optimized for patients living with diabetes and other chronic diseases. We contribute to improving patients' prognoses, preventing serious disease, and enhancing quality of life by creating new value for all patients.

Pharmaceutical Solutions

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

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.

Hikaru Samejima

Group Senior Managing Executive Officer
President, Medical Care Solutions Company

Growth Strategies under GS26 for the Medical Care Solutions Company

The Medical Care Solutions Company's growth comes from providing solutions that take advantage of the Company's core competencies. The value we provide is to the medical setting, where management efficiency is required along with infection prevention and medical safety; to the chronic disease care setting, which is expanding into the home; and to pharmaceutical companies seeking new value. Globally, we will selectively deploy unique products and services, with a view to also taking on B2B sales.

For the term of GS26, we are aiming for an annual rate of sales growth in the mid-single digits, driven by Pharmaceutical Solutions and Life Care Solutions. We are aiming for adjusted operating profit, which represents segment profit, to grow at a rate that exceeds sales growth. Expanded sales for Pharmaceutical Solutions will contribute to overall growth in our profit ratio as we gradually move forward on changing the Company's portfolio.

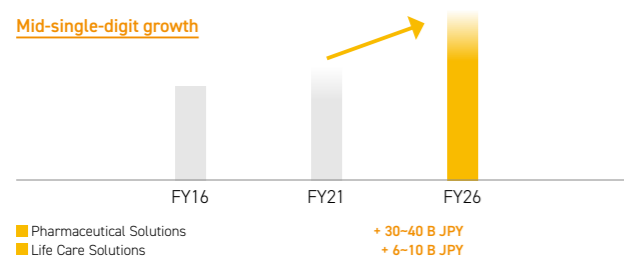
Core competencies of the Medical Care Solutions Company



Revenue and Profit Overview

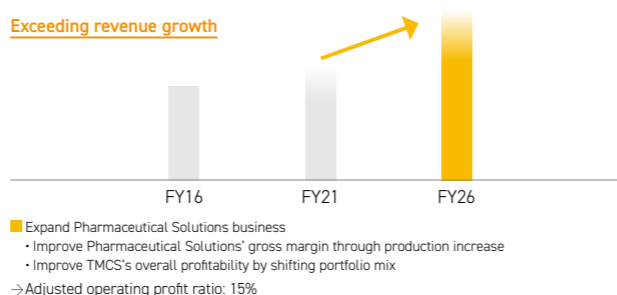
Revenue

Mid-single-digit growth



Adjusted Operating Profit

Exceeding revenue growth



Strategy

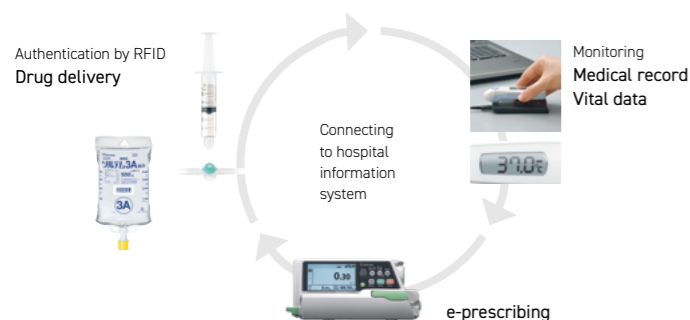
Hospital Care Solutions

In the area of Hospital Care Solutions, we are deploying drug administration and infection solutions that align with hospital systems. To date, we have already made contributions to medical safety and infection prevention by taking advantage of our strength in having not only medical devices but also pharmaceuticals. Going ahead, we will add to this with our contributions to efficient hospital system operation through data utilization and continue to expand the value we provide.

Growth Opportunities through Business Solutions in Hospital Business

Drug delivery solutions

—Develop safe and efficient drug delivery solutions



Infection control solutions

—Analyze infection-related data and propose solutions that improve infection rates and hospital operations efficiency



Life Care Solutions

Life Care Solutions will be accelerating its work on personalized solutions that use digital technology for diabetes care. This is a system that connects and manages continuous glucose monitoring (CGM) devices and insulin pumps with algorithms appropriate for the persons using them such as patients. Ultimately, it will evolve into so-called auto insulin delivery (AID).

DM: Accelerate Personalization with Solution Offerings that Leverage Outside Collaboration

Glooko (US) Collaboration

—Information Management System for measurement data of SMBG, pump, etc.



MICIN (Japan) Joint development

—Digital Healthcare Support System based on blood glucose, dietary, physical activity, medication, and other information



Diabeloop (France) Joint development

—Automated Insulin Delivery System calculates appropriate dose and links CGM with pump



Pharmaceutical Solutions

In the area of Pharmaceutical Solutions, in addition to conventional technologies such as pre-filled syringes, with trends in new drug development also going through changes, we will contribute to further enhancing the value of our pharmaceuticals by deploying new technologies such as patch pumps and intradermal devices.

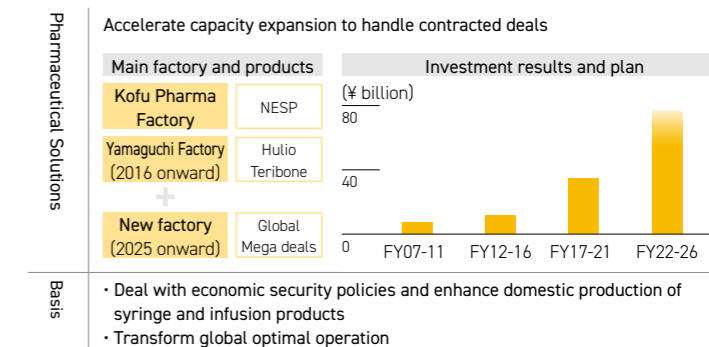
Business Expansion to Pharmaceutical Companies



Operation Strategy

At the Medical Care Solutions Company, too, we will strengthen operations based on the global production network optimization strategy set out in GS26. In Pharmaceutical Solutions, it will be necessary to increase production capacity for projects that have already been commissioned, and we will continue to make capital investments. In other divisions, we will boost our domestic production capacity as a security measure and work to enhance profitability through global production network optimization.

Operation strategy



Fiscal 2022 Priorities

Hospital Care Solutions

Providing total safety and infection control solutions in infusion systems

Based on the guiding principle of "improving safety in drug administration," infusion systems will promote digital health centered on pumps and deploy products and services that contribute to reducing medical accidents such as improper connections. In the field of infection control, we will expand our solutions for hand hygiene and environmental improvement, and accelerate our expansion into Asia.



Pump system for delivering total safety for infusions

Providing solutions for improved quality of life, focusing on the perioperative, oncology, gynecology, and renal dialysis fields

In the perioperative, oncology and gynecology fields, Terumo will expand its unique and supportive products and services, such as those for pain relief and reducing the side effects of treatment, as well as for minimally invasive treatment through the spread of spray-type anti-adhesive materials. In the renal dialysis field, we will work to spread the use of new products designed to reduce the burden and offer ease of use of peritoneal dialysis at home. We are also preparing to launch the first neutral dialysis solution in China through Wego Terumo (Weihai) Medical Products Co., Ltd.



Neutral dialysis solution (product sold in Japan)

Life Care Solutions

Support for patients living with diabetes and other chronic diseases and providing solutions for accurately recording vital signs

We are working to spread and promote the use of continuous glucose monitoring devices and insulin pumps, which are essential for diabetes treatment, and we will work together with people in the medical setting to improve treatment outcomes. We will expand our insulin pump business overseas, and will take steps toward developing digital partnerships both domestically and internationally.



Insulin pump

Pharmaceutical Solutions

Expanding our B2B business by delivering value starts from needs in the medical setting

We have developed and finally begun production of a formulation for on-body injectors (OBI) that is a first even for contract development and manufacturing organizations (CDMO) that deploy unique technologies and solutions. This is also the first product we have developed in the oncology field, and we expect it to serve as a catalyst for the creation of new opportunities for collaboration. Furthermore, we will strengthen the overseas sales and marketing for this business (training of associates) with a view to accelerating promotion to pharmaceutical companies overseas in the future.



Contract development and manufacturing organization (CDMO)

Overall Operation

Boosting production of growth drivers, improving efficiency, and bolstering earning power

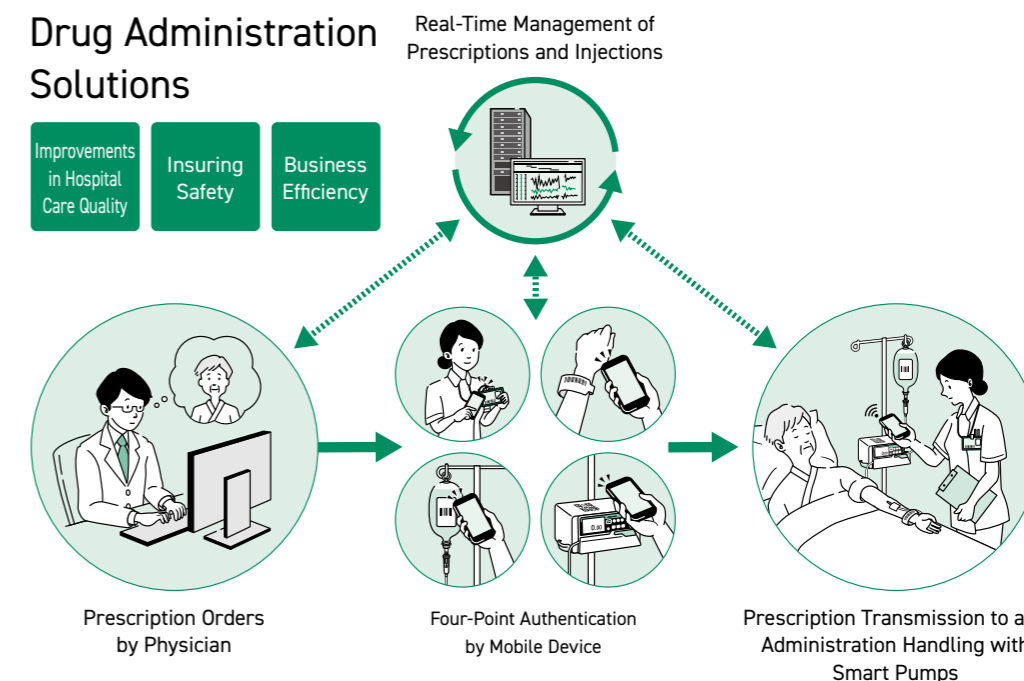
To increase production and the efficiency of growth drivers including our work as a CDMO, and to improve overall operations to boost profitability, we are studying how to optimize production in Asia and working to reorganize the portfolio of our Philippine factory (expansion of medical devices for North America).

TOPICS

Drug Administration Solutions: The Drug Administration Solutions that Terumo Provides

In April 2022, the General Hospital Company changed its name to the Medical Care Solutions Company to deliver new value and solutions to patients and those in the medical setting, taking the first step toward a new century. At the same time, we also launched the Terumo Medical Care Solutions brand. Under this new brand, the Hospital Care Solutions Division will shift from product-centric proposals to offering solutions that capture the entire workflow in hospitals. One such is drug administration solutions.

Safe drug administration requires confirmation of several things during preparation and just before administration: The right patient, right drug, right volume, right method, right time, and right purpose. Care is also required for the safety of medical professionals, including management of the risk of coming into contact with drugs that affect the human body. To meet the needs of medical settings, Terumo in 1963 launched Japan's first disposable syringe and in 1973 Japan's first intravenous solutions in soft plastic bags. Since then, Terumo has developed, manufactured, and proposed both pharmaceuticals and medical devices for drug administration, including infusion sets that make safe administration possible, infusion pumps and syringe pumps that enable precise infusion, and intravenous needles to ensure access to patients' blood vessels. This accumulated know-how is a strength of our Hospital Care Solutions. What's more, in recent years we have proposed solutions for DX in hospitals that entail linking infusion pumps and syringe pumps with in-hospital information systems. These include the automated recording of administration, remote monitoring of operational status, and prescription links that deliver prescription instructions from doctors to infusion pumps and syringe pumps. These solutions contribute to greater efficiency and standardization in the prescription and administration of drugs, and also to improved treatment safety.



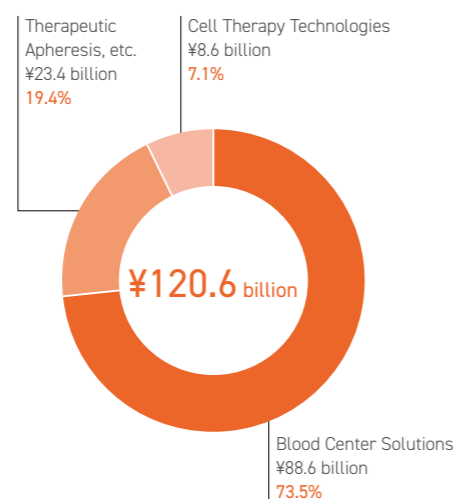
Future Developments

Drug administration does not end with simply administering the drug. A patient's vitals change with administration, and the drug dosage and rate of administration must be adjusted appropriately. In addition to our drug administration products, Terumo provides vital sign measurement systems with communication functions for medical settings. By adding a vital sign measurement system with communication functions to the drug administration system and further expanding the links with in-hospital information systems, we believe it will be possible to achieve a clinical decision support system that can automatically adjust the administration rate according to changes in condition after drug administration and communicate the optimal drug dosage to medical staff. Also, with this system we also aim to contribute to telemedicine in areas where access to medical care is difficult, and to meet medical needs not only in Japan but also in Southeast Asia and other parts of the world. The Hospital Care Solutions Division will further evolve the strength it has cultivated from combining know-how in both pharmaceuticals and medical devices and create new value in drug administration.

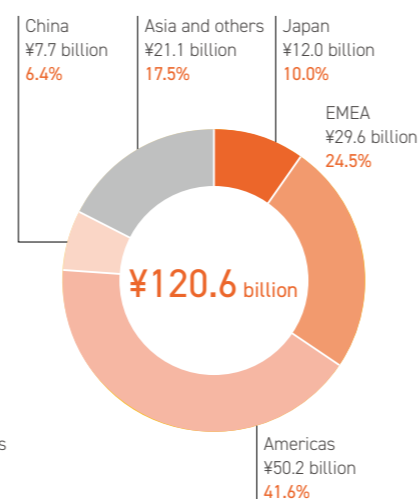
Blood and Cell Technologies Company

There are still many people in the world who do not have access to safe blood, a simple foundation that we take for granted. And we still hear about patients' unmet medical needs around the world. We have technology and capabilities around regulatory and market access to bring accessible innovations to help influence those standards of care and influence whether and how people use our products. We are proud of our contributions to the healthcare with people in spirit and heart.

Revenue by Business



Revenue by Region



Fiscal 2021 Performance



Environment

Opportunities	Risks
<ul style="list-style-type: none"> Heightened importance among pharmaceutical and biotechnology companies to establish stable manufacturing and build capacity to meet increasing number of commercialized cell and gene therapies Increased opportunities for the adoption of new therapies in response to unmet medical needs in the therapeutic apheresis market Growth in source plasma collection is returning to pre-COVID levels Rising demand for medical solutions with optimized processes, better productivity, and data connectivity in response to soaring healthcare costs as the population ages Development of precision medicine increasing demand for patient-specific medical information 	<ul style="list-style-type: none"> Implementation of more stringent regulations increasing the importance of clinical data and quality assurance Decreased blood donations stemming from a decrease of donors Potential emergence of drugs, alternative treatments, and disruptive treatments to replace therapeutic apheresis and blood transfusion Customers modify purchasing patterns to address business continuity concerns and local purchase preferences Increased customer concern with protecting the confidentiality, integrity and availability of information and assets from cybersecurity threats

Strengths

- Sophisticated automated cellular and blood component manufacturing processes and data integration systems to deliver better treatment outcomes
- Innovation utilizing a broad product portfolio and an expansive global sales and support network
- Increased manufacturing flexibility with new facilities in the U.S. and Costa Rica
- Partnerships with customers fostered by providing services and clinical support
- Expanded health data analytics capabilities to provide more treatment options to the market
- Strong brand reputation in the blood and blood component market

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 companies 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.

Source Plasma Collection Systems

We develop products and software services for source plasma collection in order to manufacture the plasma fractionation products used in the treatment of rare diseases and the like. We contribute to improved donor safety and greater efficiency in the collection center operations.

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.

Antoinette Gawin

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

Growth Strategies under GS26 for the Blood and Cell Technologies Company

Blood and Cell Technologies Company: The GS26 Vision

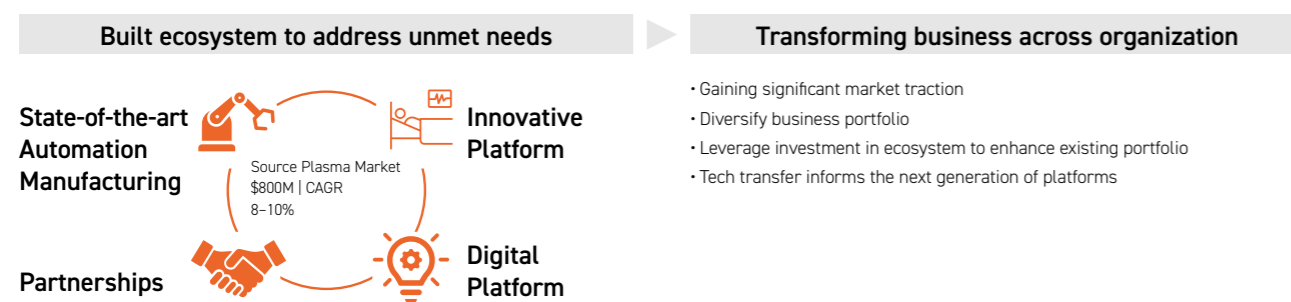
- Provide compelling and accessible innovations globally that unlock the power of blood and cells to improve patient outcomes and serve unmet medical needs
- By inspiring and engaging our associates, we will optimize quality and deliver world-class solutions, earning customer loyalty and setting industry standards
- Revenue: Near double-digit growth / Adjusted operating profit %: Beyond 20%

Growth Strategy

Blood and Beyond	<ul style="list-style-type: none"> • Plasma – disrupt market and expand presence beyond US • Cell Therapy – expand market focus and connect patient and cell journey • Therapeutics – selective removal technology for specific diseases
Equipment and Beyond	<ul style="list-style-type: none"> • Shape future of blood centers through whole blood automation and services • Improve customer experience: software and service as differentiator • Deploy digital ecosystem for plasma market
Geographic Expansion	<ul style="list-style-type: none"> • Deploy full portfolio in markets with high unmet needs: China, Africa, Russia
Operational Excellence	<ul style="list-style-type: none"> • Flexible global delivery system, sustaining a continuous improvement culture • Elevate commercial excellence and ability to capture value in the market

Blood and Beyond

■ Plasma: There is a huge unmet need for plasma fractionation products made using plasma. To fill this unmet need, pharmaceutical companies are dealing with such things as expanding the range of indicators. The market for source plasma is growing at an annual rate of 8% to 10%. Pharmaceutical companies need partners that can offer a digital infrastructure that supports better production efficiency and quality, as well as efficient operations. We have built this innovative ecosystem around our new plasma collection system, Rika, and have begun to deliver its value to our partners.



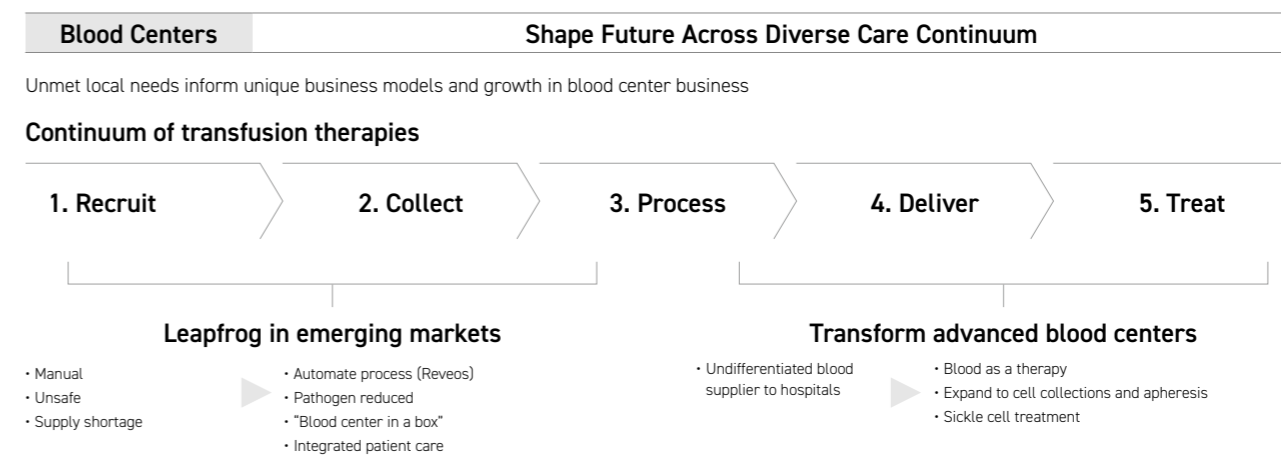
■ Cell Therapy: In this field, there are two manufacturing cycles. These are the patient journey, which centers on the collection of a patient's cells in the hospital, and the cell journey that sees the collected cells administered back into the patient. There are demands for a system in this field that will support everything from the hospital to the manufacturing facility. We are taking advantage of our strength that comes from Optia being used in nearly every hospital where they collect cells and linking this with our STAFA system and Veda Solutions to create this ecosystem. While this field remains a new one that is growing at a rapid pace, with the lack of a standard framework we are working to ensure that our ecosystem becomes that standard.

■ Therapeutic apheresis: In this field, Terumo's Optia is being used around the world as a treatment platform for a variety of therapies. To offer the most recent example, there is the treatment of triple negative breast cancer with selective removal technology. This was achieved through a collaboration between Terumo and Immunicon Inc. Like this, we will offer further new therapy options.

Equipment and Beyond

In the blood center business, we are contributing to the delivery of safe blood to the world. In emerging markets such as those around Africa, we start by helping to create standards for safe blood and by showing people what the safe collection of blood looks like. By working through this to deploy new services and business models, we will contribute to a leapfrogging in development.

Meanwhile, for advanced blood centers, we offer support for a change in customers such as by providing services to increase treatment for sickle cell anemia and encouraging participation in regenerative medicine. If the environment is one where blood can be collected, it may also be feasible to provide related services for collecting cells. Our entire portfolio would support this across the board. We hope to achieve win-win growth by delivering new value even to these blood centers who have traditionally been our customers.

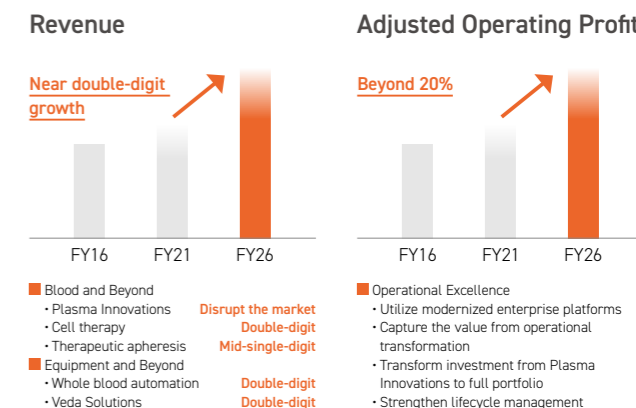


Everything Begins with a Drop of Blood

In the field of blood and cell therapy, Terumo's technologies are already providing value in a variety of settings with grasping the patient's journey from collection to treatment, but there are still unmet needs. We will be generating further innovations during the course of GS26 and beyond that will expand the possibilities of blood and cells and help to cure as many patients as possible.

Revenue and Profit Overview

Next are our revenue and operating profit targets for the period covered by GS26. For sales, mainly through our entry into the plasma business (plasma innovation) and also through expanding the regions in which we operate, we are aiming for growth close to double digits. As for adjusted operating income, we are aiming for a profit ratio that exceeds 20%. This will be achieved through operational excellence, attained for example by deploying our capabilities in such areas as service software development acquired through plasma innovations across our entire portfolio.



Fiscal 2022 Priorities

Blood and Beyond

Plasma Innovation

Rika represents a new era in plasma collections. The system, cleared for use by the Food and Drug Administration (FDA) in March 2022 and successfully completed the first donation in August, is designed to optimize plasma collections to help patients affected by life-threatening illnesses. We are collaborating with CSL Plasma, a leader of plasma-derived therapies, to improve the donor experience.

Breakthrough Cancer Immunotherapy

The agreement with Immunicom, Inc. will help advance a cancer therapy that selectively removes immune inhibitors from a patient's bloodstream. This will result in the combination of our Spectra Optia® Apheresis System with Immunicom's CE marked immuno-oncology LW-02 Column, for application to patients with advanced refractory triple negative breast cancer (TNBC).

Equipment and Beyond

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 shape future of blood centers through whole blood automation system.
- We provide training, software solutions, data analytics and compliance management to improve customers' experiences.
- By deploying digital ecosystems for hospitals, blood centers and pharmaceutical companies, we are helping them to realize enhanced efficiency and operational excellence.

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.

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. Costa Rica and Littleton are new family representing our operational excellence.



Source plasma collection system Rika



Spectra Optia



Terumo's broad product portfolios



Trima Accel for deployment worldwide



The Costa Rica factory

TOPICS

Raising the curtain on a new era in plasma collection created by Rika-based ecosystems

Launch in the United States after FDA Clearance

The Rika Ecosystem represents a new era in plasma collections for both donors and plasma collection centers. The Rika Plasma Donation System was cleared for use by the U.S. Food and Drug Administration (FDA) in March 2022. It launched with its first collection on August 4 in a donation center in Aurora, Colorado, operated by CSL Plasma, a global leader in plasma collection. 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. We designed the Rika ecosystem, including the software and services, in response to the industry's need for technological advancement and process improvements to drive efficiency and quality while maintaining donor safety and enabling the collection of more plasma to meet unmet global plasma needs.



Source plasma collection system Rika

Next generation of technology and manufacturing

The Rika technology is an entire ecosystem focused on the operator and donor experience to help meet the worldwide demand for plasma-derived medicines. The ecosystem is comprised of the Rika Plasma Donation System, Myata Customer Service Portal, Kinari Device Management Platform, and other supporting services, such as training and supply chain distribution. With an advanced control system to guide device operators, Rika completes plasma collections in 35 minutes on average and ensures there is never more than 200 milliliters of blood outside the donor's body at one time.

The Myata Customer Service Portal provides a 24-hour source for key management tasks and two-way information exchange, including:

- Forecasting device and disposable needs
- Delivering new software releases
- Accessing learning materials
- Accessing both operator and service manuals
- Downloading certificates of compliance
- Enabling electronic issue management

The Kinari Device Management Platform enables electronic software distribution at the center's convenience.

The ecosystem also includes training modules ready to seamlessly integrate into any electronic learning management system used in the plasma industry. At a length of 5 to 10 minutes, eLearning modules for both operators and service technicians are designed to maximize learner retention and ease refresher training.

State-of-the-Art Manufacturing Facility

A new \$250 million world-class manufacturing plant in Lakewood, Colorado, produces single-use separation sets used with the Rika system. Shinjiro Sato, President and CEO, said at the plant opening ceremony, "This new manufacturing site is a prime example of a strategic investment in an emerging business area, and Rika will revolutionize plasma collection center operations. This new manufacturing site builds upon our work to Contribute to Society through Healthcare, as we look to plasma-based therapies to touch patients around the globe."

Combined, the Rika Ecosystem technology and services deliver a comprehensive program designed to enhance safety, increase productivity, and improve the operator and donor experience. The comprehensive ecosystem can be leveraged for our other focus areas beyond the plasma business.



Collecting plasma using Rika



The Rika ecosystem improves the donor and operator experience

Dialogue between the Chairman of the Board and an Independent Director

Impression of the Board of Directors

Takagi A full year has passed since you became an independent director at Terumo. What are your thoughts on our Board of Directors?

Ozawa When I was appointed, the previous chairman, Mr. Mimura, said that he wanted me to speak my mind openly, and that he would welcome critical feedback about Terumo. And the Board does have an atmosphere conducive to open discussion. This has allowed even a person less versed in business like myself to ask basic questions without worrying. I believe our discussions are very dynamic, and we make effective use of the limited time we have. I had imagined that Board meetings would focus solely on management, but discussions actually occur across a broad spectrum concerning the company's impact on a societal level, including

sustainability and ESG. This has been extremely educational and informative for me about current societal trends. It was initially difficult to keep up with members' presentations and discussions, as they used a number of abbreviations that I was not familiar with, but the regular pre-meeting briefings for independent directors have helped me understand much better.

When I was offered a position as an independent director, a key point of interest for me was that one of Terumo's founders was Shibasaburo Kitasato. I worked at the Institute of Medical Science at the University of Tokyo for seven years after my fellowship at the NIH in the United States, and again for the last four years in my active career. Its predecessor was the Institute for Infectious Disease, affiliated with the Great Japan Private Health Association, which was also founded by Shibasaburo Kitasato. He is a favorite figure of mine. I am also fond of Terumo's corporate mission: Contributing to Society through Healthcare.

Takagi I believe Board meetings are valuable opportunities to bring together different types of knowledge, experience, and expertise from inside and outside the company. To that end, eliciting and discussing diverse opinions is essential. And for that, it is important to create an environment that promotes free and open discussion. Mr. Mimura was particularly cognizant of that. I would like to continue to prioritize that as chairman while also improving the way the Board operates and striking a balance with time management.

Additionally, it is extremely important for sustainable future growth as a medical device manufacturer that Terumo establish a broad approach to governance on a global scale in the domains of manufacturing, quality, and regulatory affairs. I can easily notice many issues in these fields due to my position as an internal Board member. I would like to continue to make the Board more effective to ensure important issues

and other points are not overlooked by utilizing my own strengths, namely my knowledge, experience, and expertise.

On a different note, Terumo implemented a new executive officer system in April 2022. What do you think of this new system?

The New Executive Officer System and Human Resource Development

Ozawa The new system clarified things like criteria for appointments and conditions, and made it easier to understand the positions and responsibilities of executive officers. I think the new system is also appropriate for the smooth implementation of the five-year growth strategy (GS26) that began in fiscal 2022. Terumo operates in over 160 countries

Toshiaki Takagi

Chairman of the Board

Toshiaki Takagi joined Terumo in 1981. After working primarily in production technology, product development, and quality assurance at the Ashitaka Factory, he went on to become factory manager at the Ashitaka and Suruga sites. Then, as an executive officer, he was the general manager of R&D Headquarters and served as Chief Quality Officer. He assumed his current position in April 2022.

Keiyo Ozawa

Independent Director

Keiyo Ozawa graduated from the Faculty of Medicine of the University of Tokyo. He then held a fellowship at the National Institutes of Health (NIH) in the United States. Next, he was an associate professor at the Institute of Medical Science at the University of Tokyo and later, a professor at Jichi Medical University. He taught in several departments before becoming the director of the Institute of Medical Science Hospital as well as the director of the Center for Gene & Cell Therapy, both affiliated with the University of Tokyo. Since 2018, he has been a professor emeritus and visiting professor at Jichi Medical University. He also holds posts concerning regenerative medicine as a program supervisor and program officer at the Japan Agency for Medical Research and Development (AMED). Ozawa specializes in hematology, gene therapy, and cell therapy. He was appointed an independent director of Terumo Corporation in June 2021.





and regions globally and over 80% of its more than 28,000 associates are working overseas. For a global corporation, this system is essential for continued future development.

Takagi I agree. Terumo adopted this system because, as a global corporation, it needed a new executive officer system to accommodate the rapid expansion of its global business, including M&As.

Now, for the next topic, what about our associates? If you were to define the global talent Terumo needs, what kinds of abilities, skills, and mindsets would you want them to have?

Ozawa Just like in academia, one person alone can only do so much in the business world. As the term "interprofessional collaboration" suggests, it is possible to achieve more than first imagined when you have the opportunity to engage with many people and collaborate together. Skills for communicating with many different types of people are desirable, including English competency, to collaborate and interact with people and associates around the world. It is also increasingly important to have personnel who understand and are competent in digital technology. We are entering an age when digital transformation is increasingly prioritized. People less versed in technology need to be flexible thinkers with an abundance of curiosity who actively adopt or learn new technologies.

Further, for associates to maximize their potential, Terumo should cultivate an internal environment that allows them to work with other associates and actively try out different types

of ideas, rather than simply toiling away at their current posts. There are actually some excellent corporate initiatives right now, like one cultivating global mindsets for all associates as well as Terumo Diversity, Equity, and Inclusion (DE&I) Week, which occurred in March and aimed to increase the impact of DE&I initiatives. I also find it commendable that Terumo is actively engaged in several types of programs to cultivate global leadership.

Takagi Terumo's associates are highly focused on providing medical settings with safety and reassurance. Associates relate to the corporate mission and can express it in their own words, have a strong sense of ethics, and are committed to sustaining healthcare. Going forward, people with the kinds of mindsets you mentioned will be even more essential. While maintaining our existing strengths, I hope we can aim even higher and be an organization that continues to take on new challenges. I would like Terumo to become a corporation where an inclusive company culture is a given and hardworking people can realize their full potential, regardless of factors like age, gender, or nationality.

Let's turn to the topic of diversity. In March 2022, Terumo implemented a DE&I Philosophy and DE&I Guiding Principle on a global level. What are your thoughts on diversity issues at Terumo?

Promoting Diversity

Ozawa While it is still important for Japanese associates to experience working overseas, web conferencing has become more prevalent over the past few years in Japan and abroad, and hurdles to global associate interaction are disappearing. I believe Terumo should seize this chance to devise more opportunities for communication between its sites.

Also, the ratio of women in the company overall and women in management is frequently discussed at Japanese corporations. Although Terumo is increasing these ratios, they continue to fall short. The Board discusses this issue often. I understand that it is difficult to increase the number of women in management rapidly since replacement managers have to have experience and proven track records to avoid problems, but I think the issue needs to be reviewed systematically. Similarly, we hope more women will become executive officers.

Takagi I also think that having more diverse personnel will lead to mutual inspiration for our associates and result in sharing different ideas and wisdom, which will in turn spark more innovation and ultimately bring new forms of value to medical sites and patients. As you say, to achieve that, initiatives promoting employee interactions across regions, sites, companies, and businesses will be critical.

The ratio of women in management positions at Terumo Group is around 20% and varies among locations globally, which is an issue. Particularly in Japan, I would like to focus on setting a concrete numerical target as part of realizing DE&I management policies and create a work environment where women can reach their maximum potential and play active roles. Our ultimate goal is to bring more diversity to our decision-making structure and increase representation from different genders, nationalities, and ethnicities.

I have heard your views across several perspectives. Next I would like to hear your thoughts on your own role on Terumo's Board of Directors.

Role on the Board of Directors and Expectations for Terumo

Ozawa I believe my expected role is to express my opinion on Terumo's activities as a healthcare professional and medical expert. I understand that cell therapy is a new direction that Terumo is heading in. Although it does not yet make up a large percentage of Terumo's sales, cell therapy is expected to make great strides in the future globally, and I think it is a field Terumo should pursue aggressively. This is my own area of expertise, and I hope to offer useful advice to Terumo.

Takagi The diverse experiences and expert opinions of our independent directors are invaluable. As chairman of the Board, I try to encourage independent directors to proactively speak up in Board meetings and state questions and opinions in their specific fields of expertise. I look forward to continuing to receive your views based on your medical expertise.

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

Ozawa From the perspective of my own fields of expertise, I would like Terumo to have a substantial presence in the fields of cell therapy and gene therapy. This year, I had the opportunity to hear about products concerning therapeutic apheresis and cell collection, and cell processing from Antoinette Gawin, the president of the Blood and Cell Technologies Company, and division heads from the same company. Their description of the cell expansion system Quantum was very impressive. The system expands and cultivates T cells with extremely high efficiency and is a promising device. A cancer treatment called CAR-T cell therapy is rapidly developing around the world. If the Quantum system can be used to greatly increase the expansion and cultivation of CAR-T cells, it could significantly contribute to the widespread adoption of new therapies. Genetically modified cell therapies, including CAR-T cell therapy, are rapidly developing globally, and I believe there is still plenty of potential for Terumo to contribute.

Takagi Terumo's strength is that it uses its passion for helping medical sites evolve as its driving force, challenging itself to solve problems and thereby contribute to society. We will continue to contribute to society by working to achieve our goals as we focus on GS26 and beyond while benefitting from the opinions of our independent directors based on their extensive experiences.

Dr. Ozawa, thank you very much for your valuable comments today.



Directors



Toshiaki Takagi
Chairman of the Board

April 1981 Joined Terumo Corporation
 April 2004 Factory Manager of Ashitaka Factory
 April 2008 Factory Manager of Ashitaka Factory and Suruga Factory
 June 2008 Executive Officer
 June 2009 General Manager of R&D Headquarters
 June 2010 Director and Senior Executive Officer
 June 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., and Environmental Management Dept.
 April 2015 Responsible for Terumo Call Center
 July 2015 Chief Quality Officer (CQO)
 April 2016 Director and Managing Executive Officer
 April 2017 Responsible for Production Dept. and Procurement Dept.
 April 2018 Director and Senior Managing Executive Officer Responsible for Intellectual Property Dept. and Terumo Medical Pranex
 April 2020 Responsible for Regulatory Affairs, Promotional Activities Control Dept., Clinical Development Dept., Supply Chain Management Dept., CIO Office, and IT Planning Dept.
 April 2021 Responsible for R&D Promotion Dept.
 April 2022 Chairman of the Board (present)



Shinjiro Sato
President and CEO

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



Shoji Hatano
Director and Group Senior Managing Executive Officer
Corporate Affairs Dept., Legal and Compliance Dept.,
Corporate Value Promotion Division,
Japan Sales Division

April 1983 Joined Terumo Corporation
 June 2009 Executive Officer, General Manager of Secretarial Office, General Manager of Corporate Communication Dept.
 October 2011 General Manager of Strategic Planning Dept.
 June 2012 Senior Executive Officer, General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.
 April 2015 Managing Executive Officer
 April 2016 President, General Hospital Company (currently Medical Care Solutions Company)
 June 2016 Director and Managing Executive Officer
 April 2020 Responsible for Corporate Affairs Dept., Legal and Compliance Department (present), Japanese Sales, Management Dept. (currently, Japan Sales Dept.), Terumo Call Center, Procurement Dept., Corporate Communication Dept., Investor Relations Dept., Strategic Branding Dept., Corporate Sustainability Dept., Design Planning Dept., and Environmental Management Dept.
 April 2022 Director and Group Senior Managing Executive Officer, Corporate Value Promotion Division, and Japan Sales Dept. (present)



Kyo Nishikawa
Director and Group Managing Executive Officer
Chief Human Resources Officer (CHRO)
Human Resources Division, IT Planning Dept.
Asia Pacific Region and India, Terumo Medical Pranex

April 1982 Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)
 April 2002 Human Resource Division, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
 April 2008 General Manager, Hong Kong Branch
 April 2010 Executive Officer, Mizuho Corporate Bank, Ltd.
 June 2010 Executive Officer, Terumo Corporation, General Manager, International Business Division
 March 2012 Regional Representative, Eastern Europe, Russia, Middle, East and Africa Managing Director and BOD Chairman, Terumo Europe N.V.
 April 2018 Senior Executive Officer, Chief Human Resources Officer (CHRO) (present)
 June 2018 Responsible for Human Resources Dept., and Human Resources Development Dept.
 June 2019 Director and Senior Executive Officer
 April 2020 India and Asia Pacific Region (present)
 April 2020 Responsible for Global Human Resources Dept., and Diversity Promotion Dept.
 April 2021 Director and Managing Executive Officer, IT Planning Dept. (present)
 April 2022 Director and Group Managing Executive Officer, Human Resources Division and Terumo Medical Pranex (present)



Kazunori Hirose
Director and Group Managing Executive Officer
Chief Manufacturing Officer (CMO)
Quality, Post-Market Surveillance and Vigilance Division
Regulatory Affairs and Clinical Development Division
Operations Division, Intellectual Property Dept.

April 1986 Joined Terumo Corporation
 January 2013 Factory Manager of Kofu Higashi Factory
 April 2014 Vice President, Operations Division, General Hospital Products Business, General Hospital Company
 April 2016 Executive Officer
 April 2017 General Manager of Operations Division, General Hospital Company
 April 2018 General Manager of S&OP Promotion Dept., General Hospital Company
 January 2019 General Manager of Production Dept.
 April 2019 Senior Executive Officer, Chief Manufacturing Officer (CMO) (present), and Responsible for Supply Chain Management Dept.
 April 2020 Responsible for Procurement Dept.
 April 2022 Group Managing Executive Officer, Quality, Post-Market Surveillance and Vigilance Division, Regulatory Affairs and Clinical Development Division, Operations Division, and Intellectual Property Dept. (present)
 June 2022 Director and Group Managing Executive Officer (present)



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

April 1986 Joined Sony Corporation (currently Sony Group Corporation)
 January 1991 President, People Focus Consulting
 June 2010 Outside Audit & Supervisory Board Member, Astellas Pharma Inc.
 March 2011 Outside Director, CAC Co., Ltd. (currently CAC Holdings Corporation)
 April 2012 Founder and Director, People Focus Consulting (present)
 June 2013 External Director, Marubeni Corporation
 June 2015 Outside Director, Mitsui Chemicals, Inc.
 June 2018 Outside Director, Terumo Corporation (present) Outside Director, Seven Bank, Ltd. (present)
 June 2022 Outside Director, Obayashi Corporation (present)



Hidenori Nishi
Independent Director

April 1975 Joined Kagome Co., Ltd.
 June 2000 Director, Kagome Co., Ltd.
 June 2005 Director & Managing Executive Officer, Kagome Co., Ltd.
 June 2008 Director & Senior Managing Executive Officer, Kagome Co., Ltd.
 April 2009 President & Representative Director, Kagome Co., Ltd.
 January 2014 Chairman of the Board of Directors & Representative Director, Kagome Co., Ltd.
 June 2014 Outside Director, NAGASE & CO., LTD.
 March 2016 Chairman of the Board of Directors, Kagome Co., Ltd.
 June 2019 Outside Director, FUJI OIL HOLDINGS INC. (present)
 June 2020 Outside Director, Terumo Corporation (present)



Keiya Ozawa, M.D., Ph.D.
Independent Director
Professor Emeritus, Visiting Professor of
Jichi Medical University

March 1977 Graduated from School of Medicine, Faculty of Medicine, The University of Tokyo
 March 1985 Studied at the National Institutes of Health (NIH), the United States (Fogarty Fellow: until 1987)
 September 1990 Associate Professor, The Institute of Medical Science, The University of Tokyo
 November 1994 Professor, Blood Medical Research Division, Jichi Medical University
 February 1998 Senior Professor, Division of Hematology, Jichi Medical University
 April 1998 Professor, Division of Genetic Therapeutics, Center for Molecular Medicine, Jichi Medical University
 December 2012 Chairperson, Hematopoietic Stem Cell Transplantation Committee, Diseases Control Working Group, Ministry of Health, Labour and Welfare (present)
 April 2014 Hospital Director, IMSUT Hospital, Director, Center for Gene and Cell Therapy, and Professor, Division of Gene Therapy Development, Advanced Clinical Research Center, The Institute of Medical Science, The University of Tokyo Visiting Professor, Division of Immuno-Gene & Cell Therapy, Jichi Medical University (present)
 April 2018 Professor Emeritus and Visiting Professor, Jichi Medical University (present) Program Supervisor, Japan Agency for Medical Research and Development (present)
 June 2018 Program Officer, Japan Agency for Medical Research and Development (present)
 October 2018 Senior Advisor, Genetic Therapeutics Center, Jichi Medical University (present)
 June 2021 Outside Director, Terumo Corporation (present)

Directors (Audit and Supervisory Committee Members)



Takanori Shibazaki
Director (Audit and Supervisory Committee Member)

April 1986 Joined Terumo Corporation
 July 2005 Factory Manager of Terumo Medical Products (Hangzhou) Co., Ltd. 1st Factory
 September 2007 Deputy General Manager of Strategic Planning Dept.
 October 2008 President and CEO, Terumo Medical Products (Hangzhou) Co., Ltd.
 April 2014 Executive Officer
 July 2014 General Manager, Supply Chain Management Dept.
 April 2016 President and CEO, Terumo (China) Holdings Co., Ltd.
 April 2017 Senior Executive Officer, Regional Representative, China
 June 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

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



Soichiro Uno
Independent Director (Audit and Supervisory Committee Member), Lawyer

April 1988 Joined Nagashima & Ohno (currently Nagashima, Ohno & Tsunematsu) admitted to the bar in Japan
 November 1993 Passed the bar exam in the State of New York, USA
 January 1997 Partner, Nagashima & Ohno (currently Nagashima, Ohno & Tsunematsu) (present)
 June 2004 Outside Director (Audit and Supervisory Committee Member), SoftBank Corp. (currently SoftBank Group Corp.) (present)
 June 2018 Director (Audit & Supervisory Committee Member), Dream Incubator Inc. (present)
 June 2019 Outside Director (Audit and Supervisory Committee Member), Terumo Corporation (present)

Directors, Audit and Supervisory Committee Members, and Executive Officers

The term "Executive Officer" has been replaced with the terms "Group Managing Executive Officer," "Group Executive Officer" or "Executive Officer."

Group Managing Executive Officers (GMEO)

<p>Toshiaki Takagi Chairman of the Board</p>	<p>Shinjiro Sato President and CEO</p>	<p>Shoji Hatano Director and Group Senior Managing Executive Officer Corporate Affairs Dept., Legal and Compliance Dept., Corporate Value Promotion Division, and Japan Sales Division</p>
<p>Hikaru Samejima Group Senior Managing Executive Officer Medical Care Solutions Company President</p>	<p>Toshihiko Osada Group Senior Managing Executive Officer President, Cardiac and Vascular Company Division President, Interventional Systems Division, Cardiac and Vascular Company</p>	<p>Kyo Nishikawa Director and Group Managing Executive Officer Chief Human Resources Officer (CHRO) Human Resources Division, IT Planning Dept., Asia Pacific region and India, and Terumo Medical Pranex</p>
<p>Kazunori Hirose Director and Group Managing Executive Officer Chief Manufacturing Officer (CMO) Quality, Post-Market Surveillance and Vigilance Division, the Regulatory Affairs and Clinical Development Division, the Operations Division, and the Intellectual Property Dept.</p>	<p>Fumihisa Hirose Group Managing Executive Officer General Manager, Strategic Planning Dept. Chief Technology Officer (CTO) R&D Division</p>	<p>Antoinette Gawin Group Managing Executive Officer President, Blood and Cell Technologies Company President and CEO, Terumo BCT Holding Corp.</p>

Group Executive Officers (GEO)

<p>James Rushworth Group Executive Officer (GEO) Chief Commercial Officer (CCO), Interventional Systems Division, Cardiac and Vascular Company President and CEO, Terumo Medical Corp.</p>	<p>Robert DeRyke Group Executive Officer (GEO) Division President, Cardiovascular Division, Cardiac and Vascular Company President and CEO, Terumo Cardiovascular Systems Corp.</p>	<p>Carsten Schroeder Group Executive Officer (GEO) Division President, Neurovascular Division, Cardiac and Vascular Company President and CEO, MicroVention, Inc.</p>
<p>Erik Pomp Group Executive Officer (GEO) Division President, Vascular Graft Division, Cardiac and Vascular Company President and CEO, Terumo Aortic</p>	<p>Hiroshi Nagumo Group Executive Officer (GEO) Regional Representative, Americas President and CEO, Terumo Americas Holding, Inc.</p>	<p>Probir Das Group Executive Officer (GEO) Regional Representative, Asia Pacific and India Chairman and Managing Director, Terumo Asia Holdings Pte., Ltd.</p>
<p>Norimasa Kunimoto Group Executive Officer (GEO) Regional Representative, Europe, Middle East and Africa CEO, Terumo Europe N.V.</p>	<p>Masayuki Maruta Group Executive Officer (GEO) Regional Representative, China President and CEO, Terumo (China) Holdings Co., Ltd.</p>	<p>Naoki Muto Group Executive Officer (GEO) Chief Accounting and Financial Officer (CAFO) Executive Officer in charge of the Controller Dept., Treasury Dept., Tax Dept., CAFO Office, and J-SOX Office</p>

Executive Officers

<p>Tsuyoshi Tomita Senior Executive Officer Medical Care Solutions Company President, Hospital Care Solutions Division</p>	<p>Itaru Sakaguchi Senior Executive Officer Chief Operations Officer (COO), Interventional Systems Division, Cardiac and Vascular Company President, Terumo Yamaguchi Corp.</p>	<p>Kazuhisa Senshu, Ph.D. Senior Executive Officer Chief Clinical and Regulatory Affairs Officer (CRAO) General Manager, Clinical Development Dept. Regulatory Affairs</p>
<p>Miho Mizuguchi Executive Officer Chief Legal Officer (CLO) General Manager, Legal and Compliance Dept.</p>	<p>Tomoko Manabe Executive Officer General Manager, Terumo Medical Pranex</p>	<p>Keiji Takeda Executive Officer General Manager, Human Resources Dept. Health Management</p>
<p>Toshio Nakashima Executive Officer Chief Quality Officer (CQO) General Manager, Quality Assurance Dept. Post-Market Surveillance and Vigilance Dept.</p>	<p>Takeshi Kuroo Executive Officer Senior Vice President, Surgical Business, Cardiac and Vascular Company General Manager, HeartSheet Business Dept., Cardiac and Vascular Company</p>	<p>Hiroshi Yagi Executive Officer General Manager, Ashitaka Factory, Interventional Systems Division, Cardiac and Vascular Company</p>
<p>Jin Nishizaki Executive Officer General Manager, Japan Sales Dept. Terumo Call Center</p>	<p>Hitoshi Hasegawa Executive Officer Chief Information Officer (CIO) IT Planning Dept.</p>	<p>Noritsugu Fujita Executive Officer Division President, Pharmaceutical Solutions Division, Medical Care Solutions Company</p>

Dialogue with Shareholders and Investors

Policy for Dialogue with Shareholders and Other Investors

1. Appointment of a member of management or a director to be responsible for supervising overall dialogue with shareholders
By way of a resolution of the Board of Directors, Terumo shall appoint an officer who will be responsible for supervising and facilitating overall dialogue with shareholders in order to maintain the consistency and uniformity of the information disclosed.

2. Measures to ensure positive cooperation between internal departments with the aim of supporting dialogue
Terumo shall strive to develop and enhance its in-house systems for the prompt, accurate, and fair disclosure of information. In particular, the Disclosure Subcommittee, acting under the supervision of the Internal Control Committee, will endeavor to provide consistent and uniform disclosure of any corporate information with a potentially significant impact on management. Such disclosure shall be made in strict compliance with all relevant laws and regulations. The Disclosure Subcommittee shall evaluate and examine matters of disclosure. The Disclosure Subcommittee shall be comprised of the department heads of the Investor Relations Department, the Corporate Communication Department, the Strategic Planning Department, the Secretarial Office, the Internal Control Department, and the Legal and Compliance Department. In addition, regular meetings will be held with business and disclosing divisions to enhance the contents and improve the accuracy of information disclosed.

3. Enhancement of measures to promote opportunities for dialogue aside from individual meetings
To deepen understanding of Terumo, business strategy briefings and plant tours may be organized for institutional investors, and facility tours are organized for shareholders. Terumo will also participate in conferences for institutional investors held in Japan and other parts of the world, as well as briefings for individual investors organized by securities companies, to enhance dialogue. In addition, Terumo will make other materials, including its financial results briefings, available on its website to provide such information in a timely and appropriate manner to as many shareholders and other investors as possible.

4. Measures for appropriate and effective feedback
Evaluations and opinions acquired through meetings with shareholders, other investors, and analysts are compiled periodically and shared with the management team. In addition, the president or officer supervising dialogue with the shareholders shall report to the Board of Directors on their visits to overseas institutional investors to ensure that the management team has the opportunity to gain an understanding of how the Company is evaluated in the capital markets.

5. Measures to control insider information when engaging in dialogue
As a general rule, the president, the officer supervising dialogue, and the department head and staff of the disclosing division will conduct dialogue with investors. In case of a dialogue led by officers other than those listed in the preceding sentence, either the officer supervising dialogue or the department head or staff of the disclosing division will attend such meeting. By having multiple participants engage in the dialogue, the Company will work to prevent unauthorized or inappropriate disclosure of information.
Terumo observes a silent period to prevent the leakage of any material information about the Company's financial performance and to ensure fairness. In principle, the silent period shall begin four (4) weeks prior to the date of the expected announcement of the Company's financial performance and conclude on the date when both the final announcement of financial statements of a fiscal year or the quarterly announcements take place. During this period, Terumo refrains from commenting on its financial performance or answering questions in relation to such performance.

The Policy for Dialogue with Shareholders and Other Investors has been formulated as part of Terumo's IR Policy.

For the full text of the IR Policy, please visit:

https://www.terumo.com/investors/management/ir_policy

Initiatives

The activities implemented in fiscal 2021 are outlined below.
Due to the impact of the COVID-19 pandemic, the corporate presentation for shareholders (in Osaka and Nagoya) and the Pranex tour, which are normally held each year, were not held in fiscal 2021.

Target	Activities implemented in fiscal 2021 Items in bold-faced type are activities in which the President or Managing Executive Officers took part
Shareholders	<ul style="list-style-type: none"> • General Meeting of Shareholders
Securities analysts and/or institutional investors	<ul style="list-style-type: none"> • Quarterly earnings briefings • Presentation to explain the 5-year Growth Strategy • Medical device seminars • One-to-one interviews (online or face-to-face) • Participation in conferences organized by securities firms • Participation in small-scale meetings organized by securities firms • Online overseas IR activities

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.



For more details about our risk management system, business continuity management (BCM) and business continuity planning (BCP), see the Terumo Report 2022 ESG Section.

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

Major Risks and Opportunities

Main Risk Factors	Risks and Opportunities Content	Response
Changes in Government Healthcare Policies	<p>Risks</p> <ul style="list-style-type: none"> ■ The impact of large-scale amendment in government healthcare policies exceeding expectations <p>Opportunities</p> <ul style="list-style-type: none"> ■ Shortened development and approval process cycle for innovative medical device development ■ Expanded revenue opportunities associated with increased demand for products and services with high medical cost efficiency 	<ul style="list-style-type: none"> • 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
Stable Supply-Related Risks	<p>Risks</p> <ul style="list-style-type: none"> ■ 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 <p>Opportunities</p> <ul style="list-style-type: none"> ■ A competitive edge maintained through the continuous stable supply of products 	<ul style="list-style-type: none"> • 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) • Development of business continuity plans (BCPs) • Credit management of business partners

Main Risk Factors	Risks and Opportunities Content	Response
Quality-Related Risks	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of delayed compliance with more rigorous legal or regulatory standards which could be newly implemented in the countries ■ Impacts of lost social trust and business interruptions due to quality-related issues disrupting the supply of products to medical settings <p>Opportunities</p> <ul style="list-style-type: none"> ■ Ability to sell to an increased number of countries by adapting to legal and regulatory standards ■ A competitive edge on the market maintained with high product quality 	<ul style="list-style-type: none"> • Compliance with legal and regulatory standards and specifications pertaining to pharmaceuticals and medical devices in the countries in which products are manufactured or sold • Reinforce quality governance systems globally and develop and constantly improve quality control systems • 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 • Ensure quality, efficacy, and safety of products under rigorous quality and production control provisions
Discovery of New Medical Evidence	<p>Risks</p> <ul style="list-style-type: none"> ■ 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 	<ul style="list-style-type: none"> • 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
Market Price Fluctuations	<p>Risks</p> <ul style="list-style-type: none"> ■ Market price fluctuations pertaining to revised national healthcare systems ■ Price fluctuations mainly in overseas markets due to large-scale bidding and other causes <p>Opportunities</p> <ul style="list-style-type: none"> ■ Development and provision of products with higher added value 	<ul style="list-style-type: none"> • Continuous cost reduction
Exchange Rate Fluctuations	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of exchange rate fluctuations 	<ul style="list-style-type: none"> • Reduce the impact of exchange rate fluctuations by transferring production to overseas factories • Structural methods such as importing raw materials • Minimize impact through flexible utilization of contracts to hedge against exchange rate volatility for trade receivables
Changes in Accounting Policies and Taxation Systems	<p>Risks</p> <ul style="list-style-type: none"> ■ Affected operating results and financial position when new accounting standards or taxation systems are implemented or altered ■ Impact of additional tax burdens incurred due to difference in interpretation between tax authorities and the Company 	<ul style="list-style-type: none"> • Consider measures based on the timely information obtained and advice from experts • Increase opportunities to have dialogue with tax authorities
Capital and Business Alliances, Corporate Acquisitions	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of the situation where a major strategy for the Company, a capital or business alliance, or a corporate acquisition fails to produce the expected benefits <p>Opportunities</p> <ul style="list-style-type: none"> ■ Developed base for growth and strengthened business fundamentals by acquiring new management resources via capital and business alliances and corporate acquisitions 	<ul style="list-style-type: none"> • Analyze and evaluate business potentials, mitigate projected risks, and ensure swift and efficient post-merger integration

Main Risk Factors	Risks and Opportunities Content	Response
Risks Pertaining to Impairment Losses, Valuation Losses, and Business Reorganizations	<p>Risks</p> <ul style="list-style-type: none"> ■ 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 being unable to recover assets 	<ul style="list-style-type: none"> • Efficient utilization of management resources in each business and maximize return on investments
Information Security and IT System Management-Related Risks	<p>Risks</p> <ul style="list-style-type: none"> ■ Loss of social trust and business interruptions due to system outages if information is leaked or tampered with through a cyberattack or internal fraud 	<ul style="list-style-type: none"> • Strengthened information security measures and enhanced responsiveness when incidents occur • Establishment of the global information security standards and rules • Continuous training for associates
Legal Proceedings	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact from any major legal action by a third party such as a lawsuit for damages or an injunction against sales 	<ul style="list-style-type: none"> • Research by Legal and Compliance, Intellectual Property, and other managing divisions as well as establishment of an internal control system • Develop a management structure to ensure that the Board of Directors and the Audit and Supervisory Committee review situations as needed
Pandemics, Epidemics, and Large-Scale Natural Disasters	<p>Risks</p> <ul style="list-style-type: none"> ■ Impacts on business activities that are more severe than expected in the event of global pandemics and epidemics, earthquakes, hurricanes, and other natural disasters 	<ul style="list-style-type: none"> • Establish the Group BCM Policy and implement various drills on a regular basis
Risks Related to the Environmental, Health and Safety Management and Compliance	<p>Risks</p> <ul style="list-style-type: none"> ■ 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 	<ul style="list-style-type: none"> • Implementation of management systems that conform to international standards • Continuous improvement activities and expansion of systems • Education for associates
Economic and Geopolitical Risks	<p>Risks</p> <ul style="list-style-type: none"> ■ Impact of situations where the disruption to business activities caused by an economic downturn in countries to which the Company supplies products and the resulting fall in demand, or by an unexpected change in the political situation due to terrorism, war, etc., is greater than expected 	<ul style="list-style-type: none"> • Constant monitoring of the political and economic situations of each country

Terumo's Intellectual Property

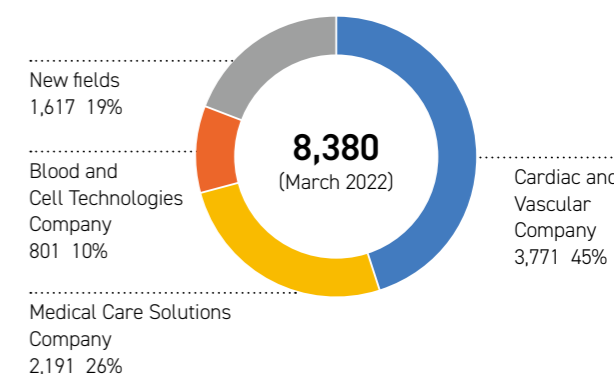
Basic Stance on Intellectual Property Management

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

As of March 31, 2022, the total number of patents held by the Terumo Group was approximately 8,300. Starting from this fiscal year, we have begun to add in patents held by overseas subsidiaries, so that we are able to disclose a total for the group as a whole. As of March 31, 2022, the total number of patents held by overseas subsidiaries was approximately 1,800.

Patents Held (Ratio by Segment)



Terumo Corporation and consolidated subsidiaries
 Years ended March 31

(Millions of yen)

	FY2012 (Ended March 2013)	FY2013 (Ended March 2014)	FY2014 (Ended March 2015)	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)	FY2021 (Ended March 2022)
	JGAAP					IFRS				
Results of Operations and Cash Flow*1										
Net sales/Revenue	402,294	467,359	489,506	525,026	514,164	587,775	599,481	628,897	613,842	703,303
Adjusted operating profit*3	—	—	—	—	—	124,929	122,128	124,998	115,927	134,441
Operating profit	53,216	65,288	67,456	81,703	76,578	108,552	106,637	110,611	98,386	115,960
Income before income taxes/Profit before tax	52,285	52,907	64,046	76,920	74,981	106,630	102,709	106,466	97,060	114,501
Profit attributable to owners of parent/Profit for the year attributable to owners of the parent	47,014	34,096	38,470	50,676	54,225	91,295	79,470	85,211	77,268	88,813
Net cash provided by (used in) operating activities	50,270	96,259	73,110	80,303	80,862	114,562	93,571	117,479	121,485	141,467
Net cash provided by (used in) investing activities	(31,293)	(52,744)	(40,421)	(23,495)	(181,433)	(44,105)	(74,792)	(84,714)	(85,317)	(78,454)
Free cash flow	18,976	43,515	32,689	56,808	(100,571)	70,457	18,778	32,764	36,168	63,013
Net cash provided by (used in) financing activities	(22,340)	(31,785)	44,121	(79,936)	60,937	(4,132)	(67,540)	14,010	(7,436)	(70,879)
Research and development expenses	27,128	30,130	29,360	33,147	33,747	41,342	47,681	50,618	49,096	51,837
Capital expenditure	25,715	39,933	37,342	31,454	39,091	45,685	60,845	89,510	77,208	69,230
Depreciation and amortization*4	32,554	39,881	40,692	44,674	45,400	42,035	44,035	52,358*6	53,932*6	58,882
Per Share Indicators*1										
EPS (Yen)*5	61.90	44.89	50.66	67.57	75.08	129.56	108.70	113.96	102.33	117.45
Dividends per share (Yen)	44.00	58.00	30.50	39.00	42.00	50.00	54.00	28.00	29.00	34.00
BPS (Yen)*5	576.11	653.36	756.87	704.27	694.85	777.94	939.60	1,003.36	1,133.13	1,338.46
Financial Position (at year-end)*1										
Current assets	286,955	310,985	412,458	374,746	349,183	411,042	398,722	460,607	523,966	558,713
Current liabilities	115,844	160,936	129,947	168,835	248,389	179,013	142,912	211,845	211,366	177,721
Total assets	771,032	832,814	992,073	901,685	1,021,405	1,081,045	1,120,790	1,241,355	1,351,192	1,473,693
Net assets/Total equity	437,909	496,245	573,523	511,544	489,554	550,435	698,113	754,883	856,662	1,012,313
Capital stock/Share capital	38,716	38,716	38,716	38,716	38,716	38,716	38,716	38,716	38,716	38,716
Management Indicators*1										
ROE	11.9%	7.3%	7.2%	9.3%	10.8%	17.5%	12.7%	11.7%	9.6%	9.5%
ROA	6.4%	4.3%	4.2%	5.4%	5.6%	8.7%	7.2%	7.2%	6.0%	6.3%
Shareholders' equity ratio/Ratio of equity attributable to owners of the parent to total assets	56.7%	59.6%	57.8%	56.7%	47.9%	50.9%	62.3%	60.8%	63.4%	68.7%
Shares issued and outstanding at year-end (thousands)*5	759,510	759,498	757,658	725,939	703,958	707,388	742,902	752,194	756,013	756,326
Employees at year-end	18,893	19,263	19,934	20,697	22,441	23,319	25,378	26,438	26,482	28,294

*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, 2019. 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.

Revenue and Profits

In fiscal 2021 (the fiscal year ended March 31, 2022), revenue totaled ¥703.3 billion, an increase of 14.6% versus the previous fiscal year.

With the COVID-19 pandemic continuing to have an impact as it had in the previous year, the Cardiac and Vascular Company, which had previously experienced a fall in revenue, saw a strong recovery in demand, and there was an improvement in sales performance, particularly overseas. Within Japan, demand for syringes and intravenous products picked up and then remained steady.

As regards gross profit, despite increased costs due to rising manufacturing costs and transportation costs, which made themselves felt from the second quarter onwards, thanks to the increase in sales revenue (particularly in the Cardiac and Vascular Company), gross profit increased by 13.1% year-on-year to reach ¥369.3 billion.

Adjusted operating profit increased by 16.0% year-on-year to ¥134.4 billion, as a result of the increase in gross profit, combined with successful efforts to control sales expenses and some 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.

As a result, operating profit, profit before tax and profit for the year attributable to the owners of the parent company all increased.

Revenue by Business Segment

Cardiac and Vascular Company

Although the recovery in demand in Japan has been slow, due to repeated waves of infection in the COVID-19 pandemic, there was still an increase in sales revenue, driven by Neurovascular Division products such as carotid artery stents. Overseas, there was strong demand throughout the company's business areas, particularly in Europe and the Americas. The recovery was particularly pronounced in the TIS (catheter) Division and the Neurovascular Division.

Consequently, the Cardiac and Vascular Company's sales revenue grew by 20.9% year on year to ¥397.1 billion.

Medical Care Solutions Company

Starting from the most recent consolidated accounting year, the Hospital Company has been renamed as the Medical Care Solutions Company. In line with the launching of the 5-year Growth Strategy, organizational reform and efforts to disseminate awareness of the new brand have been implemented with the aim of driving sustained growth for the company.

As regards its performance in the most recent consolidated accounting year, besides a recovery in demand for syringes and intravenous products in Japan, which is the main market, there has also been a global increase in demand for infusion pumps and syringe pumps, as well as a global expansion in tie-up business with drug manufacturers belonging to the Pharmaceutical Solutions Division (formerly the Alliance Division).

Consequently, the Medical Care Solutions Company's sales revenue increased by 5.6% year on year to ¥185.3 billion.

Blood and Cell Technologies Company

In Japan, with regard to products for blood centers, there was a slight fall in revenue due to reduced demand for blood bags. Overseas, particularly in Europe and the Americas, there was a recovery in demand for whole blood collection products and automated cellular and blood component manufacturing products, as well as for apheresis treatment. China saw strong revenue growth of nearly 30%, with particularly high growth in demand for blood collection devices for use in blood centers.

As a result, the Blood and Cell Technologies Company posted year on year sales revenue growth of 10.1%, with sales reaching ¥120.6 billion.

Financial Position and Cash Flows

Financial Position

Total assets as of the end of the fiscal year had risen by ¥122.5 billion to ¥1,473.7 billion. This was mainly due to a ¥34.2 billion increase in property, plant and equipment due to investment in production equipment, etc., as well as a ¥43.0 billion increase in goodwill and intangible assets resulting from the weak yen and investment in new IT systems, etc.

Total liabilities came to ¥461.4 billion, representing a decrease of ¥33.2 billion. This was mainly attributable to a ¥34.6 billion fall in bonds and borrowings resulting from the repayment of long-term loans repayable and redemption of corporate bonds.

Total equity was ¥1,012.3 billion, an increase of ¥155.7 billion versus a year earlier. The main reasons for this increase were an ¥88.8 billion rise in profit before tax and an ¥89.6 billion rise in comprehensive income due to the weakening of the yen referred to above, along with a ¥23.4 billion fall in retained earnings due to the payment of dividends.

Cash Flows

Net cash provided by operating activities was ¥141.5 billion. The main factors here were earnings before tax of ¥114.5 billion, depreciation and amortization of ¥58.9 billion, and payment of ¥30.5 billion in corporate income tax.

Net cash used in investing activities was ¥78.5 billion. The main factors here were ¥53.5 billion in expenditure to acquire property, plant and equipment (accompanying investment in production equipment, etc.) and ¥20.6 billion in expenditure to acquire intangible fixed assets (accompanying investment in new IT systems, etc.).

Net cash used in financial activities totaled ¥70.9 billion. The main factors here were ¥30.7 billion in expenditure for repayment of long-term borrowings, ¥10.0 billion in expenditure for redemption of corporate bonds, and payments for dividends amounting to ¥23.5 billion.

As a result of the above, cash and cash equivalents totaled ¥205.3 billion as of March 31, 2022, an increase of ¥4.5 billion compared with March 31, 2021.

Terumo Corporation and consolidated subsidiaries
 FY2020 and FY2021

Consolidated Statement of Financial Position

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	200,770	205,251
Trade and other receivables	128,770	135,998
Other current financial assets	1,116	63
Inventories	175,576	198,536
Current tax assets	510	778
Other current assets	17,222	18,086
Total current assets	523,966	558,713
Non-current assets		
Property, plant and equipment	299,679	333,864
Goodwill and intangible assets	471,834	514,801
Investments accounted for using the equity method	3,644	4,133
Other non-current financial assets	19,449	25,937
Deferred tax assets	23,729	20,198
Other non-current assets	8,887	16,043
Total non-current assets	827,225	914,979
Total Assets	1,351,192	1,473,693

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	83,528	81,545
Bonds and borrowings	42,072	1,121
Other current financial liabilities	7,784	7,228
Current tax liabilities	14,311	14,104
Provisions	374	499
Other current liabilities	63,295	73,222
Total current liabilities	211,366	177,721
Non-current liabilities		
Bonds and borrowings	218,497	224,875
Other non-current financial liabilities	32,122	30,297
Deferred tax liabilities	15,962	12,746
Defined benefit liabilities	6,639	5,811
Provisions	96	113
Other non-current liabilities	9,845	9,813
Total non-current liabilities	283,163	283,658
Total liabilities	494,530	461,379
Equity		
Share capital	38,716	38,716
Capital surplus	51,829	51,921
Treasury shares	(6,838)	(6,229)
Retained earnings	775,078	846,978
Other components of equity	(2,123)	80,926
Total equity attributable to owners of the parent	856,662	1,012,313
Total Equity	856,662	1,012,313
Total liabilities and equity	1,351,192	1,473,693

Consolidated Statement of Profit or Loss

(Millions of yen)

	FY2020 (For the year ended March 31, 2021)	FY2021 (For the year ended March 31, 2022)
Revenue	613,842	703,303
Cost of sales	287,219	333,962
Gross profit	326,623	369,341
Selling, general and administrative expenses	228,566	250,891
Other income	3,814	2,500
Other expenses	3,485	4,990
Operating profit	98,386	115,960
Finance income	1,727	1,062
Finance costs	2,337	2,961
Share of profit (loss) of investments accounted for using the equity method	(716)	440
Profit before tax	97,060	114,501
Income tax expenses	19,859	25,687
Profit for the year	77,200	88,813
Attributable to:		
Owners of the parent	77,268	88,813
Non-controlling interests	(67)	—
Total profit for the year	77,200	88,813
Earnings per share		
Basic earnings per share (yen)	102.33	117.45
Diluted earnings per share (yen)	102.11	117.38

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2020 (For the year ended March 31, 2021)	FY2021 (For the year ended March 31, 2022)
Profit for the year	77,200	88,813
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	1,448	(29)
Remeasurements of defined benefit plans	11,803	6,699
Total items that will not be reclassified to profit or loss	13,252	6,670
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	24,390	83,029
Cash flow hedges	667	(458)
Cost of hedging	220	340
Total items that are or may be reclassified subsequently to profit or loss	25,278	82,910
Total other comprehensive income (loss) for the year	38,531	89,581
Total comprehensive income for the year	115,732	178,394
Attributable to:		
Owners of the parent	115,801	178,394
Non-controlling interests	(69)	—
Total comprehensive income for the year	115,732	178,394

Note: The statement items listed above are all after-tax.

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, 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
Profit for the year	—	—	—	88,813	—	88,813	—	88,813
Other comprehensive income	—	—	—	—	89,581	89,581	—	89,581
Total comprehensive income	—	—	—	88,813	89,581	178,394	—	178,394
Acquisition of treasury shares	—	—	(3)	—	—	(3)	—	(3)
Disposal of treasury shares	—	(10)	49	—	(38)	0	—	0
Dividends	—	—	—	(23,440)	—	(23,440)	—	(23,440)
Transfer from other components of equity to retained earnings	—	—	—	6,527	(6,527)	—	—	—
Share-based payments	—	114	91	—	35	241	—	241
Conversion of convertible bonds	—	(11)	470	—	—	459	—	459
Total transactions with owners of the parent	—	92	608	(16,913)	(6,531)	(22,742)	—	(22,742)
Balance as of March 31, 2022	38,716	51,921	(6,229)	846,978	80,926	1,012,313	—	1,012,313

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020 (For the year ended March 31, 2021)	FY2021 (For the year ended March 31, 2022)
Cash flows from operating activities		
Profit before tax	97,060	114,501
Depreciation and amortization	53,932	58,882
Share of loss (gain) of investments accounted for using the equity method	716	(440)
Increase (decrease) in assets and liabilities relating to retirement benefits	256	646
Interest and dividend income	(539)	(640)
Interest expenses	2,337	1,833
Foreign exchange loss (gain), net	249	2,187
Loss (gain) on disposal of property, plant and equipment	498	472
(Increase) decrease in trade and other receivables	6,417	(895)
(Increase) decrease in inventories	(21,985)	(8,166)
Increase (decrease) in trade and other payables	(814)	55
Others	6,754	3,799
Sub-total	144,884	172,236
Interest and dividend income received	740	1,033
Interest expenses paid	(1,062)	(1,312)
Income taxes paid	(23,076)	(30,489)
Net cash provided by (used in) operating activities	121,485	141,467
Cash flows from investing activities		
Payments for purchase of time deposits	(149)	(3)
Proceeds from withdrawal of time deposits	305	7
Payments for purchase of property, plant and equipment	(62,318)	(53,515)
Proceeds from sale of property, plant and equipment	16	26
Payments for purchase of intangible assets	(20,806)	(20,590)
Proceeds from sale of intangible assets	212	—
Payments for purchase of investment securities	(2,102)	(1,705)
Proceeds from sale of investment securities	2,900	180
Payments for acquisition of shares of subsidiaries and other businesses	(3,374)	(2,853)
Net cash provided by (used in) investing activities	(85,317)	(78,454)
Cash flows from financing activities		
Repayments of short-term borrowings	(40,000)	—
Proceeds of long-term borrowings	70,000	—
Repayments of long-term borrowings	—	(30,670)
Payments for repayment of bonds	(10,000)	(10,000)
Payments for repayment of lease obligations	(6,277)	(6,750)
Payments for purchase of treasury shares	(3)	(3)
Payments for dividends	(21,155)	(23,455)
Net cash provided by (used in) financing activities	(7,436)	(70,879)
Effect of exchange rate changes on cash and cash equivalents	5,139	12,347
Net increase (decrease) in cash and cash equivalents	33,871	4,481
Cash and cash equivalents at the beginning of the year	166,898	200,770
Cash and cash equivalents at the end of the year	200,770	205,251

Corporate Information (As of March 31, 2022)

Company Name	Terumo Corporation
Founded	September 17, 1921
Tokyo Office	Tokyo Opera City Tower, 3-20-2 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan
Head Office	2-44-1 Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan
Share capital	¥38.7 billion
Employees	Consolidated: 28,294 Non-Consolidated: 5,377
Fiscal Year	From April 1 to March 31

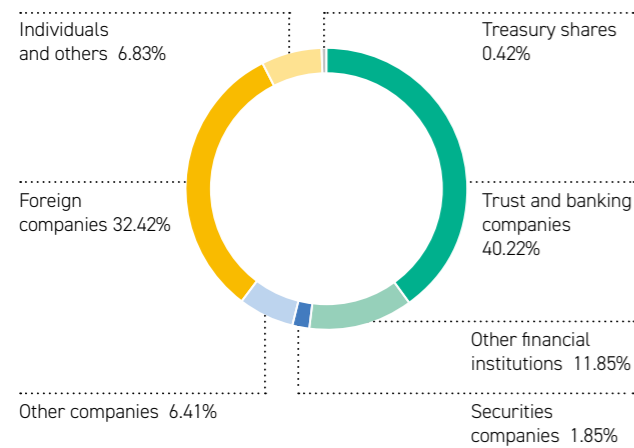
Stock information (As of March 31, 2022)

Security Code	4543
Stock Exchange Listing	Prime Market of Tokyo Stock Exchange
Number of Shares Authorized	3,038,000,000
Number of Shares Issued	759,521,040
Number of Shareholders	53,755
Trading Unit	100

Major Shareholders (Top 10 Shareholders)*1

Shareholders	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	169,778	22.45%
Custody Bank of Japan, Ltd. (Trust Account)	71,653	9.47%
The Dai-ichi Life Insurance Company, Limited*2	33,615	4.44%
Meiji Yasuda Life Insurance Company	24,422	3.23%
Mizuho Bank, Ltd.*3	15,736	2.08%
TERUMO LIFE SCIENCE FOUNDATION	14,720	1.95%
STATE STREET BANK AND TRUST COMPANY 505223	12,969	1.71%
STATE STREET BANK AND TRUST COMPANY 505001	11,865	1.57%
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	11,712	1.55%
STATE STREET BANK WEST CLIENT - TREATY 505234	10,833	1.43%

Composition of Issued Shares by Type of Shareholder



*1 Terumo owns 3,194,976 treasury shares at the end of March 2022. 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.

All brand names are trademarks or registered trademarks of TERUMO CORPORATION and their respective owners.

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 Corporation
 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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<https://www.terumo.com>