

Message from the President and CEO

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

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

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

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

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

Terumo Key Policies Regarding COVID-19

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

Shinjiro Sato
President and CEO

Message from the President and CEO

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

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

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

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

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

*1 See P. 14 for more information on TRI
*2 See P. 25 for more information on the spread of TRI in vascular treatment
*3 See P. 29 for more information on the Infection Control Initiative



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

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

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

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

Medium- to Long-term Vision	Management Indicators under Mid- to Long-term Strategy	
Being a Global Corporation with Unique Excellence ■ Earn the trust of medical settings globally as a top brand ■ Ensure world-class trust with Total Quality (quality of products, supply, and services)	Growth	Achieve revenue growth that outpaces market growth (high-single-digit revenue growth)
	Profitability	Realize profit* ¹ growth that outpaces revenue growth
	Efficiency	Maintain an adjusted ROE* ² of 10% or more
	Assumed exchange rate: USD=¥105, EUR=¥115	

*1 Operating profit excluding amortization of intangible assets and one-time profits and expenses derived from acquisitions
*2 ROE excluding exchange differences on translation of foreign operations pertaining to assets associated with acquisitions included in total net assets

Message from the President and CEO

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

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

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

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



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

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

September 2021

A handwritten signature in black ink, reading "Shinjiro Sato".

Shinjiro Sato
President and CEO, Terumo